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Fiscal organization and general practices

Most governmental institutions under the Ming preserved certain features reminiscent of previous dynasties, the T'ang, Sung and Yüan, yet at the same time developed distinctive characteristics of their own. The dynasty's fiscal administration was no exception. Such Ming practices as the employment of supervising secretaries as fiscal auditors, the organization of six ministries, the circulation of government notes, the utilization of the Grand Canal as a trunkline connecting the north and the south, the trading of tea for horses with nomadic groups, and bartering salt under governmental monopoly for military supplies in the frontier region, were clearly copied from earlier dynasties. On the other hand the Ming administration saw more concentration of power in the emperor's hand, smaller administrative overheads, a greater reliance on agrarian sources for state income and a stricter control over maritime trade which virtually committed China to a state of limited seclusion.

The imitation of the past was not totally unjustified. In fiscal matters all dynasties in post-T'ang China faced the same fundamental problems. To secure the durability of the empire, imperial control over the nation's financial resources had to be firm and thorough. Yet the empire's vastness and its regional diversities worked against a policy of centralization, as did pre-modern methods of transport and communications. The gap between aims and the limited available means of achieving them was not easily bridged. In these circumstances it was not surprising that all dynasties tended to draw on past experience.

The particular style of Ming administration, geared to the concept of a village commodity economy, could be labelled conservative, and could indeed in the light of economic development in China in the sixteenth and seventeenth centuries, be regarded as anachronistic. This conservative outlook was, however, the inevitable outcome of political centralization in a vast country under pre-modern conditions.

It must be noted that economic development in China before the Ming showed considerable regional imbalance. It was based on a few handicraft industries and on foreign trade, which affected only certain geographical

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areas. As the Ming administrators saw it, to promote those advanced sectors of the economy would only widen the economic imbalance, which in turn would threaten the empire's political unity. It was far more desirable to keep all the provinces on the same footing, albeit at the level of the more backward sectors of the economy. The Ming fiscal policies were largely determined by this attitude.

Such an approach seems absurd to the modern historian, in that it sacrificed China's long-term economic growth for the sake of a short-term political aim. Ming administrators, however, did not have the foresight to visualize the contributions that industry and commerce could ultimately render to a modern state. For the small states of Western Europe government promotion of industry and commerce could facilitate a swift capitalist transformation of their economies. In China, which was vastly larger, it could not have effected such rapid and far-reaching change. Moreover, unlike the emerging national states in Europe or even the rival feudatories in Japan, Ming China never placed itself on a competitive basis with its neighbors; it could therefore afford the price of backwardness. Within their own horizons Ming administrators saw no compelling reason to revise their policies. On the contrary, there was good reason for them to proceed on their traditional course, in perfect accord with the traditional Confucian doctrine that agriculture alone provided the economic foundation of the state.

The tragedy was that despite their striving for simplicity and uniformity, and their willingness to base their policies on the minimum level of economic activity, the Ming administrators never fully accomplished their purpose. China's internal diversity simply defied any uniform control from the center, especially in the area of fiscal administration. In agriculture, there were wide regional variations in climate, soil, topography, and labor supply, not to mention the enormous variety of crops, differing market conditions, multiple kinds of land tenure and leases, and the diverse standards of units and measurements across the country. Legislating from the capital, the Ming court could not take all these factors into account. Without attempting to reconcile these differences it was to find that to proclaim a uniform land tax law was one thing and to have it applied in every corner of the empire was another.

It was generally assumed by many late Ming writers that in the early years of the dynasty the empire's fiscal programs had been carried out in full, and that only toward the end did the administration become corrupt. The assumption is only partially true. There is sufficient evidence that even at the very beginning government regulations were compromised, imperial decrees discounted, and official data to some extent tampered with. This was not necessarily the act of dishonest officials. In the early stages it was due largely to the fact that fiscal schemes conceived from above failed to

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correspond to conditions at lower levels, or else the desired degree of centralization exceeded the technical capacities of contemporary government. As a result, imperial laws had to be adjusted. Local manipulations and revisions were necessary. Indeed, in the dynasty's later years deviation from prescribed procedures became a general practice; by then widespread abuses were only to be expected.

This lack of exactitude in the fiscal machinery had numerous consequences. An outstanding example was that Ming officials customarily compensated for shortages in one item of state revenue with funds and materials derived from another. What we regard as the salt gabelle in Ming times actually contained portions of the land taxes. After the middle period the land taxes also became inseparable, if not totally indistinguishable, from several other sources of income. Government income and expenditures in Ming times can be compared to water channels in a swamp, in that they had constant tendency to diverge and re-converge.

These complexities do not facilitate our task. Most of the Ming institutions do not lend themselves to precise classification or definition. They were in flux, their changes being determined in the main by external environment rather than internal development. They owed more to the manipulations and compromises of the administrators than to any logical growth of their own. In this book, the greatest difficulty has been to confine the material under topical headings without creating a misleading impression that a jigsaw puzzle is a checkerboard. We have therefore, chosen to rely more heavily on description rather than on tabulation of data. In places the logical sequence of presentation is slightly modified to suit the material. Cross references in parentheses mark topics treated in different chapters or different sections of the same chapter. While this is not the ideal way of writing a financial history, we hope that it will permit a more realistic view of the subject.

Similarly a mixed approach is adopted in the present chapter. It may be noted that throughout the Ming period, except for the reign of Hung-wu, reorganization of officialdom was seldom attempted. In its span of 276 years the dynasty saw China's commodity economy transformed into a money economy, taxes in kind and statutory labor largely replaced by silver payments, and a conscripted army gradually replaced by a recruited army; yet, surprisingly, few fiscal offices were created in the middle period of the dynasty and still fewer offices abolished. This was possible because the functions of government agencies were not always fixed by stature, but were rather based on customary usage. Administrative procedures moreover were rarely superseded by new laws. Old and new statutes alike were simultaneously preserved. The obsolete sections were simply disregarded and the surviving clauses selectively applied to individual cases according to the circumstances. All offices in fact went through some kind of evolu-

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tionary process, their functions being readjusted from time to time, sometimes so smoothly that the change went unnoticed even by contemporaries. This introductory chapter on the fiscal structure must therefore deal with its form as well as its dynamics.

I GOVERNMENTAL ORGANIZATION

The nature of the Ming monarchy and its role in public finance

Under the Ming system there was no central authority administering the empire's finance other than the emperor himself. The premiership was abolished in 1380 and never revived. The grand-secretaries limited their functions to rescript-drafting. Although they were consulted by the emperor and did participate in decision-making, they were never officially accorded any power. The minister of revenue supervised routine fiscal matters, yet he could never act without prior imperial approval. The emperor, truly an autocrat, received memorials from a large number of censors, supervising secretaries and ministerial officials, down to division heads and section chiefs. Suggestions and criticisms on fiscal matters could be initiated by practically anyone, regardless of his area of specialization and current assignment. The emperor was also approached by scores of imperial commissioners, governors and governors-general. Their proposals and requests could be handed to the ministry of revenue for comment, or else, when important issues were involved, referred to the Nine Ministers' Conference for deliberation.¹ But the final decision was always the emperor's own.

In practice, in the course of the dynasty, there were a few persons who managed to exercise the power reserved to the throne, notably Grand-Secretary Chang Chü-cheng during the reign of Wan-li, and 'eunuch dictators' Wang Chen, Liu Chin, and Wei Chung-hsien in the Cheng-t'ung, Cheng-te, and T'ien-ch'i eras respectively. Yet, although Chang gained his powerful position through informal arrangements with his fellow officials behind the back of a youthful emperor, even then the formality of seeking the sovereign's approval on major and minor matters was not disregarded (7, III). The eunuchs, with the indulgence of the emperors, violated virtually every fundamental law of the empire. All of them were later condemned, or charged with conspiracy. It is noteworthy that none of the three eunuchs died a natural death and Chang Chü-cheng was posthumously disgraced. Outwardly the imperial power could not be delegated and never was.

In general, official and office titles in this work follow Charles O. Hucker, 'Governmental Organization of the Ming Dynasty', *Harvard Journal of Asiatic Studies*, 21 (Dec. 1958), pp. 1-66. This article is reprinted in *Studies of Governmental Institutions in Chinese History*, ed. J. L. Bishop (Cambridge, Mass. 1968). But the Ming emperors are referred to throughout by their reign titles rather than temple names.

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Several emperors ascended the throne when they were minors but no formal regency was ever established for them.

In the realm of fiscal administration some of the matters brought to the emperor's attention could be exceedingly trivial. Even minor issues – such as the relocation of a particular business tax station, or from which productive area a particular county was to draw its salt supply, or how many rolls of silk were to be awarded to a foreign tributary mission, – were all submitted to the emperor for final approval. The sovereign was expected to attend to all administrative details, the precedent having been established by the dynastic founder. In one eight-day period Hung-wu is said to have received 1,660 memorials in which 3,391 issues were discussed.²

Apparently the founding emperor felt that this personal control over what seemed to be insignificant matters was justified. In the early years of the dynasty taxes were collected almost exclusively in kind. The government had to avoid the accumulation of tax proceeds at the intermediate level, in order to avoid over-burdening the service facilities, the weakest section of the whole fiscal establishment. The solution was for each revenue-gathering agency to make delivery directly to a dispensing agency; items of income and expenditure were matched up so as to cancel each other out. Under this system bulk deliveries were few, but there were numerous modest-sized consignments of materials and goods moving from one end of the empire to another. The disposal of each of those small consignments, therefore, could not be treated lightly, for each was a thread in the fiscal fabric. If control over any one of them were relaxed it would permit precedents to be established that might ruin the whole system. In later years, owing to deviations from fiscal regulations at the local level, imperial control over the nation's financial affairs slackened considerably, but the custom of the emperor attending to minor matters persisted. The assertion of the imperial prerogative was now limited, however, to those selected cases which were actually brought to the court's attention.

It seems outwardly strange that, even though after Hung-wu few emperors effectively exercised their legislative power, and no sweeping fiscal reforms were ever proclaimed by them, yet toward the end of the dynasty, taxes in kind and labor services were largely commuted to silver payments, the fiscal responsibilities of the military bureaucracy were reduced to a minimum, the ranks of the army were filled with recruited soldiers and army posts were paid from the capital. It may be added that even the use of silver in private business transactions, which came to be universally accepted in the later period, had been forbidden in earlier years. The answer to the puzzle is that even though ostensibly the succeeding emperors had in general refrained from revising the dynastic founder's fiscal legislation, they did authorize occasional exceptions to the established procedures. Such changes followed a pattern. They usually started with

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a petition from a lower-echelon bureaucrat, the requested exception applying to his office alone. The emperor's approval, most likely granted along with other routine matters, then established the required precedent. Sooner or later similar petitions were submitted and approved until the original exception had become a common practice. Thereafter no formal petition was required; either an imperial decree directed the remaining offices to follow suit or the latter proceeded to carry out the reform without explicit approval. In this way a major reform might take several decades to accomplish. The *chün-yao* method (3, III), for instance, took almost fifty years from the time of its earliest experimental use to become generally accepted. The Single Whip Reform took even longer, and even at the collapse of the dynasty it had not attained a final, definite form.

The removal of earlier restrictions, especially when the restrictions could not be effectively enforced, took much less time. An example is the relaxation of the use of silver as a common medium of exchange. It started with a petition from a prefect in Kwangsi whose original proposal applied only to the legalization of copper cash in private trade (2, III). Apparently, the precedent-establishing effect quickly caught up with the approval of this petition and soon the earlier decree forbidding the use of silver bullion, too, became defunct.³ This exercise of legislative power by the Ming emperors sometimes had a very similar effect to the judiciary decisions handed down by a supreme court in the Western world.

Another paradox in the administration was that in spite of their autocratic power many later Ming emperors found themselves in a defensive position *vis-à-vis* the bureaucrats who raised questions concerning their spending habits. There were several reasons for this. One was that in the eyes of the Confucian bureaucrats the private life of the emperor was a matter of public concern and subject to discussion if not criticism. Another was that since the early sixteenth century few Ming emperors, with the notable exception of the last emperor, Ch'ung-chen, had shown any genuine interest in state affairs. Some of the emperors were either too indolent to care or too incompetent to make a decision. Thus disagreements between the monarchs and their courtiers on strictly public matters were few. Controversies were usually related to the emperor's private life. Thirdly, according to the theory that all under the heaven belonged to the emperor, the Ming system made no clear-cut distinction between state income and the emperor's personal income, and between governmental expenditure and the emperor's expenditure. The sovereign's personal spending was therefore closely related to public finance. Frequently the issues raised by the courtiers concerned exorbitant palace expenses, excessive procurement programs, the misconduct of eunuch commissioners in charge of those programs, and land grants to the emperor's favorites and relatives. But since the final authority rested in the sovereign, bureau-

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cratic action was limited to remonstrance, resignation, attempted impeachment of those who carried out the emperor's orders, and exaggeration of portents as heaven-sent warnings to the wayward emperor. When all these failed there was no recourse left. Furthermore, in carrying out these steps the bureaucrats always risked reprisals from the throne.

With the exception of the dynastic founder, who was self-taught, all Ming emperors received a Confucian education.⁴ Thus indoctrinated, they were expected to follow the frugal standards of their forefathers, to respect public opinion, and to remain above malice and self-indulgence. The actual effect of these moral precepts is difficult to gauge. In view of the unattractive personalities of most Ming emperors it is easy for us to conclude that the so-called Confucian morality was no more than a fiction. Yet considering the unlimited power at the disposal of the crown, one might wonder what would have happened had this power never been subject to any moral restraint at all.

Grand-secretaries, outwardly powerless, could also exercise considerable positive influence from behind the throne. It is true that newly-appointed grand-secretaries serving mature sovereigns were in general more inclined to be subservient. But by tradition the grand-secretaryship under the Ming was a long-term appointment. In normal circumstances grand-secretaries were expected to hold office for life. Many of them did so and served under several emperors. Because of their prestige and the public trust which they enjoyed, they could act as intermediaries between the emperor and the ministerial officials, thus providing a stabilizing force in the court. There were numerous examples of such senior statesmen in the early Ming period. Even in the later years towering figures of this kind were by no means lacking. Chang Chü-cheng's case may be somewhat too complicated to accord exactly with this description. But Yang T'ing-ho (in office, 1507–24), who introduced a drastic austerity program in the court upon the accession of Chia-ching, and Yeh Hsiang-kao (in office, 1607–24), who masterminded the transfer of some 7 million taels of silver from the emperor's personal treasury to replenish the empty state coffers in the T'ai-ch'ang-T'ei-ch'i periods, show well how grand-secretaries could be instrumental in carrying out popular policies and restoring public confidence.⁵

Nevertheless, none of the deterrents to unlimited exercise of imperial power – including Confucian morality, reverence for the standards set up by imperial ancestors, public opinion, or the influence of senior statesmen – had the effect of law. If an emperor chose to defy all these and was determined to exercise his absolute power to the full, there was no way of checking him. This situation actually prevailed during the reign of Wan-li. In the 1590s the emperor dispatched eunuchs to collect business taxes in the provinces, superseding the civil officials (7, III). Many courtiers, after

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remonstrating to no avail, handed in their resignations. The emperor was so annoyed by the opposition that he ignored their resignation requests. Some officials subsequently left without authorization and the emperor, in turn, kept the vacant offices unfilled. The sequence of events precipitated what amounted to a 'constitutional crisis', and the deadlock remained unbroken until the sovereign's death in 1620.

Palace expenditures and the eunuchs

The complexities of palace expenditures in Ming times can best be understood by first visualizing the layout of the Ming palace complex.

The center core of the palace was the Forbidden City, a walled and well-guarded compound of about a quarter of a square mile of elegant architecture, consisting of the residential quarters of the imperial household, many ceremonial halls, studies, libraries and the office of the grand-secretaries. Encircling the Forbidden City was the Imperial City, also walled and restricted, which was in turn surrounded on all sides by the city of Peking proper. Ministerial offices were located outside the walls of the Imperial City. Inside the wall, encompassing an area of three square miles, was a huge maintenance area.⁶

Installations inside the Imperial City included treasuries, receiving and storage depots, material processing and manufacturing plants such as a bakery, confectionery, dispensary, distillery, leatherworks, tailor's shop, silversmith's shop, printing shop, dyeing shop, etc. There was even an arsenal which manufactured firearms and gunpowder. Most of those supply agencies were manned by eunuchs, some of them exclusively, others with a handful of civil service officials nominally in charge. Next to them were other eunuch agencies which, drawing supplies from the aforementioned warehouses and shops, provided household services in the Forbidden City. Offices of the civil service physically located inside the Imperial City included the supervising secretariat, which had the function of inspecting the supply depots, and the court of imperial entertainments, which was nominally subordinate to the ministry of rites.

The total number of these offices and service and supply installations was over fifty. Apart from the eunuchs, artisans performing statute labor and their hired assistants constituted a major portion of the palace population, which, even in the later fifteenth century, exceeded 100,000. Because the salaries of Ming officials were only nominal (2, 1), the amount of cash paid to the functionaries by the ministry of revenue remained fairly small and insignificant, but it appears from the accounts that prodigious quantities of grain were rationed to the palace personnel, including soldiers called to perform constructional labor in the compound.

While the service agencies were primarily concerned with serving the

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imperial household, their operation was not totally separated from governmental functions. The enormous quantity of silk fabrics processed in the complex was issued mainly to clothe the palace women, but was also awarded to foreign tributary missions and the civil and military bureaucracy, sometimes in large quantities. The imperial smithy produced silver utensils for the Forbidden City, but also cast metal frames for important state papers. The court of imperial entertainments provided delicacies for the emperor's table, but also prepared state banquets, served dinner to officials on special duty, rationed meat and wine to them, and provided food for sacrificial services. As for manufacturing military ordnance, there is no need to stress that it was a matter of state function rather than palace consumption. All these shops and depots must have used up considerable quantities of materials for their own plant maintenance.⁷

In brief, the Ming organization followed the familial principle so closely that the palace and government were virtually one and indivisible. The underlying principle was that the emperor shared his material goods with his bureaucrats. It also involved something akin to the inseparability of church and state. One of the primary functions of the Ming monarchy was to perform endless court rituals in an ostentatious setting. The construction of palace buildings and the numerous ceremonies both in and outside the palace, including imperial accessions, weddings, and many other such activities, always incurred immense costs. It was difficult to ascertain which was the emperor's personal spending and which was state expenditure.

No ministry of imperial household was ever established; no accounts of the net expenses of the Forbidden City were ever prepared or published. Figures referred to as palace expenses came from two sources. One was the delivery reports and procurement orders of the several ministries which submitted materials and goods to the palace compound; the other was the papers of the supervising secretaries who audited the accounts and made inventories of the warehouses. No complete set of data is currently available. The customary method of estimating palace expenses by Ming officials was to sort out a few essential items for consideration, such as cotton cloth, silk fabrics, tea, wax (used for candle manufacture), and dyes, all of these in large quantities. The merging of palace maintenance with public finance was undoubtedly a serious handicap to fiscal operations.

More must be said about the organizational weakness of the logistical system. Even though the palace warehouses were designated as 'belonging' to the ministries of revenue, works, and war, in practice the ministerial officials were only responsible for maintaining the levels of their supplies. They had little authority to distribute the materials stored in the palace grounds, that being a prerogative of the sovereign. In managing the warehouses, the rule was that the civil officials kept the books and the eunuchs kept the keys.

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The ministries held their silver bullion outside the palace. The only agency that received silver payments in the Imperial City was the Inner Ch'eng-yün Treasury. Each year the ministry of revenue delivered to it about one million taels of silver derived from land taxes, which was earmarked as the emperor's privy purse (see *Gold Floral Silver*, 2, 1). Rents from the imperial estates which constituted the cash incomes of the dowager empresses were also collected by the ministry and handed over to the Inner Ch'eng-yün Treasury. The treasury had little to do with palace maintenance, however. It was in reality an intermediate agency. The funds received by it were usually spent on gifts and personal grants, contributions to religious institutions, and purchases of gems and curios. Any surplus was transferred to the Tung-yü Treasury inside the Forbidden City.⁸

The Kuang-huei Treasury, also located inside the Imperial City, was concerned with petty cash only. All revenues arriving in Peking in copper coins and paper currency had to be surrendered to this coffer. Its operation caused considerable irregularity in the fiscal system. For instance, normally when the inland customs duties were collected in silver, the proceeds were under the jurisdiction of the ministry of revenue. But if in a particular year the deposits of the Kuang-huei Treasury ran short, the emperor would then order that the next year a percentage of the customs duties be collected in coins and paper notes. In the end the palace treasury was replenished, but at the same time the ministry of revenue lost a portion of its normal income from this source. The expenditures of the Kuang-huei Treasury were also irregular; but a major portion of the copper coins and paper money was distributed by order of the emperor to officials at festival times, and disbursed as petty cash for lesser purchase orders in the capital.⁹

After the early fifteenth century the eunuchs were organized into twenty-four agencies, but no chief eunuch was appointed. The director of ceremonies was generally regarded as the senior eunuch; but even then at no time did he assume any responsibility as a fiscal officer.¹⁰ It may be said that the emperor was his own treasurer inside the palace compound.

Eunuchs in Ming times became notorious. Customarily they were dispatched by the emperors to the provinces to supervise a variety of state functions. Yet for much of the dynasty there is no evidence that they seriously interfered with governmental operations, despite their occasional abuses of power. Some of them were stationed at the sea ports to receive tributary emissaries, one was in Nanking to take charge of imperial tombs, and others attached to the army as personal agents of the crown.¹¹ As long as the normal operating procedures of the government were not altered because of the presence of these eunuchs, they could not be considered to have supplanted the bureaucracy. In the 1590s however the Wan-li Emperor commissioned them to manage local business taxes and in the last two decades of the dynasty the Ch'ung-chen Emperor put them in