

Chinese Empire Forced to Evolve the Economic System to Resist the Nomadic Empire--Case: Establishment of the Tea Tax System in the Tang Dynasty

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Abstract: The rivalry between nomadic armies and the Chinese empire in the Far East never ceased. In order to be able to counter the threat from nomadic armies, the Chinese court poured huge funds into military organizations, which caused tremendous financial pressure on the state. Thus, obtaining more taxes or wealth through new means and ensuring that the overwhelmed people did not overthrow the dynasty became the problem to be solved by successive Chinese dynasties. This paper mainly discusses the tea tax system invented by the Tang Dynasty in the face of the pressure from the nomadic armies of the Anshi Rebellion, the tea monopoly trade method, and the benefits to the court brought by the tea and horse trade. The pressure from the nomadic armies kept the Chinese court from becoming arrogant and letting down its guard, forcing it to invent new institutions to evolve its system constantly. However, as wars became more frequent, taxes became heavier, the economic system collapsed and organized uprisings against the central government. The Tang empire failed to maintain its economic system in the later time and finally collapsed in chaos.

Keywords: nomadic, Chinese, tax, evolve, failed

1. Introduction

Generally speaking, the relationship between the nomadic empire in the north and the Chinese empire in the south can be summed up as trade or war. The power of nomads and settlers was finely balanced in alternating cycles. However, some ambitious emperors wanted to conquer their opponents, gain power, or eliminate any potential threat, like Genghis Khan in the Mongol Empire and the Imperial family in the Tang Empire. When one side conquers the other, it slackens and risks being attacked later by the unyielding. Quickly putting down an insurgency after a surprise attack is necessary, and it requires considerable funds. The Tang dynasty is a case because the immediate historical event that led to its downfall was the Anshi Rebellion, a rebellion from the conquered nomads [1].

From Emperor Taizong of the Tang Dynasty to Wu Zetian, the Tang empire conquered the Eastern Turkic and Khitan groups. The court migrated them to the northern Hebei and the Great Khingan Mountains and made the place a nomads' gathering spot [2]. These places were deeply influenced by the nomadic culture, which was only slightly influenced by the Han culture and alienated from the central Plains of the Tang court. The Tang empire's way of dealing with the conquered nomadic tribes

was to appoint nomadic chiefs from the tribes to rule the tribes. During Emperor Xuanzong of the Tang Dynasty, Li Linfu, the prime minister of the Tang Dynasty, suggested that the nomads be appointed to Jiedushi, which means that the governor of one or more provinces in charge of civil and military affairs, on the border [3]. Hence, nomads like An Lushan gained power and had the strength and ambition to rebel against the Tang empire because he commanded an army of 183,900 men in three big states [2].

After nomads regained control of the north, the central government had to rely on the economy of the south to support itself and stabilize the situation in the north. The rivalry was so frequent that “two families offered a soldier.” [4]. The states became semi-independent, raising armies and collecting taxes by themselves so that “The court could neither count the population nor collect taxes.” [5]. The Tubo also launched attacks on the Tang Empire during this period. With wars everywhere tight, Emperor Dezong introduced property taxes and transaction taxes to raise more funds and promoted local officials according to the amount of money they paid to the court. Taxes on people became more and more intense, to the point of “taxes on people who travel, taxes on people who buy and sell fruits and vegetables, taxes on people who die.” [5]. Even so, the finances of the Tang Empire were on the verge of collapse, and it was necessary to find new taxes to relieve the pressure. During this period, the south of the Yangtze River was further explored, and the planting industry became increasingly developed. Cash crops developed, tea trees were widely planted, and many great merchants rose. This new commodity attracted the attention of the imperial court with its massive popularity. Finally, in the ninth year of Zhenyuan (year 793), the salt and iron minister Zhang Pang declared a single tax, namely the tea tax, at a rate of 10% [6].

2. Tea Tax & Tea Monopoly

The Tang court began to collect tea tax in currency from the emperor Dezong. In the ninth year of Zhenyuan (year 793), the court collected 410,000 guans of tax per year [6]. After Muzong of Tang ascended the throne, nomads in Hebei rebelled again [4]. To fill the financial gap, Wang Bo, the minister of salt and iron, increased the tea tax by 50 percent [7]. At this point, the tea tax is paid through production tax and transportation tax. In the ninth year of Taihe (year 835), Wang Ya, the tea monopoly officer, forbade the public to buy and sell tea privately. He regarded tea as a government monopoly product.

“Wang Ya concurrently served as the tea monopoly officer. He set up a monopoly tea garden and transferred the original tea farmer's tea trees to the official tea garden, and burned the tea seeds that the public hoarded before. The mass was protested against the policy.” [4]. Wang Ya's policy was to have tea officials bake the tea and sell it to merchants [7]. This natural monopoly was vehemently opposed by tea farmers and tea manor owners and was soon stopped. Wang Ya advocated putting tea production under surveillance, taxation, and monopoly. It was his duty to raise financial resources for the court, but the way he took it aroused the people's indignation. He forced the tea trees to be collected in the official field and cut off the livelihood of millions of tea farmers, which was bound to arouse rebellion. Therefore, Wang Ya's successor Linghu Chu changed the monopoly model. His method was that “the government sent officers to uniformly purchase the tea planted by tea farmers and sell it at a higher price to the tea merchants, who will trade with others at a higher price. In this way, the buyers will pay more, and the court can earn stable profits, which will not hurt the interests of tea merchants and will not make tea farmers angry.” [4].

The imperial court approved this method. Using the model of tea monopoly of tea production by farmers, purchasing by the government, and selling by merchants, the Tang Dynasty firmly controlled the tea industry. Finally, it gained an annual income of 800,000 guans [7]. Much of the money was used to pay soldiers to suppress rebellions by nomadic warlords in the north. When the emperor Wuzong came to the throne in the late Tang Dynasty, the salt and iron minister Cui Gong increased

the tea tax in the tea planting areas south of the Yangtze River. When tea merchants were transporting their goods, they would encounter bad weather or not enough ships to carry the cargo. This requires the tea merchant to store their goods in the warehouse, and the so-called “warehouse tax” is a tax on the tea when storing the goods. However, with the rise of “warehouse tax,” vendors must pay this tax regardless of inventory, equivalent to a double tax [5].

3. Tea-Horse Trade

The Tang empire had close trade with the Western regions. In the early Tang dynasty, the Tang could exercise military control over the Xiyu, establishing stable markets through the suppression and management of the numerous nomadic tribes by the Tang army. After the Anshi Rebellion, the Tang Dynasty lost control of the Xiyu, and the barter situation was restored. In order to export tea to the Xiyu and exchange it for horses, it is necessary to master a large number of tea goods, so the tea monopoly system has its inevitability. The tea-horse trade began in the late Zhenyuan Period of the Middle Tang Dynasty (around 804), after the Anshi rebellion. According to records, “The public liked drinking tea, and tea gradually became a culture as time went by. The Uyghur people began the tea and horse trade when they paid tribute to the emperor in the Tang Dynasty.” [4]. Moreover, “Ancient people also enjoyed drinking tea, but not as much as today's people. Drinking tea without restraint gradually formed the custom, and the custom of drinking tea spread to the Xiyu. When Uyghur people came to pay tribute, they used good horses in exchange for good tea.” [4]. In a nutshell, traders from the interior of the Tang Dynasty transported tea to Xiyu, sold it to the Uyghur people, and exchanged it for good horses. This shows the urgent need for tea among the ethnic groups in the Xiyu.

Tea-horse trade is not purely commercial, which involves other factors such as the strength of both sides and supply and demand. Uyghur, for example, relied on its contributions in helping to bring down the rebellion of the Tang Dynasty. Since emperor Qianyuan (year 760), they have traded for 40 pis silk per horse every year, trading tens of thousands of horses. The Tang empire thought horses were less critical, so they used tea to trade with horses instead of silk. The Tang Dynasty used tea to control the Xiyu, the southwest, and Qinghai-Tibet regions. For example, due to the natural environment in the Qinghai-Tibet region, Tibetans rely heavily on tea. Tea can detoxify diseases, relieve grease and help digestion. Therefore, controlling the supply of tea is tantamount to controlling the lives of Tibetans. The tea-horse trade maintained the security and stability of the southwest region of the Tang empire. It also met the imperial court's demand for war horses and provided the imperial court with a tremendous amount of income to meet the needs of military expenditure. Therefore, the tea monopoly system was set up to obtain financial income on the one hand and control trade on the other hand. At that time, control agencies were set up in the tea-producing areas and issued vouchers for the transportation and sales of tea merchants who went to the western regions to balance the supply and demand of tea and horses.

4. Tea tax finally sparked the rebellion

In the long run, the tea tax and tea monopoly burden on the people become heavier. With the collusion of the government and business, the merchants passed the tax burden on the people. The higher the price of tea, the more difficult people's livelihood, forcing many people to risk tea smuggling. The stricter the penalty, the greater the profit of smuggling. The more bootleg appeared, the more possible it was for the united armed smuggling to emerge against the government. “After getting tea, smugglers would arm themselves with a group of 20 or 30 people and smuggle tons of thousands of teas whenever they encountered towns where the government was weak.” [5]. Smugglers have close ties with tea farmers, and tea farmers can make more profits by providing tea to smugglers than to the government. Bootleggers avoid the official route, making it impossible for the authorities to detect

them. During the reign of emperor Xuannzong of the Tang Dynasty, the Salt and Iron minister Pei Xiu reported the *12 points of the tea tax law*, reaffirming that the agencies of the imperial court should collect tea tax. Local governments were strictly forbidden to set up numerous cards and increase taxes. He canceled the "warehouse tax" and strengthened the campaign against tea smugglers, believing that tea smugglers infringed on the interests of the formal tea merchants and evaded national tax. Armed bootleggers felt an intense crisis and began to fight openly with the government army, gradually forming a strong army. Although the law of the Tang Dynasty stipulated that anyone who smuggled three times or 250 kilograms of tea would be sentenced to death, smuggling was so lucrative and the tax burden of the government was so heavy that large-scale smuggling began to appear [8]. In addition, smugglers joined the chaotic revolution at the end of the Tang Dynasty, and there were many smugglers in the troops of Wang Xianzhi and Huang Chao.

5. Conclusion

The Tang empire was a unique period in which nomads were conquered. However, because of the lax management of nomads by the Tang empire, nomads rebelled one after another, causing colossal chaos. Even the Anshi Rebellion initiated by nomads caused the Tang dynasty to decline from prosperity. When the Tang empire's finances were depleted, and its military was in dire need of a new source of finance, tea became a subject of taxation. The tea tax provided the Tang empire with at least one million guans of income per year, which was enough to sustain the army, so it had a significant influence on the rise and fall of the Tang Dynasty. The tea tax solved the temporary financial difficulties, particularly during the Anshi Rebellion, and provided material conditions pacifying the nomads' insurgency, and it finally eked out a life of the Tang dynasty. However, the tea tax was not without its negative impact on the court. The heavier taxes made tea farmers and merchants in the Tang empire feel more pressure, so they began to take the risk of smuggling and fight against the government. As penalties for smugglers increased, they formed armed gangs and trained professional armies to fight government forces. Finally, the smugglers joined many rebellions, riots, and revolutions in the late Tang Dynasty. It can be said that the tea monopoly was a new taxation method invented by the Tang empire to provide funds for fighting against nomadic armies. However, it was also the direct cause of the chaotic revolution at the end of the Tang Dynasty and ultimately accelerated the collapse of the Tang empire.

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