Transition of Thought on Grain Control in Early Qing Dynasty

—Based on a Survey of the Great Debate on Ever-normal Granary and Grain Price in 1748

WANG Fang

(School of Economics, Shanghai University of Finance and Economics)

Abstract: The “Ever-normal Granary System” was an official granary system in ancient China, which worked as a major means to adjust the grain price and relieve disasters. This paper did a systematic review of the great debate on the relation between Ever-normal Granary and grain price among officials of the Qing government in 1748, analyzed the historical reasons of and the dynamic mechanism behind the transition of thought on Ever-normal Granary System.

Key Words: Early Qing Dynasty; Grain Control; Ever-normal Granary; Economic Thought

I. Introduction of the Question

The ever-normal granary system in ancient China can be traced back to the thought of “trade of grain by government for price equalization” of Guan Zhong in the Spring and Autumn period (770B.C.-476B.C.) and the thought of “trade of grain by the government to collect and allocate grain” of Li kui in the Warring State period (475B.C.-221B.C.). An ever-normal granary system was first set up in the Han dynasty (202B.C.-220A.D.) and for a long time was used as a means for stabilizing grain prices, that is, to regulate the grain supply and contain the grain price through buying and selling at the time of grain shortages between two harvests; and another important function of ever-normal granary is to relieve famine. In this way, ever-normal granary was provided with dual attributes of macroeconomic adjustment and social security. In the early Qing, the development and formation of the grain market weakened the price adjustment function of the ever-normal granary system, which prompted the government to change the guidelines of grain price adjustment to reducing the storage capacity of ever-normal granaries and encouraging grain circulation. It is a typical case in demonstrating how economic development leads to changes in the economic system, hence the question of how the development of the grain market led to changes in the thought of grain control and resulted in further changes to the ever-normal granary system is deserving of further consideration. Based on historical materials of 29 memorials to the throne from the First Historical Archives of China, and starting with the development and establishment of a grain market in early Qing, the paper provides a systematic review of the great debate on...
the relation between the ever-normal granary and grain prices among officials of the Qing government in the 13th year of Qianlong Emperor’s reign (1748), analyzes the historical reasons of and the dynamic mechanism behind the transition of thought on the ever-normal granary system, and considers possible implications for understanding the complex relationships between economic phenomenon, economic systems, and economic thought.

II. Changes of Grain Production Areas in the Qing and the Formation of a National Grain Market

2.1 Changes of farming structure in Jiangnan area (the south of Yangtze River in its lower reaches) and rise of grain production in Hunan and Hubei areas

Since the Song dynasty (960-1279), the Jiangnan area was an important grain production area in the period of Ming and Qing dynasties, (1368-1644, 1644-1912). Increase of population and changes of farming structure, with an emphasis on cash crops in the Jiangnan area, altered this area’s traditional role of a grain supplier to one of grain demander. The area of Hunan and Hubei, located in the middle of Yangtze basin and endowed with plenty of sunlight and a rich river system, was actually quite suitable for grain production. Meanwhile, neighboring to Jiangnan area, its geographical advantage and convenient water transportation made the transportation cost relatively low for Hunan and Hubei. The low proportion of people to land and favorable geographic conditions made the average grain production per unit in Hunan and Hubei close to that of Jiangsu and Zhejiang, and the Hunan and Hubei area thus became an important grain production area in Qing dynasty. In early Qing, as grain output rapidly increased in the Hunan and Hubei area¹, the Jiangnan area relied heavily on Hunan and Hubei for grain supply. According to The Chronicle of Kangxi Emperor², in the 48th year of Kangxi Emperor’s reign (1709), Hunan and Hubei had good harvests of rice, rice merchants prospered along the river, while rice price soared in Jiangsu and Zhejiang. So, civil and military officials made vigorous efforts to crack down on merchants who stored up. And encouraged merchants transport rice from Hunan, Hubei and Jiangxi to Jiangnan and Zhejiang areas, which stabilized the rice price.

2.2 Transportation and distribution of grain in Qing

There were three main routes for the transportation and distribution of grain in Qing dynasty: the first route was along the Yangtze River and centered round Yangtze

²An Encyclopedia of Literature in Qing Dynasty Volume 34
River Delta, which went from Sichuan via Hubei to Yangtze River Delta, gathered grain from Hunan and Jiangxi on the way, and transported grain from the distribution center to cities, towns and villages in Jiangsu and Zhejiang; the second one went along Yangtze River from Sichuan via Hubei, gathered grain from Hunan and Jiangxi on the way, then took a turn when it arrived in the Yangtze River Delta and went north along the canal to Zhili and Shandong areas; the third one transferred grain from Yangtze River Delta to Zhili and Fengtian areas by sea to supply the capital city. The yearly scale of grain transportation amounted to 62 million dan; and if transportation by sea is included, the number would at least be 80 million dan.

2.3 Formation of national grain market

The change of farming structure in Jiangnan was accompanied by an increase in business activity. The routes of transportation and distribution of grain, which were mainly waterways, connected the grain production and demand of the whole country and provided for the exchange of goods and materials, while the formation of national grain and trade markets provided a solution to the problem of grain demand in Jiangnan after change of its farming structure. Regional goods circulation enabled different regions around the country to play to their advantages and gain more profit. Meanwhile, more division of work among regions also enhanced the circulation of commodities in return. In early Qing, the scale and range of grain transportation was so large and extensive that it almost covered 18 provinces and areas of the inland.

Centering round Jiangnan, an area short of grain, the situation of grain flow along Yangtze River began to take shape, which gradually became a kind of regular, national flow and further developed into a national grain market.

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1 A measurement unit in Qing, 1 dan equals about 112.5 kg.
3 Tan Xu, Development of Regional Economy in Ming and Qing – A Comparison of Jiangnan, North China, and Other Regions [J]. Researches In Chinese Economic History, 1999(2): 21-39
III. Development of the Thought on Ever-Normal Granary in Qing

3.1 The basic system and operation of the ever-normal granary in Qing dynasty

Before Qing dynasty, the governmental guideline of grain price adjustment was mainly to intervene in the grain market through buying and selling so as to stabilize the grain price. It can be said that the ever-normal granary was the institutional reflection of the thought of government-dominated adjustment by intervention. In Qing, the operation of the ever-normal granary basically carried on the thought of previous dynasties. Due to frequent wars and chaos in early Qing, the reserves in the ever-normal granaries were considerably depleted. As the political environment of Qing dynasty became more stable, the ever-normal granary system also began gradually to recover. During the reign of Kangxi Emperor (1654-1722), the management and responsibilities of the ever-normal granary were stipulated. At the time of the 13th year of Qianlong Emperor’s reign (1711-1799), the reserves in ever-normal granaries had continuously increased by means of government procurement and donation to the extent that some officials believed that half of the grain production in the country was collected in government granaries.

There were three sources of grain for the ever-normal granary: government procurement, extraction of taxed grain, and donation. Among these, government procurement was the main source; extraction of taxed grain was a common practice, which would be directly sold by the government at a lower price to stabilize grain price, or stored in the ever-normal granary to prepare for times of grain price increase or famine; donation was another important source, as in the 18th year of Emperor Kangxi’s reign, the central government had “ordered local officials of each province to persuade officials, the nobility, and the people to donate grain to the ever-normal granary”. Since ever-normal granaries were government granaries, though they were built in local places, the grain procurement was directly funded by the central government, and the administration was also directly controlled by the central government, while the local government had very limited power of free action. The ever-normal granary was supervised by local government, inspected and managed by Daoyuan (a rank of provincial official in Qing); records were compiled twice every year and reported to the Ministry of Households and Finance.

3.2 Rise of grain price and development of ever-normal granary in early Qing

The evidence suggests that the price of grain was relatively high in early Qing and the price of grain started to fall during the reign of Emperor Kangxi. During the time of Emperor Yongzheng (1678-1732), the price of grain did not rise for a long time and the social economy was fairly stable. Then, during the reign of Emperor

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Qianlong (1735-1796), the grain price experienced a 13-year period continuous increase. From the reign of Emperor Kangxi (1661-1722), Qing dynasty had gradually established a grain price report system to keep relevant records of weather conditions and grain prices. When Emperor Qianlong succeeded to the throne (1735), the grain price report system was gradually standardized, which required provincial governors to report once every month. The grain price report system was in fact established for the Qing government to have complete information in the face of continuously rising grain price, thus enabling them to respond immediately as circumstances required. During this period, the reserves in ever-normal granaries continuously increased; as a matter of fact, this period was one of resurgence for the development of ever-normal granary in Qing. The standard reserve of ever-normal granary as approved in the 30th year of Emperor Kangxi’s reign was “5000 dan for large counties, 4000 dan for medium counties, and 3000 for small counties”\(^1\). In the 43rd year of Emperor Kangxi’s reign, “the standard of grain reserves in ever-normal granaries of each province was changed after discussion to 10 thousand dan for large prefectures and counties, 8000 dan for medium ones, and 6000 dan for small ones”\(^2\). In the 5th year of Emperor Yongzheng’s reign, “1.4 million dan was added to the reserves of Zhejiang ever-normal granaries, the previous reserves of which were 0.7 million dan”; meanwhile, “the practice of grain donation in Hunan and Hubei was started”. In the 9th year of Emperor Yongzheng’s reign, following the increase of reserves in Sichuan and Jiangsu provinces, the reserves of Guangdong province, Chongming county, Guangxi province, and Fujian Xiamen were also increased, each by 10 thousand dan. However, although the reserves of ever-normal granaries were gradually increased and more rigorous systems were established for grain procurement, granary management, proportion of sold grain reserve, and granary supervision etc., the role of the ever-normal granary as a tool used by the government to stabilize grain price was not a success. Along with the continuously increasing reserves of grain, the continuously rising price of grain would suggest that the scheme’s implementation had not well served its role to make grain price “ever-normal” but had instead boosted the rise of the grain price.

IV. The transition of the thought on ever-normal granary reflected by the “Great debate” in the 13th year of Emperor Qianlong’s reign

4.1 Cause of the “Great Debate”

From the time of Emperor Qianlong (1735-1796), the grain price increased while some

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\(^1\) Wensu Wang et al. Notes for Financial and Economic Literature in the Ten Comprehensive Records (Volume 1) [M]. China Social Sciences Press, 2015: 490

areas suffered from disasters; “the upper and lower reaches of the river had bad harvest so that grain was expensive”\(^1\). At first, it was believed that the increase of the grain price was caused by winemaking, so a ban on wine workshops was issued but was not implemented because of some officials’ dissenting opinion. After that, grain prices kept rising and even triggered waves of grain plunder riots, which became a serious social problem. To contain the grain price and relieve famine, the government multiplied grain reserves, enhanced disaster relief, and took a series of measures including attaching importance to grain production; universal tax exemption; selling stored grain at a controlled price; solving the problem of grain supply in distressed areas by means of extracting and allocating taxed grain; encouraging merchants to trade grain via long distance and strictly forbidding them from storing and decrease supply for the sake of profit; and encouraging grain imports and forbidding exports.\(^2\) However, these measures did not fulfill the purpose of stabilizing grain prices, which still went up continuously.

On Dec. 13\(^{th}\) of the 12\(^{th}\) year of Emperor Qianlong’s reign, OuKanshan, the official in charge of the discipline of public functionaries in Jiangnan reported the matter of the stockpile of grain. Qianlong himself noticed that the policy that encouraged grain collection and reserves may have contributed to the rise of the grain price, so he called officials to put forward their views of the situation. When establishing the ever-normal granary system, the government had intended to intervene in the market using grain reserves, stabilize the grain price, and provide relief in times of famine. However, as with the increase of reserves in ever-normal granaries and the tense situation of grain price in various places, it apparently failed to fulfill the purpose of price-stabilization. Some officials in the court believed that excessive storage in the granary took away the grain from the market and caused the price rise.

Since Dec. 1747, the 12\(^{th}\) year of Emperor Qianlong’s reign, the emperor called provincial governors to report causes of the rise in the grain price, and by the 13\(^{th}\) year of Qianlong’s reign at least 29 memorials on this matter had been submitted to the emperor by local governors including Yin Jishan(Governor-General of Jiangnan and Jiangxi), Chen Hongmou(the provincial governor in charge of military and civil administration in Shaanxi), and Yang Xifu(the provincial governor in charge of military and civil administration in Hunan). This government-led great debate ended in March of the 14\(^{th}\) year of Qianlong’s reign. “Such large-scale debate about a specific economic issue among high-level officials was really rare at that time”\(^3\).

For this paper, we retrieved files of the 29 memorials to the throne with the emperor’s red-ink remarks from the First Historical Archives of China; in these memorials, officials investigated the causes of the rise in the grain price from various aspects including population, grain reserves, circulation, donation to obtain positions as students in Guozijian (Imperial Academy), the production structure in agriculture , and even wine-making, among which population and grain reserves were thought to

\(^1\)The Historical Record of Emperor Qianlong Volume 82
be the main factors. Officials from different areas had different understandings about the relation between grain reserves and the rise of the grain price, but there was a general consensus about decreasing procurement and increasing circulation.

4.2 Opinions of officials from grain production areas

Main grain production areas in Qing included Sichuan, Hunan and Hubei, Jiangxi, and Shandong provinces. According to the memorials submitted by officials from the five provinces, besides the generally recognized factor of population, provincial governors in charge of military and civil administration of Shandong, Jiangxi, Hubei and Hunan all shared similar opinions and believed that procurement for grain reserves was the cause of the price increases. Where they differed was that some officials thought the procurement by other provinces led to the shortage of grain in their provinces and further led to the rise of grain price, while others believed that excessive procurement by the ever-normal granaries of their own provinces was also one of the reasons for the price rise. Meanwhile, they also thought that the reduction of the amount of grain reserves (or the amount of grain for disaster relief) would increase the circulation of grain and thus serve the purpose of stabilizing the grain price. Generally speaking, officials from grain production areas tended to reduce grain reserves so as to increase circulation.

Kai Tai [dates], the provincial governor in charge of military and civil administration of Jiangxi, considered that grain procurement to replenish grain reserves was the cause of the rise of grain price, but he thought the grain reserves of Jiangxi actually did not do any harm to grain circulation because “grain reserves in the whole province of Jiangxi total over 1700 thousand dan”, which “is an equivalent of only about 50 to 60 percent of that of a large county”. The reserves in the ever-normal granaries did bring up the grain price in some areas, but Jiangxi was not one of them. Kai believed that “Buyers transport and trade grain so that disaster relief can be supported; accumulation for times of famine is proper preparation. However, it is also difficult to dig into whether or not the rise of grain price is because of that.”

YangXifu [dates], the provincial governor in charge of military and civil administration in Hunan, held that although Hunan was a grain-production province, the price of grain still went up for the following reason: “I, in my humble opinion, think that rice and grain are expensive because people who buy them are too many.” He believed that the excessive official procurement hampered people’s ability to obtain grain so that grain price would go up. He considered that the government grain reserves should have a limit and not be excessive. He thought the relatively high reserve standard of the ever-normal granary was also the reason of the rise in the grain price in Hunan province.

Meanwhile, in Hubei, another grain production province, PengShukui [dates], the deputy-governor in charge of military and civil administration, believed that the increase of population was the main reason for the rise of the grain price. Besides, in

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1First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Kai Tai, File No. 04-01-35-1142-026
respect of grain circulation, grain transported from Sichuan to Hubei decreased, while officials and merchants who came from other provinces to buy grain in Hubei were numerous, so that grain became expensive. “Though Hubei is a rice production place, in recent days households are increasing so there is barely a surplus of rice for the local place, and there are also fewer merchants who trade and transport rice from the south of Sichuan to Hubei. Besides, officials and merchants came to purchase grain in Hubei one after another, causing the price in the market to rise day by day.” Peng Shukui objected to excessive procurement and suggested that all procurement other than the normal official procurement should be stopped: “Please issue an order to allow provinces whose amount of grain reserves falls below the limit to replenish but ask those who purchase 60-70% for extra accumulation to stop.”

Aligun, the provincial governor in charge of military and civil administration in Shandong, had an in-depth analysis of how population increase led to the high price of grain. He thought that “the state has been rehabilitating for over a century, and now households flourish to the extent that no previous dynasty since the ancient time could compare.” Especially in the recent decades, the number of households had multiplied, resulting in an increased demand for food. At the same time, the increased population would occupy more land for the construction of houses and tombs: “The population becomes large each day while the land, scarce. The rise in the price of rice and grain is actually because of this.” The cost of grain transportation by merchants was also considered one of the reasons for the high price of grain. At the same time, Aligun put forward an idea similar to “money illusion”: the decrease of the exchange rate of money to grain gave people the feeling that grain had become expensive. So, if the government could reduce taxes on transportation for merchants, “there is no reason that the grain price will still increase.” Aligun thought that a tax reduction and enhancement of circulation were strategies to counteract the increase in the grain price, and that the expenditure for disaster relief should also be properly reduced so that the procurement for grain reserves would go down accordingly.

4.3 Opinions of officials from grain demanding areas

As early as in the 4th year of Qianlong Emperor’s reign (1739), Lu Zhuo, who was the then provincial governor in charge of military and civil administration, pointed out, “The rice supply of our province is, more often than not, insufficient to feed the people in our province regardless of good or poor harvest and must rely on the transportation of travelling merchants.” However, during the harvest season, when merchants from all over the country gathered in Jiangxi, Hunan and Hubei to purchase rice, worrying about violation of the ban on trade restriction, officials gave priority to official procurement, leaving barely any grain for merchants to buy after. As a result, even in years of good harvest, Jiangsu and Zhejiang were still in short of rice. The government procurement to replenish grain reserves hindered circulation of grain and the cost of grain transportation by merchants was also considered one of the reasons for the high price of grain. At the same time, Aligun put forward an idea similar to “money illusion”: the decrease of the exchange rate of money to grain gave people the feeling that grain had become expensive. So, if the government could reduce taxes on transportation for merchants, “there is no reason that the grain price will still increase.” Aligun thought that a tax reduction and enhancement of circulation were strategies to counteract the increase in the grain price, and that the expenditure for disaster relief should also be properly reduced so that the procurement for grain reserves would go down accordingly.

1 First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Peng Shukui, File No. 04-01-35-1142-008
2 First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Aligun, File No. 04-01-35-1382-019
led to a rise of the grain price in areas of Jiangsu and Zhejiang where travelling merchants were much relied upon for grain supply. Therefore, Lu Zhuo suggested “opening the trading market”, because “when the trading market is open, the rice price must decline, and people’s food will be cheap and abundantly supplied.” Na Min, the provincial governor in charge of military and civil administration in Anhui, also believed that the procurement for grain reserves, instead of grain hoarding by the people, brought up the price of grain, and “it seems right to suspend procurement to contain the price of grain.”

Zhun Tai, the provincial governor in charge of military and civil administration in Shanxi, pointed out, “The recent high price of grain in the southeast area is due to the extensive grain reserves and frequent procurement. Adding up the grain reserves of Zhejiang, Jiangsu, Anhui, Hunan, Hubei, Jiangxi, and Sichuan, the amount of grain stored in government granaries exceeds ten million dan. Despite times of grain shortage between two harvests, before they have sold half of the stored grain, autumn harvests of the year have already been purchased by officials in a rush and gathered in granaries.” Shanxi province, “lying by mountains and rivers, has limited and barren land, and is rarely visited by merchants.” If any emergency happened, it would totally rely on government granaries. He wanted to draw support from private merchants to improve the situation of grain supply in Shanxi. Zhun Tai discussed the function of granaries in consideration of different circumstances and thought that merchants and granaries should complement each other; in places where the market was open, grain reserves should be reduced and commerce be encouraged, while in places where the market was not open, granaries should collect grains extensively.

Chen Hongmou, the provincial governor in charge of military and civil administration in Shaanxi, distinguished three main reasons for the high price of grain: firstly, it was only expensive in some places but not elsewhere, which was because of transportation for trade and grain hoarding; secondly, government procurement to replenish grain reserves would cause fluctuation of grain price. It could cause increase of short-term grain demand, so grain price would go up. But when granaries were opened to increase grain supply and relieve famine, grain price would then be contained; thirdly, independently of the two former considerations, the price of grain would rise because “population thrives whereas the land is comparatively meager.” Grain reserves and transportation for trade both were not reasons for the high price of grain. In the case of government procurement, they had set up a limit for the price of grain and would not purchase if the price was higher than that. However, in reality, people in the marketplace would increase the price when they heard about government procurement, so it made no difference to the fact of high price of grain no matter how much the government would buy to fill the granaries. What was more, the rice collected in government granaries would be returned to the people in the ratio of

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1 First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Na Min, File No.04-01-35-1143-004
2 First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Gu Cong, File No. 04-01-35-1142-039
3 to 7, so the blame should not be on granaries.¹ Chen Hongmou believed that the government procurement in years of bad harvest was undoubtedly one of the reasons that boosted the price increase, but he thought government procurement was absolutely necessary for the circulation of rice and grain.

Yin Jishan [dates], the Governor-General of Jiangnan and Jiangxi, thought that “the gradual increase of the price of grain should be ascribed to the heaven in some cases and to the people in the others”. Here, “heaven” was blamed for the increase of population, while “people” were culpable for granary procurement and wine-making. He focused his discussion on the consumption of grain in wine-making. As a Governor-General in the southeast area, he also observed the influence of the circulation of grain and grain upon the grain: “when merchants don’t come, the rice will be expensive. Boats rarely come so grain is blocked from the market. As soon as there are any signs of short supply, people get alarmed and the price of rice soars multiple times.” Therefore, he suggested that government should desist from regulation: “probably the marketplace should just be put at the people’s disposal.”²

Huang Tinggui [dates], the provincial governor in charge of military and civil administration in Gansu, shared similar opinion with Yin Jishan. He believed that grain reserves were absolutely necessary for Gansu, a place “embraced by high mountains and lofty hills, where grain of merchants cannot get out of its borders”. Gansu had comparatively barren land and impoverished people, so only a limited number of merchants would operate in the region and was therefore nothing to worry about. Due to geographical transportation difficulties, at the time of bad harvests the only solution was to ask merchants in the province to sell grain at a lower price, because external aid was almost impossible; but when there were rich harvests for successive years, grain could not be sold out of the province, so “grain gets too cheap at years of plenty, which arouses the concern that land will be laid to waste.” Therefore, the high price of grain in Gansu did not have anything to do with merchants, grain hoarding or population, but was caused by government procurement in years of bad harvests. Huang Tinggui considered the blocked market as the major reason for the necessity of grain reserves, showing that he thought of circulation of grain as a substitute for grain reserves to adjust the grain price.

Shuo Se [dates], the provincial governor in charge of military and civil administration in Henan, thought grain reserves, trading, and transporting were reasons for the high price of grain. He advocated a solution that at harvest time harvest, grain hoarding should be strictly prohibited and procurement be constrained.³ Nasutu [dates], the Governor-General of Zhili, pointed out that because stored grain that had been appropriated at years of bad harvest should later be returned through procurement on the market, when grain came into the market, whether procurement officials or

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¹First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Chen Hongmou, File No. 04-01-35-1143-013
²First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Yin Jishan, File No. 04-01-35-1143-043/04-01-35-1143-030
³First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Shuo Se, File No. 04-01-35-1142-001
merchants rushed to buy so that grain became expensive in short time. Officials from grain demanding areas had different opinions in accordance with the different levels of economic development and commercialization. In provinces where the level of commercialization was high, like Zhejiang, officials tended to encourage circulation of grain; in areas where the level of commercialization was relatively low, officials still attached certain importance to grain reserves, but there were also voices like Yin Jishan’s that emphasized a market solution. Generally speaking, most of officials agreed on the necessity to strictly prohibit grain hoarding so as to increase circulation and also agreed that government procurement would bring about rise in rice price, but according to specific conditions of their provinces, they had different understandings of the connection between grain reserves and the price increases.

4.4 Transition of the thought on grain control after the great debate

Having received various memorials, Emperor Qianlong identified excessive grain reserves as the main reason for the increase of the grain price, and thus issued an order before the debate was concluded: “In recent years, the grain price in all the provinces is increasing day by day, the reason for which can’t be found out after repeated research… Through people’s discussion, many believe that excessive procurement is responsible for the continuously increasing grain price. Considering that the quantity of grain is fixed, too much has been accumulated in government granaries, leaving too little for the people. I (the emperor) now know that the initial intention of grain reserves has been violated and have to consider changes to the system… The amount of grain stored in ever-normal granaries of each province should all be adjusted to the previous amount in the years of Kangxi and Yongzheng, while the additional accumulation in the granaries should be sold.”

It has been said that “the policy made a complete reversal”. In December of the 13th year of Qianlong’s reign, the Imperial Secretary and others replied as follows: after thorough calculation, stored grain in 19 provinces should amount to 33.79 million dan, 14 million dan less than the standard of 48 million dan as established in the years of Qianlong. The grain policy returned to the orientation of “strictness” as in the time of Yongzheng, and after the 14th year of Qianlong’s reign, the grain in price gradually decreased and tended to be stable. As commented by YongningZhong (1993), “From the early years of Qianlong’s reign, as the contradiction between grain supply and demand became increasingly prominent, decreasing government granary storage and increasing circulation of grain in private sectors became the common voice both in the court and among the people and also became a basic guideline of the Qing government for the ever-normal granary system afterwards.” Marked by this decision, though the ever-normal granary system still played its role in containing the grain price, encouraging circulation also became an

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1 First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Nasutu, File No. 04-01-35-1142-003
2 July, the 13th year of Qianlong’s Reign. The Historical Record of Emperor Gaozong. Volume 319
4 December, the 13th year of Qianlong’s Reign. The Historical Record of Emperor Gaozong. Volume 396
important policy. The transition from the overall regulation by the government to market regulation was out of consideration of the cost and effect of regulation. However, in the big picture, it was the vigor and efficiency shown by the continuously developing and expanding grain market nationwide that compelled the government to change its thought about regulation. Marked by this great debate, the thought on grain control in the Qing dynasty changed, and the government began to try drawing support from the market in an obvious way to control grain price and relieve disasters and famine. In fact, at an even earlier time, Qianlong himself already had an understanding of the boundaries of the ever-normal granary’s function set by the government: “it is really an unalterable truth that there will be deficiency if the emperor should support the people, but there will be affluence if the people support themselves”; if “the matter of living, clothing, and food is all trusted to the government”, since grain stored by the government was limited, “how can the government help everyone?”; “Perhaps the matter of goods especially which are daily-use to people, the market should be allowed to circulate; once it is in the hand of the government, though the original intention is to benefit the people, the implementation may not work out well and often go against the original intention.”

Before the 13th year of Qianlong’s reign, grain price control by means of the market was already practiced by some officials. For example, in the 32nd year of Kangxi’s reign, because the grain price in Xi’an soared, the Ministry of Households recruited rich merchants and appropriated government funds for them to buy rice and grain from other provinces and then sell at only an average price in Xi’an. Then, the government would only take back the original funds and leave the profit to the merchants. In the 3rd year of Qianlong’s reign, Hangzhou and Jiaxing of Zhejiang province suffered from bad harvest, so Lu Zhuo, the provincial governor in charge of military and civil administration in Zhejiang, recruited rich merchants from the province, appropriated funds, and asked them to make certain commitments. These merchants transported to, and traded grain in, Hangzhou and Jiaxing, only to take back the cost without considering get profit. Zhun Tai, the provincial governor in charge of military and civil administration in Shanxi, attempted to build roads to connect with merchants so as to guarantee the grain supply in Shanxi. Thoughts about protecting the interest of grain merchants, encouraging merchants to take active part in the transportation and sale of grain, and relaxing restrictions on grain price, were proposed one after another.

At the policy level, the government came to encourage grain circulation, which was demonstrated by the ban on trade restrictions, policy of tax exemption and merchant protection, and so on. In the 7th year and 37th year of Qianlong’s reign, the emperor issued an official ban on the limited trade in grain. To solve the problem of transportation, in the 32nd year of Kangxi’s reign the ban on marine trade was lifted, so the route of grain transportation and trade was shifted to the more convenient means of sea transportation. From the early years of Qianlong’s reign, he approved

1 March, the 9th year of Qianlong’s Reign. The Historical Record of Emperor Gaozong. Volume 695.
2 May, the 13th year of Qianlong’s Reign. The Historical Record of Emperor Gaozong. Volume 314.
tax exemption for grain transportation and trade to disaster areas and then expanded the enforcement of policy to a nationwide level. Additionally, Qianlong encouraged the import of rice and grain in Guangdong through the following measures: “If a cargo ship of foreign trade that comes to trade in Fujian and Guangdong provinces carries 10 thousand dan of grain and more, cargo tax can be reduced by 50%, while those that carry 5 thousand dan and more, cargo tax can be reduced by 30%. The rice they have brought should be fairly sold at the market price.”\(^1\) This policy encouraged merchants in the border areas to buy grain from overseas, the result being that grain constantly flowed from elsewhere in Southeast Asia to China. What was more, the government ensured that merchants could carry out grain circulation. In the 53\(^{rd}\) year of Qianlong’s reign, the emperor issued an order to Ji Qing, the provincial governor in charge of military and civil administration in Shandong, decreeing that the local government should allow merchants to freely circulate grain on the market and by no means to interfere: “Let these merchants circulate grain on the market of their own accord so as to fill the deficiency with the affluence. By no means prohibit or restrict transportation and trade of grain to cause no access to grain for places of bad harvest. Meanwhile, the government should not impose management, which may interfere and make the merchants hesitate. Just leave it to their own convenience. Considering merchants seek for nothing but profit, if they hear about where the grain price is high, they must flock to that place.”\(^2\)

4.5 Why the debate happened in 1748?------A Speculation
The 13\(^{th}\) year of Qianlong Emperor’s reign was a very special and important point of time during his 64-year-long reign. Because his father Yongzheng’s reign lasted 13 years, there was a prophecy during the reign of Qianlong which believed that “the country will experience something that goes against our will” in the 13\(^{th}\) year, and later Qianlong himself also thought that things happened that year was “unexpected” (in the imperial order issued by Qianlong in December, the 13\(^{th}\) year of his reign). In the Chinese New Year’s Eve of the 12\(^{th}\) year and March of the 13\(^{th}\) year of Qianlong’s reign, his Prince Imperial and Empress successively died, which caused a big change in Qianlong’s personality. Besides, the defeat in Jinchuan Battle to suppress the revolt in Sichuan also hit him badly. On the one hand, these accidents caused the Emperor more autocratic and harsh, and on the other hand, made him more eager to see results on the issue of grain policy. Therefore, when the news about the defeat in Jinchuan came, though the officials’ discussions on grain policy hadn’t all reported yet, Qianlong already issued the order. “Almost for every dispatch on the defeat of the battle, there was a new decision made (on the grain policy)”\(^3\).

V. Conclusion

From the population increase and change of production structure in agriculture in Jiangnan, to the change of production areas and the formation of a national grain

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\(^2\) First Historical Archives of China, memorial to the throne with red-ink remarks, the category of finance, Ji Qing, File No. 04-01-06-0003-002
\(^3\) Wangling Gao. The 13\(^{th}\) Year of Qianlong’s Reign [M]. Economic Science Press, 2012:143
circulation market, and finally to the government’s thinking on grain control, there was a process of mutual influence and interaction between economic phenomenon, economic thought, and economic economic policy. Against the background of the formation of a national grain market, grain production areas and demanding areas began to show obvious differences: the daily needs of the people became more reliant on the grain market, while the role of ever-normal granaries in containing grain prices and relieving disasters and famines became relatively weakened. When the grain price went up or down, relying on only ever-normal granaries to buy and sell grain could exert only a limited impact upon the grain price. In years of famine, when deficiency of supply in grain-demanding areas became acute, market circulation became the principal way to increase supply. According to Zhihong Shi’s (2008) research, in the 13th year of Qianlong’s reign, the storage standard of the ever-normal granary was 48 million dan; calculated according to the rule of “70% stored 30% sold”, the amount of annual procurement for grain reserves was about 14 million dan. It became even more common for market circulation to assume a main role in the grain trade when the standard was reduced to 28 million dan in the 13th year of Qianlong’s reign. The function of the market was increasingly brought to the attention of the executive, and this in turn came to influence popular thought on grain control. Therefore, in the discussion on the rise of grain price in the 13th year of Qianlong’s reign, officials basically agreed on the importance of grain circulation and also had similar understandings of the relation between grain reserves and the grain price. In this way, the Qing government’s encouragement of grain circulation was the result of the change of officials’ thought, which itself reflected the development of the grain market. However, although the government encouraged the market to play a bigger part in grain circulation, the ever-normal granary was still an important means for the government to control the grain price, but its role was restricted to coping with emergencies. The normal, daily supply of grain was to be provided by market circulation.

As from Western Han, the ever-normal granary had always been a state-dominated institutional arrangement to adjust grain reserves. From the middle and late Tang dynasty, there were some sprouts of market orientation. During the time of Song and Yuan dynasties, the thought of state domination further weakened, and when it came to Ming and Qing, the national grain market gradually came into shape and developed, preparing the foundation for the important transition of the thought on the ever-normal granary system. During this period of time, many economic thoughts in China began to show a laissezfaire tendency; the development of pragmatism in Ming and Qing and the break-down of the traditional thought that privileged agriculture over industry and commerce were all reactions to the influence of a developing commodity economy upon economic thought during this historical period. The discussion over the ever-normal granary in the 13th year of Qianlong’s reign, and the

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1 During this period of time, the government began to notice how the force of merchants could be utilized to adjust grain reserves with the help of market. For example, they put forward the idea of ”not containing price” and objected to “ban on rice procurement”.

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following adjustment of the ever-normal granary system, were demonstrations of the transition of economic thought towards laissez-faire. It is an important example that shows a commodity-exchange economy promote the policies of macroeconomic regulation and control become have some ‘laissez-faire’ characteristics.

References:


