Chapter 2

Grain, Salt, and Silver

The Ming grain-salt exchange was a kind of barter in principle and in practice, and remained so at least until the second half of the fifteenth century. While silver was never completely ruled out of the grain-salt exchange, the early Ming government had inherited an economy that was short of silver. Occasional permission to use silver when there was so little of it in circulation had a negligible impact. Government finance relied mainly on taxes in kind and corvee labor, or on barter, and silver could hardly have played any role in it. But beginning in 1436, when 4.05 million shi of tax grain were converted into a tax in silver, the Ming began to move towards monetized taxation. Soon silver became important in the grain-salt exchange. Paying silver began as an insignificant alternative to delivering grain, but became an indispensable element in the salt monopoly.

The introduction of silver into the salt administration was an unintended consequence of global history, a part of the long process that accompanied the influx of foreign silver and ultimately materialized into the “single-whip system” [yitiaobian fa], i.e., the monetization of taxes in kind and labor services. As mentioned above, the first decisive step towards monetized taxation occurred as early as 1436, when a substantial portion of tax grain was converted into a tax in silver. In spite of its de facto acceptance of silver, the Ming government and the elite in general clung to their time-honored hostility towards silver, and towards money in general. Ming anecdotes disapprovingly attributed the use of silver in the salt monopoly to a policy initiated in 1492 by Ye Qi, the Minister of Revenue, who was said to have permitted merchants to buy salt certificates with silver instead of delivering grain to the frontier.

1 Peng Xinwei 彭信威, Zhongguo huobi shi 中國貨幣史 [A Monetary History of China] (Shanghai: Shanghai renmin chubanshe, 1988), 706. It is believed that the westward movement of silver during the twelfth and thirteenth centuries deprived the Yuan dynasty of silver. Richard von Glahn cautions that there is little archival evidence to prove this claim, but finds the circumstantial evidence compelling: little silver remained in the Yuan treasuries by the end of Khubilai’s reign. See von Glahn, Fountain of Fortune: Money and Monetary Policy in China 1000–1700 (Taipei: SMC Publishing, 1997), 60.

2 The six provinces were Huguang, Zhejiang, Jiangxi, Fujian, Guangdong, and Guangxi. Ray Huang regards the “Gold Floral Silver” reform as “another major concession to the landowners in the district concerned.” See Ray Huang, Taxation and Governmental Finance in Sixteenth-century Ming China (Cambridge: Cambridge University Press, 1974), 52.
Although the Ministry of Revenue thus amassed more than a million taels of silver, the 1492 policy was said to have led to a sharp drop in the grain supply on the frontier, and Ye Qi's short-sighted "greed" was said to have cost the Ming its frontier security.\(^3\) A Ming anecdote even alleged that Ye Qi had succumbed to the lobbying of salt merchants who happened to be his relatives and fellow townsmen.\(^4\)

Both Fujii Hiroshi and Lee Long-wah, however, identified more than a dozen cases before 1492 in which the Ming government permitted merchants to pay silver for salt or salt certificates.\(^5\) Noticing the absence of Ye Qi's decision in 1492 in the Veritable Records and the Grand Compendium (Daming huidian), Fujii even went so far as to argue that Ye Qi's 1492 reform never occurred.\(^6\) Whether it did or not, the Chenghua era (1465–1487) was still a new epoch in the use of silver. During its two decades, silver was used 27 times in the grain-salt exchange, while the previous era of almost 100 years only had 13 such cases (see Appendix "The use of currency in the grain-salt exchange, 1374–1487").

As silver came to be used more often, the way it was used also changed. Early in the Chenghua reign the government still required merchants to deliver either grain or silver to frontier granaries in return for salt certificates. By the late Chenghua, there were more instances of silver being used to buy salt certificates or even salt at salt administration offices. From the merchants' standpoint, this was an advantage, and much more convenient than delivering grain or silver to the frontier. In these instances silver was allowed to take the place of grain in the salt monopoly.

Nevertheless, silver was not yet formally incorporated into the system, but was only a supplementary tool, to be used on a case-by-case, temporary basis,

\(^3\) At least two points might be argued against such a view. Firstly, the Ming government fed its frontier force mainly through grain delivery by commoners as part of their tax obligation. The grain-salt exchange was but a supplementary and temporary mechanism. The collapse of the grain-salt exchange would not have dealt a significant blow to grain supply along the frontier. Secondly, as long as a frontier garrison was maintained, there would be a constant and substantial demand for grain. Were merchants required to pay silver to the salt administration instead of delivering grain to the frontier in return for salt certificates, the silver thus amassed by the government would still be appropriated to frontier forces for purchasing grain. Consequently, were it profitable for merchants to deliver grain to the frontier before the 1492 decision, it would still have been profitable in its aftermath.

