

**THE JOURNAL OF PHILOSOPHICAL ECONOMICS:
REFLECTIONS ON ECONOMIC AND SOCIAL ISSUES**

Volume XVIII Annual issue 2025

ISSN: 1844-8208

ISSN (print): 1843-2298

Paper format: 16.5x23.5 cm

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**Zero-sum versus positive-sum conceptions
of wealth in traditional China**

Harry Miller



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Abstract: The idea that wealth is fixed in amount tended to predominate in traditional China. On one extreme were the Legalist (or statist) philosophers, whose view of wealth conformed to their notion of zero-sum competition between public and private. On the other extreme were the Buddhists, whose beliefs included the concept of ‘one is many, many is one,’ facilitating wealth creation via ‘inexhaustible treasuries.’ Occupying the middle ground – and ending up in possession of the field – were Confucian moralists, who, while claiming to nurture the private sector under such banners as ‘storing wealth among the people,’ seemed the most open to the possibility that laissez-faire would best grow the economy. However, the Confucians were only favoring a distribution of wealth that favored the private sector, with the wealth to be distributed retaining in their eyes its finite character, incapable of multiplication.

Keywords: Legalism, Confucianism, Buddhism

Introduction: the case of the late Ming dynasty

It is my humble opinion that as far as the wealth created by Heaven is concerned, whether it is held by the government or by the people, there is only a fixed amount of it.

Zhang Juzheng, Memorial to the Longqing emperor, 1568 (Zhang 1987, ch.1, p.8)

The idea that wealth is finite was central to the policy of Zhang Juzheng (1525-1582), the controversial activist minister of the late Ming dynasty (1368-1644). Its corollary, that wealth may reside with the government or with the people but not with both, describes a zero-sum conflict between state and society in which Zhang lamented the wealth, untapped by government, that remained in

private hands. [1] To his bureaucratic subordinates, Zhang fulminated even more direfully than in his memorial, writing ‘Private families are becoming daily richer, while the government is daily poorer,’ ‘Private interests being cut off, the government will be stronger,’ (Zhang 1987, ch. 19, p. 481) and ‘That which benefits the public will certainly not benefit the private’ (Zhang 1987, ch. 23, p. 737).

Zhang’s contemporaries voiced similar concern. An official named Zhao Wenbing (n.d.) wrote in 1594, ‘The people’s tendency toward luxury is reaching such heights that several days of tax receipts wouldn’t supply the expenses of single feast, and one hundred acres’ worth of agricultural revenue can’t be exchanged for a single suit of clothes’ (Tan Qian 1988, ch. 76, vol. 8, p. 4733). Even those with no responsibility for the Ming state’s fiscal performance took the same jealous view. The literatus Jiao Hong (1541-1620) observed, ‘The imperial government has gradually declined. The produce of the tiller goes to the support of private interests and is no longer used to meet the needs of the empire’ (Jiao Hong 1970, ch. 22, vol. 14, p. 7433).

These expressions of zero-sum economics, positing that gain on the one hand entails loss on the other, were of ancient provenance. Zhang’s phrases in particular were centuries old by the time he rearticulated them. This essay will pinpoint the origins of the zero-sum conception of wealth in Chinese antiquity, introduce the positive-sum theories that strove to transcend it, and then explore how these contrasting ideas continued to echo throughout the imperial period.

Zero-sum conceptions of wealth in antiquity

It should come as no surprise that Chinese civilization’s agrarian background would entail an overriding regard for land and for the maximization of its produce. According to the *Guanzi*, a collection of pronouncements on statecraft attributed to Guan Zhong (c. 720-645 BCE), ‘It is in the working of the land that wealth may be husbanded.’ The same source argues, ‘Attending to the five grains makes the food supply sufficient. Growing mulberry and hemp and raising the six domesticated animals make the people rich.’ In the *Guanzi*, indeed, a wealthy population means a rich state: ‘When the five grains are flourishing, fruitful, and

plentiful, and the six domesticated animals yield ready meat, then the people are wealthy and the state rich' (Liu Cuirong 1992, p. 706).

However, the later Legalist, or statist, philosophers proved far more doubtful that the people and the state could prosper together. Shang Yang (c. 390-338 BCE) expressed the pessimistic view most extremely in such broadsides as 'A weak people means a strong state and a strong state means a weak people;' (Bary and Bloom 1999, p. 198) and Han Fei (c. 280-233 BCE) placed the private-public conflict in the context of primordial truth:

In ancient times when Cang Jie created the system of writing, he used the character for 'private' to express the idea of self-centeredness and combined the elements for 'private' and 'opposed to' to form the character for 'public.' The fact that public and private are mutually opposed was already well understood at the time of Cang Jie. To regard the two as being identical in interest is a disaster that comes from lack of consideration. (Bary and Bloom 1999, pp. 201-202)

These stark phrasings directly informed those of Zhang Juzheng (above) [2], but it may be observed that the Legalists' zero-sum game between public and private (or between the state and the people) was mostly symbolic, a contest for supremacy in the abstract, and only indirectly related to economics (see Yuri Pines 2017, pp. 78-79). Shang Yang came close to a discussion of wealth when he admonished, 'Those people who form parties with others do not need us for obtaining success, and, if superiors pull one way with the people, then the latter will turn their backs on the ruler's position and will turn toward private connections. When this is the case, the prince will be weak and his ministers strong' (Bary and Bloom 1999, p. 198). It should be noted that 'ministers' refers to any supposed subordinates or subjects of the prince who, Shang Yang feared, could shun the public (or the prince's) cause and align instead with the private. These unreliaables 'not needing us for obtaining success' may allude to independent economic interests, among other sources of influence outside the state's control. Elsewhere, Shang Yang warned that such persons might retire from court and 'think of nothing but of how to realize their selfish interests' (Bary and Bloom 1999, p. 194). Their selfish interests might include economic ones, which Shang Yang suspected would encourage them to 'think of nothing' or at least to think nothing of the state's interests. In one of Shang Yang's most draconian passages, he opined, 'The important thing in undertaking the

administration of the state is to make the rich poor and the poor rich. If that is effected, the state will be strong' (Bary and Bloom 1999, p. 196). The point was that private wealth was to be discouraged because it was demoralizing. Shang Yang did not covet private wealth on the state's behalf, as Zhang Juzheng later would. He saw it, rather, as an agent of disruption and therefore sought to neutralize it. Even Han Fei, who warned of 'peddlers and merchants [who] amass wealth abroad,' lumped the threat together with ministers who cultivated learning, retainues who were fond of disputation, and petty commoners who cared most about their sticks (Harbsmeir 2025, p. 197) – people whose fault was distraction from the statist program. It wasn't about the money per se.

However, after the imperial state crystalized with the Qin (221-206 BCE) and Han (202 BCE - 220 CE) dynasties, the Salt and Iron Debate of 81 BCE would introduce more of an economic aspect to the discussion of public versus private supremacy. The point of the debate was the Han state's earlier establishment of official monopolies on salt and iron as well as its creation of an 'equable marketing' system of state-run trading companies. Defending these institutions, the Legalist-inclined 'Lord Grand Secretary' Sang Hongyang (152-80 BCE) claimed that they were needed to ensure revenue for frontier defense. 'I again assert,' Sang declared, 'that the proposal to do away with the salt and iron monopoly and equable marketing would grievously diminish our frontier supplies and impair our military plans. I can not consider favorably a proposal so heartlessly dismissing the frontier question' (Gale 1967, p. 5). Here was a straightforward argument for the increase of government revenue to meet a basic purpose.

However, Sang Hongyang raised two more issues. First, he maintained that government involvement in the economy was needed to stimulate it. 'The ancient founders of the Commonwealth...[established] markets and courts... to harmonize various demands....It is clear that the salt and iron monopoly and equable marketing are really intended for the *circulation* of amassed wealth and the regulation of the consumption according to the urgency of the need' (Gale 1967, p. 6, emphasis added).

Second, he insisted that the state was imperiled by the accumulation of private wealth and thus needed to preempt it by taking over the private sector's

commercial functions. Sang's ideal system was one in which private monopolies were replaced by government monopolies. In this respect, he echoed Shang Yang, although the threats he imagined from private interests were more fully economic than the vaguer ones posited by the earlier thinker. Throughout the Debate, Sang Hongyang inveighed against 'aggressive people,' 'combines,' 'great families,' and 'powerful recalcitrants,' (Gale 1967, pp. 30, 31, 35, 87) whose control of economic resources positioned them for mutiny. Typical philippics include:

The sources of power and profit are assuredly in the mountain fastnesses and the depths of the marshes [where iron and salt are found]. Only aggressive people can come at their wealth ... This is why the prohibitory laws are made to prevent it. Now to give the people free reign to strive after power and profit and to end the salt and iron monopoly would be to give the advantage to the overbearing and aggressive in the pursuit of their covetous practices...for the aggressive if not constantly curbed are ungovernable. (Gale 1967, pp. 30-31)

Let us consider [various resource-rich places]. It is when he has them consolidated and well guarded that the Ruler of Men grows strong; should he fail to put any restrictions upon their use, he will go speedily to his ruin. Thus when the [ancient] state of Qi gave away its vitals to private individuals, its vassal houses grew powerful beyond control. (Gale 1967, p. 54, bracketed phrases added)

Shang Yang's nebulous suspicion of 'ministers' had given way to Sang Hongyang's policy of monopolize or die. It should also be noted that aggressive private interests posed a threat to the people as well as to the government, in keeping with Sang's belief that government intervention would yield benefits beyond regime survival:

With restrictions upon the mountains and the seas, the people are not subverted. With the establishment of equilibrium in prices, the people are not suspicious. When the magistrates set up standard weights and measures, the people obtain what they desire. Even a lad only five feet tall may be sent to the market and no one would cheat him. If now the monopolies be removed, then aggressive persons would control the use and engross the profits. They would dominate the market; prices would be raised or lowered at a word; there would be no stability in prices, dear or cheap. These people would be sitting firmly and would grow more aggressive. This would serve to nourish the powerful and

depress the weak, and the nation's wealth would be hoarded by thieves. (Gale 1967, p. 32)

The zero-sum game, then, was general, not confined to state versus magnate. As Sang stated elsewhere, 'With powerful recalcitrants among the nation, the common people's livelihood declines' (Gale 1967, p. 87).

To summarize the Legalist/monopolist position, it was more paranoid than acquisitive. The need to increase revenue was given only lip service, compared to the imperative of curbing private wealth. (A 'Secretary' speaking in place of Sang Hongyang said that the latter had 'busied himself with statistical calculations to increase the state revenue' but reverted to the weightier rationale in his next sentence: 'The resources of salt and iron are monopolized in order to put down the rich traders and big merchants' (Gale 1967, p. 87). In practice, though, the distrust of private wealth implied that it needed to be nationalized, and state control – whether justified altruistically or desperately – was the object of the salt and iron monopolies and the system of equitable marketing.

Opposing the Lord Grand Secretary in the Debate were a group of Confucian 'Literati.' Their main contention was that the state's cooptation of private commercial activity merely ensured that its evils proceeded under government auspices. The Literati were as appalled by official magnates as the Lord Grand Secretary was panicked by civilian ones:

Far-sighted and far-reaching in intent is your policy [the Literati charged Sang Hongyang] but contiguous with profit for powerful families ... Since the establishment of [the state enterprises], the privileged families throng the streets like drifting clouds, the hubs of their chariots knocking against one another on the road. Violating all public laws, they promote but their own interests; sitting astride mountains and marshes and monopolizing all offices and markets, they present a far greater problem than the feudal possessors of fisheries and salt-beds. They hold the state authority and travel around the Empire. This is more than the influence of...the feudal ministers. (Gale 1967, p. 55, bracketed phrases added.)

The Literati summed up their objection to the interventionist policy in one phrase: 'The Government has entered into financial competition with the people' (Gale 1967, p. 2). This allegation denied Sang's claim that state involvement in the economy wrought salutary results for the people.

As might be expected, each side's trying to frighten the other with its own bogeymen – the caricatures of private magnates versus official ones – led nowhere, and indeed a large part of the Salt and Iron Debate consists of digressive philosophical chauvinism and vilification. The Confucian Literati took up a variety of advocacies (which is excusable, especially since there were more than one person). In fact, the Debate's most explicit revelation of zero-sum thinking came from the Literati: 'Profit in one place involves diminution elsewhere' (Gale 1967, p. 42). However, the Literati's default position was a defense of laissez-faire economics and private ownership. Perhaps their attitude was pioneered by the Confucian philosopher Mencius (372-289 BCE) having made the case for barter and the division of labor ('To trade grain for implements is not to inflict hardship on the potter and the blacksmith') and his advice that rulers 'Don't offend the great houses' (Lau 2004, pp. 58, 120). In the Debate, the Literati averred:

The material basis for economic prosperity is in the mountains and seas; life and death for the farmers lie in their implements of iron. When these arbiters of life and death are ready at hand to use, then enmity will perish; when enmity perishes, then waste land will be under cultivation; when waste land is cultivated, then grain ripens and the road to economic prosperity is opened; when the road to prosperity is opened, then the common people will be fed and their needs met; when the people's need are met, then the nation is prosperous; when the nation is prosperous and instruction is given according to the rules of propriety, then there will be courtesy in giving way in passing on the road and the artisans and merchants will not compete with one another. Men will cultivate simplicity and sincerity, with the result that they will seek to share with others, and none will seek profit at the expense of another.

Now [in various places] the quality of the soil differs. There is variety in the methods of cultivation of heavy and light soils. The use of large or small, the suitability of straight or curved plows, are different according to districts and customs. Each has its convenient use. But when the magistrates establish monopolies and standardize, then iron implements lose their suitability and the farming population loses their convenient use. When the tools are not suited to their use, the farmer is exhausted in the fields, and grass and weeds are not kept down. When the grass and weeds cannot be kept down, the people are wearied to the point of despair. Because the places where salt is crystalized and iron smelted are in most cases in mountains and on rivers near to iron and coal, their operation is all remote and their working is laborious. The shifts of

laborers are assembled in the demesnes without any investigation as to their liability. Utilizing conscripted labor, the county and city magistrates sometimes cheapen the equalized price and make per capita levies [through forced sales]. People of good families are forced in their turn to work on the roads. (Gale 1967, pp. 32-33) [3]

Thus, not only did Sang Hongyang and the Literati endeavor to threaten each other with bogeymen; they also sought to lull each other with ideal visions of simple people unvexed by cheating or exploitation, if only their vision of the economy, controlled or uncontrolled, were followed.

There was one juncture of the Debate, though, where the Literati, rather than conjuring beautiful or ugly images that were the inverse of Sang Hongyang's, largely admitted Sang's reality and in fact confirmed his worst nightmare.

Some time ago, when frequent military expeditions brought about financial distress, constant levies were exacted and the burden fell again on the people's farms and homes. These burdens being again increased, they would not go to work in the southern fields. Most of the evasions, however, were committed by the great families, whom the hesitating and pusillanimous officials did not dare to press, and the responsibility was shifted to the common people. (Gale 1967, p. 96)

Here, the Literati were saying not that the state *shouldn't* subdue the great families but that it *couldn't*, that if the state attempted to tax private magnates (for additional revenue, in this case), the magnates would escape and the people would suffer collateral damage. The result of Shang Yang's zero-sum game with the 'ministers,' now played on the field of economics, could now be known: The prince was weak and the ministers strong.

With these last remarks, the Literati predicted one of Chinese history's most momentous trends. The great houses survived the Han state's attempts to suppress them and ended up outliving the dynasty. They dominated the Chinese scene for centuries through a period of fragmented state power and remained significant even after the reconsolidation of the empire under the Sui (581-618) and Tang (618-907) (Lewis 2009, pp. 28-53; pp. 195-202). Patronized if not coopted by the latter polity, the great houses finally perished with it; (Lewis 2009, 202-206) yet a new civil service elite, first credentialed by the Song dynasty (960-1279), would prove even more durable as a non-aristocratic class, surviving into the twentieth century. The Ming dynasty, in fact, saw the

greatest prominence of this ‘scholar-gentry’ class, which fact no doubt goaded Zhang Juzheng (with whom we began this essay) to launch his Legalist harangues against it, for the old zero-sum game seemed to be back on – but what had happened in the interim?

Buddhism and the new positive-sum metaphysics

As the Han dynasty vanished in China, new ways of thinking about wealth arrived from India. Chief among these new ideas, as Jacques Gernet writes, was the notion of ‘productive capital.’ The concept had religious origins: It was based on a ‘Buddhist theory of giving,’ which linked material contributions to karmic merit and in which ‘the gift of an individual follower may be modest or insignificant, but the sum of the offerings form a fund whose productivity is incommensurate with that of the individual contributions’ (Gernet 1995, pp. 65, 227-228). Buddhism offered, in other words, a fresh reality in which ‘few’ could mean ‘many.’ It suggested that wealth needn’t be reckoned in finite portions to be squabbled over by people and governments but could rather be multiplied and shared.

Evidence of ‘incommensurate productivity’ can be found in the following solicitation of donations made by the Buddhist enthusiast Emperor Wu of the Liang dynasty (personal name Xiao Yan, 464-549), who claimed the ability to redistribute the resulting karmic merit as he saw fit:

In the course of this Great Assembly Open to Everyone, if some should donate as they please and others too become generous benefactors, then I, Xiao Yan, disciple of Buddha, shall cause the donations to be exchanged for Merit and will then distribute the sum total of this Merit – without regard to the amount donated by each individual or the spirit in which it was donated, and treating the aggregate as a single donation, a single sum, made by the assembly as a unit, with one mind and one notion – to each and every one of these inspired and compassionate contributors at today’s Great Assembly Open to Everyone. Thus will today’s earned Merit be complete. (Wu 1975, p. 18)

Significantly, the *total* merit resulting from the proceedings at the assembly was to be transferred to each *individual* sentient being. The reward was

multiplied by the number of recipients, not divided between them (Miller 2024, pp. 59-60).

An important theoretical underpinning of this liberal accounting was the doctrine of *interpenetration*, a metaphysical conflation of parts and wholes. The monk Fazang (643-712) told of a gold statue of a lion, whose component parts – hairs, claws, teeth – were all uniformly golden, to support the conception of ‘all in one, one in all,’ alternately phrased as ‘one is many, many is one’ (Fox 2013, p. 186; Liu 2003, p. 256; Wu 1975, p. 18). Once the boundary of finiteness was transcended, however, the key Buddhist term, coming with the broadest economic implications, was *inexhaustibility*. Inexhaustibility blended the moral and the material, for, as we have seen, karmic merit could be generated by material benefaction. According to a sutra commentary, ‘Virtue spreads broadly, beyond enumeration. Let us call it inexhaustible. The repository of this inexhaustible virtue let us call a treasury.’ [4]

The material aspect of *inexhaustibility* soon achieved parity with the moral. Buddhist temples sought to make their material assets *inexhaustible* by lending them out at interest. The practice was justified by the historical Buddha himself, after the zealous merchants of the Indian city of Vesāli took it upon themselves to lend out followers’ belongings at interest, the proceeds of which they brought back to assist with support. When asked to issue a ruling on the practice, the Buddha proclaimed, ‘Hear me, pure monks: If devout lay followers present themselves, then be it permitted for them to lend out items at interest, the earnings to be used for the maintenance of our buildings. Temple property will thus be considered *inexhaustible*.’ Many of the ‘items’ so loaned out were fruits spared from the monks’ board, which, bearing seeds, were naturally productive. Otherwise, interest took harder forms: cash, gold, silver, pearls, jewelry, or silk (Wu 1975, pp. 20, 22 cites various treatises on monastic discipline).

Agricultural produce and cash figure in the following account from the aforementioned Liang dynasty (502-557):

Zhen Bin owned a business. Once, he took a bundle of ramie to the regional seat of government to pawn it for cash at the treasury of the Changsha Temple. Subsequently, he redeemed the ramie and made his way home; but in the bundle he found five ounces of gold wrapped in a handkerchief. Zhen took the

gold and sent it back to the temple treasury. The monks were surprised and said, 'Recently someone exchanged this gold for cash, but then there was some confusion and the gold was mishandled and lost. The treasury benefactors will be glad to have the gold returned.' The benefactors offered half of the gold to Zhen Bin to express their appreciation and pressed the issue with him repeatedly, but he remained adamant and refused to accept it. (Wu 1975, pp. 24, 34) [5]

The Changsha Temple, therefore, was functioning as a pawnshop and money-changer. In the former capacity, it was lending out money, presumably at interest, against secured collateral. In the latter, it was providing a financial service, also (despite this one case of mismanagement) for a presumed profit.

The most famous inexhaustible treasury to be named as such was founded by the monk Xinxing (540-594) during the Sui dynasty (Wu 1975, p. 24; Lewis 2009, p. 219). Xinxing invoked the positive-sum doctrine of 'self-profit profit others,' which encapsulated the ideal of the *Boddhisatva*, a holy one who places the salvation of others before his or her own. (Wu 1975, p. 25; Guo 2020, pp. 60-61) [6]. In the event, Xinxing's promise of religious rewards for donations – making donations was spoken of as seeding the 'fields of blessedness' – triggered a massive enlargement of the inexhaustible treasuries of his Three Stages sect, which grew to be fabulously wealthy in the Tang (Wu 1975, pp. 5-12, 26-27; Soothill and Hodous 1969, pp. 325, 371, 402, 426; Ch'en 1956, pp. 103-104).

Admittedly, this engorging was a case of simple addition, rather than multiplication, for the treasuries were capturing wealth as least as much as they were creating it. However, the inexhaustible treasuries *were* multiplying and creating wealth. Historians have deduced that the treasuries advanced loans and almost certainly charged interest (deduction being necessary because the transactions produced no documentation, balance statements and promissory notes being deemed unseemly by the Three Stages monks) (Yang 1950, p. 177; Guo 2020, p. 82). The Japanese Sinologist Tsukamoto Zenryu speculated that loans were sought from the main inexhaustible treasury in the capital, Chang'an, in great quantity and from great distances, due to the sect's charging lower interest than what was known to have been required by private moneylenders. Tsukamoto also combed administrative and other sources and found terminology denoting interest (Tsukamoto 1926, pp. 582-584).

At any rate, the Three Stages' approach to wealth creation came to be widely replicated. Descendants of the inexhaustible treasuries included the safe-deposit firms of the later Tang, the 'long-life treasuries' of the Song, as well as pawn shops and other institutions both religious and secular (Wu 1975, pp. 27-28; von Glahn 2016, p. 216; Yang 1950, pp. 175-176; Hino 1982, pp. 227-229; Huang 1971, pp. 81-84). The following Song account is illustrative:

Despite the abbot's diligent supervision of our temple's halls and altars, there were still not enough votary lamps. All the monks, thereupon, went begging, obtaining the sum of thirty-three strings of coins, which amount was entered in the long-life treasury to serve as a year-to-year fund for the purchase of lamp oil. The interest obtained through the *circulation* of this money was used to buy oil, and the abbot was also able to use money in excess of the oil money to install some votary lamps with colored glass. We relied on the treasury manager to enter the month-to-month balance in an account book, which he brought to the abbot's room for his signature. (Wu 1975, pp. 28-29, emphasis added; Liang Oberst 1996, p. 135)

The long-life treasury in the above example can fairly be described as a bank or even a foundation. It maintained a permanent ('year-to-year') deposited fund and lent it out at interest. The same money was listed on two balance sheets – as a deposit and as a loan – conforming to modern economists' analysis of the process of money creation (Samuelson and Nordhaus 2009, p. 465; McLeay, Radia, and Thomas 2014, pp. 14-27; Syrett and Cooke 1963, pp. 306-309). During the Song dynasty, wealthy individuals would invest cash in pawn shops, using money to make money while stepping back from the lending operation itself. A common term for such persons was 'people who grow money,' yet another economic idiom suggestive of luxuriance or limitlessness (Oberst 1996, pp. 69, 151). [7]

Despite its persistence into the Song period, however, the idea that wealth could be multiplied through deposits and loans was even then falling into disrepute. Concepts such as interpenetration and inexhaustibility were fading from general consciousness, as Buddhism's influence waned, following hammer-blows delivered to the Buddhist establishment during the Tang. The Three Stages sect, sponsors of the inexhaustible treasuries, was banned on doctrinal grounds in the 720s, with the contents of the treasuries seized (Lewis 1990, pp. 228-231; Ch'en 1956, p. 104; Gernet 1995, p. 21). A general

suppression followed in the 840s, occasioned even more by the Tang state's jealousy of Buddhist landholdings and other property as well as by temples' sheltering of monks and others from taxation (Ch'en 1956, pp. 104-105; Gernet 1995, pp. 22, 299, 307). Thus were the practitioners of positive-sum economics mulcted by the agents of zero-sum extraction. Furthermore, Buddhist belief became less passionate, perhaps following the pattern set in India, where the spectacle of opulent temples and monasteries led to cynicism and disillusionment (Gernet 1995, pp. 307-311; Thapar 1990, p. 129). Finally, Confucianism eclipsed Buddhism at least among the elite, as the Song state made the civil service exam system, with a Confucian content, the chief means for recruiting officials. With the ideological shift came a new – or not so new – regard for the nature of wealth.

Interlude: Confucianism and the possibility of economic activism

The Confucian philosopher Mencius wrote, 'If there is a homestead of five Chinese acres, then plant it with mulberry trees, so that those who are fifty can wear silk.' (Qian 1997, p. 64; Lau 2004, p. 51) [8]. I have preferred the active voice in my translation of Mencius's statement – Lau's rendering is 'If the mulberry is planted' – to call attention to the question of agency: If mulberry is all that is needed to keep the people satisfied (at least as far as silk clothing is concerned), then would Mencius leave the prerequisite to chance, or would he recommend that a benevolent authority plant the trees on the people's behalf?

Concerning the policy of Mencius's successor, Xunzi (c. 310-238 BCE), there is a difference of opinion among modern academics. On the one hand, Wang Rouzhu writes that Xunzi took the 'limited nature of material resources' as a starting point. In Xunzi's words, 'While [people's] desires are many, the things to satisfy them are few, and since they are few, people are sure to struggle over them.' The sage ruler, therefore, uses ritual and morality 'in order to divide things among people, to nurture their desires, and to satisfy their seeking, [causing] desires never to exceed material goods and material goods never to be depleted by desires' (Wang 2023, pp. 2, 4, 7).

On the other hand, Li Chenyang insists that Xunzi advocated wealth's increase, rather than its conservation and 'division among people.' One passage cited by Li, from Xunzi's chapter on 'Enriching the State,' leaves no doubt as to how wealth was to be increased.

The way to ensure sufficiency for the state is to keep expenditures frugal, to enrich the people, and to store up well any surplus. One keeps expenditures frugal through ritual, and *one enriches the people through government*. When one enriches the people, then the people will be wealthy. When the people are wealthy, then the fields will be fat and well maintained. When the fields are fat and well maintained, then their yield will be a hundred times greater. (Li 2021, p. 104; Hutton 2014, p. 84, emphasis added; Qian 1997, p. 64)

That one passage of Xunzi speaks of the division of limited resources and another speaks of their hundredfold multiplication highlights the diversity of Confucian thought on wealth creation, at least as of Xunzi's time. The latter examined passage in particular sheds light on the question of agency suggested by Mencius, with Xunzi weighing in for government initiative in wealth creation. It may be significant that Xunzi was a mentor of Han Fei and thus a conduit from Confucianism to Legalism; but the point is that the Chinese philosophies were not intellectual straitjackets and that variations of viewpoint concerning the possibilities of wealth creation and statist activism should not be surprising.

In the eleventh century, however, with the elevation of Confucianism to prominence in the Song dynasty – and with plenty of Legalist and Buddhist experience under China's belt – the stage was set for a dispute among Confucian officialdom that would resolve much of the ambiguity surrounding the approach to wealth. The result of the dispute would set the tone for the balance of the dynastic era.

Creatable wealth versus limited wealth in the song dynasty and thereafter

During the reign of the emperor Shenzong (1067-1085), the top minister Wang Anshi (1021-1086) launched a series of measures designed to stimulate the economy and thus increase revenue for frontier defense. The reader can be

forgiven a sense of déjà vu, in view of what has been described above concerning the Han dynasty policies that led to the Salt and Iron Debate. In fact, Wang's activism differed in one important way from its Han-era antecedent, in that it sought not to increase the government's share of the empire's limited resources but to create wealth within the empire, resulting in a larger economic base from which the state could derive increased revenue while still leaving plenty for the people. It was an experiment in positive-sum economics.

According to Paul Smith, Wang Anshi and his fellow reformers were 'mesmerized...by the ways that money multiplied itself through commercial transactions and interest on loans ... The reformers saw the economy as dynamic and expanding.' Wang himself imagined that developing China's productive base would make 'the wealth of the country...so great that no matter how much the state uses it cannot possibly exhaust all of it.' It would be possible, therefore, to 'secure a surplus for the state without increasing the tax burden on the people' (Smith 2009, pp. 388-389). To grow the economy, Wang enacted a government loan program called the Green Sprouts, which would offer cash loans to farmers to tide them over until the next harvest (Oberst 1996, p. 116; Smith 1993, pp. 91-92).

However, part of Wang's rationale for the Green Sprouts system was that it would reduce the influence of the 'engrossers,' private money-lenders, by cutting them out of the credit market (Oberst 1996, pp. 111-119; Zanasi 2020, p. 33). Here, therefore, is a similarity between the Song controversies and those of the Han, with a slight twist, for whereas Sang Hongyang had defended the Han state's tactic of coopting private *commerce* and resource extraction, Wang Anshi sought for the Song state to preempt private *finance*. In Smith's words, Wang's policy was intended 'both to promote economic activity and to increase the government's share of the economy's total resources.' The sub-project of circumventing the engrossers would, as once enthusiastic official put it, 'capture [for the state] the profits [that otherwise flow] to merchants and traders' (Smith 1993, pp. 77, 93; brackets in the embedded quotation are Smith's; see also p. 81 for the military exigencies that justified Wang's policies).

One may detect diverse philosophical influences at work in Wang's policy. Both the nurturing and statist impulses inherent in various strands of Confucianism

(observed in the Interlude above) might have pushed him toward a Legalist-tinged state activism. His being ‘mesmerized’ by visions of infinite wealth, and the florid nomenclature attendant to his ambitious loan program (Green Sprouts), may attest to residual Buddhist inclinations (for Wang Anshi’s interest in Buddhism, see Bol 1993, pp. 132-133).

At any rate, Wang’s measures, dubbed the New Policies, were contested and ultimately quashed by a coterie of ministers led by Sima Guang (1019-1086). As a matter of policy, Sima and company, despite universal disapprobation expressed toward the engrossers, did not want to see the state aggrandize itself by assuming their functions. (Here is another parallel with the Salt and Iron Debate, for the Song conservatives’ position resembled that of the Han Literati.) As a matter of philosophy, they disbelieved Wang’s contention that wealth could be created (Oberst 1996, pp. 121-122; Smith 2009, pp. 388-389).

The opposition to the New Policies can be distilled to three maxims, invoked at the time and influential ever since: ‘Wealth is fixed in amount,’ ‘Store the wealth among the people,’ and ‘The rich and poor help each other’ (Zanasi 2020, pp. 18, 34; Oberst 1996, pp. 135, 141, 142). By far the most sweeping axiom is the first, which was coined by Sima Guang himself. The fuller quotation is: ‘The wealth and products heaven-and-earth produce are of a fixed amount. What is not with the people is with the government’ (Bol 1993, p. 167; Sima Guang 1965, ch. 42, p. 545).

Sima made the statement to refute Wang’s contention that the economy could be grown in such a way as to yield increased government revenue without extracting more from the people. Referring to the Han-era controversies, Sima asked, ‘If Sang Hongyang was able to increase revenues, then, if he did not get it from the people, where did he get it?’ (Bol 1993, p. 167; Sima Guang 1965, ch. 42, p. 545) In fact, Sima was a Malthusian, positing scarcity and blaming rising population for poverty. ‘The production of heaven-and-earth doesn’t change,’ he argued on another occasion, ‘yet humanity daily increases ... Can we expect economic resources to be obtained without squeezing?’ (Sima Guang 1965, ch. 25, p. 361)

‘Wealth is fixed in amount’ gained wide currency and remained handy whenever someone needed to be brought back to the reality of scarcity. The idea that resources are scarce, however, suggests that they will be struggled for,

with contention possible not just between the state and the people but between everyone who needs to put food on the table. Whereas Sima Guang invoked the scarcity doctrine to urge moderation in the state's tax policy, we have already seen how others, such as Sang Hongyang, could point to the same fixed truth to justify the most grasping monopolistic adventures. After Sima's time, the statement 'wealth is fixed in amount' often heralded Hobbesian free-for-alls.

A Ming writer warned that 'The grand tally of each county's farmland is fixed in amount. If one man gains land, then another man loses land; but as the land of official households daily increases, the tax burden of private households, whose lands are decreasing, grows with no end in sight.' This description alludes to the tax-exempt status of official (or 'gentry') households in the Ming and to the fact that fixed tax quotas would be borne more and more by common households, as the gentry acquired – and sheltered from taxation – more and more land (Gao 2005, p. 264). The spectacle of Ming-era land consolidation, linked here to the doctrine of scarcity, was widespread.

The Ming minister Zhang Juzheng, whose quotation of Sima Guang opened this essay, was a creature of this zero-sum environment. At first glance, the purpose of Zhang's memorial to the Longqing emperor was to urge fiscal restraint, echoing Sima's inclination. In fact, Zhang began his memorial with a reference to the Confucian *Book of Documents* ('The people are the root of the state: When the root is strong, the people are tranquil') and went on to reiterate the doctrine of scarcity ('Is it not plainly better to take pains to limit expropriations and thus protect and enrich one's source of revenue than it is to devise new ways to tax and thus injure the people by taking away their limited resources?'). Zhang's protective tone, however, barely masked his preoccupation with revenue, as subsequent lines make clear: 'In the future, simple economy will be the inescapable duty of those above and those below. If the people are left in peace and free from harassment, then their livelihoods might achieve some measure of stability; and then, and only then, will the state rest on a firm foundation' (Zhang 1987, p. 9).

The problem was the engrossers, as Zhang revealed in a tipping of his hand:

In society, the powerful families amass ever larger holdings, the tax burden is poorly distributed, fraudulent registry of land continues, and there is tax evasion through simple intimidation; and all of these things hurt especially the

common people. Within the government, expensive renovation projects progress without ceasing, and this allows pilferage of materials and other corruption in an atmosphere of constant deception and misrepresentation; while on every administrative level, there is no verifiable account of government revenue, private gain is disguised as the public good, and clerical abuses proliferate. All these trends are wearing down our wealth and injuring our people. If we were to undertake to seek out and eradicate these blockages to our income, we should certainly not look for them among the poor and troubled people, for to do so would be to depress the country's economy even further. (Zhang 1987, pp. 8-9)

Zhang's use of the terms for private and public betray his susceptibility to the Legalist suspicion of private riches (Zhang 1987, p. 9). It is far from inconceivable, of course, that Legalist thinking could influence a Confucian scholar-official, but the point is that the Confucian espousal of diligent husbandry of the people's scarce resources naturally invited impatience and heavy-handedness when revenues fell short.

In the event, Zhang channeled his frustration with tax-dodging gentry into an empire-wide cadastral survey designed to curb their abuses. Toward the end of his career, though, Zhang admitted that the gentry had resisted being brought to heel and, defeated, waived their tax arrears. However, Zhang's protégé, the Wanli emperor (r. 1572-1620), inherited and expanded the fight, sending eunuch-led tax commissioners into the countryside to break gentry power and seize their wealth, in what must surely count as the boldest instance of economic warfare in the imperial era (Miller 2009, pp. 52-53, 75-94). The resulting disaffection crippled the Ming dynasty. The doctrine of scarcity played a big part in the Ming's demise.

The idea of 'storing wealth among the people' was also attributed to Sima Guang. In a pedagogical book Sima compiled, in annotation of a parable about a prince who, being beloved by his people, enjoyed as much support from them as he provided to them, Sima remarked, 'The ruler who stores wealth among the people will not be the one to experience poverty.' (Zanasi 2020, p. 34; Sima Guang and Su Tianmu 1995, ch. 3, p. 14b, vol. 1048, p. 390; Bol 2025 April, personal communication). Again, Sima was warning against government acquisitiveness, and again, the fuller meaning of the adage he used was left to subsequent dynasties to demonstrate. (As will be shown, the expression predated Sima as well as came into broader use after his time.) In the case of

‘store wealth among the people,’ the phrase came to define the policy of the Qing dynasty.

As made by the Qing rulers who succeeded the Ming, the promise to store wealth among the people comes off as glib. It held propaganda value only, providing benevolent cover to the Qing, by highlighting the contrast to the grasping Ming. Even as propaganda, it rang hollow, given that the Qing left late-Ming surtaxes in place to maintain the revenue needed to pacify the country and had cracked down on gentry tax evasion more effectively than the Ming (Miller 2013, pp. 32-35, 94-101, 111-117). It was only after the smoke had cleared that the second Qing ruler, the Kangxi emperor (r. 1661-1722), offered the people a respite, saying ‘Let us store wealth among the people. That the people should go long without dearth is truly a priority for the country.’ His son, the Yongzheng emperor (r. 1722-1735), elaborated, ‘Now that our country is meeting its expenses, let us store wealth among the people, so that every family is provided for and every person contented.’ (Qian 1997, pp. 64-65) ‘Now that our country is meeting its expenses’ was an important qualifier.

The succeeding Qianlong emperor (r. 1735-1796) wrote in 1786, ‘Rather than for wealth to be gathered by the government, it is better for it to be stored among the people’ (Qian 1997, p. 65). The statement is devoid of both dynastic propaganda (à la Kangxi) and practical qualifier (à la Yongzheng) and seems grounded in rational economic theory. In fact, Qianlong was engaged in damage control, for his profession against government grasping amounted to an apology for his own past activism.

Qianlong had never sought to plunder private riches as his late-Ming predecessors had done. His excesses, on the contrary, stemmed from overzealous nurturing. Upon assuming the throne, Qianlong sounded the note of paternalism with monotonous repetitiveness. ‘The people are the foundation of the state,’ he proclaimed to a court gathering. ‘Therefore, they must be cherished. As We cherish them, it is natural that Our thoughts turn to nurturing them. To nurture them, we must first secure for them abundance.’ By the next year (1737), this ideal began to take practical shape: ‘Measures for nurturing the people are various, yet none comes before the stockpiling of grain.’ Over the following years, Qianlong directed his bureaucracy to increase food supply to guard against future dearth. His policy’s chief objective was to

fill granaries via government purchases of grain, but it also sought to manage agricultural production by banning the planting of non-foodstuffs such as tobacco, cracking down on private grain hoarding, and discouraging the diversion of labor and resources to the luxury economy (Gao 1995, pp. 124, 125, 127-135).

Qianlong was surprised when, as a result of official zeal to keep granaries filled, the price of rice skyrocketed (Gao 1995, pp. 140-141). He put the brakes on aggressive grain stockpiling in 1743, conceding the next year that ‘When the ruler nurtures the people, the result is insufficiency; when he allows the people to nurture themselves, the result is plenty’ (Gao 1995, p. 140). However, the granary replenishment policy was soon reinstated, and the price of rice continued to rise (Gao 1995, p. 141). [9] Obviously uncertain, Qianlong finally, in 1747, directed his ministers to investigate the problem, and almost all of them blamed official grain purchases, which Qianlong stopped for good in 1748. In his concession edict, Qianlong seemed chastened by the reality of limited resources. ‘Opinion has been copiously expressed that government purchases of grain have been excessive, causing the price of rice to rise precipitously. It occurs to Us that grain is of a fixed amount. If too much is gathered by the state, then too little is left with the people ... Now that We know our initial error, We must endeavor to make adjustments’ (Gao 1995, pp. 141-146).

It is in the context of frustrated overreach that Qianlong’s remarks on storing wealth among the people must be taken. ‘When the government gains a bit of cash,’ he said in 1781, ‘the people are short a bit of cash’ (Qian 1997, p. 65). The pronouncement is laden with zero-sum logic; yet its moral polarity, as it were, is the reverse of Shang Yang’s or Zhang Juzheng’s, for while the earlier ministers lamented the people’s enrichment at the expense of the state, Qianlong professed satisfaction that wealth be left beyond government’s reach. Making a victory of his earlier defeat, Qianlong *seemed* to be saying that wealth was more useful in private hands.

We may evaluate this important implication by considering more of the 1786 edict excerpted above: ‘Money is essentially something that *circulates*. Rather than for wealth to be gathered by the government, it is better for it to be stored among the people’ (Qian 1997, p. 65, emphasis added). The term used by Qianlong that I have rendered as ‘circulate’ is *tong*, which is the same word

used during the Salt and Iron Debate to describe commerce. Its basic meaning is ‘to connect,’ which in the economic context might signify ‘to connect sellers with buyers’ through regional transportation and marketing networks. Qianlong did not use the word *zhuan*, meaning ‘to turn round and round,’ ‘to flip,’ or ‘to pass around,’ which I have also translated as ‘circulate’ when describing the process of lending out money at interest, in the above section on Buddhism. Sources use of some variant of *zhuan* in this regard is very common. Although my rationale for rendering *zhuan* as ‘circulate’ is simply to avoid the clumsy literal phrase ‘to pass around,’ the resulting ambiguity – and the need to address it – is instructive, for it tells us that Qianlong was adhering to the older, commercial, meaning of circulation, rather than the newer, financial, one. Qianlong was referring to the process of distributing a fixed quantity of resources through trade. He was not referring to the process of wealth creation, of using money to make money. [10]

It is safe to conclude, therefore, that ‘storing wealth among the people’ is a zero-sum idea. Any positive-sum meaning would be plausible only if the possibility of wealth multiplication among the people were admitted. In combination with the idea that ‘wealth is fixed in amount’ (to which Qianlong also alluded in his 1748 capitulation), it allows merely that the ruler leaves the people to their money until he decides to take it away. The people are like a piggy bank, not a real, interest-bearing bank or foundation that might support the ruler with the generated interest. Indeed, the phrase ‘The ruler does not collect his wealth but keeps it out among the people’ dates to the Salt and Iron Debate, at which time wealth might conceivably ‘circulate’ but did not grow (Gale 1967, p. 31).

The third post-Wang Anshi idea, that ‘rich and poor help each other,’ was formulated by Sima Guang: ‘The rich often loan funds to the poor so as to enrich themselves, and the poor borrow from the rich to survive. Even though there is inequality in enduring hardships and enjoying happiness, [the rich and poor] are helping each other to protect each other’s livelihood.’ Other opponents of Wang Anshi chimed in with discourses on ‘mutual dependence between the poor and the rich,’ and a couple of generations later, the philosopher Zhu Xi (1130-1200) fleshed out the principle by saying, ‘While tenants depend on their landlords for the use of land and loans in kind to support their families,

landlords also depend on tenants for labor and rents so as to cover their household expenses. These two need each other to exist' (Oberst 1996, pp. 134-135, 137-148, esp. 141, 144, brackets in the Sima Guang quotation are Oberst's).

This notion of mutual dependence was a reaction to Wang Anshi's reforms, especially the Green Sprouts program, in which the state would displace the rich in the moneylending business. As Zhihong Liang Oberst has shown, Confucian diatribes against engrossers were universal, until Wang's actions against the engrossers forced many Confucianists to see the virtue in rich landlords playing the part of paternalistic creditor (Oberst 1996, pp. 121, 171).

In comparison to 'wealth is fixed in amount' and 'store the wealth among the people,' 'rich and poor help each other' carries the most positive-sum potential. The Chinese character rendered as 'help' in the English phrase can mean also 'to provide,' 'to supply,' or 'to subsidize,' and it is also a noun meaning 'capital'; so it is not too far off to consider the idea expansively, as in 'rich and poor capitalize each other.' [11] The Ming-era writer Lu Ji (1515-1552) built upon this notion in his advocacy of consumption economics, which took direct aim at the traditional disdain for luxuries as well as the zero-sum mentality that undergirded it:

Those who discourse on government want to suppress luxuries, thinking that austerity will leave more wealth in the hands of the people. Alas! The statesmen of past ages said, 'All the wealth created in Heaven or on earth is of a fixed amount. One man's loss is another man's gain.' However, I myself have yet to see how an abundance of luxury can impoverish the empire. (Liu 1992, p. 711)

As Margherita Zanasi has highlighted, Lu Ji argued that the luxury economy created livelihoods for many people. 'So-called luxury,' he wrote, 'does not merely allow rich merchants and prominent wealthy families to indulge in extravagance in the style of their housing, carriages, food, and clothes. If they eat grain and meat, peasants and cooks will also benefit. If they wear extravagant silk clothes, traders and weavers will also benefit.' Luxury consumption of this type could help fuel the broader economy. 'Some see that [merchants] rely on the profit of the market but do not know that it is luxury that generates the market' (Zanasi 2020, pp. 75-80, esp. 75, 77-78, brackets are

Zanasi's). Here was a visualization of demand creating supply, which transcended the prevailing preoccupation with the limited nature of supply.

However, the preoccupation with limited supply did prevail. Lu Ji was forced to qualify his theory of consumption-driven production according to 'custom' or circumstance, leading him to advise 'If prosperous, luxury can follow; if poor, retain frugality,' (Zanasi 2020, p. 78) and leading us to wonder what happened to prosperity-inducing luxury. Zanasi sees the trend of 'productive consumption' continuing until around 1800 but then giving way to a reprised scarcity doctrine (Zanasi 2020, p. 109).

The question of capital formation

It may be worthwhile to say a bit more about economic practices of the Song period and after, especially charitable institutions, which exemplified the doctrine of 'rich and poor help each other,' and business enterprises, which exemplified the idea that 'money is something that circulates,' Qianlong's corollary to the doctrine of 'storing wealth among the people.' Our purpose is to gauge how adherence to these principles affected the course of capital formation in China, which is a topic of academic interest today. (The idea that 'wealth is fixed in amount' is obviously external to this phase of the inquiry.)

Charitable institutions in general would seem to come closest in quality to the Buddhist temples of earlier eras in that they offered interest-bearing loans, although usually in kind. The community granaries associated with the aforementioned Zhu Xi of the later (Southern) Song era (1127-1279) made tide-over loans in kind at interest, but the resulting 'interest rice' was loaned out again at no interest. The method was supposed to guarantee the granaries' solvency while avoiding the opprobrium of usury, for anything resembling the recent New Policies of Wang Anshi was anathema; but soon, owing to speculation and to the incidence of default, the original model proved unworkable and the granaries, in the words of Richard von Glahn, 'tended to evolve in the direction of pure charity' (de Bary 1999, pp. 746-748; von Glahn 1993, p. 246).

Joanna Handlin Smith's study of charitable operations in the late Ming dynasty reveals similar, elusive endeavors on the part of Confucian scholars to combine profitability (or at least sustainability) and altruism. One plan called for a granary's contents to be loaned out at thirty percent interest until they doubled; but the enlarged stock was designated for distribution in case of famine, and even under less desperate conditions, ninety percent of it would be sold off and the remaining ten percent devoted to direct relief. Soup kitchens were other charitable establishments run simultaneously as businesses and charities, for they were supposed to charge by the bowl. Smith also refers to the enduring negative example of Wang Anshi and points out that stockpiles of grain were prone over time to rot (Smith 2009, pp. 207, 209, 210; von Glahn 1993, p. 244). The trend of depreciation would seem to have been unavoidable.

Actually, Smith's work highlights the attempt by the literatus Qi Biao (1602-1645) to go beyond the conservative measures of granaries and soup kitchens and to utilize instead the art of commercial circulation (*tong shang*) to encourage the import of rice from plentiful regions to deficient ones. This supposedly newer idea – which was really, as we have seen, an old idea – was said to have been efficacious enough to result in 'charity' for the local people and profit for the merchants, who were also able to return the original capital to the official treasury. However, the merchants soon complained, alluding to difficulties in replenishing the treasury (after making their below-market sales); and one wonders how Qi's plans to buy rice elsewhere for sale at home at 'fair prices' could have avoided loss (Smith 2009, pp. 203-205, 207, 208, 212-214; Brook 1999, pp. 190-192).

Turning, with Qi Biao, from charitable operations to mercantile ones, we find that late imperial China's well-studied business culture was dominated by the idea of commercial circulation, leaving little room for the idea of financial circulation. Ying-shih Yü's recent examination of Ming and Qing business culture is replete with the 'buy low, sell high' mantra, which one late-Ming writer even inserted into the Daoist classic *Daodejing*, transforming 'The humble is the stem upon which the mighty grows; the low is the foundation upon which the high is laid' to 'One who desires dear [goods] must have cheap [goods] as his root; one who desires high [prices] must take the opportunity when [prices] are low.' (Yü 2016, p. 259, brackets in original). In fact, Yü's sources contain cautions against holding out for the highest prices, favoring

instead something that could be interpreted as transaction volume. One Ming source reads, 'To wait for a fixed price before selling is the way of the mediocre trader who seeks to avoid loss but who can pass a whole year without making a single transaction. Those who do as I do can effect more than ten transactions a year and so can make more than ten times the profit the mediocre merchant can manage' (Yü 2016, p. 256). Another Ming thinker made the same case for transaction volume with the slogans 'Buy one bit; sell one bit' and 'Buy wholesale; sell retail' (Yü 2016, p. 258). Maintaining transaction volume meant keeping the circulation flowing. Yet another of Yü's sources, the bookseller Tao Zhengxiang (1732-1797), explained, 'Since I like profit, I shall also let the purchasers of my books get their share of profit....If I try to monopolize the profit [by waiting for higher prices] so that the goods remain stagnant rather than *circulating*, this means losing the profit altogether' (Yü 2016, p. 258, bracketed phrase added; Yü cites Sun Xingyan, 'Wu song yuan wen gao,' ch. 1, p. 28; 'circulating' italicized to maintain focus on the concept).

Chinese entrepreneurs proved so adept at buying low and selling high that they neglected other areas of business. As Richard Lufrano has opined,

The great faith placed in the free operation of the market...might explain, at least partially, why Chinese merchants did not risk directly investing their capital in industrial enterprises and why the late imperial economy remained oriented toward profit from trade rather than from production and increased productivity (Lufrano 1997, p. 137).

Lufrano's hypothesizing about unexplored alternatives raises a specter that has led many an academic down a rabbit hole of speculation as to the reasons behind China's 'failure' to develop capitalism, democracy, etc. A typical even-handed approach is taken by Timothy Brook, who avoids saying that China 'failed' to generate capitalism while arguing that China successfully created an extensive market economy (Brook 1999, p. 201). (Lufrano is suggesting that the latter success occasioned the former supposed failure.) While avoiding the assumption that capitalism is normative, this essay has nonetheless implied that China took something of a wrong turn in the eighth and ninth centuries with the suppression of Buddhism and disbanding of the inexhaustible treasuries. By striking at these institutions, the Tang state dealt great and lasting damage to a major engine of wealth creation – though Sima Guang's

dismissal of Wang Anshi's wealth-building enthusiasm might have counted as the coup de grâce.

In institutional terms, one casualty of the attack on the Buddhist church was the notion of 'consecrated property.' As explained by Gernet, consecrated property was considered 'inalienable' and 'permanent.' Once sanctified by its transfer to the Buddhist Church, it ceased being subject to division among individual monks and other members of the Buddhist community (Gernet 1995, pp. 66-73) [12]. Buddhist assets such as the inexhaustible treasuries epitomized this type of property, which in both theory and practice could only increase, being added in the process of its donation (and consecration) and multiplied in the process of its 'circulation' at interest.

Absent the theory of consecrated property, 'productive capital' (again per Genet) lost much of its impetus and its economic and historical significance, for once property's permanence was no longer safeguarded, its dissipation became inevitable. Secular corporate property of the Song and after proved a poor successor to its Buddhist antecedents. Aside from the aforementioned community granaries and Ming-era charitable institutions studied by Joanna Handlin Smith, China's rich array of charitable estates, common family estates, or corporate lineage property constituted special holdings that were intended to support not the individual family but members of the larger lineage or clan. Although legally shielded from division, communal property was frequently embezzled by individuals with less concern for the big picture (Twitchett 1959, pp. 102-104 for Buddhist influences; pp. 108, 114, 116, 126, 127, 130 for private encroachments). Private property in general was almost always subject to dissolution, owing to the custom of partible inheritance among heirs, which often pitted brother against brother (Ebrey 1984, pp. 198-199; von Glahn 2016, pp. 301-303). Following this pattern, trading enterprises that proliferated in the Ming and Qing showed considerable elaboration along the lines of business partnerships; but investors retained rights to withdraw funds for diverse purposes, which, according to Richard von Glahn, 'eroded equity' and left 'little distinction between the firm's capital and...personal assets' (von Glahn 2016, p. 341). Ming and Qing trading concerns and banking operations were chiefly family (or neighborly) businesses (von Glahn 2016, p. 301). They could also be, as Ying-shih Yü has found, master-apprentice partnerships, from which the latter often withdrew to start their own businesses (Yü 2021, p. 189). In short,

despite innovation in the temporary pooling of capital that characterized China's latter dynasties, the positive-sum mushrooming of wealth formerly enabled by its churchly consecration no longer occurred. Coupled with what we have already seen of the preponderance of trade over finance, as well as charitable institutions' tendency toward depreciation, the loss of the idea of consecrated capital ensured that division would prevail over multiplication and that wealth in traditional China would remain a finite thing rather than a potentially infinite thing.

As Deirdre Nansen McCloskey has asserted, 'Capital is not "dominant." Ideas are' (McCloskey 2016, pp. xii, 95). This essay, while ending up in a discussion of capital formation, has endeavored to highlight some of the ideas that influenced the Chinese conception of capital and thus the process of its accumulation, in keeping with McCloskey's correct distinguishing of cause and effect. McCloskey's argument, that Western European riches resulted from liberal and bourgeois ideas that began appearing in the sixteenth century, (McCloskey 2016, p. xi) may perhaps fault China by implication, given the fact that China indeed failed to develop such ideas on that schedule. It would be wrong, however, to blame China for 'a hierarchical society unable to reward and respect ordinary people' or to give Western countries sole credit for 'treating ordinary people as free and honorable' (McCloskey 2016, pp. 108, 119; the remark about 'hierarchical society' refers to Latin America). As Timothy Brook and Ying-shih Yü and many others have demonstrated, China's Confucian elites became quite comfortable with commerce per se and showed no snobbery toward merchants (Brook 1999, pp. 143, 201, 215, 253; Yü 2016, pp. 237-265, esp. 246-247, 256).

This paper has found not social but metaphysical factors determining the scale of China's riches. The persons we have seen shaping China's economy were guided by a set of philosophical and religious beliefs concerning the nature of wealth. Those who believed wealth to be inexhaustible would tend to nurture and multiply it. Those who believed wealth to be finite and prone to scarcity would alternatively exploit time and space by buying cheap and selling dear, carefully divide it, or fight over it. Ultimately, the second group came to form a nearly unanimous majority, as religious and philosophical questions became settled.

As for metaphysics itself, China suffered no dearth of it. Let the last word be had by Zhuang Zhou (a.k.a. Zhuangzi, c. 369-c. 286 BCE), one of China's most dazzling metaphysicians. Repeating the Chinese word *zhi*, which can mean 'only' as well as 'still' and 'stop,' and which appears in the phrase 'There is only a fixed amount,' referring, of course, to wealth, Zhuangzi invited us to consider: 'Only by still contemplation can we stop the *only-ness* of everything.' [13]

Endnotes

[1] 'Zero-sum' describes a situation in which gain by one hand entails loss by another; while 'positive sum' allows for gain by one hand without entailing loss by another. This essay hypothesizes that a given conception of wealth will tend to conform to one or the other of these models, with the zero-sum conception assuming wealth to be finite and in need of grasping, and the positive-sum conception assuming that wealth can self-generate, obviating such a need.

[2] For Zhang's Legalist proclivities, see Robert Crawford 1970, pp. 367-414.

[3] The bracketed phrase [through forced sales] is Gale's. See Lau 2004, p. 62, for a similar warning against the official imposition of standards.

[4] The Chinese term for inexhaustibility is *wu jin* (無盡), and the Sanskrit term is *aksaya*. Inexhaustible treasuries were called *wu jin cang* (無盡藏) or *aksayakara* (see Soothill and Hodous 1969, p. 381).

[5] Zhen Bin's surname as well as the Liang dynasty setting are deduced from Wu's original source.

[6] 'The essential nature and work of the bodhisattva, to benefit himself and benefit others, or himself press forward in the Buddhist life in order to carry others forward. Hinayana [an older form of Buddhism] is considered to be self-advancement, self-salvation by works or discipline; Bodhisattva [or Mahayana] Buddhism as saving oneself in order to save others, or making progress and helping others to progress, bodhisattvism being essentially altruistic.' (Soothill and Hodous 1969, p. 218)

[7] The original form of 'people who grow money' is *huo zhi zhi min* (貨殖之民), translated by Oberst as 'money-makers.' Another luxuriant term with an

economic application would be ‘the forest,’ referring to Buddhist monasteries. See Wu 1975, p. 75. Moreover, Buddhism contains many polysemous words with both religious and economic meanings, such as *yuan* (緣), which Schmid defines as ‘link,’ ‘bonds,’ ‘affinities,’ ‘occasion,’ ‘conditions,’ or ‘donative object’ (Schmid 2019, p. 157). The characters in the term *hang ye* (行業), meaning a business concern, are the same as *xing ye*, signifying ‘that which is done;...moral action; karma,’ so that the story of Zhen Bin, above, who ‘owned a business’ may also have been meant to narrate his karma-productive moral performance. See Soothill and Hodous 1969, p. 221.

[8] The original chapter and verse is *Mencius* I/A/3. What I am calling a ‘Chinese acre’ is a *mu* (畝), which is 733.5 square yards.

[9] Bad harvests in 1742 and 1743 exacerbated the problem, but the granary stockpiling continued (see Gao 1995, pp. 138-139).

[10] See above for earlier appearances of *circulate*. *Tong* is often used in the compound *liu tong* (流通), and *zhuan* is often used in the compound *zhan zhuan* (輾轉). The third section of the Salt and Iron Debate is given as ‘Circulation of Goods’ (Gale 1967, p. 18), based on the word *tong*.

[11] *pin fu xiang zi* (貧富相資).

[12] ‘Inalienable’ and ‘permanent’ are Gernet’s words, although the latter is more explicitly Buddhist: The Chinese term is *chang zhu* (常住). ‘Buddhist Church’ seems to be Gernet’s rendering of *san bao* (the Chinese characters being 三寶, the Sanskrit antecedent being *triratna*), denoting ‘the world of the Buddhist religion,’ which the Chinese understood concretely as including physical assets.

[13] For a different rendering from mine, see Watson 2003, p. 64. The original chapter and verse is *Zhuangzi* V/1.

Acknowledgments

I am grateful to Robert Hymes, Peter Bol, and Richard von Glahn for advice. All flaws remain my responsibility.

Conflict of Interest Statement

The author declares that there is no conflict of interest.

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