

Overview of Song foreign trade policy

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Abstract. China's maritime foreign trade has a long history. During the Tang Dynasty, there was already a full-time official - the Sea Market Supervisor - in charge of overseas trade. Since the beginning of the Five Dynasties and Ten Kingdoms, Nanhan, Wuyue and Min have joined the overseas trade in order to seize greater interests, such as Guangzhou, Quanzhou and other ports even more so. By the Song Dynasty, the scale of marine foreign trade was far greater than that of the previous dynasty, and it was incomparably prosperous. This paper first analyses the reasons for the change of commercial policy in the Song Dynasty, and then briefly analyses the reasons for its development through the Song Dynasty's foreign trade and foreign policy.

Keywords: Song Dynasty; overseas trade; policy.

1. Introduction

The territory of southeastern China, bordering the Yellow Sea, the East China Sea and the South China Sea, with a coastline of more than 11,000 kilometres, provides a privileged geographical location for the development of foreign trade. As early as the Western Zhou Dynasty, there were records of maritime traffic, such as exchanges of tribute from various countries. Interestingly, before the Tang Dynasty, despite the growing prosperity of overseas trade, successive governments did not implement regulatory measures. Emperor Zhongzong of the Tang Dynasty established the Hai Shi Supervisory System during the Jinglong reign to regulate overseas trade. Although overseas trade was actively encouraged, the Tang government did not prioritise its benefits. The Hai Shi Jian did not levy a transaction tax, and the "bofu" levied was not part of the regular tax revenue. This enlightened foreign policy of the Tang dynasty no longer applied to the careful governance of the Song dynasty. The Song system of maritime market supervision was quite extensive, and foreign trade tax revenues were considerable and played an important role in overall national income. This was due in part to the significant development of overseas trade in the Song dynasty compared to the Tang dynasty, but also to the unfavourable political and economic situation after the establishment of the Song dynasty, which forced the government to tilt its economic policy in favour of tighter regulation.

2. Reasons for the shift in commercial policy in the Song Dynasty

For various reasons, commerce, after the establishment of the Northern Song regime, gained a status far beyond that of the past. Policies that discriminated against merchants were abolished, and the government even took measures to protect the interests of merchants in order to increase their motivation, and the culture of extortion by officials was greatly reduced. Moreover, even when the state treasury was empty again, the authorities would not revert to the practice of "counting coins", which had been levied according to the quantity of commodities since the Han Dynasty. According to the "Song History - Food and Goods Zhi" records: "days since the Sheng, the country soaked wide, there is a request to count the coins to help finance. Emperor Renzong said: 'The profit of goods and springs, want to flow the world through the availability, why can be counted?'"¹ Even in times of economic hardship, the emperor still refused to increase taxes on merchants, which was unprecedented in the dynasties before the Song Dynasty and rarely seen afterwards.

By the time of the Southern Song, the loss of the Central Plains had significantly reduced the state's territory compared to the Northern Song, leading to a decrease in land tax revenues. However, the

¹ Quoted from the History of the Song Dynasty, Volume 186 - Food and Goods, Part VIII.

increase in the number of government officials led to commercial and overseas trade taxes becoming more important to the country's economy. The government's emphasis on commerce and overseas trade can be seen through one incident, according to the Song History - Food and Goods Zhi: "In the sixth year of the Shaoxing era, Lian Nanfu, the governor of Quanzhou, requested that the head of all market hubs who could attract ships and boats, extract goods, and accumulate prices of 50,000 guan and 100,000 guan be compensated for the difference in officials. Dashi Fanke Luoxin frankincense peddlers straight 300,000 coins, the head of the programme Cai Jingfang to attract shipments, collect interest money 980,000 coins, each complementary Chengxinlang"² This record shows that official positions can also be given to merchants, as long as they are able to make a significant contribution to the state's finances, by way of overseas trade.

It was against these backgrounds that the Song government liberalised the restrictions on overseas trade in order to increase national income and adopted the policy of "recruiting and ensnaring" foreign traders.

3. Song foreign policy on overseas trade

Firstly, the Song government sent ambassadors to Southeast Asian countries to invite trade, buy goods and establish economic and trade links. Yongxi four years, Emperor Taizong "specially sent eight people within the service, with business books, gold, silk, and divided into four classes, each to all countries to invite trade, buy frankincense, herbs, rhinoceros elephant, pearls, agate, etc., and so on, and each give the official book of three, and to the point of the sub reward to give." This time to send so many ambassadors to so many countries to attract foreign traders, the scale is unprecedented. At the same time, the local sea market supervisors also had the responsibility of sending officials to various countries to invite foreign merchants. For example, according to the edict of the second year of Chongning, the Fujian Hai Shi Jian sent Liu Zhi and other officials to Luoyue (present-day Thailand) and Chamchong (present-day southern Vietnam) to "talk to them and invite them," thus expanding economic and trade ties with Chamchong and establishing new economic and trade relations with Luoyue.

Secondly, various measures were taken to "entice and secure" foreign merchants who had already arrived in China. Various provisions were made for foreign merchants who had made significant achievements in overseas trade. Specific practices included: the welcome system: when merchant ships arrived near Guangzhou, still 700 miles away in Changzhou, the seamen stationed in Haizhou would board the ships to celebrate and "serve them wine and meat", and then escort them to Guangzhou. During the period when foreign merchants gathered in large numbers, the central government would also send envoys to congratulate and reward them. Reward system: For merchants who attracted a large number of ships and significantly increased the government's revenue, the Superintendent of Maritime Markets reported to the central government and, upon approval, officials were rewarded with official positions. The condition was that "those who were able to attract ships, manoeuvre cargoes, and accumulate value to the tune of 50,000 or 100,000 guan would be awarded an official position". Rescue system: When merchant ships encountered disasters, the Song government adopted various rescue measures. In the early Northern Song Dynasty, most of these rescue measures were temporary. In addition, the "Anti-Theft and Falsehood Law" was enacted, so the rescue system began to be regulated and legalised by imperial decree.

In addition to being an important part of the policy of "inviting and settling", the effective management of foreign merchants' settlements (banfang) was also crucial. When foreign merchants came to China and paid import taxes, they were allowed to settle, and those who stayed in China for more than a year were called "Tangs". The places where they settled were called "banfang". During the Song Dynasty, the government stipulated that foreign merchants should live where their ships were moored and not in the cities, as the saying goes, "No foreigner can live in the city. In practice, however, they lived with the Han Chinese. Each Fanfang had a chief who was responsible for

² Quoted from the History of the Song Dynasty - Volume 185 - Food and Goods - VII

"managing the official affairs of the Fanfang and specially inviting foreign merchants to offer tribute". The Song government appointed people from among the foreign merchants. Foreign merchants living as "Tangs" were allowed to marry Chinese women (including royal women). When a foreign merchant committed a crime, "foreigners who committed a crime were sent to Canton to be investigated and punished by local officials, tied up with rattan on a wooden ladder, and if sentenced to hard labour, handled by Canton."

The Song government's policy of regulating the fangs, based on its sovereignty and the rule of law, and respecting the conditions of foreign traders, was effective. Many foreign merchants from the Abbasid dynasty, such as Pumi, came to China "to supply goods" after receiving letters from the chief of the Guangzhou fangfang.

4. Song domestic policy on overseas trade

4.1. Restrictions on commodity reductions

The rulers realised that the development of overseas trade had increased the treasury revenue so much that in order to expand the overseas trade, after the unification of the southern region, the government actively promoted the setting up of market supervision agencies, also known as the "Shihou Si" (Market Supervision Agency) in important ports, such as Guangzhou, Quanzhou, and Mingzhou, and enforced the prohibition of the sale of restricted commodities and increased the treasury revenue through the levying of taxes and purchasing measures. The government increased the revenue of the state treasury. Especially in the Southern Song Dynasty, when the size of the country was shrinking, the revenue from overseas trade greatly filled the shortfall. Under centralised rule, Song officials monopolised overseas trade and thus the profits from maritime trade. This was evident in many ways, such as the establishment of market surveillance agencies, the monopoly of imported goods, and the maritime trade system.

The establishment of the Hublot Department transitioned from joint administration by the central and local governments to primarily central administration. The Hublot Department was initially established in Guangzhou and was run by a governor and envoy, a prefectural magistrate, and a transporter, supplemented by three court officials from the third rank and order. The government attempted to firmly control the profits of overseas trade by restricting merchants from selling imported goods. However, this official monopoly deviated from the law of the market, and not only was it far from the expected profit, but even the economic efficiency declined sharply. Therefore, in the seventh year of the Taiping Xingguo period, Emperor Taizong of Song issued an imperial edict to lift the monopoly on certain commodities. The edict detailed eight restricted commodities, such as tortoise shells and thirty-seven medicines, to be released from the monopoly. This also meant that the thirty-seven commodities could be sold privately, but the original system was still in place in defined areas such as Guangnan, Zhangzhou and Quanzhou. Subsequently, over time, the rulers gradually reduced the restrictions on restricted commodities, and the concept of restricted commodities became more and more vague, which meant that the government's overseas trade policy was being relaxed, and there were fewer and fewer restrictions on the sale of imported commodities by private merchants. The profits brought about by the unbundling of the policy were not only reflected in the increase in overseas trade, but also in the enthusiasm of merchants who went ahead and engaged in overseas trade.

4.2. Tax rate adjustments

The increase in private imports by private seafarers has led to a new process for imported goods once they arrive at the port. Before being allowed to trade with the private sector, they had to go through a process of "extraction" and "purchase" by the Government. "Withdrawal" refers to the tax in kind imposed on imported goods by the Municipal Transport Department, which is a percentage of the value of the goods. "Purchase" means that the government buys back the taxed goods at market price. These purchased goods are then sold by the State Monopoly Bureau at a premium to make

more profit. Typically, the goods subject to purchase are those that are highly profitable and in high demand domestically, such as spices. As a result, the government never gave up its monopoly on spices. During the two Song dynasties, in order to be able to obtain higher overseas income, the powers that be had been adjusting the proportion of overseas trade tax, so the government had been working on increasing the tax rate. However, if the tax rate was higher than the psychological expectation of the seafarers, the profit they got their hands on would be greatly reduced, which would dampen their incentive to trade overseas, and consequently lead to a reduction in the revenue of the state treasury. In order to alleviate the conflict between the government and the interests of merchants, it was important to establish a reasonable tax rate to balance this economic relationship. For example, the City Hublot Department in Guangzhou levied taxes and fees on merchant ships at anchor, and when the ships arrived, the head of transport and the market supervisor inspected the goods and collected the taxes and fees, known as extracts, at a rate of ten per cent. For pearls and lobsters, one per cent was levied for fine colours, and three per cent for coarse colours, with variations in the charges levied in foreign markets, after which the merchant could apply for ownership. Ivory and frankincense weighing thirty pounds or more were all taxed according to the foreign market; if the trader's ivory was slightly larger, it had to be cut to no more than three pounds, exempting it from the foreign market levy. As can be seen from the above provisions, the commodities subject to high tax rates and purchases were high-quality commodities of high value and good sales. During the Northern and Southern Song dynasties, the imperial court had been making adjustments to the tax rates. By and large, during the Song dynasty, the tax rate was constantly decreasing, occasionally increasing at special times, but never exceeding ten per cent.

4.3. Praying for the Wind and the Sea

The practice of praying for the wind and offering sacrifices to the sea originates from folk traditions. In ancient times, the level of ship making and its limitations, and because of the uncontrollable nature of the weather at sea, people have always feared the mysterious sea. For the safety of their crews, they hoped to control the power of nature by worshipping the gods. Although shipbuilding and sailing technology had a major breakthrough in the Song Dynasty, the custom of praying to the wind and the sea was still regarded as an important and sacred activity. For seafarers, the rituals performed before sailing were not only related to the safety of the voyage, but also to the fortunes of their trade. For these reasons, the Song rulers placed great value on this folk ritual and held a grand ceremony to pray for wind during the sailing season every year. There are two reasons, one is in order to better control the overseas trade, through the leader of the identity is more able to express the importance of the court, and the second is to indicate the position, through these one is, to express the official support and encouragement of the seafarers engaged in maritime trade activities attitude. Everything was done to stimulate the development of overseas trade and thus increase financial revenue.

5. Prosperity of overseas trade during the Song dynasty

In short, in the Northern Song Dynasty, the scale of overseas trade far exceeded that of the prosperous Tang Dynasty. In the Southern Song Dynasty, because of the shrinking territory, the Southern Song regime had to adopt a more lenient policy towards overseas trade, resulting in an exceptionally prosperous maritime trade during the Southern Song Dynasty, and the income from maritime trade in the Southern Song Dynasty far exceeded that of the Northern Song Dynasty. According to the record of "Song History - Food and Goods Zhi", since the Tian Sheng years, ivory, pearls, precious stones and spices filled the national warehouses, and the remaining portion was exchanged with gold, silver and grain. By the middle of the Huangyou period, the total annual income from ivory, pearls and spices exceeded 530,000 guan. By the middle of the Zhiping period, it had increased by another 100,000 guan. This shows that the income from maritime trade in the middle of the Northern Song Dynasty had reached several hundred thousand guan. According to the record of

"Song History - Food and Goods Zhi", Cai Jing, the head of the financial workshop who was appointed as "auxiliary to the emperor's order" in the sixth year of Shaoxing of the Southern Song Dynasty, "got more than 980,000 kan of cash money from levying interest on ships" in one year, which clearly shows that the government's income through overseas trade in the Southern Song Dynasty exceeded 100,000 kan, reaching one million kan. The government's income from overseas trade in the Southern Song Dynasty exceeded 100,000, reaching a million, indicating that the Southern Song's overseas trade income was better than that of the Northern Song Dynasty. So much so that Song Emperor Zhao Jung even proudly said: "the profit of the most thick, if the arrangement is appropriate, the income of the move to millions of counts, not better than to take from the people? I so pay attention to this, so that a few can be less wide of the people's power ear"³. In the two Song dynasty, the sea trade has gained unprecedented development, its prosperity not only to the economic and social development at that time provides irreplaceable material conditions, but also because of the policy of slowing down, for the emergence of new ideas and technological advances to provide a relaxed environment and conditions.

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³ Quoted from the official Song dynasty "Song Huayao Zhiqi)" (Song Huayao Zhiqi)