

**MEMORIAL ON THE CROP LOANS MEASURE**  
**By Wang Anshi**

**Introduction**

The Song dynasty (960-1279) was weaker than its predecessor, the Tang, and ruled over a smaller territory. To the north and northwest, the Song faced strong alien regimes: the Khitan Liao dynasty (907-1125) and the Tangut Xixia (990-1227). These regimes posed a constant military threat, which the Song defused by making payments of silk and other goods to both the Xixia and the Liao according to negotiated agreements. Still, the burden of maintaining troops for the defense of the empire was significant and caused serious financial problems for the imperial government (the cost of the payments to the Xixia and the Liao was small by comparison).

The officials of the Song dynasty approached the task of government with the inspiration of a reinvigorated Confucianism, which historians refer to as "Neo-Confucianism." Song officials such as Fan Zhongyan (989-1052), Su Shi (1037-1101, also known by his pen name, Su Dongpo), and Wang Anshi (1021-1086) worked to apply Confucian principles to the practical tasks of governing. As with any group of scholars and officials, different individuals had different understandings of just what concrete measures would best realize the moral ideals articulated in the *Analects* and *Mencius*. Such disagreements could be quite serious and could make or unmake careers.

Wang Anshi was a noted scholar and official. He distinguished himself during a long term of service as a country magistrate. In 1068, the young Shenzong Emperor (r. 1068-1085), then twenty years old, appointed Wang Anshi as Chief Councilor and charged him with carrying out a thorough-going reform of the empire's finances, administration, education, and military. The intention was to address a serious problem: declining tax revenue and mounting government expenses, including the huge and growing cost of maintaining a large standing army. Wang Anshi proposed a series of reforms, including the "Crop Loans Measure" discussed in the memorial below.

**Document Excerpts with Questions** (Complete document follows this section)

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**Memorial on the Crop Loans Measure**  
**By Wang Anshi**

The cash and grain stored in the Ever-Normal and the Liberal-Charity granaries of the various circuits, counting roughly in strings of cash and bushels of grain, amount to more than 15 million. Their collection and distribution are not handled properly, however, and therefore we do not derive full benefit from them. Now we propose that the present amount of grain in storage should be sold at a price lower than the market price when the latter is high and that when the market price is low, the grain in the market should be purchased at a rate higher than the market price. We also propose that our reserves be made interchangeable with the proceeds

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of the land tax and the cash and grain held by the fiscal intendants, so that conversion of cash and grain may be permitted whenever convenient.

**Questions:**

1. What kind of government action does Wang Anshi propose?
2. What effect would his proposed policies have on the economy? Which people and/or institutions would benefit?



With the cash at hand, we propose to follow the example set by the crop loan system of Shaanxi province. Farmers desirous of borrowing money before the harvest should be granted loans, to be repaid at the same time as they pay their tax, half with the summer payment and half with the autumn payment.<sup>1</sup> They are free to repay either in kind or in cash, should they prefer to do so if the price of grain is high at the time of repayment. In the event that disaster strikes, they should be allowed to defer payment until the date when the next harvest payment would be due. In this way not only would we be prepared to meet the distress of famine but since the people would receive loans from the government, it would be impossible for the monopolistic houses<sup>2</sup> to exploit the gap between harvests by charging interest at twice the normal rate.

**Questions:**

3. What specific government action does Wang Anshi propose in this paragraph?
4. Who would benefit from the proposed government actions?
5. Who would be in charge of carrying out the government actions proposed in the two paragraphs above? In short, who would be managing them at the basic level of implementation?
6. Think carefully about the role that the government would play in the economy under Wang Anshi's proposals. Are there modern parallels to the role or even the specific actions that Wang Anshi proposes for the Song government?
7. Are Wang Anshi's proposals Confucian? Why or why not?
8. What are the possible advantages and disadvantages of Wang's proposals?
9. Are there ways in which Wang's proposals could be twisted, in practice, to benefit individuals and/or institutions other than those that Wang Anshi proposes to benefit?

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<sup>1</sup> Interest of 2 percent per month (24 percent per annum) was to be charged for the loans. Private moneylenders generally charged more.

<sup>2</sup> This refers to usurers who seek to monopolize wealth in the form of money, goods, or land, but not to industrial monopolists in the modern sense.

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In the second year of Xining (1069), the Commission to Coordinate Fiscal Administration presented a memorial as follows:

The cash and grain stored in the Ever-Normal and the Liberal-Charity granaries of the various circuits, counting roughly in strings of cash and bushels of grain, amount to more than 15 million. Their collection and distribution are not handled properly, however, and therefore we do not derive full benefit from them. Now we propose that the present amount of grain in storage should be sold at a price lower than the market price when the latter is high and that when the market price is low, the grain in the market should be purchased at a rate higher than the market price. We also propose that our reserves be made interchangeable with the proceeds of the land tax and the cash and grain held by the fiscal intendants, so that conversion of cash and grain may be permitted whenever convenient.

With the cash at hand, we propose to follow the example set by the crop loan system in Shaanxi province. Farmers desirous of borrowing money before the harvest should be granted loans, to be repaid at the same time as they pay their tax, half with the summer payment and half with the autumn payment.<sup>3</sup> They are free to repay either in kind or in cash, should they prefer to do so if the price of grain is high at the time of repayment. In the event that disaster strikes, they should be allowed to defer payment until the date when the next harvest payment would be due. In this way not only would we be prepared to meet the distress of famine but since the people would receive loans from the government, it would be impossible for the monopolistic houses<sup>4</sup> to exploit the gap between harvests by charging interest at twice the normal rate.

Under the system of Ever-Normal and Liberal-Charity Granaries, it has been the practice to keep the grain in storage and sell it only when the harvest is poor and the price of grain is high. Those who benefit from this are only the idle people in the cities.

Now we propose to survey the situation in regard to surpluses and shortages in each circuit as a whole, to sell when grain is dear and buy when it is cheap, in order to increase the accumulation in government storage and to stabilize the prices of commodities. This will make it possible for the farmers to go ahead with their work at the proper season, while the monopolists will no longer be able to take advantage of their temporary stringency. All this is

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<sup>3</sup> See footnote 1, above.

<sup>4</sup> See footnote 2, above.

proposed in the interests of the people, and the government derives no advantage therefrom. Moreover, it accords with the idea of the ancient kings, who bestowed blessings upon all impartially and promoted whatever was of benefit by way of encouraging the cultivation and accumulation of grain.

This proposal was adopted by the emperor and put into effect first in the limited areas of Hebei, Jingtong, and Huainan, as suggested by the Commission to Coordinate Fiscal Administration. The results obtained were later considered to justify extension of the system to other areas.