SYNOPSIS

Yang Yan (727-781), a renowned financial reformer during the reign of Emperor De Zong (780-804) of the Tang dynasty, proposed a tax reform which has been regarded as an important innovation in the financial history of China and a major event in Chinese economic history. Since its inception in AD 780, the Two-tax system (liang shui fa) formulated by Yang Yan had remained as the fundamental tax system of the empire until the introduction of the “Single Whip System” (yi tiao bian fa) by the Ming dynasty during the sixteenth century.

This thesis consists of ten chapters. As indicated in its introductory chapter, this thesis is an in-depth study of Yang Yan and his Two-tax system, based upon the following source materials: Yang’s memorial to the throne, documents relevant to the reform of the Two-tax system and other primary historical data preserved in the Chinese dynastic histories, supplemented with findings on the Two-tax system by scholars from various countries.

It is important to realise that one will not be able to understand the economic phenomena of any epoch, especially of the ancient period, if one does not have adequate knowledge of historical facts and an adequate amount of historical sense or what may be described as “historical experience”. On the other hand, historical records would also inevitably reflect economic facts that are “institutional” or “non-institutional”. Hence, it is intended in
Chapter Two of the thesis to closely examine the historical background of Yang’s time, in particular, his personal experience in the early period of his life, in relation to the hidden social, political and economic situation which had caused the Tang authority a great deal of financial difficulty.

Yang was commonly criticised by many Confucian historians for intriguing against Liu Yan, another outstanding financier and powerful councillor of the central government, who was consequently sentenced to death by Emperor De Zong. Due to such influence, some scholars today, without further inquiries, are still reluctant to acknowledge Yang’s significant contribution in financial reform as well as in the socio-political development in the mid-Tang period. Authors who wrote about the Two-tax system have either accused Yang for his unethical elimination of political rivals or given little account of his political career. This thesis therefore attempts, in Chapters Three and Four, to present a systematic and extensive analysis of the political career of Yang and a thorough investigation of his involvement in the factional strife and power struggle taking place in the court as well as the central government at large. The findings of these chapters show that there has been neither strong evidence of personal conflict or ideological difference between the two remarkable financiers, nor any significant sign of factional strife between them. Instead, the master mind behind the political tragedy of Yang and Liu was ironically none other than the emperor himself, who felt threatened by his prominent and powerful ministers. It is highly likely that Yang was being manipulated in the political game by Emperor De
Zong. This serves to explain his subsequent banishment from the court and eventual death as order by the emperor.

The outbreak of An Lu-shan’s revolt (755-763), known as “An-Shi Rebellion”, had further brought the Tang central government to the brink of bankruptcy. The emergence of new provincial administrations after An Lu-shan’s rebellion also presented the Tang central government with a wide variety of administrative and financial problems. A series of desperate fiscal expedient programmes were designed to defray the immense outlay. While Chapter Five conducts a critical survey as to how the existing land equalisation system (jun tian fa), the local registers of the population, the taxation system and, as a whole, the entire financial structure of the Tang dynasty were upset completely by the revolt, Chapter Six, on the other hand, gives a comprehensive assessment of those partial fiscal and taxation reforms implemented after the revolt, in relation to both their accomplishment and defects, and above all, the bases and conducive factors they provided for Yang’s financial reform in the later stage.

Chapter Seven contains a review of the literature on the Two-tax system. It is noted that contemporary scholars are of controversial views with regard to the origin of the term “liang shui” and its contents. There are also discrepancies in the interpretation of some provisions under the Two tax system. In its effort to draw a clearer picture, the thesis re-examines and further explores those controversial and ambiguous areas, based upon Yang’s memorial to the throne, directives issued by the court, and other primary documents and
historical records relevant to the formulation and promulgation of the Two-tax system. Correspondence among officials and feedback from the local authorities are also being studied.

The Two-tax system was designed to enhance the financial power of the central government over the provincial government on the one hand, and to curb the power of the eunuchs on the other. Unfortunately, owing to his brief period in power and the corruption of the Tang government, Yang’s reform failed to achieve its desired results, though there were significant signs of improvement in taxation as a whole, with peasants’ tax burden lightened and the central government’s revenue soaring during the initial period of its implementation. Despite its failure to accomplish the ultimate objectives, the historical significance of the Two-tax system should be recognised for its originality and socio-political implications. Yang’s contributions in the field of financial administration and tax reformation should not be ignored. Focusing on the Two-tax system, the last three chapters of this thesis aim to give an appraisal of Yang’s contributions in various areas, especially in economic and fiscal reforms, to the development of the country and society during his relatively short term of office. In this way we can ascertain his position in the history of the Tang dynasty in particular and the financial history of China in general. An evaluation of the historical critiques furnished by some conservative officials and Confucian scholars who are opposed to the notion of the Two-tax system has also been included in one of the last three chapters.
With the extensive research conducted, the author hopes to present a comprehensive and holistic study on Yang Yan and his Two-tax system. It is important as well to stress that based on the facts drawn from historical documentation and source materials, the thesis has offered some new insights and conclusions which are different from the views of those traditional historians or Confucian scholars.