

TANG DEBATE ON THE TWICE-A-YEAR TAX:

EXCERPTS FROM THE NEW HISTORY OF THE TANG DYNASTY, ON
YANG YAN'S MEMORIAL PROPOSING THE TWICE-A-YEAR TAX

AND

LU ZHI'S MEMORIAL AGAINST THE TWICE-A-YEAR TAX

Introduction

Every dynastic government of China needed to collect revenue from the empire's vast agricultural economy in order to support the imperial house and the imperial government and to carry out all the responsibilities of government, such as maintenance of social order, defense of the frontiers, famine relief, building and maintenance of roads, canals, and temples, control of trade routes and, from time to time, aggressive territorial expansion. Taxation was a matter of life and death to the government. It was also an eternal challenge: how to collect taxes efficiently, fairly, and at sufficient rates to pay for government expenses. The problem was made all the more challenging by the unfortunate fact that Chinese landowners, small and large, were no more enthusiastic about paying taxes than people are today.

The early rulers of the Tang empire had devised a system under which the state owned all agricultural land and assigned it on a provisional basis to individual farming families. In return, the families (whose temporary holding of the land was registered with the government) were responsible for paying taxes and providing soldiers for the government. Over the decades, this system fell apart: as a result, tax revenue declined significantly. By the mid-Tang, imperial officials were trying to address this problem by devising new and more efficient tax systems that would be adapted to the real situation, which was that agricultural land had, in fact, reverted to private ownership.

It is in this context that the following two documents were generated. In the first, the authors of the *New History of the Tang Dynasty* first describe the situation, and then quote from the memorial in which Yang Yan (727-781) puts forth his idea for a new tax system. As the authors of the *New History* note in the concluding paragraph of this document, Yang's suggestion was adopted. Unfortunately, the next year he was on the losing end of a factional struggle at court, was transferred to a minor post in the provinces, and forced to commit suicide.

Lu Zhi (754-805) is the author of the second document – a memorial against the twice-a-year tax. Lu initially supported the tax, but later expressed reservations about it. Some of his reservations are outlined in this memorial.

**Primary Source Document, with Questions (DBQ) on TANG DEBATE ON THE TWICE-A-YEAR TAX:
TWO MEMORIALS FOR AND AGAINST, BY YANG YAN AND LU ZHI**

Document Excerpts with Questions (Longer selection follows this section)

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*Excerpts from The New History of the Tang Dynasty,
on Yang Yan's Memorial Proposing the Twice-a-Year Tax*

and

Lu Zhi's Memorial Against the Twice-a-Year Tax

Very little of the tax revenue that should have gone to the emperor was actually presented. Altogether there were several hundred kinds of taxation: those that had been formally abolished were never dropped, and those that duplicated others were never eliminated. Old and new taxes piled up, and there seemed to be no limit to them. The people drained the last drop of their blood and marrow; they sold their loved ones. ... Rich people with many able-bodied adults in their families sought to obtain exemption from labor services by having them become officials, students, Buddhist monks, and Daoist priests. The poor had nothing they could get into [to obtain such an exemption] and continued to be registered as able-bodied adults liable to labor service. The upper class had their taxes forgiven, while the lower class had their taxes increased. Thereupon the empire was ruined and in distress, and the people wandered around like vagrants. Fewer than four or five out of a hundred lived in their own villages and stayed on their own land.

Questions:

1. In this paragraph, the authors of the New Tang History describe the situation prevailing under the old tax code. According to the authors, which parties were gaining the greatest benefit from the status quo? Which parties were the losers?



“The way to handle all government expenses and tax collections is first to calculate the amount needed and then to allocate the tax among the people. Thus the income of the state would be governed according to its expenses. All households should be registered in their places of actual residence, without regard to whether they are native households or non-native. All persons should be graded according to their wealth, without regard to whether they are fully adult or

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only half adult.¹ Those who do not have a permanent residence and do business as traveling merchants should be taxed in whatever prefecture or subprefecture they are located at the rate of one-thirtieth [of their capital holdings]. It is estimated that the amount taken from them will be the same as that paid by those having fixed domicile, so that they could not expect to gain from chance avoidance of the tax. The tax paid by residents should be collected twice a year, during the summer and autumn. All practices that cause annoyance to the people should be corrected. The separate land and labor tax, and all miscellaneous labor services, should be abolished, and yet the count of the able-bodied adults should still be kept. The tax on land acreage should be based upon the amount of land cultivated in the fourteenth year of Dali [779], and the tax should be collected equally. The summer tax should be collected no later than the sixth month, and the autumn tax no later than the eleventh month. At the end of the year, local officials should be promoted or demoted according to the increase or decrease in the number of households and tax receipts. Everything should be under the control of the President of the Board of Revenue and the Commissioner of Funds.”

Questions:

2. Here, Yang Yan puts forth his suggestion for the “Twice-a-Year Tax” system. What is the unit of taxation to be under this system?
3. What measures does Yang suggest in order to maximize tax revenue?
4. What unintended negative side-effects might this system have?



Now surely wealth can be produced only by human labor. Skill and industry lead to wealth and plenty, ineptitude and laziness to want and deficiency. It is for this reason that the ancient sage kings made the able-bodied male the tax unit when they instituted the tax system. They did not demand from a man more than his just portion; nor did they let him escape with less. They did not increase a man’s taxes because he worked hard at his crops, nor did they lighten them because he abandoned his tillage. Thus people were encouraged to sow as much as they could. They did not add to a man’s taxes because he lived in settled productivity, nor did they exempt a man from his cloth contribution because he wandered about without an established home. Thus stability was achieved. They did not exact more labor from a man because of his industry, nor did they accept less from a man because of his laziness. Thus diligence was encouraged. Only by such ways as these can the people be happy in their abode and willingly contribute their best. ...

¹ According to the earlier system of census registration, persons aged sixteen or more were classified as “half adult” (*zhong*), and those twenty-one or older were classified as adult (*ding*). After 744 CE, the ages were raised to eighteen and twenty-two, respectively.

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Questions:

5. In this passage, Lu Zhi describes the ideal tax system. If he had his way, what would be the basic unit of taxation? How would this be an improvement on the Twice-a-Year Tax?



The Twice-a-Year Tax works on a different principle. It is based upon property only and not on the able-bodied male. This means that the more property one has, the more one has to pay, and the less property, the less tax. The system entirely fails to take into account the diverse natures of various types of property. ... But under the Twice-a-Year system, these diverse types of property are all converted into so many strings of money, and it surprises no one that the system should work inequities and encourage evasion. For under this system those who range over the land and traffic in commerce are often able to escape their share of the tax burden, while those who devote themselves to the basic vocation [of agriculture] and establish fixed homes are constantly harassed by ever-increasing demands. This amounts to tempting the people to circumvent the law and forcing them to shirk their just share of labor. It is inevitable that productivity should decline and morals deteriorate, depression come to the villages and towns, and a decrease result in the tax collections.

Questions:

6. What does Lu Zhi point to as the major defect of the Twice-a-Year Tax?
7. What solutions does Lu Zhi's analysis imply?

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Very little of the tax revenue that should have gone to the emperor was actually presented. Altogether there were several hundred kinds of taxation: those that had been formally abolished were never dropped, and those that duplicated others were never eliminated. Old and new taxes piled up, and there seemed to be no limit to them. The people drained the last drop of their blood and marrow; they sold their loved ones. ... Rich people with many able-bodied adults in their families sought to obtain exemption from labor services by having them become officials, students, Buddhist monks, and Daoist priests. The poor had nothing they could get into [to obtain such an exemption] and continued to be registered as able-bodied adults liable to labor service. The upper class had their taxes forgiven, while the lower class had their taxes increased. There-upon the empire was ruined and in distress, and the people wandered around like vagrants. Fewer than four or five out of a hundred lived in their own villages and stayed on their own land.

Yang Yan was concerned over these evils and petitioned the throne to establish the Twice-a-Year Tax in order to unify the tax system.

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² See footnote 1, above.

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merchants should be taxed in whatever prefecture or subprefecture they are located at the rate of one-thirtieth [of their capital holdings]. It is estimated that the amount taken from them will be the same as that paid by those having fixed domicile, so that they could not expect to gain from chance avoidance of the tax. The tax paid by residents should be collected twice a year, during the summer and autumn. All practices that cause annoyance to the people should be corrected. The separate land and labor tax, and all miscellaneous labor services, should be abolished, and yet the count of the able-bodied adults should still be kept. The tax on land acreage should be based upon the amount of land cultivated in the fourteenth year of Dali [779], and the tax should be collected equally. The summer tax should be collected no later than the sixth month, and the autumn tax no later than the eleventh month. At the end of the year, local officials should be promoted or demoted according to the increase or decrease in the number of households and tax receipts. Everything should be under the control of the President of the Board of Revenue and the Commissioner of Funds."

The emperor approved of this policy, and officials in the capital and the various provinces were informed of it. There were some who questioned and opposed the measure, considering that the old system of land and labor taxes had been in operation for several hundred years and that a change should not be made precipitously. The emperor did not listen to them, however, and eventually the empire enjoyed the benefits of the measure.

Lu Zhi's Memorial Against the Twice-a-Year Tax

According to the established law of the dynasty, there were three kinds of taxes. The first was known as the land tax; the second, cloth contribution; the third, labor service. This threefold tax system followed the example of former sages and took into consideration the advantages and disadvantages of the tax measures of previous dynasties. ... As a means of making life secure, it made for permanence of domicile without restrictive legislation; as a means of imposing labor service, it became possible to know the population without a vexatious census; as a means of government, it enabled the rulers to carry out their duties without complex and exacting laws; as a means of taxation, it produced enough for those above [the government] without impoverishing those below [the people]. ...

But as a result of the barbarian uprisings in the later years of the Tianbao period (742-756), utter confusion reigned in our land and untold suffering came upon our people; the registers and administrative divisions became outmoded because of the shift in population and the tax laws vitiated because of the ever-growing demands of the armies. At the beginning of the Jianzhong period (780-783) there was an attempt at reform. The government realized the necessity of rectifying the evils, but the measures it introduced were not based upon sound principles. It realized the wisdom of simplification, but the methods it adopted were not founded on realities.

...

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Now, without trying first to bring order to the times that are at fault, changes have been made in laws that are free from blame. The traditional measures of cloth contribution and labor service were swept aside and the new scheme of the Twice-a-Year Tax introduced. Being faulty in conception and careless in detail, the new tax scheme has only exhausted the people and made their lot worse every day. ... To achieve this [reform] proper steps should have been taken to take away from those above in order to give to those below, to cut expenses in order to save wealth, to discourage extravagance and greed in order to reverse the trend toward corruption, to eliminate unnecessary outlays in order to relieve the people of heavy exactions. But instead, the provinces have been subjected to great hardship because of the irksome examination of the registers and tax rolls necessary to determine the highest annual tax rate during the Dali period (766-780), which the Twice-a-Year Tax must use as a base. This is in effect the adoption of an unconstitutional expedient as fixed law and the incorporation of oppressive exactions of doubtful origin as regular features of the tax scheme. This amounts to making the extraction of money from the people the primary objective of government; one can hardly say that it is consistent with concern for the people. ...

Now surely wealth can be produced only by human labor. Skill and industry lead to wealth and plenty, ineptitude and laziness to want and deficiency. It is for this reason that the ancient sage kings made the able-bodied male the tax unit when they instituted the tax system. They did not demand from a man more than his just portion; nor did they let him escape with less. They did not increase a man's taxes because he worked hard at his crops, nor did they lighten them because he abandoned his tillage. Thus people were encouraged to sow as much as they could. They did not add to a man's taxes because he lived in settled productivity, nor did they exempt a man from his cloth contribution because he wandered about without an established home. Thus stability was achieved. They did not exact more labor from a man because of his industry, nor did they accept less from a man because of his laziness. Thus diligence was encouraged. Only by such ways as these can the people be happy in their abode and willingly contribute their best. ...

The Twice-a-Year Tax works on a different principle. It is based upon property only and not on the able-bodied male. This means that the more property one has, the more one has to pay, and the less property, the less tax. The system entirely fails to take into account the diverse natures of various types of property. ... But under the Twice-a-Year system, these diverse types of property are all converted into so many strings of money, and it surprises no one that the system should work inequities and encourage evasion. For under this system those who range over the land and traffic in commerce are often able to escape their share of the tax burden, while those who devote themselves to the basic vocation [of agriculture] and establish fixed homes are constantly harassed by ever-increasing demands. This amounts to tempting the people to circumvent the law and forcing them to shirk their just share of labor. It is inevitable that productivity should decline and morals deteriorate, depression come to the villages and towns, and a decrease result in the tax collections.

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Furthermore, in drawing up the scheme no effort was made to achieve an equal distribution of the tax burden. The provinces and districts were merely ordered to levy the new taxes according to the old rate. It was not realized that because of the long military campaigns conditions were far from being the same in the different localities. Not only was the nature of the demands made upon a place different from that made upon another, but there was also great disparity in the ability of the administrators. Thus the tax burden varies greatly from place to place, just as opinions differ among the respective commissioners.

In introducing new regulations, existing inequities should have been recognized and changes made wherever necessary; but instead, the officials were more interested in collecting as much in taxes as they could and were loath to eliminate anything. The actual resources and capacities of the various administrative districts were not given any weight at all; the old rate was the only thing that mattered. Thus the new law had the effect of causing ever heavier migrations away from regions where the rate was high and toward regions where the rate was low. The result was that in the former regions the burden became heavier because the quota had to be shared by fewer people than before, while in the latter regions the burden became even lighter because the quota could be distributed among more people. In this way the situation tends to become more and more inequitable.