

## **Chinese Trade – Ancient Period**

**Introduction** Chinese society created a stable, high-functioning and integrated economy in the bronze and iron ages. As was true of all early societies, its foundation was a thriving and well-managed agricultural sector. Farming sustained massive populations, provided a reliable basis for taxation and enjoyed domestic micro-economic trading zones. It produced excess in most years, which allowed for large segments of society to specialize in sectors other than farming. Chinese growers were extremely capable and worked in concert with the government to build and manage infrastructure projects that all used to their advantage and in which all took great pride. Even though ancient and post-classical Chinese dynasties occupied a geographic space that encompassed half the territory of contemporary China, the sheer size and scope of the world's largest population worked as an advantage most of the time. When unified and well-led, the Chinese economy was a powerhouse and dwarfed all nations around it. When economic fortunes reversed, however, that same population suffered on a similarly grand scale. For most of Chinese history, other East Asian peoples watched the Chinese economy carefully and traded on terms that emperors dictated. At the beginning of the 19<sup>th</sup> century, however, conditions changed worldwide and China entered a 150 year period of economic contraction and humiliation. It had missed the industrial revolution. For much of that time, hunger was a specter haunting large segments of the population. In the past four decades, the Chinese economy has expanded dramatically. Hunger has been vanquished and China has reclaimed its place among the economic giants of the world. Though not wealthy on a per-capita basis, China's emerging middle class alone (approximately 400 million people) dwarfs the entire population of every other nation except India. The future looks bright.

### **PREHISTORY—The Neolithic age (10,000 BCE-2000 BCE)**

**Trade.** It is not known the extent to which early Chinese engaged in commerce. But it undoubtedly existed. It is possible that shells or other high value items such as jade or gold might have acted as a currency. More likely, however, since there was no common currency, commerce would likely have been based mostly on the barter system. Farmers or craftsmen who were able to grow or create certain items in excess, or more cheaply than others, would have traded for goods, services, food or other needed items. Hunters might have traded meat, hides, bones and sinew to, for example, a shaman in exchange for spiritual wisdom or healing. This interaction would have required some level of communication and trust between settlements and played an important role in the cultural and economic integration of small economic and social regions.

### **BRONZE AGE (2000 BCE-600 BCE)**

**Trade and Currency.** The monetary system of the Shang period (1600 BCE to 1050 BCE) is unknown. It is believed that there was no minting of coins and the like. Jade was sometimes used as currency, as were some kinds of sea shells. It is not clear what specie taxes were paid in or how markets functioned in the absence of coinage. During the Zhou Era (1046 BCE-476 BCE), coins were minted for the first time. They were made of bronze and copper. They do not appear to have had much intrinsic value, but bore the mark of the monarch and therefore carried the weight of officialdom. However, it is not clear how widespread their use was and how well controlled they were by the government. Nonetheless, commerce as we understand it was possible for the first time in the Zhou Era.

### **IRON AGE (1000 BCE-500 CE)**

**Trade and Taxes.** As more land was brought under cultivation and the land already under cultivation was made more productive, property and goods could be more effectively exchanged and taxed. This enriched treasuries, made possible more stable governments and created predictable government budgets. One of the initiatives the Qin (221 BCE-206 BCE) were known for was standardizing the monetary system and for bringing the minting of coinage under the control of the central government. This allowed for the proliferation of markets and facilitated the exchange of goods and services. Taxes were paid both in an amount of the government's choosing and in a specie of its choosing. It was also possible to apply this new-found tax revenue to the military, which was also using new iron weapons to great effect. In essence, the shift from Bronze Age technology to Iron Age technology created the conditions which made possible the unification of China. It also led to some of the greatest bloodshed known to man at that time.