

# Rent—Seeking for Saving Famine in the Traditional China

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In China, there are many and multifarious disasters. The famine is looked as "one particular thing"<sup>[1]</sup>. From the Song dynasty, people started to the research of famine and summary. In the recent years, people focused on the study for the natural disaster for the more disasters. But the traditional history study put more emphasis on the historical facts; And the study of economics lacked the history analysis.<sup>[2]</sup> Both of them split into pieces cannot make us better to summarize experience. In the thesis, we apply to the "rent—seeking" to saving famine in the traditional society in the paper. We hope it can be useful for the study of Chinese natural disaster.

The paper is divided into four parts: first, the introduce about the theory of "Rent—Seeking"; second, the some behaviors in the saving famine in the traditional society; third, the reason for the rent—seeking; fourth, a short conclusion.

## First, theory about "Rent—Seeking"

In 1960's, the theory of "Rent—Seeking" appeared in America, and was put forward by Anne Krueger in 1970's. Now, the theory is one of the branch theories of the modern economic. In 1974, Anne Krueger studied the "Rent—Seeking" in the paper < the Political economics about "Rent—Seeking" >, caused by the government control for the abroad trade. And made a mathematics plan to discuss it. Later, the paper became one landmark for the theory of "Rent—Seeking". Anne Krueger is regarded as the originator of "Rent—Seeking".

The rents in the "Rent—Seeking", is also called "the economic rents". The original intention is the income for people who hold the market exceed the surplus of this kind of elemental opportunity cost. As long as existed the government interfere, there will be rents. When people act with legal or illegal activity, but seek the beyond economic benefits, the activity become "Rent—Seeking". Therefore, "Rent—Seeking" can be summarized as people gaining the beyond benefit by nonproductive activities, in order to protect their personal benefits. In our country, "Rent—Seeking" is considered as "people who gained unexpected wealth by administrative power".<sup>[3]</sup> In 1988, it was introduced by < Comparative Economic & Social system >, the editor in chief is Wu Jinglian. It applied primarily to study and discuss in the realistic problem, but we have not see the paper for economic history with it.

In the recent years, the nature disasters is more multifarious and break more violent. The

victims of natural calamity depend more on the international humanitarianism salvage and government reliefs. But during the course, all kinds of corruption that become the international abuse, are often reported. From the rent-seeking economic, the corruption in the disaster relief is rent-seeking. Not only in the modern society, but in the ancient days, the abuse also existed. This behavior is serious distorted the resources to install effectively, make the social welfare lose. In the paper, the author want to do some worthy thing for modern disaster savings. About the rent-seeking man, we want to extend, not only the regimers, but the wealthy (for example, merchant prince) and the related (for example, the relatives of the emperor), and so on, who controlled the power and resource.

## Second, some behaviors in the saving famine in the traditional society

The original meaning for "rents" in the "rent-seeking" is landtax. After the theory of "Rent-Seeking" put forward, the concept of "rents" extended. In the traditional natural disaster savings, the rents are composed of economic rents, politics rents, and reputation's rents.

(一) Economic rents. The economic rents means that the officials saving the disaster made the power to seek the private interest. For example, officials defalcated the materials; the businessman rised the rice price to reap staggering profits; or they colluded to capture benefits.

### 1, The government officials seeked the private interest by power.

In the ancient society, every officials who was sent to save the natural disasters often held their personal benefits<sup>[4]</sup>. In the West Han Dynasty, Wangmang's period, "Count 100,000 of starving masses went into Hangu Col (函谷關), the court established official to give them food and the emissary supervised. But they colluded with the petty official. Death of starving seven or eight to ten."<sup>[5]</sup> 2,000 years later, the Qing Dynasty, the behavior was still constant. "What the court relieved corrupted by the officials, that made people couldn't gain the court's benefaction."<sup>[6]</sup>

The storage system made for the relief of famine became one of the "rent-seeking" aims for some officials. The officials "made preparation for the Shecang (社倉)、Yicang (義倉) by dealing with the problems arising from an accident. And collected money and rice in advance for building the camalig in ame. They often reported that the common people was glad to do it, but in fact forced them. From that, they corrupted"<sup>[7]</sup>. Providing the rice gruel was one of the important measures to save the victims of disaster. But usually existed that the officials acted as the good thing as the inferiority thing in this process. Mixing sand into the rice gruel became popular after Jiaqing and Daoguang in Qing dynasty<sup>[8]</sup>. After studying the rice gruel works, Pierre Etienne Will considered that the people who managed them intermingle hull of rice, even sand into it, but not care for anything, sometimes they took the out of character cooking technique. The result was "very pathetic"<sup>[9]</sup>. And the corn of the surplus was move to make private use.

### 2, The businessman rase the rice price to reap staggering profits.

Differing from the government officials' corruption, the businessman mostly rase the rice price to capture staggering profits. Because the corn is the most basic life consume for people,

their produce are under the influence of the natural calamity, and become instability. So some businessman forestalled to reap staggering profits. They strived the benefit for the oneself only. "waiting for high price, but not to save the poor man, which made the rice price higher."<sup>[10]</sup> Even more, some businessmen were regardless of victim of disaster's life, only for obtaining personal benefits. They prayed the natural calamity continue for ever.

《Taipingguangji》ch. 243 recorded thus a story, "Drought in WuZi(戊子) year, Longcangyi in Luling(廬陵) had thousands Hu(斛) of rice. When the price lower, he prayed to the God not to rain for one month."

3, The official and the businessman colluded to capture benefits.

It was a common thing that the official and the businessman colluded to capture benefits. For instance, the HeDi(和糴) system, which founded for the army's food in frontier in Han Dynasty, extended to upcountry in T'ang Dynasty. The HeDi system turned into one saving disaster's system and maintained the rice price steady through purchasing food from the people. "when the rice price lower, adding the money for HeDi, otherwise contrary."<sup>[11]</sup> But after the An-Shi's war(安史之亂), the fair voluntary fashion turned to a forcible step.

The government regulated: the food for HeDi must be customed on time without reference to anything. Otherwise would be punished, even in the poor year. That was called "Peidi"(配糴)<sup>[12]</sup>. After disaster, the food was lacked, the common people had to purchase them toward the businessman in order to pay to the government. After the Medial T'ang, the officials and the businessmen began to collude to capture benefits in HeDi system. Pro. Fuzhufu appraised: "In spite of how good of policy, it could be changed, even into the opposited if the officials of the feudalism bureaucracy did it."<sup>[13]</sup> Parts of businessmen bribed toward officials chareging the authority of HeDi to obtain the priority of advertise for the food. They purchased the food by lower price, and sold to the government by higher price. They captured benefits from the method each other. During Tang Dezong(唐德宗) period, Luzhi said, "The official was careless for emblemment. They didn't stored them when they were foison. And they didn't Hedi in famine. All that made the richman, the official of corruption gained benefits, but the nation was poor."<sup>[14]</sup> The behavior existed over a long period of time.

(二) Political rents. The political rents mean that the emperor made use of the disaster to make the authority stronger, not to account the cost; The court officials cleared dissident in order to gain the dominant political power rent; The magistrate did anything to obtain the political cost for promotion.

1, The emperor made use of the disaster to make the authority stronger, not to account the cost.

The emperor would face the huge thought pressure after the disaster, because of the theory of "Calamity Punishments by Nature"(災害天譴論). So that, they would criticise themselves, analyse themselves, answering to the God's punishment. The behavior existed in Shang and Zhou Dynasty, more in the West Han's Dynasty, and inherited behind. The emperor strengthened their power as the son of the God by the behaviors of exterminating the disaster, "Pray for rain"(祈雨)、"Change the dynasty title"(改元)、"Not work in the main palace"(避正殿), and so on.

But all these behaviors paid for enormous cost.

For example the fete, Wangbozhong pointed out, "From the angle of the economy, as spirituality consumption payout related with national polity and people belief, the use of fete occupied sizeable proportion in the economical life of the people of the country and society." [15] The consumption could result in the huge material burden, not only the center, but the region. And in the late of the dynasty, the victims of a natural calamity didn't gain the relieves on time because of the more "rent-seeking". Some new power built new regime by the farmer's revolt caused of rent-seeking in disaster.

2, The court officials dismissed dissident in order to gain the dominant political power rent.

Since the west Han's Dynasty, the officials carried on the politics to censure in virtue of the disaster and then became a kind of normal. The officials of different interest group got predominant power and obtained the rent on the politics by the political crisis of the economic crisis and the thought crisis that the disaster caused.

For example, during Yuandis' of the West Han Dynasty, Liuxiang impeached the eunuchs Honggong, Shixian in virtue of the earthquake; Xuandis', Xiaowangzhi criticized the emperor's relative in virtue of the rainstorm in Chang'an city, etc. [16] And in the first year of Huicang of Tang dynasty, the leader of the Lee's group, Lideyu attacked Niusengru, the leader of the Lee's group, in virtue of disaster, dismissed him; Wanganshi, a famous reformer in Song dynasty was dismissed because of the big drought in the seventh year of Xi'ning. Professor Qixia said, "the disaster occurred everywhere from the sixth year to the eighth year of XiNing(熙寧), peasantry in Hebei went into exile all around because of it, all that made the reformers sink into the predicament. But on the other hand, the opposition got an advantaged subterfuge." [17]

3, The magistrate did anything to obtain the political cost for promotion.

The bureaucrat of the autocratic society particularly to be responsible for the superior only, sometimes they concealed disastrous actual facts in order to make the superior happy and show achievement, as a result, the disaster became worse. 《HouHanshu》ch. 4 told: "Past there was flood in the county which did harm to the farm food of the autumn. The court was worried about it. But the county concealed it to be promoted by foison. Which made more evils, appointing the officials without regulation. The corruption did harm to the common people." That was also a widespread phenomenon in the ancient society. 《QuanT'angWen》ch. 254 recorded, the disaster of flood and drought in Henan in Tang XuanZong's, everywhere has the hungry common people. But the magistrate "Love the fame, not to check it", which made people went into exile "went abroad". 《Memoir of Qing Renzong》(清仁宗實錄)ch. 99 recorded, the year of JiaQing, "The province outside reported the disaster always concealed. The reason was that they want to cover up not to be punished", so that the magistrate concealed the disaster more and more after Jiaqing. Xieyonggang concluded the bureaucracy's behaviors of "conceal the disaster", "make a false report", "as reporting disaster as benefit" was the chief phenomenon in saving disaster [18]. What they did them was to cover up the peace, evade the punishment and appropriate the supplies of relief to gain the double rents in political and economical sides.

(三) Reputation's rents. The reputation's rents means that the government enacted

the special name to the common people taking part in saving to get more help from them. And the businessmen and the rich gentry obtained the court's honor by saving the regional disaster to protect their personal wealth, so they could obtain political safeguard and get morally honor. Mainly had two methods—Dudie and Qufen.

1, Dudie(度牒)—Abuse from managing the monk book to excuse from corvee and the tax—free proof.

Dudie was the mainly system that the government set up rents in saving disaster. Dudie is certificate that the feudalism nation provided for the monk gained tonsure by nation. The purpose for its appearance was easy for the monk manadement, not for rents. But afterward it evolved one kind of rents. The reason was that the monk gained Dudie not only had specific identity and the safeguard from the government, but obtained the privilege from dismissing tax and corvee, which made it have more allure. Trading Dudie was recorded earlier in Tang ZhongZong(唐中宗)<sup>[19]</sup>, and used in saving calamity in Song dynasty. The fourth year of ZhiPing of SongYingZong, the government gave Dudie to Shanxi transport Commissioner in order to saving the state and county which suffering the drought and frost.<sup>[20]</sup> After that, the people possessing Dudie achieved quail—fication for tax by contributing the relief supplies, Dudie became a kind of symbol of privilege. The people possessing Dudie gained boon and achieved good reputation of "charity".

But the behavior of abusing Dudie to deal with financial embarrassment couldn't change the situation of leanness radically, only for temporarily. In fact, the finance became worse because many taxation people disappeared by Dudie's great deal of increment. In consideration of Plutocrats gained benefit by controlled the market of trading Dudie. All of that made the economic of Song dynasty exhausted.

2, Quanfen(勸分)—Evolvement from paying government the millet to acquire the official position to give award to the righteousness people.

Quanfen proceed from paying government the millet to acquire the official position to give award to the righteousness people. Quanfen means "the court advised the richmen relieve to the village because they stored more."

What it expressed was "people mutually to help between rich and poor". When the finance went into embarrass because of the natural disaster or the war, the government always built one prize standard system. They wanted to give the rich award to the rich by their contribution amount. DonghanAnDi(東漢安帝) ever ordered "the richman rendered the millet" because of "the lack of the drought and flood", and award them "Marquis of Guannei(關內侯) and nobles hereinafter Prestige Title". From this later, past dynasties most took into inherit, for example, T'ang QianYuan, YuanHe, Song ChunXi. Paying government the millet to acquire the official position or give them the knight was one rent—seeking that we couldn't make out easily in short time. Awarding more officeals made officials overflow, really was to drink the poisonous wine to quench thirst.

Zhangyuyan draw a conclusion, "Neither official nor the knight trading had the same essence from the cameralistics. Both were the kind of means to increase income and deal with the crisis of finance by trading the official and the knight that emperor monopolized."

And from politics, trading the knight did less harm than trading official, for the latter " Coming down to the distribution between the power exercise and the allotment of the benefits, so as to the officer became one investment object. " The investor must pursue the return, what they paid attention to was the benefit or rent from buying official, rent—seeking came into being without restraint. From the time, official trading could meet short—time need, but for a long time, it was one "doing harm to the groundwork" course. [21]

After Song, Yuan Dynasty, the government wade up to the badly result of the rent—seeking gradually, so they carried to the Jingbiao (旌表) system from HanWuDi to give the people saving disaster to the prize of morals fame and prestige. The YiminJingbiao(義民旌表) system developed in Ming dynasty and became one common award methods in saving disaster. The government constituted material standard, about the amount of giving money and Rice, the class of Jingbiao, giving special treatment and derating, etc.

Usually it was constituted by Board of Revenue according to the degree. In the Qing Dynasty, the different region could set down their own prize prescribe according to their condition.

As follow table:

Amount of rice given(dan)	award
10—29	Huahong
30—49	inscribed tablet by District Magistrate
50—79	inscribed tablet by Sub—Prefect
80—99	inscribed tablet by Deparytment Magistrate
100—149	inscribed tablet by the governor of a province
150—399	inscribed tablet by governor
400—999	Eighth the officials' crests wear
Upwards 1000; or donated by officials	According to donate of the savings or the class prizes with the different honor

#### FROM ZHEJIANG PROVINCE

ACCORDING:《Huangzhegsuoyan》,24a;

《Bureaucracy and famine in China in 18th》,p. 113

The YiminJingbiao system after Song and Yuan was progressive doubtless than paying government the millet to acquire the official position. The system could impel more people to participate to save the disaster and the government didn't pay more. The righteousness people maintained radical social order and social diapason by donate food. And made themselves safety<sup>[22]</sup>. Rent—seeking turned into Benefit—seeking.

But that voluntary system in fact obligated place for rent—seeking for magistrate, "the state did it with more trickery ". The officials forced the richman donatate to gain their own political cost in order to be awarded by the court<sup>[23]</sup>. And the Jingbiao system remained some Juanguan(捐

官) system. As the above tablet, the people donated more could be given official. "Man who did the governor of a province of Qing dynasty three years, he could obtain 10 million taels" was a portraiture of the Juanguan to plunder crazily to receive return.

### Third, the reasons for rent—seeking in saving

Douglass C. North wrote one theory, called "North Contradiction" in economics field.<sup>[24]</sup> North considered, one hand, the nation power can protect personal right efficiently for its greatness size economic benefit; On the other hand, the nation power is the biggest and most dangerous trespasser for the personal right. Because the nation power not only had the property of extend, but the expansion always depend on corroding the personal right. Individual is helpless. And the nation is the important organize basic, the nation and its deputy—the power of all levels officials became one source for saving disaster.

Some national existence with institutional regulation was the foundation stone for the officials rent—seeking. All these regulation was built for saving to go with a swing subjectivity. But became foundation stone objectivity. It's called the government built the rent unconsciously in economics—the government interfere the social economy for good aim. But at last built one rent, creating one chance for rent—seeking.

#### (一) The regulation of investigating the officials

In the ancient society, the relation between the emperor and the official was "Principal—Agent". In order to serve for them, every dynasty built series of mechanism to supervise and bestir. One of them was the regulation of investigate the officials. The investigation depended more on the number of the farm land and the registered permanent residence, which had the positive effect for the magistrate caring for economical development.

But some magistrates always, "Making a false report for the disaster of drought, flood or murrain and the registered blusterous residence to be avoid from published",<sup>[25]</sup> or "the official didn't report the disaster for promotion, but collection violent"<sup>[26]</sup>. In reporting the disaster, only for being promoted. In MingHongZhǐ's, the court contacted together with the number of rice for calamity and the magistrate's promotion in order to stimulate the officials to save the famine positivity. But owing to the higher number, it's difficult for them to finish it. Some magistrates apportioned forcible to the richman, or occupied the rice that the richman had donated, and so on. All the behaviors contused the positivity that the richman took part in saving.

#### (二) The dissymmetry of the information.

The dissymmetry of the information was one of the important reason that rent—seeking brought about. From the ancient society, the territory was broad. Although there were strict law and dispatched the officials supervised the saving. But it always found that the magistrate reported the summer flood in autumn or autumn drought in winter because of the inconveniently traffic. The feudal official perceived "cannot refuse it, but cannot believe it the same time". Because they had missed the time limited for checking. The dissymmetry of the disaster information

made it possible for the magistrate to make a false report and disguise disaster to gain their personal benefit in rent-seeking.

In providing the supplies of relief, parts of businessman gained the wood information ahead by bribing toward official. With that, they would obtain profit on unfair competition. More than some officials were profitted, they colluded with the civilian businessman, run up the price and did the speculative business.<sup>[27]</sup>

### (三) System of sparse lack.

New system economist said, the system was sparse. In the ancient, traffic was inconveniently and the consciousness was correspondingly fall behind. Whether the disaster understanding or idea of relief was lack the prospect for the disaster unpredictable. When the disaster came into being, what the panic-stricken people did mostly meet an emergency afterwards, namely Deng-Tuo said "Negative" policy. That made the court cannot hold the affairs completely by all means and consider to the problem not detailed and complete. The saving system lagged behind people created one chance for the official and businessman went into rent-seeking.

Although rent-seeking related with Officials' few wages, Lack the perfect wealth meeting system, the net intensive, but in fact it has the deep history and social sources. The importance is the centralized bureaucratic system of absolutism and the characteristics of Chinese social power of ancient times controls the whole. Gordon Tullock considered, people who hold the political position means mutually with him is one "property right", which not only set up lawmaking rents, but increase other people's cost.<sup>[29]</sup> Acquiring the predominant power of the political can gain huge benefits. Whether Politics rents, Economic rents or Reputation rents, all of them aimed for economical or political benefit. Therefore, whether the emperor or the official could make stronger own position by virtue of any means to strengthen their political right. And because of the relation "Principal-Agent" the officials did anything only for the emperor, they had no independence, all depended on the emperor. So they must corrupt money insanity when they had power for urgent need. That was the foundation stone that rent-seeking existed in Chinese ancient society.

## Fourth, a short conclusion

The rent-seeking of the officials was opposited to the saving. For example, the political rent, the officials wanted only for political struggle and gained cost for promotion. The economical rent became a "good chance" for officials' corruption. The reputation rents made officials corrupt for investment repay. All of them did harm to saving. Rent-seeking delayed the saving on time, picked up the social turbulence. It became one of the important reason of the rise and fall and substitute of dynasty.

In fact, we can find clearly that many dynasties in history built up the political power by blazoning forth the slogans of reduce or excise the farm tax, opening the camalig to give food, giving relief to the victim of disaster during the large-scale riot arised from the disaster. The reason that brought about the former dynasty ruined was rent-seeking catholicity and seriousness when

the disaster happened. For example, Han, Tang, Yuan, Ming dynasty's perdition<sup>[30]</sup>. And rent-seeking became serious as the dynasty latter. This is also one of the point that the scholars explained "Joseph Needham Puzzle".<sup>[31]</sup>

What need to be notice is that many rent-seeking behaviors have disappeared as the developed information and the nation audit strengthen. But some rent-seeking behaviors still existed. For instance, corrupting the saving materials, giving false information to get excess reliefs. Rent-seeking influenced the daily life of the victims of a natural calamity, along with the resume rapidly of economic in disaster area. That need we remember the historical lesson and strengthen the legislative step.

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