

## Research on Business Evolution in Luoyi in Pre-Qin Period

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**Abstract.** The early period of Western Zhou Dynasty witnessed the germination of commerce in Luoyi. After the Emperor Ping moved the capital to Luoyi, the city, as the capital of Zhou Royal Family, it played a vital role in politics in Central Plains and the role of business had been promoted greatly. By Warring States Period, Zhou Royal Family continued fading while Luoyi declined politically as well. Zhou People took advantage of Luoyi's favorable geological position and the unique special status of the dynasty to revitalize the capital via business and commerce. Thereby, Luoyi maintained the position of national business center and some economic departments developed even faster. On the whole, in the Pre-Qin Period, the political status of Luoyi continued to decline gradually while it played an increasingly important role in businesses. Through investigating the business development history in Luoyi in Pre-Qin period, a case study is provided to study China's early business development.

Luoyang, called Luoyi in ancient China, was named after its sunny side of the Luoshui River. It was located at the southern riverside of the Yellow River's middle reaches. The Yellow River basin has been reputed as the cradle of Chinese civilization while Luoyi was at the center of the cradle. Over the past thousand years, it was the national political, economic and cultural center. However, the previous researches failed to study the continuous business development from early Western Zhou Dynasty to East Zhou Dynasty, which led to incomplete understanding of Luoyi's business development in Pre-Qin Period. Centering on historic conditions of business development, market setting, business policies of the dynasty, its role in trade and changes of its political status in that period, it observed changes of Luoyi's political status in Pre-Qin Dynasty. By finding the characteristics of business development in various periods, it penetrates the development history of Zhou Royal Family from the dynastic perspective.

### Establishment of Luoyi and Germination of Businesses

For business development, it requires a sound economic foundation and relatively stable development environment. The research observes the political, economic and military conditions for business development of Luoyi in early Zhou Dynasty.

**Conditions for Business Germination in Luoyi.** Originally, Emperor Zhouwuwang hoped to establish Luoyi but soon passed away after he wiped out business. Therefore, Luoyi was founded by Duke Zhou (Ji Dan)[1]. As Luoyi was located in the bending or junction of the river, it enjoyed superior natural conditions with geological conditions with rivers and mountains. Hence, it was the important region where ancestors lived and multiplied. In addition, the defense was formed Luoyang Basin with surrounding mountains at the convergence of Luohe River and Yihe River, which made it an ideal defense area. Defense lines were equipped in all directions. Therefore, the city was located in the center of the country, well-developed transportation enabled Luoyi the military strategic area that was easy attack and defense.

The reason why Luoyi was chosen to be constructed into a city was due to people's concept of "center of the world". When establishing Luoyi City, Duke Zhou put forward the philosophy of "center of the world". In the early Zhou Dynasty, the establishment of Luoyi was of symbolic significance. Ancestors held a belief that who occupied the center controlled the world. According to the explanation of Mr. Tang Lan, the character "Zhong" symbolized the flag on the high pole. At the beginning, it referred to the flag of clan society that was used to gather the public. Therefore, the character itself meant assembly from surrounding to the center. The combination of "Center" and

“Country” was originally used to refer to the city in the central place. In the point view of Zhou Rulers, locating in the center of the world led to the effect of ruling the people. The world converged to the center like a spoke, which facilitated surrounding tribes to pledge allegiance to the Central Dynasty. Obviously, it boasted important political significance.

After establishment, the ruling policy of immigrating ungovernable people was adopted. To disintegrate them, Duke Zhou adopted the carrot-and-stick policy. Literature showed that after Yin People immigrated to Luoyi, they could settle down and shared farmlands and houses. Moreover, they could also work for Zhou Dynasty. The upper class of Yin People was able to enjoy political rights. After Luoyi was established, Shang Dynasty adherents were effectively monitored. The offspring of various states also felt the power of Luoyi and surrendered to the Zhou Dynasty. Eight Chengzhou divisions were stationed in the city as an important military power[2]. The convergence of Zhou people and offspring of Shang Dynasty played a subtle role in integrating Zhou and Yin cultures. The military stability guaranteed the germination of business.

**Commercial Status of Luoyi in Early Zhou Dynasty.** Business in Luoyi germinated as the ruling class constructed the city. In the early Zhou Dynasty, Luoyi consisted of Wangcheng and Chengzhou. Its economic role became more important with the establishment of Luoyi. According to Historical Records, in early Zhou Dynasty, with quite broad and flat Chengzhou avenues, the city functioned as the transportation hub of all states. Four horse carts were allowed to go through. Highway and post roads were as straight as rules and reached to everywhere. Centered on Chengzhou, avenues to all directions had been constructed. In ancient time, Yu divided the world into nine states, with Luoyang located in the center of nine states—Yuzhou. Almost all roads were similar and the geographical location accessible to anywhere was the best place for business development.

Special markets were set up when Luoyang was constructed. The business district mentioned in Zhouli was “Shi (market)” that covered an area of “hundred paces”. The empire covered an area of “nine square li”. The city, quite a big area at the time, boasted convenient transportation and business & trade area inside the city. For the market near the empire palace, the transaction volume and commodity categories had been controlled strictly. Nevertheless, a foundation was made for the presence of Luoyi. The Emperor required that all transactions should be conducted in the “market”. According to Luoyang Daily published on March 27, 1990, shell currency was discovered in Western Zhou Dynasty Copper Casting Ruins at the Luoyang North Kiln. From the perspective of local burial customs, these shell currency might be left by Shang offspring. Its presence suggested that after the capital was moved to Luoyang, Shang offspring did businesses broadly, even with coastal areas. After Luoyi City was established, an independent economic system was formed and the city gradually transited from military fortress to political center and industrial and commercial city. In the early Zhou Dynasty, the city was designed based on its political, economic and military status, which laid a foundation for its business & trade center.

### **New Development of Luoyi’s Business Spring and Autumn Period**

Since Emperor Zhoupingwang moved the capital to east, Luoyi became the true political center. From the beginning to Warring States Period, various states in the east grew rapidly and gradually they became stronger than the royal family. Thus, the Zhou royal family was threatened by other states who continued to plunder area within thousand li away from the king city. In addition to the shrinking of the royal lands, the decline of the Eastern Zhou Dynasty was also indicated by the following aspects. First, the royal family’s income decreased and it was faced with economic problems. After Emperor Zhoupingwang moved to Luoyi, states randomly paid tributes to the royal family. Second, the political status of the royal family declined. The emperor lost the authority as the emperor of the entire territory. States abandoned etiquettes and did not paid tributes to the Emperor any more. Even more, they intervened the internal affairs of the Zhou Dynasty, which caused wars between brothers, uncles and nephews and other relatives. The Emperor fought with several major states to make a survival. However, at that time, the temporary balance could be made among states and the royal family reserved some economic strength and crusaded against those refusing to follow its order. In the Spring and Autumn Period, the economic conditions of the Zhou royal family was in bad economic condition but it still had economic strength. Ishii Hiroaki, the

Japanese scholar, held that at that time, the economic strength of the royal emperor kept up with other states at least[3].

The business prosperity urged the presence of merchants who monopolized the market as well as many kinds of currencies in the Luoyang market. The 1970s saw the discovery of three batches of currencies around Luoyang which was made in the Spring Period. All excavated sites were identified, which provided precious data for studying China's currency history. Moreover, the characters engraved on currency provided new information for studying ancient currency characters. For the three batches of currencies, they were all discovered in main traffics connecting Luoyi and other states[4]. It proved that Luoyi was the center of merchants from various countries at that time and people had realized Luoyang was located in the center of the territory with convenient transportation. It enjoyed unique advantages to develop businesses. At this period, the business development promoted the original shell currency was replaced by metal currencies.

The special social status of the royal family and superior geological location of Luoyang promoted the business prosperity characterized by the broad circulation of metal currency and made Luoyang's free trade port become the business & trade center[5]. The good economic foundation of Zhou royal family laid a basis for states to develop businesses. As Rites of Zhou recorded, markets were strictly managed at that time. As the capital of the emperor in the east, Luoyi occupied the center of the territory and enjoyed superior geological location. Furthermore, it was also equipped with eight divisions of soldiers as well as owned the majority of the country's tax. Moreover, the city also established passages to various regions and merchants from countries came to Luoyi for doing business through these paths.

### **Trade Prosperity in Luoyi in Warring States Period**

During the Spring and Autumn Period, although the royal family was in danger, states still followed the etiquette and respected the emperor and Luoyi still enjoyed a political position. By the Warring States Period, the Emperor of the Zhou Dynasty lost the reputation and existed in name only. However, in the religious view, increasingly powerful states were still unwilling to defy world opinion and became the target of public criticism by wiping out Zhou Dynasty. In a result, the Zhou royal family still tenaciously survived from hardship. Moreover, based on the excellent geological location of Luoyi and special social status of the royal family, it inherited the tradition of Shang people to develop businesses and constructed Luoyang into the famous business center.

Zhou royal family survived among many states ingeniously. Luoyang became the political neutral zone that broke the enclosed and splintering condition among states and did businesses and exchanged between countries, thereby avoiding destruction for many times. Zhou people exploited the superior geological location and the special social status of Zhou Emperor to promoted the business prosperity characterized by the broad circulation of metal currency and made Luoyang's free trade port become the business & trade center. After capital immigration by Emperor Zhoupingwang, Luoyi embraced the prosperity of commodity economy and then produced a lively and powerful merchant class. Metal currencies were circulated broadly, businesses between countries became extraordinarily frequent and urban economy welcomed the unprecedented prosperity. Thereby, Luoyi maintained the business center of the nation in the case of the royal family going to fade out. That's why the Zhou Emperor did not die out even in such a great danger.

Politically, Zhouyi played a less important role than capitals of other states. However, due to its central place and convenient position, it was a city with developed business. In the Warring States Period, East Zhou Dynasty was divided into two states, "West Zhou" and "East Zhou"[6]. As far as West Zhou was concerned, it possessed a number of treasures. Therefore, Luoyi boasted considerable economic strength at that time as well. The archaeological discoveries showed that productive tools took up a large proportion of iron tools of the Warring States Period. At that time, handicrafts included bronze casting, iron smelting, firing pottery and jade carving.

The Warring States Period witnessed the leapfrog development of productivity. Thanks to thoughts liberation, states began launched reforms and some thinkers emphasized the role of business. This easing environment created opportunities for business prosperity. During this period, official merchants still occupied the dominant role. Furthermore, it saw the presence of private merchants. Even if their status was not as good as official ones, their role in economy and politics

was quite significant. Private business and industry continued to expand, which caused the prosperity of doing business in Luoyang. Thus, “Zhou People” was regarded as the representative of merchants. The trade and business development in Luoyang typically represented the business and trade in Central Plains in Pre-Qin Period.

In the Warring States Period, all capitals of states gradually became business centers, which accelerated the expansion of economic strength and caused the presence of rich merchants in monopolized markets. Then, a complete set of business theory and outstanding representatives came into being. In Luoyang market, currencies of all states were circulating and the place was the gathering place of wealthy merchants from different states. Shang offspring boasted the gift of doing business. After the country was wiped out, they gave full play to their talent for dosing business. Bai Gui from Zhou Dynasty became the model for people to make money. As the book, “Historical Records—Legend of Business” wrote, the business theory and practice of Baigui could be summarized as: First, grasp business timing and be absolute; be good at strategy. Second, predict the outcome of the year with knowledge of astronomy. Third, Bai Gui endured hardship and was resistant. Four, seize the opportunity and make rapid decisions. When engaging in long-term business activities, Bai Gui concluded a set of incisive theory for business war. Although he lived more than 2000 years ago, these strategies were still brilliant, which reflected rich practices for business war of Luoyang merchants and the sound business foundation. Business giants coming to Luoyi for business focused on etiquettes. On the way to Luoyi for business, Xian Gao took etiquette practices to Qin army who was carrying invasion. Finally, he repelled the Qin army. This case showed merchants during Pre-Qin Period respected etiquettes. At that time, states maintained a good trading relationship with surroundings, thereby promoting the development of urban businesses. Moreover, this period saw that merchants did business in a quite broad area, which was a result of states’ trade policy.

In the Warring States Period, Luoyi was faced with a small population and a large area. With developed industry and business, residents lived in doing businesses. Archaeological excavations proved that products of handicraft workshops were commodities for sales. Bao Shu and Guan Zhong from Qi State came to Luoyang to sell spiced salt. Merchants from Zheng State also came to Luoyang to sell bulls. The currency circulating in East Zhou Dynasty was the copper currency. Until the late Warring States Period, the currency was cloth currency and round-hole currency. From the characters cast on the currency and its excavated site, cast place of currency was near Luoyang. At that time, for most countries, currency casting was the exclusive right of the royal family. The 21st year of Emperor Zhoujingwang saw the currency was the large cloth currency[7]. It could be seen that cloth currency circulated in the royal place was produced by money casting workshop that was under the Zhou Royal Family. In 1995, “Anzang” cloth currency was discovered in southwest corner of western garden of Luoyang Municipal Government. The money casting ruins of East Zhou Royal Family that had attracted the attention of the world was finally uncovered after sleeping for more than 2000 years[8]. The discovery of cloth currency was of important significance to study the casting area of flat-shoulder cloth currency and planning and layout of East Zhou Royal City. It also showed that northwest city was the industrial and commercial venue of the empire and “market of the empire” of the year. Over recent years, a large number of cloth currencies were unearthed in Luoyang. It reflected the economic prosperity and developed businesses.

Zhou People emphasized both agriculture and business. Luoyi, as the metropolis for centuries, gathered the most famous artisans and merchants. Citizens and armies inside the city required a lot of commodities. To guarantee the material supply for these people, it needed numerous handicraft workshops, shops and transaction markets, this series of factors promoted Luoyi to become scaled handicraft production center and commercial and trading center. Finally, it laid a foundation for Luoyang to be the business & trade center in ancient times.

The business changes of Luoyang in the Pre-Qin Period reflected the fluctuation of China’s early business development. Although the whole period witnessed the decline of Luoyi’s political position, its role in businesses rose. To study the business thoughts of Luoyi City, it required to explore the distribution of entire market knots. Moreover, discussions should be done over characteristics and causes of business changes in Luoyang. Through observing changes in business status of Luoyang in the Pre-Qin Period, it provided an example for studying the early business development in China. Luoyi, one of the major business centers in China, the changes in the city’s

business status also reflected the ups and downs of the early business development in China.

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