

## MARCO POLO ON THE MONGOL STATE: TAXATION, PREDATION, AND MONOPOLIZATION

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IN HIS ARTICLE “Death and Taxes in the Netflix series *Marco Polo*,” Ryan McMaken writes: “Also prominent within the series is taxation, and those who collect and count taxes are three-dimensional and largely sympathetic characters in *Marco Polo*. Meanwhile, those who actually generate the taxes—merchants like Marco’s father—are either self-serving or ‘simply nameless rabble’” (18). With the second season of the television series currently set to be released at the end of 2015, this might be a good time to consider the relationship between tax producers and tax consumers in the Mongol empire according to Marco Polo’s own late thirteenth-century account, originally called the *Le Divisament dou monde*, literally translated as *Description of the World*, but more commonly referred to as *Travels*.<sup>1</sup> The facts of history, after all, are better served through studying primary source materials than pop culture.

Although some historians had put into doubt the reliability of the *Divisament*, Hans Ulrich Vogel’s thoroughly researched and meticulously documented comparison of Polo’s account of such phenomena as currencies, salts, and revenues to the actual state of affairs in Mongol China, *Marco Polo Was in China: New Evidence from Currencies, Salts and Revenues*, demonstrates that

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<sup>1</sup> I cite from Ronald Latham’s translation in the Penguin paperback edition, but Henry Yule’s nineteenth-century translation is available online with extensive notes.

the Venetian merchant had an intimate and accurate knowledge of the political and economic workings of the empire.<sup>2</sup> My aim is to bring attention to his descriptions of economic and political features of the Mongol empire that are especially meaningful when viewed through the lens of Austrian economics.<sup>3</sup>

## Taxes and Tariffs

Throughout the *Divisament*, Marco Polo depicts the market as a voluntary means of production and exchange, leading to the creation of material abundance and the thriving of populations. In city after city, region after region, people engage in agriculture and animal husbandry, industry and trade. It becomes almost monotonous to hear continuously of inhabitants who “live by trade and industry” (80, 82, 168–69), “towns and thriving commercial and industrial cities and fruitful gardens and fields” (168), “centres of thriving trade and industry” (211), and “thriving towns and villages, living by commerce and industry” (213), but the repetition serves to establish a sense of universal well-being created by the private sector. Perhaps in part due to his own merchant background, Marco Polo—in anticipation of F.A. Hayek—also took notice of the kind of spontaneous order that only a market system can provide:

Here [in the city of Kinsai] at every hour of the day are crowds of people going to and fro on their own business, so that anyone seeing such a multitude would believe it a stark impossibility that food could be found to fill so many mouths. Nevertheless, every market day all these squares are thronged with a press of customers and traders bringing in supplies by cart and by boat, and the whole business is accomplished. (216)

The Mongol state, on the other hand, is repeatedly engaged in the extraction of wealth at the point of a sword. Polo often notes in passing how the wealth produced by various populations serves to fill the coffers of

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<sup>2</sup> Vogel’s monumental (643 page) study compares the *Divisament*’s specific details regarding paper money, salt production, tax revenues, and trade, in Yuan China and beyond, to information found in medieval Western, Persian, Arabic, and Chinese sources.

<sup>3</sup> There has been a new interest in and appreciation for Marco Polo’s writing in light of transcultural and global studies, albeit not in the direction of power elite analysis. For a selection of recent essays on Marco Polo in historical and literary context, see Akbari and Iannucci’s *Marco Polo and the Encounter of East and West*. For a good general monograph on Polo’s *Travels*, see John Larner’s *Marco Polo and the Discovery of the World*. On Kublai Khan, see Morris Rossabi, *Khubilai Khan: His Life and Times*.

Kublai Khan, the reigning Mongol emperor who regularly sent the Venetian abroad on government business.<sup>4</sup> One finds, for example, “a country thronged with towns and villages and rich in merchandise, yielding a great revenue to the Great Khan” (195), “a city...of great riches and splendour, where...the revenue accruing to the Great Khan...is so stupendous that, unless it were seen, it could scarcely be credited” (205), and “a city of innumerable ships, carrying quantities of goods and merchandise and consequently a great source of revenue to the Great Khan” (208–9). Polo reports a duty of 3 1/3 percent on spices and other merchandise imported by land, and a 10 percent duty on merchandise imported by sea, the products of agriculture and animal husbandry, and silk (228–29).

While most of the citizenry paid taxes in currency and resources (including horses [153–54]), Marco Polo notes that the 20,000 prostitutes of Khanbalik (today’s Beijing), working under a captain general, discharged their tax obligation to the state through their sexual services: “Whenever ambassadors come to the Great Khan on his business and are maintained at his expense, which is done on a lavish scale, the captain is called upon to provide one of these women every night for the ambassador and one for each of his attendants. They are changed every night and receive no payment; for this is the tax they pay to the Great Khan” (130).

In addition to the establishment of a vast bureaucracy to manage the collection of taxes and revenues (150), the Mongol state also instituted a population census. Referring to efforts to introduce the census on the part of early modern European rulers, the military historian Martin van Creveld notes in *The Rise and Decline of the State* that “the most important use to which statistics were put—and which explains why, from the time of King David on, attempts to gather them often gave rise to a storm of protests—was taxation” (147). Van Creveld’s study outlines the difficulty European states faced when trying to gain statistical information on inhabitants in any systematic way. Although the practice had slowly gained traction in Europe in the course of the 1700s, even as late as 1753 the British parliament, for example, rejected a proposal to take a national census “as inimical to liberty” (147). By contrast, already in the thirteenth century Polo notes, every householder in medieval Mongolian cities “has written on the door of his house his own name and his wife’s and those of his sons and his sons’ wives and his slaves and of all the occupants of the house, and also how many horses he possesses” (227). Polo prefaces his description of this “custom” by

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<sup>4</sup> Populations under his power extended across the Asian continent, comprising one-fifth of the earth’s inhabited land mass.

noting that he arrived in the city of Kinsai (today's Hangzhou) just as the Khan's agents were taking account of the city's "total revenue and population" (227).

### **Government Spending**

What did the Mongol state do with all the wealth extracted from the tax producers? One use of tax revenue appears to have been the protection of travelers since Polo tells us that there were many in Persia who, "were it not for fear of the government, that is, the Tartar lordship of the Levant... would do great mischief to traveling merchants" (61). Nonetheless, Polo goes on to add that government action is actually ineffective and merchants survive only by arming themselves: "Yet for all the government can do, these brigands are not to be deterred from frequent depredations. Unless the merchants are well armed and equipped with bows, they slay and harry them unsparingly" (61).

A further use of incoming monies, and, given the propagandistic echoes in this passage, one no doubt foregrounded by the Khan himself during Polo's stay, was "the bounties that the Great Khan confers upon his subjects. For all his thoughts are directed towards helping the people who are subject to him, so that they may live and labour and increase their wealth" (155). Polo goes on to explain that,

if he finds that any have lost their harvest, he exempts them for that year from their tribute and even gives them some of his own grain to sow and eat—a magnificent act of royal bounty... If he finds any man whose cattle have been killed by an outbreak of plague, he gives him some of his own, derived from the tithes of other provinces, and to help him further he relieves him of tribute for the year. (155)

Thus, part of the "bounty" is not taking from the people what is theirs, while the other part consists in redistributing revenue from inhabitants of other provinces.

In addition, Polo explains how the Great Khan is also able to clothe the poor of Khanbalik:

Great Khan receives a tithe of all the wool, silk, and hemp used for clothmaking... Since all the crafts are under obligation to devote one day a week to working on his behalf, he has this cloth made up into garments, which he gives to the poor families in accordance with their needs for winter and for summer wear.

Yet this system benefits more than the poor: the Khan "also provides clothing for his armies by having woolen cloth woven in every city as a contribution towards the payment of its tithe" (156–57).

From Polo's account, however, it would seem that food distribution is what most fostered the Khan's image as a great—even divine—benefactor: "And not a day passes but twenty or thirty thousand bowls of rice, millet, and panic are doled out and given away by the officials appointed. And this goes on all the year round. For this amazing and stupendous munificence which the Great Khan exercises towards the poor, all the people hold him in such esteem that they revere him as a god" (158).

Nevertheless, the principal form of wealth redistribution was the treasure that went directly to the Khan and his entourage. Polo marvels at Kublai's inestimable fortune: "All the world's great potentates put together have not such riches as belong to the Great Khan alone" (149). Each of the Khan's four wives had no less than 300 ladies in waiting (122) as well as "many eunuchs and many other men and women in attendance, so that each one of these ladies has in her court 10,000 persons" (122). The Khan employed 12,000 guardsmen too, Polo specifies, "not out of fear of any man but in token of his sovereignty" (135). The description of the luxurious palaces and habits of the Khan goes on for several paragraphs (124–27). And the Khan considered no expense too great to clothe himself and his cohorts. To celebrate his birthday, the Khan not only wore "a magnificent robe of beaten gold" but gave similar robes to 12,000 barons and knights, less costly but still "in cloth of silk and gold, and all with gold belts" (138). Indeed, "the Great Khan gives rich robes to these 12,000 barons and knights thirteen times a year, so that they are all dressed in robes like his own and of great value. You can see for yourselves that this is no light matter, and that there is no other prince in the world besides himself who could bear such an expense" (138).

Even the Khan's numerous messengers were treated to "the highest privilege and the greatest resource ever enjoyed by any man on earth, king or emperor or what you will" (151). Post houses were stationed along the roads every twenty-five to thirty miles, with a total of more than 200,000 horses stabled and over 10,000 buildings, "all furnished on the same lavish scale. The whole organization is so stupendous and costly that it baffles speech and writing" (151).

## **Predation**

Another substantial use of revenue was for paying troops to invade additional territories and to keep those already subjected from rebelling. Over and over Polo describes how the Mongol rulers heard of the wealth of a people and then attacked them, took over their territory, and forced them to pay continual tribute. Occasionally he points out the devastation caused by

the armies, such as in the province of Tibet, which he says “is terribly devastated, for it was ravaged in a campaign by Mongu Khan” (171), and a province of Turkestan that “used to be a splendid and fruitful country, but... has been much devastated by the Tartars” (83).

Once a territory had been captured, it became a source of wealth to the Mongol state. Referring to a division of the province of Manzi, Polo notes that,

the sum total of the revenue from all these sources, excluding salt, amounts in normal years to... 14,700,000 gold pieces. This is surely one of the most inordinate computations that anyone has ever heard made... Yet all these revenues are expended by the Great Khan on the garrisons stationed in the cities and districts and on relieving the needs of the inhabitants. (229)

One might retort, however, that if the state had not extracted so much wealth from the inhabitants to pay the military to oppress them, they would not have needed the state to relieve their needs. And clearly the subject populations were not accepting of this selfless rationale for wealth extraction since they kept rebelling to free themselves from Mongol control (233).

Polo does not neglect to include the point of view of the rebellious territories. “All the Cathayans hated the government of the Great Khan,” he explains, first “because he set over them Tartar rulers, mostly Saracens, and they could not endure it, since it made them feel that they were no more than slaves,” and second, because “the Great Khan had no legal title to rule the province of Cathay, having acquired it by force” (133). Polo further explains, “You should know that in all the provinces of Cathay and Manzi and in all the rest of his [Kublai Khan’s] dominions there are many disaffected and disloyal subjects who, if they had the chance, would rebel against their lord. Accordingly, in every province where there are big cities and a large population he is obliged to maintain armies” (115).

Polo gives the reason why the Great Khan kept “such a careful watch” over the capital of Manzi through his military. The province is, he says,

a great repository of his treasure and the source of such immense revenue that one who hears of it can scarcely credit it. So he is at special pains to guard against rebellion here, and to this end he keeps huge forces of infantry and cavalry in the city and its environs, and especially of his leading barons and most trusted henchmen (221)

Each city in the province of Manzi, moreover, has, he says, a garrison ranging from 1,000 to 30,000 men, “so that the total number is almost beyond reckoning” (222–23).

It might seem pointless for the Khan to have maintained control over Manzi since, as Polo says, “the greater part of the revenue of these cities that is paid into the Great Khan’s treasury is devoted to the maintenance of these garrisons of soldiers” (223). Yet apparently much was still left over for the Khan since Polo also remarks that, “the business of the province of Manzi—its riches, its revenue and the profit derived from it by the Great Khan—is on such a stupendous scale that no one who hears tell of it without seeing it for himself can possibly credit it” (223).

### State Monopolies

Although taxes, tariffs, and tribute brought in immeasurable wealth, the state also increased its wealth in other ways, such as taking control of certain sectors of the economy and holding a monopoly on key precious resources. In one province, a Turk in the service of the Great Khan, Polo writes, had been “engaged in the extraction of this salamander and *ondanique* and steel and other products. For the Great Khan regularly appoints governors every three years to govern this province and supervise the salamander industry” (89). Polo explains why the Great Khan also did not allow anyone to extract pure white pearls for private use: “for if all the pearls that were found there were taken out, so many would be taken that they would be cheap and lose their value. So the Great Khan, when he has a mind, has pearls taken from it for his own use only; but no one else may take them on pain of death” (174–75).

### Currency Manipulation

It will not surprise Austrian economists to hear that the biggest state monopoly concerned the money supply itself. During an era in which Europe’s rulers could do no better than clip coins, the Mongols had succeeded in instituting fiat currency across much of their empire.<sup>5</sup> As Ron Paul puts it, “The emperor, like the vast majority of politicians, found the lure of paper money irresistible” (5). Polo remarks that the Great Khan’s mint “is so organized that you might well say that he has mastered the art of alchemy” (147). Indeed, whereas alchemists never did discover the secret of transforming base matter into gold, Polo notes that the Khan’s procedure of

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<sup>5</sup> Although the Mongols did not invent the paper money system, having adopted it from the Chinese, they were the first to impose a fiat currency (Vogel 89–91), and they also issued “dramatically more paper money than the Southern Song (1127–1279) government” (Vogel 220).

issuing paper money “is as formal and as authoritative as if they were made of pure gold or silver” (147). The state not only turned worthless paper into money but also profited from the wear and tear of the bills: “when these papers have been so long in circulation that they are growing torn and frayed, they are brought to the mint and changed for new and fresh ones at a discount of 3 per cent” (148).<sup>6</sup>

The Khan enforced the exclusive use of paper money among the population through the threat of execution: “Of this money the Khan has such a quantity made that with it he could buy all the treasure in the world. With this currency he orders all payments to be made throughout every province and kingdom and region of his empire. And no one dares refuse it on pain of losing his life” (147–48). Not only were the inhabitants forced to use the Khan’s fiat money on pain of death, they were prohibited from using alternative currencies and were regularly compelled to surrender their gold, silver, and precious gems to the Khan:

Let me tell you further that several times a year a fiat goes forth through the towns that all those who have gems and pearls and gold and silver must bring them to the Great Khan’s mint. This they do, and in such abundance that it is past all reckoning; and they are all paid in paper money. By this means the Great Khan acquires all the gold and silver and pearls and precious stones of all his territories. (148)

The Khan also increased his own supply of precious stones through foreign trade. Polo explains that “several times a year parties of traders arrive with pearls and precious stones and gold and silver and other valuables, such as cloth of gold and silk, and surrender them all to the Great Khan” (148). Naturally, the traders were paid with the inflationary paper money.

Marco Polo, while awed by the Khan’s seemingly alchemical ability to turn paper into the equivalent of gold, did not seem aware of the inevitability of its depreciation and of price inflation. No wiser, however, were those authors who wrote after price inflation was more pronounced (Vogel 215). Nevertheless, “the first serious inflationary trend” occurred after the Mongol conquest of the South in 1275, and prices rose “ten times on average” until

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<sup>6</sup> For the record, Vogel finds that Marco Polo’s account contains a “much higher degree of precision and coverage of the topic of paper money” than other Western, Persian or Arabic reports of the time (112) and is “in almost perfect consistency with the information provided by Chinese sources” (120). See chapter 2, “Paper Money in Yuan China,” 89–226.



the state devalued its paper money the following decade (Vogel 223).<sup>7</sup> Hyperinflation eventually set in and continued until the fall of the Yuan dynasty in 1368 (Vogel 225).

### **Prohibitions and Regulations**

The Mongol state interfered in the lives of the population in ways that went beyond the direct confiscation of their wealth. The Khan criminalized gambling, for example. The reason he gave, according to Marco Polo, even dispensed with a moralistic patina to a self-interested motivation: “To cure them of the habit he would say: ‘I have acquired you by force of arms and all that you possess is mine. So, if you gamble, you are gambling with my property’” (161). Additional activities not prohibited nevertheless came under regulation in order for the state to control scarce resources for its benefit (for hunting and hawking, see 146; for other regulations, see 217).

### **Control and Surveillance**

Polo describes the obtrusive methods of government control he encountered while in Kinsai. He comments, for example, that the city’s inhabitants did not have the freedom to keep a light or fire burning or to be outdoors after a certain hour. The regulations were implemented by guards wandering the streets, marking the doors of “offending houses” and imprisoning anyone found outside at night. As a result of the curfew, “no resident in the city would venture to leave his house during the night even to go to [a] fire except the owners of the [imperiled] goods and these guards who come to help, of whom there cannot be less than one or two thousand” (221). We know that the movements of travelers to the city were also on record since innkeepers and hosts were obligated to submit the names of their guests to the government, “So through the year the Great Khan can know who is coming and going through all his dominions” (227).

### **The Nature of the Beast**

Kublai Khan may have been unique in the extent of his power, but he was not in the nature of his policies. The anecdotes Polo recounts about other rulers reveal them to have been no less predatory and parasitical. For example, in Badakhshan (today northeastern Afghanistan and southeastern

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<sup>7</sup> For hypothetical estimates of the mean annual inflation rate in terms of Yuan paper money between 1260 and 1287, see Vogel (224).

Tajikistan), a kingdom said to be ruled by descendants of Alexander of Macedonia and the daughter of king Darius of Persia,

precious stones called balass rubies... are mined only for the king and by his orders; no one else could go to the mountain and dig for these gems without incurring instant death, and it is forbidden under pain of death and forfeiture to export them out of his kingdom. The king sends them by his own men to other kings and princes and great lords, to some as tribute, to others as a token of amity; and some he barter for gold and silver. This he does so that these balass rubies may retain their present rarity and value. If he let other men mine them and export them throughout the world, there would be so many of them on the market that the price would fall and they would cease to be so precious. (76)

When recounting the problem of corsairs attacking merchant ships on the high seas, Marco Polo notes that the ruler of an Indian kingdom not only failed to protect the merchants but actually fostered the piracy by taking a cut in their illicit profits: “for he has struck a bargain with the corsairs that they shall give him all the horses they may capture” (292). Even aside from cooperating with pirates, rulers made other substantial gains from merchant activity. The sultan of Aden, for example, “derives a very large revenue from the heavy duties he levies from the merchants coming and going in his country. Indeed, thanks to these, he is one of the richest rulers in the world” (308). He also “has incense bought up throughout his dominions at the price of 10 bezants and afterwards sold at 40, from which he derives an immense profit” (310).

At one point Polo recounts a case of a ruler’s apparent benevolence toward the less fortunate:

The wealth that the king [of Manzi] had at his disposal passes all belief... When he was out riding along the road and chanced to catch sight of two fine houses and between them another that was much smaller, he would inquire why this house was so small and mean in comparison with its neighbours. On learning that it belonged to a poor man who could afford no better, he would give orders to have the little house made as fine and as high as those on either side. (203–4)

Polo then goes on to explain, however, that the ruler’s own wealth included “a retinue of more than 1,000, including pages and maids in waiting” (204). The reader may thus surmise that by conspicuously acting to raise the height of certain private dwellings in the name of economic equality, the ruler could thus keep attention away from the power elite’s lavish lifestyle.

### The Inevitable Decline

Marco Polo's description of the Mongol empire's incalculable wealth and power gives the impression of its invulnerability and stability: "All the emperors of the world and all the kings of Christians and of Saracens combined would not possess such power or be able to accomplish so much as this same Kubilai, the Great Khan" (97). And yet, despite all its confiscation of wealth from the tax producers and its virtually unlimited money printing (or rather, partially *because* of such measures), the Yuan Dynasty established by Kublai Khan would, in the course of the following century, be overthrown by the Han Chinese Ming Dynasty, and the largest contiguous land empire in history would be broken up.

### Marco Polo's Departure

Although Marco Polo pays homage to the Great Khan as "the wisest man and the ablest in all respects, the best ruler of subjects and of empire and the man of the highest character of all that have ever been in the whole history of the Tartars" (124), he understood all too well the lack of freedom in the Mongol state since the three Venetians themselves were constrained to remain in the Khan's service so long as he deemed them useful. He finally allowed them to leave after several years when the Khan ordered them to escort a royal bride to her distant groom: "And you must know that, but for this chance, we might never have got away for all our pains, so that there is little likelihood that we should ever have returned to our own country" (344).

Yet lest one be tempted to consider the East more dangerous than Marco Polo's homeland, it is worth mentioning in closing that while he survived over two decades traveling throughout the most distant territories, he landed in a Genoese prison after returning to Venice, due to his capture during a war between Genoa and the Venetian state. It was, in fact, during this period of confinement that he dictated his account of the diverse lands he had seen in his travels to his fellow captive Rustichello da Pisa (c. 1298).

The work that has come down to us (in its many variants) bears witness to Marco Polo's dual perspective: born into a family of savvy Venetian merchants, he had a clear understanding of agriculture, husbandry, industry, and commerce as the essential components of survival and wealth production; at the same time, as an emissary for the Mongol state traveling throughout Asia, he was attentive to what was of greatest interest to the ruler. Although Polo refrains from criticizing the Great Khan—even from the safe distance of Italy—and expresses instead awe at his immense wealth and power, the insights Austrian economics provides allow readers to view the empire he describes as a veritable predator-parasite with tentacles extending

in all directions, absorbing and squandering the wealth created by the efforts of an industrious citizenry.

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