

Formation and Transformation of the Material Flow System in Ancient Korea

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Trading of goods of equal value began in the Neolithic Age in the form of reciprocal exchanges between communities. Moreover, the act of exchange began between groups rather than between individuals within the same group, and the chief of the community initiated trade. This situation continues in a more consolidated form after the Bronze Age when community order is dissolved and political society forms. The form of ruling power, however, changes to regional groups or the chieftain (首長) class of small states, and political and diplomatic characteristics in external trade become more prominent.

It seems that the appearance of civilians as occupational merchants, no matter how insignificant, occurred as mankind entered the Iron Age. The wealthy class that accumulated wealth through trading were called “*homin*” (wealthy commoner) or “*daega*” (prosperous family). This class participated in external trade until the beginning of the ancient states, but their activities became restricted to domestic commerce as the centralized royal family slowly monopolized the rights to external trade. As the system of centralized authority became reorganized, sovereignty in ancient times attempted to gain control over not only external trade but domestic commerce as well. However, the domain of the civilian material flow system persistently maintained its existence.

Originally, a *shi* (市, market) was a place where the most important meetings of regional groups were held and where diverse activities such as official business, justice, and redistribution were carried out. Incidental exchange did occur during the process of taxing and redistributing items used in sacrificial rituals, and commercial transactions grew in each locality as the production of merchandise and the material flow of goods developed outside the *shi*. This was then absorbed as part of the state order with the establishment of official markets during the Three Kingdoms period. The sovereignty in ancient times that had monopolized external trade after the establishment of the system of centralized authority took control over the two domains of trade by controlling the domain of domestic commerce through the official merchant and the official market system.

In the case of Silla, conversion from priesthood to *pumju* became systematized at some point in time after the reign of Cheomhae isageum to the beginning of the *maripgan* (aka *maripkan*, a form of ruler) period, and *pumju* emerged as the first government financial institution. In specific regions, warehouse facilities, the powerful economic foundation of regional groups, were established as “*sig eup*” (食邑), or “stipend village” (祿邑, land given to government officials as salary) of high-ranking noblemen instead of being incorporated into the state’s financial organization after a system of ordinance was created in the sixth century.

From mid-Silla, the “*changbu*” (倉部, a government office of finance) created the structure of left warehouse and right warehouse, which collected taxes from goods coming in from all directions and distributed operating expenses as well as pay the centralized government *bu* (political units based on regions and tribes), noblemen, and bureaucrats after the unification of the Three Kingdoms. Furthermore, the high-ranking noblemen of Silla sometimes sold agricultural and stock products from privately operated workshops, farmsteads, or ranches through agents. Some of the products were exported abroad. It seems that noblemen and the *homin* who succeeded the traditional *homin* or *daega* led the commerce in distant places with small-sized merchant groups until the middle of the Silla period.

Surplus products from civilian manufactures must have been procured without incident in order for commerce concentrated in major cities to be active. It became difficult to satisfy such a precondition in the late Silla period, however, because the farmer and handicraft manufacturing classes collapsed, which led to difficulty in collecting taxes.

The downfall of the direct manufacturing class brought about a reduction in the activities of official merchants, but the domain of civilian commerce grew because the commoners who experienced this downfall engaged in commerce. Thus, the commercial activities of the *homin* class that started at the beginning of the Three Kingdoms period continued. Although they cannot be called occupational merchants, noblemen and monasteries assisted in encroaching upon the material flow system led by the state by participating in commerce with their own autonomous production organizations.

Civilian markets emerged in the capital city as civilian commerce became active, and the autonomy of the official markets increased so that they could break away from the control of the state. The sphere of civilian commerce not only expanded its territory in domestic commerce but also entered into external trade as of the end of the middle period. As can be seen in the example of Jangbogo, commoners from the province sometimes led external trade, especially at the end of Silla. This is different from the situation where the domain of state material flow controlled domestic and external commerce until the mid-Silla period. Provincial forces that maintained their independence in various locations at the time became a substitute for the material flow system led by the state during the Three Kingdoms and Unified Silla period not only by participating in domestic and external trade but also by forming an autonomous network for material flow based on political and military backings and taxes collected in the regions which they ruled.

Keywords: Material flow system, exchange, domestic trade, external trade, and private merchants.

Introduction: The Concept of Material Flow, Exchange, and Trade

A recent trend in archeology and anthropology on material flow and trade recognizes the social behavior of human beings as the actions of material flow or exchange; society is understood as the material flow of not only goods but also

various values such as information, social status and responsibility, friendship, and love.¹ Including social relationships and emotions as objects of material flow may be dangerous at times when the concept is expanded. Such an approach is, however, meaningful in providing a perspective that wholly understands the structure and the development process of a society from a new direction of “relationship” and “interaction” between individuals or groups. The phenomenon of material flow can provide an important clue in examining the politic, economy, and social system of a society.

According to the results of economical anthropology, material flow is divided into three areas: reciprocity, redistribution, and exchange. Reciprocity refers to the material flow between symmetrical groups and promotes amicability between the groups. Profits are made mutually by exchanging surplus goods. Although traveling merchants act as middlemen in some instances, merchants don't intervene in most cases. In the redistribution of material flow, the right of ownership that had moved toward the center moves away from the center. Redistribution occurs within the group as long as goods are commissioned by one person and distributed by custom, law, or the decision of centralized power.

Specialized social structure and the institution for redistributing material flow suppress customary reciprocity (reciprocal trade) and derive from exchange (commercial trade).² Exchange requires a price determinant market system of bilateral material flow between two parties.³ And as market exchange evolves, merchants and currency appear and intervene in the exchange process.⁴

As mentioned above, papers on trade and material flow use the words “material flow,” “trade,” “exchange,” and “(re)distribution” in an ambiguous and confusing manner. This problem arises partly from translating the words into Korean. Although such concepts do not seem to be clearly defined even in the fields of archeology and anthropology, it is necessary to define the terms, even if

1. See Renfrew and Bahn 1996, and 宇野隆夫 1996.
2. 宇野隆夫 considers the three spheres of material flow to have appeared opportunely in order of reciprocity, redistribution, and exchange (宇野隆夫 1996: 595-598). However, these do not speak for the development stages, nor were they destroyed after the next spheres appeared but continued in reiterated forms. For example, Polanyi points out that redistribution is spreading throughout contemporary industrial nations and that the Soviet Union was an extreme example of this (Yi Jong-uk 1994: 330-331).
3. The market mentioned here is not the physical space where goods are traded but rather the price determinant mechanism that fixes the prices of specific goods as a socially acknowledged exchange value when transactions of goods increase.
4. See Park Hyeon-su trans. (1977); Han Sang-bok, Yi Mun-ung, and Kim Gwang-eok 1985.

tentatively, for further discussion. Material flow in a broad sense refers to the phenomenon of moving and transmitting tangible and intangible values such as merchandise, information, and social relations, but here, the concept of material flow will be limited to the flow of material goods. Moreover, (re)distribution is defined as the system that returns dividend or compensation to participating individuals or groups.⁵ In contrast, exchange is the “act” of mutually changing products or sharing dividends for purposes other than consumption. Thus, trade is a specific form of exchange, and values that are considered equal by the participants are exchanged.⁶ Moreover, commerce is one form of trade and refers to the economic activity of purchasing merchandise from the manufacturer, selling it, and making a profit from the transfer of goods.

From this perspective, reciprocity and exchange fall into the category of trade among the three realms of material flow mentioned above, but redistributive material flow is not premised on exchange and is distinguished from trade in that the values of traded or transacted objects are equal even if they are in the form of exchange. Redistribution, in other words, occurs when the centralized power of politics and economy has been achieved in a society where the division of labor and class, discrimination of power or status, such as chieftain or kingship and rank, are established,⁷ and government presentation and distribution from above and tribute from below unite and work together. Moreover, the most developed form of tribute is the tax collection system of the nation.⁸ The system of taxation or wages, superiors, and disaster relief service of a nation can be understood from the perspective of material flow. However, there is a large chance that redistributive material flow is premised on trade with other groups to prepare for government presentation and distribution of substitute compensation; there is also a possibility of trade intervening partially in the tribute delivery process and so it cannot be seen as severed from trade.

Here we must pay attention to whether such material flow occurs within one collective unit or among other groups. Differentiation between domestic and foreign spheres can act as another variable. There is some room for debate on how to distinguish between domestic and foreign spheres and what their standards would be,⁹ but the concept of domestic and foreign may be distinguished as fol-

5. Han Sang-bok, Yi Mun-ung, and Kim Gwang-eok 1985: 213.

6. 宇野隆夫 1998: 159-161.

7. Han Sang-bok, Yi Mun-ung, and Kim Gwang-eok 1985: 217.

8. 宇野隆夫 1998: 160.

9. Renfrew, A. C. and P. Bahn 1996: 336-337.

lows: The unit of *eumnak* (邑落) community and the unit of small states (小國) composed of several *eumnak* are defined as the authority before the establishment of ancient states, and the unit that affected central power is defined as the authority after the establishment of ancient states.¹⁰ Based on this, transactions within the collective unit are to be distinguished as domestic trade and transactions outside of a collective unite as external trade.

When social specialization reaches an advanced stage, commerce becomes separate as an individual sector in domestic trade. Commerce as one part of domestic trade is created based on the margin arising from the transfer of goods from the maker to consumer. And merchants can be referred to as the agency that buys goods from the maker and sells the necessary goods to consumers. Through their activities, value is assigned to merchandise and goods become part of material flow, and merchants earn an intermediary profit as their compensation from the transaction process. In order for commercial activities to occur, the productivity level must be high enough to make surplus production possible, and merchants or commerce groups must exist as its subjects. Thus, domestic trade also includes bartering between individuals, and commerce can be said to be a part of domestic trade.

The domestic aspect of trading is referred to as “bartering” and “commerce,” and the international part is “external trade,” or a narrower meaning of “trade” can be imbued after the division of commerce in this article. Referring to the pure economic trading after the modern period as “commercial trade” would help prevent conceptual confusion when considering the fact that modern external trade casts off much of its diplomatic goals and religious characteristics in contrast to trade in the pre-modern period when these were closely related.¹¹ Of

10. The opinion of understanding foreign negotiations as negotiations outside the authority, long distance negotiation (heterogeneous international negotiations in political, cultural, geographical foundations or attributes) and short range negotiations (negotiations between nearby authorities with similar cultural foundations and attributes but politically and economically distinctive) is taken into consideration (Ham Sun-seop 1998).
11. “Commercial trade” as mentioned in historical documents or on stone monuments in Korea is used to refer to trade or transactions occurring domestically and internationally. The term “commercial trade” was used in the pre-modern period as well, but indiscriminately, and so the cumbersome task of re-defining it was performed in order to comprehend the target or goal. And after the modern period, “commercial trade” generally refers only to external trade; thus, there is the possibility of confusion arising between it and the definition of “commercial trade” as used in the previous period. It may be better to refer to domestic and international trading as “commerce” and “trade” in the pre-modern period, and as “commerce” and “commercial trade” after the modern period.

course, external trade led by private citizens for financial gain did occur in the pre-modern period, but it would be more valid to understand this within the framework of external trade under the realistic conditions of the times rather than labeling it commercial trade.

This paper will use words and terms related to trade and commerce as described above. Thus, connotations, denotations, and their interrelation may change as research advances.

The transformation process in the material flow system in ancient Korea from the Bronze Age to around the end of Silla and the beginning of Goryeo will now be outlined premised on the definitions of concepts such as material flow, exchanging, and trade. Although results on individually traded goods from archaeological and institutional approaches to the tax collection system in ancient states exist, no attempt has been made to systematically understand this from the perspective of transitions in the material flow system.¹² As much as this is the first attempt on the economic history of ancient material flow, what seem to be unreasonable interpretations and speculations about materials are bound to be present. My request is for my colleagues and wiser men to point out the problematic areas.

External Trade and the Origin of Private Commerce

In world history, external trade and commerce arose along with the advancement of social specialization. Natural specialization founded on gender and age occurred for the first time in primitive communal societies of simplified cooperatives. Men hunted and women gathered edibles and took care of home and hearth. And as stock-farming and agriculture expanded in primitive societies, nomadic tribes became distinguished from non-nomadic tribes, thereby creating the first social specialization. Regular exchanges occurred among these communities. Moreover, the second social specialization occurred with the growth of exchange and handicrafts in the form of specialization of handicrafts, and this in turn greatly affected the breakdown of the production of goods and primitive communities. Development of domestic and external trade occurred, merchants appeared, and commerce formed thereafter (Kozlov 1977: 37-40).

12. Each of the research results will be mentioned in applicable sections.

1. The Neolithic Period

The act of mutually exchanging necessary goods had already begun in the Neolithic period. Although internal self-sufficiency of clan society was the foundation of this period, necessary goods were obtained through interaction with other clans as farming began in the latter period and life became more diverse (Han Yeong-hee 1997).¹³

The indigenous specialties of the East Sea, pollack bones or rice clams, found at the sites of settlements on the Tumen River (aka Duman River) valley are considered to be the result of trade between those who farmed the land and those who fished (Research Institute of History at the Academy of Social Sciences 1979: 216-217). The remains of abalone and *glycymeris albolineata* found at the site of Sangsi Rock in Danyang, and decorated [J8]pottery is evidence of trade with tribes in the Southeast Asian seashores (Son Bo-gi 1981; Hong Hyeon-seon: 1987). Many of the jade goods from the Neolithic period excavated in the Tumen River valley were made from raw materials from Siberian and Manchurian regions (Kim Weon-yong 1973). White tubular jade and flat-bottomed comb-pattern pottery were also excavated from the site of Gyodong remains in Chuncheon, showing the trading activities between this region and Hamgyeong Province near the Tumen River valley region (Kim Weon-yong 1963). Along with jade, obsidian is also a rare mineral that can be used to trace the route of trade or cultural transmission; the raw material used in obsidian utensils found at the Osanli site in Gangweon-do are estimated to be the result of trade with the Mount Baekdu region (東村武信 1984). On the one hand, there is a possibility that raw rocks from Iki Shima came to Korea through trade with the northern Kyushu region in Japan based on the fact that pieces of Japanese Jomong-style pottery from the Neolithic Age are sometimes found among the relics of obsidian utensils in the southern coast regions such as Dongsamdong (Han Yeong-hee: 511).

The examples mentioned above are a phenomenon of group trade among primitive communities and so can be considered a type of reciprocal trade where merchant-like existence does not intervene. This also coincides with the classic interpretation of trading in the history of mankind occurring between communi-

13. In addition, there are those in Japan who think there is evidence of trading based on the material flow of precious stones from various areas during the late Paleolithic Age (宇野隆夫 1998: 162-168).

ties rather than individuals within a group in the form of external trade (Marx 1867: 110-111; Polanyi 1977: 124).

Reciprocal trading to “fill each others’ needs” since the Neolithic period must have greatly influenced commercial activities; trading at the clan level in particular begs our attention in association with this. Dongye, Okjeo, and Juho are examples of this. As can be seen in the “Donghaego” of the “Epitaph of the Great King Gwanggaeto,” there were merchant groups among the Ye tribe who fished, and a trade route from the seashores of Ryeongdong (嶺東) to Goguryeo (aka Koguryo) and on to China did exist in the fourth to the fifth centuries so that commercial activities including the sale of marine products developed (武田幸男 1967). The approach that considers the Dongye and Okjeo people as a part of the Ye (濊) tribe sees the two groups as having been engaged in sericulture and farming while being firmly rooted in gathering and hunting in a broad sense; their activities required them to relocate goods, which in turn caused them to travel as far as China (李成市 1997, 1998a).¹⁴ According to the Wiseo Dongi Section of the *History of the Three Kingdoms*, the Juho traded in the Korean peninsula and the Japanese Islands with their operation based in Jeju (aka Cheju) Island (Yi Byeong-do 1976).

They were all near the ocean and in geographically and economically unique conditions where fishery or gathering was a relatively major part of the trade. Part of the tribes may have actively participated in trade by taking advantage of their unique conditions.

2. The Bronze Age and the Beginning of the Iron Age

Trade becomes qualitatively different with the advent of the Bronze Age after states are formed. It became part of diplomatic negotiations between neighboring states and groups whereby things for trade were used to embellish the pres-

14. The Dongye, Okjeo, and Songhwa River valley people as well as the Malgal tribe (a branch of the Tungusic people) are seen as part of the Ye tribe in this paper, which mentions the Malgal who were incorporated into Balhae (aka Parhae) and “Chief Nam-yeo of Ye” from Silla in the second century B.C. as belonging to the same clan. But there is a question as to whether the Dongye and Okjeo people can be considered of the same clan lineage as that of the Malgal. The “Malgal” mentioned in the original records of the *Historical Records of the Three Kingdoms* can be considered as part of the people of the Dongye or Okjeo lineage, but we should consider most of the non-ruling Balhae class occupying the Malgal tribe as being different. On the one hand, Yi Hyeon-hye considers Chief Nam-yeo of Ye as a different political group and the basic activity of Dongye and Okjeo to be farming (Yi Hyeon-hye 1997).

tige of political rulers and to strengthen the union of the dominated groups. Sovereign power appears as a branch of material flow led by the state. Exchange among individuals became active domestically after the formation of state, people involved in the exchanges did not meet face to face and exchange necessary commodities, but a mode of exchange such as the currency of goods appears and transactions mediated between these occur after social specialization advances. And occupational merchants who specialized in commodities transactions may have appeared between the producers and consumers. Let us now search the changing aspects and the appearance of commerce in trade after the formation of state.

Specific aspects of trading are not known due to the lack of written records or archeological materials during the Bronze Age. There are some who consider that trade of leopard skins, *tabok* (type of clothes made from animal skins), and gold among the regions of Liaodong, northwest Korea, and the region of Shandong in Ji (齊) occurred based on sections of records in the *Gwanja* (管子) in the seventh century (Song Ho Jung 1999: 65-67), but this book cannot be taken completely at face value due to the fact that this book is the result of people of the age of warring states hiring a writer to write about a previous age (Noh Tae-don 1990: 31-32). On the other hand, the possibility of trade can be estimated based on the distribution of resources.

Gemstones for ornaments were usually distributed in the middle of the southern regions and raw materials for bronze were concentrated in the Chungnam and Jeolla regions in the Bronze Age. Such an uneven distribution of important resources must have naturally created trade (Yi Hyeon-hye 1987, 1998a). It would be difficult for real conditions of trade in this period to be revealed without making assumptions, but the subjects of trade were probably regional groups or the chieftain class of small states rather than private individuals if the characteristics of the trading objects are strategic goods or prestige goods such as precious metals, decorative raw materials, and quality pelts.¹⁵ This can be seen as

15. A passage in the *History of the Three Kingdoms*, “there were approximately 1,000 Koreans who undertook by themselves, and Haho (下戶, the lower household) borrowed and wore these clothes and hat when he came to pay his respects to the *gun* (郡) and *hyeon* (縣),” could be speaking of the merchants of those days (Jeong Gyeong-hee 1984). Furthermore, there are those who consider the merchants of those days to be of lower class (Yun Yong-gu 1999). However, this phenomenon should be understood as temporary at the beginning of the third century due to political changes in the northwest regions of the Korean peninsula with the appearance of the Wi dynasty and with the weakening of the international regulations of Sinji (臣智, a type of ruler) due to a fatal blow to the political center of some of the regions of the Korean

the continuation of the tradition of group trade amidst primitive communities in the Neolithic period.

The theory on trade between the two regions of Jeonnam Hwasun and Gyeongbuk Sangju was introduced when some relics associated with Jeonnam Hwasun of the first or second century B.C. were found in Sangju (Yi Hyeon-hye 1984: 28-57), which shows the possibility that ritualistic goods were imported from the outside in order to strengthen the characteristics and religious power of the chieftain class.

External trade led by the chieftain class continues beyond the beginning of the Bronze Age. Class differentiation was at an advanced stage, enough to bury a considerable amount of bronze utensils in individual tombs in the area of the Yalu River (Apnok River in Korea). And there were some who incurred their wealth by trading with the Liaodong region after Liaodong came under the rule of the Yen dynasty at the beginning of the third century B.C. (Noh Tae-don 1999: 319). Objects of trade such as metals, writing implements to create trade-related documents, and weights were found in the Changweon Dahori remains that seem to have belonged to a person of the chieftain class from the first century B.C. (Yi Geon-mu 1992). He was simultaneously a political ruler and chief executive of trade. External trade was important enough in the ruling system at the time to bury goods related to trade in the tomb of a chief, and the command of trading power was a decisive factor in forming a chieftain's power.¹⁶

3. Proto-Three Kingdoms Period¹⁷

It is possible private merchants or occupational merchants were already in existence in the Bronze Age, but it's difficult to verify this with existing materials.

peninsula. Haho is thought to be a personage who came to the *gun* and *hyeon* as a speaker for Sinji (Yi Hyeon-hye 1994; 1998: 267-268).

16. The Queen Heo (許王后) group mentioned in "Garakgukgi" (駕洛國記) were supposed to have brought various things from Chinese markets, which makes it possible for the group to be the merchant group that had traffic between Nangnang and Gimhae regions in the late second century (Kim Tae-sik 1998). Then, this fable also could reflect an aspect of King Suro, the representative of pluralistic power in the Gimhae region, as being involved in external trade.
17. The proto-Three Kingdoms period is from the first to third century A.D. when central political powers were still weak and local groups such as the small states of the Three Kingdoms maintained local authority. But in the case of Goguryeo, it was gaining relatively strong control over neighboring local groups and growing into a territorial state.

Private merchants officially emerged around 0 A.D. when bronze culture became pervasive.

Various types of currency from the Age of Wars were found around the tombs of the Ji-an region of the late first to second century A.D. (Gao Bing 1962), and it is assumed that the people to whom the tombs belong were related to trade in the Han dynasty, because the majority of the coins found there were *osujeon*, (Noh Tae-don 1999: 349). These people are estimated to be of the chieftain or “*homin*” (wealthy commoner) class who carried on the tradition of trade from the Bronze Age. Their economic foundation cannot be viewed in a uniform manner, because the “*homin*” of Buyeo (aka Puyo) or the “*daega*” (prosperous family) of Goguryeo mentioned in the historical materials of China were words foreigners used to refer to the wealthy class (Yeo Ho-gyu 2000: 160-162) and occupational merchants may have been included here (Noh Tae-don 1975: 47-52).¹⁸

The *homin* seem to have participated in trade with Chinese merchants as well. A merchant from Han dynasty China who seemed to have mainly traded luxury goods such as silk, quartz, glass decorations, and bronze (Yun Yong-gu 1990; Yi Hyeon-hye 1994: 272-279) in Nangnang-gun is mentioned in documents.¹⁹ Thus, there is a big possibility that merchants were also included as trade partners along with agents of the chieftain class of local groups on the Korean peninsula. This is evidenced by the excavation of currency from the Han dynasty China in the southwestern coastal regions of Korea (Ji Geon-gil 1990). Excavation sites of currency from the Han dynasty China can be said to be a part of the important trade areas of the times, and in addition to the trade agents dispatched by the chieftain class, private merchants who moved from one location to another to trade in remote areas may have been active.

As described above, it is probable that private merchants were able to participate in independent external trade at the start of ancient states, but their activities were limited to domestic commerce when external trade became monopolized as the central power of the royal family grew in strength. And central sovereignty attempted to control not only external trade but domestic commerce as well depending on its financial need as the system of ancient states was

18. According to Noh Tae-don, Chinese people referred to the *homin* as relatively wealthy and powerful men; merchants as well as chieftains and their families were part of *homin*.

19. See “Vol. 28, Jiriji 8, Ha” of *Hansejo*: “郡初取吏於遼東 吏見民無閉藏 及賈人往者 夜則爲盜 俗秒益薄 禁於犯禁 寢多 至六十餘條.”

reformed. This is reflected in the government-run market of the state.

Formation and Growth of the Material Flow System Led by the State

1. The Three Kingdoms Period²⁰

The emergence of markets as places for domestic commerce in ancient Korean society is related to the weakening in the autonomy of local groups and the strengthening of the central authority of the royal family (Kim Chang-seok 1997a). Traditional sanctums and a differentiated royal court were established as the secularized sovereignty and affiliated organizations of the Three Kingdoms grew and reorganized, and shamans were organized during this process. They then changed into a quasi-bureaucratic group that served the secularly repressive organization and swore fealty to the sovereign. Thus, customary sanctums probably experienced large-scale reorganization.

During the process mentioned above, the sacrificial rites of the royal family also undergo change to the point that the greatest traditional sacrificial rites performed at the sanctums became a formality. And the sacrificial rites to the god of progenitor, which contain strong political characteristics, become important as they are performed under the supervision of the royal family to increase unity and the centralized authority of groups by embellishing the sanctity of the royal family. Moreover, commercial transactions including customary sanctums probably occurred in various locations as production of merchandise and material flow of goods advanced. In the case of Silla, this became part of the national order when shops were established during the reign of Soji *maripgan* (aka *maripkan*, a form of ruler). The start of the transformation in the function and characteristics of the city as a sanctum is not clear. The first impetus for change is the loss in the function of the affairs of state symbolizing the establishment of a royal court. It seems that sacrificial rites offered at the tomb of the progenitor may have been an important opportunity to function in performing rites (祭儀機能) to become formalistic and skeletal as well as to change into commercial

20. The Three Kingdoms period generally refers to the period when Goguryeo, Baekje, and Silla equipped themselves with a centralized ruling system and formed states in earnest after the fourth century A.D., continuing until 668 A.D. when Goguryeo fell.

areas. Moreover, including the primary sanctums as part of the national order seems to become complete with the establishment of official markets inside the capital during the process of establishing the succession to the throne from father to son after forming a centralized system.

The reorganization of the tax collection system also requires our attention from the perspective of the formation of the material flow system as led by the state. In the case of Silla, the formation process of the warehousing system is a good example of this. The leading power of Saroguk (a minor state belonging to Chinhan) united the local groups near the Gyeongju basin and applied conciliatory measures such as guaranteeing a conventional economic foundation and sharing tributes collected in order to win over the leading powers.²¹ The main warehouses of each local group, such as the warehouse in Busan (富山) Castle, still served economic and religious functions during this period. This system seems to have been in operation until the reign of Cheomhae isageum (ruled Silla from 247 to 261).

Thereafter, the warehousing system reaches its peak after the establishment of *pumju* (稟主). *Pumju* was the highest financial office that controlled the warehouse of the royal family and the government warehouses of the state. Although not certain when it was established, its establishment is directly associated with the formation of the warehousing system because most of its divided tasks were related to warehouses and finance. This period should be at the least after the reign of Cheomhae isageum when the warehouse belonging directly to the royal family was built and the public characteristic of the central warehouse was enforced. It seems very plausible for the warehousing system to have been organizationally formed at the time the *pumju* was created sometime during the middle of the fourth century to the beginning of the reign of the *maripgan* when sovereignty reached a higher level. And after the statute system was created, the conventional foundation for the existence of *bu* (部, political units based on regions and tribes) other than *hwe-bu* and *sahwe-bu* were abolished and changed into administrative territories for the right to rule by royalty as the nation entered the sixth century. In its stead, certain regions were allotted to high-ranking noblemen and the *bu* in the form of *sigeup* (食邑) and “stipend village” (祿邑,

21. As can be seen in the following passage from *The History of the Three Kingdoms*, the *daega* participated in collecting from the subjugated regions: “國小 迫于大國之間 遂臣屬句麗 句麗復置其中大人爲使者 使相主領 又使大加統責其租稅 貂布魚鹽海中食物 千里擔負致之 又送其美女以爲婢妾 遇之如奴僕” (“Vol. 30, Wiseo 30, Ohwanseonbi dongijeon 30, Dongokjeo”).

land given to government officials as salary). Warehousing facilities that became a powerful economic foundation for the local groups near Gyeongju were incorporated into the financial structure of the Silla kingdom.

Assumptions can be made on two types of private merchants who engaged in domestic commerce: Occupational merchants who depended on commerce for the majority of their livelihood, and those who conducted commerce on behalf of high-ranking noblemen or temples to which they belonged. Occupational merchants can be divided into merchant groups of large-scale and small-scale peddlers. There are also part-time merchants; these merchants engaged in commerce only during specific periods of the year when concentrated seasonal harvests in marine or forest products were low or as common producing class that sold or bartered a portion of their fruits of labor as necessity dictated. The latter, in particular, cannot really be classified as merchants, but their activities were widely conducted as the simplest form of trade to form a foundation for the material flow economy of the Three Kingdoms as well as of the Unified Silla period.

It would be difficult to verify their individual activities with written documents, but it seems that noblemen and customarily *homin*, or at least those who were distinguished, conducted commerce in small-sized merchant groups in distant places until the middle of the Silla period. These groups had autonomous production bases or tools for material flow, mainly participated in commerce in distant locations, and probably accumulated great profits through unequal exchange in geographical isolation between the location of production and consumer. Let us review a short example from Goguryeo.

The posthumous title of King Micheon (aka King Hoyang) is Eulbul (aka Ubul). He is the son of Gochuga Dolgo, who is the son of King Seocheon. King Bongsang suspected his younger brother Dolgo of scheming against the throne and killed him. Dolgo's son, Eulbul, fled, afraid that he would be harmed as well. He first went to Eummo, a man from Susilchon, and worked for him as a day laborer; Eummo did not know who he was, and thus worked him hard.... After a year, Eulbul left and sold salt along with Jaemo, a man from Dongchon. They took a boat with salt and landed along the Yalu River, and stopped at a nearby house in Sasuchon. They gave one *du* (a unit of measure) of salt to an old woman of the house at her request, but refused her second request for salt. The old woman became upset at the refusal and hid a pair of shoes

inside the pack of salt. Eulbul, not being aware of this, attempted to leave with the salt, but the old woman chased after him and found the shoes after searching the pack of salt. Then she lied about this incident to Apnokjae. Apnokjae gave the salt to the old woman as payment for the shoes and let Eulbul loose after a flogging.... Prime Minister Changjori was attempting to dethrone King Bongsang at the time, and as such, first sent Jobul of Bukbu and Sowu of Dongbu to all parts of the country to find Eulbul. When they reached Biryu River, they saw on a boat a grown man who looked gaunt but whose actions were remarkable... (Vol. 17, Goguryeo Bongi 5, King Micheon, *Historical Records of the Three Kingdoms*)

The above record describes the background of the dethronement of King Bongsang (烽上王) and the ascension to the throne of King Micheon (美川王). Stories were embellished to exaggerate the sufferings of Eulbul (乙弗) in the sections describing the conflict with an old woman, the tales being created by scheming families. But the fact that records on Goguryeo in the *Historical Records of the Three Kingdoms* should have used *Sinjip* (New Compilation, 新集, a compilation of history by Yi Mun-jin in the reign of King Yeongyang) and a similar line of history books as their primary sources (Noh Tae-don 1993: 51-58)²² as well as the concreteness of the contents should be taken into consideration. Thus, it would be difficult to accept the contents of the documents to the letter, but it would be possible to evaluate the situation through the materials reflecting the salt merchants' activities near the Yalu River basin in the late third century.

According to the salt merchants' records, there seems to have existed merchants who dealt in salt using water transportation in the basin near the Yalu River and Biryuha (Hon River and Bui River). It is well known that the population of this political center was approximately 150,000 with 5-*bu* people at the

22. There are some who are concerned about using these historical materials, because they are of the opinion that this tale was created out of a political background to emphasize the legitimacy and superiority of sovereignty in the early days of Goguryeo when the sovereignty competed for power with the 5-*bu* by paying attention to the structural similarity between this article and the legend of Jumong (李成市 1989 and 1998). On the other hand, a view that considers the Yeommo from the Moduru myoji (Epitaph of Moduru Tomb) to be one and the same as Jaemo who appears in the biography of King Micheon's ascension to the throne has been aired as well (佐伯有清 1987 and 1995).

fore.²³ Supplying salt, a necessary foodstuff, to these people would have been a serious issue. For this reason, Dongokjeo was probably subjugated during King Taejo's reign to secure cloth from *maek*, fish, salt, and various seafood from the region. The state may have strongly controlled the supply and consumption of strategic goods such as salt that were produced in limited areas and directly related to maintaining the existence of the people in the district. These goods would be collected as tributes or purchased through official merchants and sold in official markets as was the case of Dongokjeo.

However, the example of King Micheon's ascension to the throne shows the existence of private merchants who transacted with salt and the government's tolerance of this in the late third century in Goguryeo. Eulbul and Jaemo's sale of salt while hiding from the persecution of King Bongsang hints at the fact that they were outside the reach of the state control over the system of official merchants and cities. And the fact that when Apnokjae (鴨濼宰) caught Eulbul after an old lady informed on him, Apnokjae's not making any issue out of Eulbul's possession of salt in itself can be seen as reflecting the reality of private merchants being allowed to sell salt.

This record describes Jaemo and Eulbul in the form of small-scale peddlers who sold salt by transporting it via water to emphasize the sufferings of Eulbul, but there is a possibility that the scale of salt operation in those days may have been much bigger when the scarcity of salt and its value as a strategic good are taken into consideration. Operation of small groups formed by a few people cannot be completely ruled out, but the areas covered and relative importance would be small indeed.

If there existed some other commercial power behind the salt merchants in the record mentioned above, then that power would probably buy salt in large volumes from the East Sea or the Yellow Sea regions where salt was produced and would have supplied salt to various regions through affiliated small-scale merchant groups. The waterway centered on the water system of the Apnok and Hon Rivers and land transportation connected to the castles would be utilized as the transportation network.²⁴

There is no way to know the exact relationship between the private mer-

23. "Vol. 30, Wiseo 30, Ohwanseonbi dongijeon 30, Goguryeo" of *The History of the Three Kingdoms*: "高句麗在遼東之東千里 南與朝鮮滅貊 東與沃沮 北與夫餘接 都於丸都之下 方可二千里 戶三萬 多大山深谷 無原澤 隨山谷以爲居 食澗水 無良田 雖力佃作 不足以實口腹."

24. All of the castles in the regions of middle and upper reaches of Yalu River were mostly mountain fortresses made of stone and were traffic thoroughfares located strategically near the

chants and official markets or official merchants, but it's likely that the former moved within a different material flow system than that of the official market system when the circular shape of the cities and their ruling classes are taken into consideration. Moreover, large-scale occupational private merchants appear largely in the latter part of the Silla period in full scale.

2. The Middle of the Silla Period²⁵

After Silla unified Goguryeo and Baekje (aka Paekche), the change in the government wage system affected the operation of the material flow system centered on official markets. Silla's wealth increased after it unified the Korean peninsula by incorporating the economic power of Baekje, and the government wage system changed based on this newly acquired power (Kim Chang-seok 1997b). Silla collected large quantities of additional grain from the rich soils of Baekje, which enabled the distribution of millet instead of land to the noblemen and bureaucrats.²⁶ This record leads us to assume that massive quantities of grain were directly moved between, and many new goods were introduced to, official markets.

The material flow system centered around the market slowly became active as of the beginning of the middle of the Silla period based on this. The enlargement of official markets during the reign of King Hyoso is not unrelated to the economic conditions after unification. The practice of the stipend village was abolished and its replacement in the form of "*chungnyeonsajo*" (逐年賜租, grain for wages by years) could have created some economic discomfort to the noblemen and bureaucrats who received some of the necessities of everyday life through the traditional stipend villages. It seems that West Market (西市) and South Market (南市) were created in order to alleviate the abolishment of the practice of stipend villages, i.e., those who received *chungnyeonsajo* from the

waterways or the coast. Some examples of what are assumed to be key locations for water transportation are the valley connecting the southwest gate of Jaansanseong (自安山城) in Tonghwa City (通化市) filled and used as a road that connects to the Hon River, and a path of stone steps from just beneath the south gate of Dongmanokchongoseong in Imgang City leading to the Yalu River (Yeo Ho-gyu 1998).

25. The classification of the middle of the Silla period follows the periodization mentioned in the *Historical Records of the Three Kingdoms* and covers the reign of King Muyeol to King Hyeogong, from approximately 650 to 770 A.D.

26. Vol. 8, Sillabongi 8, the Ninth Year of the Reign of King Sinmun in the *Historical Records of the Three Kingdoms*: "春正月 下教罷内外官祿邑 逐年賜租有差 以爲恒式."

state used it to purchase goods from official markets.

This signified a transition in the traditional system from transporting and procuring most consumer goods from one's own property or stipend village to actual goods, i.e., high-ranking noblemen's reliance on the market increased and the material flow economy of grain as the medium advanced after the abolishment of stipend villages. This meant that the relative importance of the market in the noblemen's life in Wanggyeong (the capital) increased, and the economic influence against the recipients of *chungnyeonsajo* could be improved by the state's control over material flow regulation. And a large propagation to other areas probably resulted due to a greater dependence on the material flow economy of high-ranking noblemen centered in the official markets.

The offices of *jwachang* (左倉, left warehouse) and *uchang* (右倉, right warehouse) were created at the start of King Munmu's reign. Moreover, the government officials of *changbu* (倉部, a government office of finance) were reinforced so that there was one person in the position of *gyeong* (卿, a high government post in a department) and ten people as *sa* (史, the lowest post in a department) to assist the secretary of finance ("Vol. 38, Japji 7, Jikgwan Sang" of the *Historical Records of the Three Kingdoms*). In 651 (the fifth year of the reign of Queen Jindeok (aka Chindok) full usage of the state's storage was accelerated with the establishment of *changbu* as the impetus, and the central financial operating system was established with the *jwachang* and *uchang* at its fulcrum in the middle of the Silla period. Revolution in the pay system called *chungnyeonsajo* to the noblemen and bureaucrats was possible in the reign of King Sinmun due to the smooth material flow of grain through the improvements in the warehouse system.

The problem involves the affect of the revival of the stipend village in 757 (the sixteenth year of King Gyeongdeok (aka King Kyongdog) on the material flow economy. If the latter stipend village restored the former mode of receiving stipend villages in full glory, then the material flow system based on the official markets must have suffered due to the recipients of stipend villages fulfilling the majority of their necessities in everyday life through the usage of their collected goods. But the latter form of stipend village may contain different characteristics than those of the former.

Indications of the royal nobility (noblemen who are blood-relations of royalty) strengthening their power of opinion enough to recover this economic foundation of old cannot be found in the reign of King Gyeongdeok. The government officials of *changbu* in 752 immediately prior to the revival of stipend vil-

lage (eleventh year of the reign of King Gyeongdeok) and in 776 (twelfth year of the reign of Hyegong) are suggestive of strengthening the state's tax collection system. The ruling system broke down around the end of Silla and the beginning of Goryeo; receiving a stipend villages occurred on the owner's own will, but collection items were reduced to things such as grain until at least at the beginning of late Silla and restrictions on them seem to have been applied (Kim Gi-heung 1991: 144-145; Jeon Deog-jae 2000).²⁷ Increasing the number of bureaucrats in the state financial institutions was the response to such reality. Thus, the material flow system seems to have been maintained by the royal nobility class utilizing goods received from the stipend villages after the revival of stipend villages to purchase necessary goods. It would have been difficult to easily change a lifestyle that continued for sixty-some years after the abolition of stipend villages.

High-ranking noblemen of Silla sold agricultural and stock products from privately operated workshops, farmsteads, or ranches through agents. Soft fur felts were traded with Japan in the mid-eighth century, which indirectly shows the range of commercial activities of the royal nobility class. The felts were manufactured in privately operated workshops owned by the royal nobility and widely used in the capital, enough to be used in the carts of the fifth *dupum* (aka head-rank 5) as rugs during the Unified Silla period (李成市 1998c). The distribution of merchandise such as these felts would be difficult to imagine without the commercial activities of the elite aristocratic class. There is a large possibility that the elite aristocratic class organized their own merchant groups and conducted commerce in distant places utilizing their economic power and labor force, of which they had aplenty.

Transformation of the Material Flow System towards the End of Silla and the Beginning of Goryeo

A specific site for commerce called the market, where sales are conducted through private merchants, appears in earnest in the late Silla period.²⁸ Kim Yang

27. Kim Gi-heung's book suggests that the rights to later stipend village are limited to the right to receive part of the collected tax. Jeon Deog-jae also claims that the contents of tax collection from stipend villages was restricted to the levying of grain as of the reign of King Muyeol, and taxes from later stipend villages were also limited to the collection of grain.

(金陽) ran away to Hangi Market (韓岐市) in 836 (the first year of the reign of King Huigang) after he lost the struggle for the throne (“Vol. 43, Yeoljeon 4, Kimyang” in the *Historical Records of the Three Kingdoms*). This city could be an official market built in the Hangi-*bu* region in addition to the three existing markets, or it could be the relocation of East City during the process of expanding Wanggyeong (Yeo Ho-gyu 2002: 69-70) in late Silla. But based on its name, there is a possibility of this being a public market that is different from the three existing cities. Aside from this, one of the reasons Kim Yang fled to Hangi Market was that there were private merchants active there and that there was less intervention from the state.

A record that shows the conditions in the mid-Silla period appears among the “Sillajeon” in *Sindangseo*: Men sell their cut hair and cover their head with pieces of cloth (男子剪髮鬻 冒以黑巾). All sales in the city are made by the women (婦女).” This may seem like a superficial observation, but it does describe an aspect of the market where products civilians made as secondary income or handicrafts made by families were transacted. If this is a description of an official market, then it is suggestive of civilians having encroached on much of the commercial rights that traditionally belonged to official merchants. On the one hand, Buddhist temples also seemed to have participated in commercial activities in earnest in the mid- and late Silla period. Temples may contain monks with advanced skills possessing unique manufacturing facilities such as salt fields.

The activities of official merchants decreased in the market structure in contrast to the expansion of civilian commerce and more the prevalent activities of private merchants. After the ninth century, central administration over stipend villages may have become a thing of the past as provincial districts accelerated their secession due to the fierce struggle for the sovereign power and the riot led by Kim Heon-chang. As the exploitation of stipend villages is indulged in full, the Wanggyeong noblemen’s overall reliance on the official markets becomes low and the official markets’ function in the material flow also weakens.

A change occurs between the official markets and the state power as the government-led material flow system becomes unstable. The control over official merchants through the market tool becomes lax. The story of Kimhyeongamho

28. The classification of late Silla follows the periodization mentioned in the *Historical Records of the Three Kingdoms* and covers King Seondeok’s ascension to the throne (780) to King Gyeongsun’s surrender to Goryeo in 935 A.D.

during the reign of King Weonseong mentioned in the *Residual Events of the Three Kingdoms* (三國遺事, written by Iryeon during the reign of King Chungnyeol) suggests that it was a main district that acted as a gathering place on the street for many people where great confusion within the capital could be generated, a type of deviant zone where unlawful events could occur as symbolized by a tiger's disturbance. It is possible to assume that parts of the market or the merchant class did not feel the long reaches of the state institutions while civilian commerce developed and the autonomy of official markets expanded.

Such deviated characteristics of markets from the norm become prominent and the gap between the market and the state power can be seen in late Silla, which seems to reflect the trend of increased commercial activities and the autonomy of merchants, including the official markets, and a laxity in the traditionally strong power of centralized authority and the growth in the civilian commerce sector.

The civilian sector began to enter into external trade based on its growth in domestic commerce. Originally, external trade with China or Japan was permitted only through the delegates dispatched by the state and followed public trade in the exchange of goods offered as tributes and as gratitude. However, the effectiveness of the prohibitions against civilian trade is another matter altogether. In the case of Silla, it is noticeable to see the civilian commerce sector entering into external trade after the middle of the eighth century.

The royal nobility of Unified Silla led extravagant lives as symbolized by *geumiptaek* (金入宅, gold-plated houses) while exporting products from their own handicraft factories. Silla's system of centralized authority was overhauled and Chinese culture was adopted as a policy during the reign of King Gyeongdeok. The aristocratic class, who adored the prosperous culture of T'ang dynasty, China (second of the four periods of the T'ang dynasty, China), took advantage of this and even entered into trade with the Great T'ang dynasty. Jangchun (長春) was a commoner who lived in Wanggyeong and became part of a merchant group organized by a nobleman (Buddhist Series Compilation 1979).²⁹ Hereon civilian commercial power enters external trade independently. The fact that King Gyeongdeok did not apply any other restraints after hearing about this but instead gave offerings to Minjang Temple is indicative that the external trade under the sponsor of the noblemen was achieved with the tacit consent of the state.

29. 了圓錄. 法華靈驗傳下. 黑風吹其船舫.

Newly rising forces based on accumulated wealth surfaced in the provinces through domestic and external trade activities when the state's material flow system breaks down in late Silla, and thus, commoners from the provinces grow into the leading class in external trade towards the end of Silla. Jangbogo (張保臯) returned from T'ang China after he became a warlord and, as the envoy of Cheonghaejin, seized hold of the maritime trade in the southwestern sea of Korea. Attention is drawn to the possibility of a new merchandise called celadon porcelain being included among his traded goods (Kim Chang-seok 2002).

Jangbogo was in line with the commercial activities of the existing royal nobility in that he used power and military might to participate in commerce, but we should pay attention to the fact that he was originally a commoner or lower from the coastal area or an island.³⁰ He was able to get close to central political power by accumulating wealth through external trade due to actively responding to the emergence of celadon porcelain due to changes in the trade environment; he built a semi-autonomous power based on military might and supported King Sinmu's ascension to the throne. This is indicative of Silla as a state having reached a point where the power of civilian commerce not only in domestic commerce but external trade as well could not be controlled, and that the structure and aspects of activities in Silla's power of commerce were fundamentally changing.

Wang Geon (aka Wang Kōn) represents the zenith of the merchant class at the end of Silla. Wang Geon's ancestors were wealthy provincial men, and their primary economic foundation was accumulated through domestic and external trading.³¹ The building of an oil market (油市) in Songak in 920 (the fourth year of the reign of King Gyeongmyeong) during the Goryeo dynasty ("Vol. 1, Wangnyeok 1" of the *Residual Events of the Three Kingdoms*)³² indicates the

30. Jangbogo did not have a last name initially and he is considered to be an island-born of a class lower than commoner based on the fact that he was ostracized due to being a "person of no account from an island in the sea" (Kim Sang-gi 1934; Kim Sang-gi 1935; 浦生京子 1979; and Yi Gi-dong 1985).
31. The economic foundation of Wang Geon's family has been traditionally pointed out as maritime trade with China. However, Kang Hi-woong considers the possibility of Wang Geon's family trading with China to be minimal, because Wang Geon's family did not use a family name (*gwanching*, 冠稱), which is a prerequisite for trading with China. Instead, it is considered likely that Wang Geon's family accumulated wealth when Silla was building Paegangjin in the Pyeongsan region in 782 by navigating the coast and trading with the old Silla noblemen of this region (Kang H.W. 1986: 167-169).

emergence of an itemized market at a new political threshold. The appearance of a professional market unfound in traditional markets may be based on the diverse commercial experiences of Wang Geon's group. Local powers such as this replaced the material flow system led by Silla that was in the process of dissolving by utilizing autonomous political and military foundations and material flow organizations to form networks for material flows in areas of operation.

Wang Geon used this as the foundation for scheming with several noblemen of Silla and insurrectionists from the provinces to seize the power of the state. And his espousing of "*chwiminyudo*" (取民有度, prevention of excessive tax collection) and lowering taxes after ascending to the throne ("Vol. 78, Ji 32, Sikhwa 1, Jeonje jose" in the *History of Goryeo*)³³ shows that taxes were autonomously collected within the governed areas from the start of the Taebong period. This means that not only the material flow of goods through commercial activities but the domain of material flow through tax collection and payments that were the innate domain of traditional state of Silla were also controlled by provincial powers. The historical significance in the economic history of material flow in ancient Korea during the confusion at the end of Silla can be found in the economic growth of Wang Geon's power and his trade activities through domestic and external trading, his ability to seize political power based on this, and the replacement of the state's traditional system of the material flow of goods in its entirety.

Conclusion

The material flow system of ancient Korea was founded during the process of unifying the material flow system centered on local groups, and contains the characteristics of a material flow system led by the state with central sovereignty, with noblemen playing an important role. The state-led material flow system breaks down as provincial power emerges at the end of Silla, and local networks of material flow with an emphasis on the provincial Heo Market is once again established. But this is not regression into the past. In the second year of the reign of Taejo (太祖), shops on market streets were established in Gaegyeong

32. "庚辰乳岩下立油市 故今俗利市云乳下."

33. "太祖元年七月 謂有司曰 泰封主以民從欲 惟事聚歛 不遵舊制 一頃之田 租稅六碩 管驛之戶 賦絲三束 遂使百姓輟耕廢織 流亡相繼 自今租稅征賦 宜用舊法."

(Goryeo's name for Gaeseong) ("Sega Vol. 1, Taejo 1 in the *History of Goryeo*),³⁴ and a reorganization of provincial markets occurred as part of the policy to regulate wealthy and powerful provincial clans.³⁵

From this, things were reorganized into a material flow system with a capital city in the center and provincial and prefecture markets in the provinces coexisted. This overcame the disconnection between the official markets hitherto established in major cities in the capital and the provinces, as well as suggesting the possibility that the networks for material flows are mutually connected through the provincial system. Moreover, there is a possibility that the relative importance of the Heo Markets in the provinces, based on their functioning as strongholds for the material flow of provincial powers at the end of Silla, is bigger in the civilian domain as compared to that of the official markets in provincial cities in mid-Silla. There is, however, the limitation that the markets were not centered around the producers because these were official markets into which government power interfered in the form of provinces and prefectures as government apparatus. This seems to have been overcome with the formation of provincial markets in the sixteenth century (Yi Geyong-sik 1987).

A summary of this article is as follows. The trading of goods that were considered equal in value began in the Neolithic Age, and was a reciprocal exchange between communities. Moreover, the act of exchange began between two groups rather than between individuals within the same group, and the chief of the community initiated trade. This situation continues in a more consolidated form after the Bronze Age when community order is dissolved and political society is formed. The form of leading powers, however, changes to regional groups or the chieftain class of small states, and political and diplomatic characteristics in external trade become more prominent.

It seems that the appearance of civilians as occupational merchants, no matter how insignificant, occurred as mankind entered the Iron Age. They were of the wealthy class who accumulated wealth through trading and were also called *homin* or *daega*. This class participated in external trade until the beginning of the ancient states, but their activities became restricted to the domain of domestic commerce as the centralized royal family slowly monopolized the rights to

34. “二年春正月 定都于松嶽之陽 創宮闕 置三省六尚書官九寺 立市廛辨坊里 分五部置六衛.”

35. Evidence of the actual conditions and the reorganization process of the material flow economy in the provinces and the characteristics of the Heo Market at the end of Silla and the beginning of Goryeo will be prepared in the future.

external trade. As well, sovereignty in ancient times attempted to seize not only external trade but also domestic commerce as well as reorganizing the system of centralized authority. However, the domain of civilian material flow persistently maintained its existence.

Originally, a *shi* (市, market) was a place where the most important meetings of regional groups were held and where diverse activities such as official business, justice, and redistribution were carried out. Incidental exchange did occur during the process of taxing and redistributing items used in sacrificial rituals, and commercial transactions grew in each locality as the production of merchandise and the material flow of goods developed outside the *shi*. This was then absorbed as part of the state order with the establishment of official markets during the Three Kingdoms period. The sovereignty in ancient times that had monopolized external trade after the establishment of the system of centralized authority took control over the two domains of trade by controlling the domain of domestic commerce through the official merchant and the official market system.

In the case of Silla, conversion from priesthood to *pumju* became systematized at some point in time after the reign of Cheomhae isageum to the beginning of the *maripgan* period, and *pumju* emerged as the first government financial institution. The warehouse facility, the powerful economic foundation of regional groups, of specific regions was established as the “*sigeup*” (食邑) or “stipend villages” (祿邑, land given to government officials as salary) of high-ranking noblemen instead of being incorporated into the state’s financial organization after a system of ordinance was created in the sixth century.

From mid-Silla, the “*changbu*” (倉部, a government office of finance) created the structure of left warehouse and right warehouse, which collected taxes from goods coming in from all directions and distributed operating expenses as well as pay the centralized government *bu* (political units based on regions and tribes), noblemen, and bureaucrats after the unification of the Three Kingdoms. Furthermore, the high-ranking noblemen of Silla probably sold agricultural and stock products from privately operated workshops, farmsteads, or ranches through agents. Some of the products were exports abroad. It seems that noblemen and the *homin* who succeeded traditional *homin* or *daega* led the commerce in distant places with small-sized merchant groups until the middle of the Silla period.

Surplus products from civilian manufactures had to be procured without incident before anything else in order for commerce concentrated in official markets

to have been active. It became difficult to satisfy such a precondition in the late Silla period, however, because the farmer and handicraft manufacturing class collapsed, which led to difficulty in collecting tax.

The downfall of the direct manufacturing class brought about a reduction in the activities of official merchants, but the domain of civilian commerce grew because the commoners who experienced the downfall engaged in commerce. And the commercial activities of the *homin* class that started at the beginning of the Three Kingdoms period continued. Although they cannot be called occupational merchants, noblemen and monasteries assisted in encroaching upon the material flow system led by the state by participating in commerce with their own autonomous production organizations.

Civilian markets emerged in the capital city as civilian commerce became active, and the autonomy of the official markets increased so that they broke away from the control of the state. The sphere of civilian commerce not only expanded its territory in domestic commerce but also entered into external trade as of the end of the middle period. As can be seen in the example of Jangbogo, commoners from the province sometimes led external trade, especially at the end of Silla. This is different from the situation where the domain of state material flow controlled domestic and external commerce until the mid-Silla period. Provincial forces that maintained their independence in various locations at the time became a substitute for the material flow system led by the state during the Three Kingdoms and Unified Silla period not only by participating in domestic and external trade but by forming autonomous networks for material flow based on political and military backing and collected taxes in the regions which they ruled.

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Classics

Historical Records of the Three Kingdoms (三國史記)

The History of the Three Kingdoms (三國志, *San-kuo-chi in Ch.*)

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