Most Chinese regard the Tang dynasty (618–907) as the highpoint of imperial China, both politically and culturally. The empire reached its greatest size prior to the Manchu Qing dynasty, becoming the center of an East Asian world linked by religion, script, and many economic and political institutions. Moreover, Tang writers produced the finest poetry in China’s great lyric tradition, which has remained the most prestigious literary genre throughout Chinese history. But like most other dynasties that endured for centuries, this was also an age of transformation. The world at the end of the Tang was quite different from what it had been at the beginning, and the dynasty’s historical importance is a consequence of the changes that took place during that time.

The military conquests and brilliant poetry that Chinese have traditionally celebrated occurred in the first half of the Tang dynasty. The imperial court never recovered from a cataclysmic rebellion in the middle of the eighth century, and within a few decades Chinese statesmen and authors were already writing of a golden age in whose shadow they now dwelled. Glorification of the Tang’s early achievements in politics and art increased in later dynasties. With all of China or its northern half controlled by non-Chinese peoples for most of the empire’s subsequent history, the Tang became the last great “Chinese” dynasty. This idea (which dismissed the militarily weak Ming dynasty) ignores the fact that the Tang ruling house was—both genealogically and culturally—a product of the frontier “barbarian” culture that dominated northern China in the fifth and sixth centuries.

For historians, especially in the West, the second half of the Tang is in many ways more interesting than the first. The break marked by the An Lushan rebellion in 756 was a pivotal moment not only in the fortunes of the dynasty but in the entire trajectory of China’s development. The Japanese historian Naitō Torajirō argued that the long transition from the Tang to the Song that began in the mid-eighth century marked the shift from “medieval” to “early modern” China. While it is dangerous to impose Western periodization on Chinese history, substantial scholarship since Naitō has confirmed his essential hypothesis. The Tang dynasty’s abandonment of key economic, military, and social institutions after the An Lushan rebellion, its reconfiguration of the empire’s cultural geography, the expansion of trade relations with the outside world, and the invention of new artistic forms to deal with this changing world were the initial steps that began to distinguish later imperial China from what had come before.

The first element in the transition was the abandonment of institutions whose origins could be traced back to the collapse of the Han dynasty, in A.D. 220. At the beginning of the Tang, the official landholding pattern, at least in the north, was the equal-field system, which periodically redistributed state-owned land to families who held and worked it. Associated with this landholding system were levies in grain, cloth, and labor service exacted according to a fixed standard from all households that received land. The military system inherited by the Tang combined foreign nomadic forces and professional soldiers at the frontier with elite military households organized into a regimental army concentrated around the capital, Chang’an. The capital itself, as well as other major cities, was divided into walled residential wards, with trade largely restricted to specified markets. Society was dominated by a small number of families at the highest level who had enjoyed empire-wide prestige for centuries, as well as a lower level of regionally eminent households. All of these inherited institutions were eliminated during the second half of the dynasty, except for the dominance of the great families, which ended with the fall of the Tang itself, at the beginning of the tenth century.
The overarching pattern of these changes was the loss of state control over property and subjects, coupled with rising commercialization and urbanization. After the An Lushan rebellion, the state abandoned its early efforts to regulate land ownership, and it largely replaced its family-based military system with professional soldiers. As spatial restrictions on trade in cities broke down, urban life shifted toward the late imperial model in which commercial establishments intermingled with residences along noisy city streets. New market towns grew up throughout the countryside to facilitate an increasingly commercialized system of agriculture dominated by a new class of brokers and tradesmen. Meanwhile, elite families linked their status and livelihood to the fortunes of the state through its examination system for imperial office, only to disappear when the Tang collapsed. The examination system itself, however, survived and prospered under subsequent dynasties.

A second step that differentiated the late Tang from the dynasties that preceded it was the emergence of a new cultural geography. In the centuries between the collapse of the Han and the rise of the Sui in 589, a succession of states had opened up the Yangzi River's drainage basin on a large scale, as well as regions farther south. After the marshy lowlands were drained, this newly developed region, with its reliable rainfall, began to achieve higher agricultural productivity than the Yellow River basin in the north, which had been the heartland of ancient China. The Yangzi region also boasted better water transport for shipping bulk commodities, which facilitated interregional trade and, consequently, local specialization. The Grand Canal—the crowning achievement of the short-lived Sui dynasty—transported grain, principally rice, all the way from the south to Chang'an in the northwest. While the population of the south in the late Tang was still somewhat lower than that of the north, the government’s loss of control in much of the Yellow River basin after the An Lushan rebellion resulted in the Yangzi valley becoming the economic and fiscal center of the empire. This prototype of a demographically, culturally, and economically dominant south that was controlled—for strategic reasons—from a capital in the north lasted for the rest of imperial Chinese history.

In a third shift toward the pattern of later imperial China, Tang merchants restructured trade relations with the outside world. To the north and west, Tang China continued to deal politically with nomadic confederacies and city-states, and overland trade proceeded intermittently along the ancient "silk roads" when these routes were not disrupted by the rise of the Tibetan state. But it was the numerous natural harbors of the fertile south that facilitated overseas trade in the late Tang. Much trade went eastward to Korea and Japan, as it had in the preceding centuries, but substantial new commerce developed with maritime Southeast Asia, India, and the Persian Gulf. This sea-based trade in bulk commodities tied China to an emerging world economic system—a pattern that would continue throughout later imperial China despite the Ming dynasty's abandonment of state-sponsored maritime expeditions. New commercial opportunities induced many foreign merchants to settle in major Chinese cities and also initiated a Chinese diaspora across Southeast Asia and far beyond.

Increased trade and the commercialization of cities encouraged the fourth transformative step in the Tang, the emergence of major new literary genres. The first half of the dynasty culminated in the High Tang golden age of lyric verse, as epitomized in the writings of Wang Wei, Li Bo (Bai), and Du Fu. The greater freedom and moral seriousness of these early Tang writers was facilitated by a shift of the center of artistic production away from the court—which emphasized a decorous, artificial style of composition—out into the greater capital and other major cities. This expansion of poetry's geographic range continued in the later Tang, when new genres of verse dealing with the joys and sorrows of urban life emerged in the brothels and pleasure quarters of Chang'an and beyond.

In the same period, several authors developed the critical prose essay into a major literary form. The most notable examples were produced by writers associated with the Confucian scholar and philosopher Han Yu, who spent much of their careers exiled from the capital to local administrative centers. And in the last century of the dynasty, authors who would become recognized as part of China's literati tradition first crafted fictional narratives as a means to explore the relationships and interior lives of Tang men and women, as they made their way through an increasingly complex world.