



THE CH'ING SALT MONOPOLY: A REAPPRAISAL

by

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Abstract

This essay begins with a survey of the research that has been done on the traditional Chinese salt monopoly, one of the most important sources of revenue to the Chinese state. The most influential work on this subject in English has been two articles by Dr. Thomas Metzger. Dr. Metzger puts forth what may be called the "optimistic" interpretation of the monopoly's functioning; he argues that the Chinese government was capable of regulating commerce so as to yield significant amounts of revenue, and capable of effectively instituting reforms in the face of changed conditions. He uses as his example Liang-huai, the largest of the eleven districts into which the salt monopoly was divided, during the years 1740 to 1840.

This paper seeks to dispute Dr. Metzger's conclusions with regards to Liang-huai. It uses as its primary sources the writings of various officials of the ching-shih 經世 (practical statecraft) school of thought, who were intimately concerned with the problems of the salt administration. It also makes use of the standard collections of memorials of important officials to the court, as well as secondary sources to provide historical background from earlier dynasties.

Beginning with a description of the functioning of the salt monopoly in Liang-huai, the thesis continues with an examination of Liang-huai during the eighteenth century, when it was at the height of its prosperity. The successful functioning of the monopoly at this time does much

to justify Metzger's confidence in it.

However, beginning about 1800 there was a decline in the efficiency of the monopoly. Less revenue was received by the state, salt smugglers increased their activities until they were the source of supply for half of Liang-huai's customers, and most of the old salt merchant families went bankrupt. The thesis deals at length with the two main causes of this decline, the relentlessly rising price of salt and the rapidly rising population, which together made it difficult for an impoverished peasantry to afford this vital product. This chapter then concludes by pointing out the danger salt smuggling posed to the dynasty, since rebellious secret societies drew much of their strength from the ranks of the smugglers.

Thomas Metzger points to the ticket system, instituted by T'ao Chu, governor-general of Kiangsi, Kiangsu, and Anhwei, in 1832, as a striking example of how capable officials were able to make basic reforms in the monopoly. However, this paper concludes that the ticket system was essentially a failure, since it eventually resulted in the revival of the very system of hereditary merchant monopolies it replaced.

The thesis concludes by examining the basic dilemma of salt administration: in order for salt to yield a great amount of revenue to the state its price would have to be high enough to encourage smuggling. A possible solution would be to partially replace high salt taxes with other sources of revenue, preferably the land tax. Metzger fails to deal satisfactorily with this basic dilemma, and

in his "optimistic" appraisal of the salt administration fails to sufficiently distinguish between its successful functioning in the eighteenth century and its failure in the nineteenth.

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Dr. Edgar Wickberg

Table of Contents

I. Introduction	1
a) The Salt Monopoly: A Description	7
b) The Partial Success of the Eighteenth Century	18
II. Collapse of the Salt Administration in Liang-huai	
a) Extent	24
b) Causes	30
c) The Transport Merchants and the Problem of Smuggling	57
d) The Problem of Imperial Security	62
III. Proposals for the Reform of the Salt Monopoly	76
IV. Conclusion	94
Footnotes	108
Bibliography	118
Glossary	121

List of Maps

I. Salt Administration District	
Boundaries	13
II. Places Mentioned in the Text	14
III. Kiangsu Province	15

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I. Introduction

Throughout the last thousand years of imperial history the salt administration was one of the most important organs of the Chinese government. Since at least the Ming Dynasty the salt monopoly provided the second largest portion of national revenue, next to the land tax.¹ Nevertheless the study of this branch of government has generally been neglected by scholars. While several works have been written in Chinese dealing with the salt monopoly those that have been surveyed for this essay have tended to be written in the traditional "scissors and paste" style, providing an exhaustive account of the salt laws while neglecting the social and economic background to their functioning.² A more analytical study, and perhaps the best so far produced, is a book written by Saeki Tomi concerning the Ch'ing salt administration.³ That work, however, was not readily available during the writing of this paper.

No full-length study of the monopoly as it existed before 1911 has been written in English. A monograph written by Ho Ping-ti in 1954 does not deal with the salt administration as a whole, but focuses on the salt merchants and why they were unable to develop a "modern" variety of commercial capitalism along European lines. Ho maintains that Ch'ing regulations prevented those merchants who transported salt from expanding their markets, and so they were content to invest their capital in conspicuous consumption and other non-productive

areas.⁴ Perhaps the most influential articles on this subject have been two written by Dr. Thomas Metzger.⁵ In evaluating the success or failure of the salt monopoly it is essential to critically examine the work done by Dr. Metzger.

Since the study of the entire salt administration over a period of centuries would be impractical in a short essay Metzger has chosen to limit himself to the Liang-huai district of the monopoly during the eighteenth and nineteenth centuries. There are several reasons why Metzger should choose this part of China for his research. Liang-huai was the largest of the eleven districts into which the salt monopoly was divided, comprising most of the six provinces of Kiangsu, Kiangsi, Anwhei, Honan, Hunan, and Hupeh. By the early part of the nineteenth century the provinces of Kiangsi, Hunan, and Hupeh, which were Liang-huai's richest markets, alone had a combined population of about seventy million people. The enormous size of this region made it one of the severest tests of the Ch'ing state's ability to effectively organize commerce.⁶ Moreover, since Liang-huai was the largest district source materials for its study would be comparatively plentiful.⁷ In addition, the wealth of this part of China made it the center of official interest. Those methods or reforms which worked well here tended to be imitated in other parts of the empire.⁸

Derived from his study of Liang-huai, Metzger has put

forward what we might call the "optimistic" interpretation of the functioning of the salt administration. While admitting that the system was not completely efficient he praises the Chinese state's "impressive commercial capabilities", even where it faced its most difficult challenges.⁹ Metzger is, however, quick to note that this has not been the traditional interpretation. He criticizes the work of earlier scholars by saying:

"... what work has been done has focused only on the dysfunctional aspects of these activities (those of the Liang-huai merchants and officials). Distinguished experts on the salt administration, such as Tso Shu-chen, Ho Wei-ning, Chou Wei-liang, and Tseng Yang-feng, have deplored the Liang-huai merchants' great power, saying it was used to corrupt the whole administration of the monopoly... Indeed, since at least Ming times the monopoly has had the reputation of being hu-t'u (in a mess)... and officials often contemptuously lumped together as pi (corrupt practices) both complicated fiscal adjustments and dishonest practices. This hyperbolic outlook has been largely due to the normative, policy-oriented approach of scholars and officials within the Chinese tradition, who were rightfully more interested in doing away with bad practices than in nicely weighing functional against dysfunctional factors. Saeki Tomi's valuable book (1962) similarly stresses dysfunctional factors and ignores much data in the Liang-huai salt gazetteers concerning the various routine adjustments through which the state tried to counter dysfunctional tendencies."¹⁰

Metzger believes that the Ch'ing court was able to effectively use economic and police powers to make the operation of the monopoly more efficient.¹¹ He points out the significant amount of revenue that salt taxes yielded.¹² Finally, Metzger holds that major reform of the salt administration was possible, and uses as his illustration the striking success of the "ticket system" (p'iao-fa), which was intro-

introduced into Liang-huai after 1830. No doubt the apparent success of the ticket system, coming after a period of difficulty in the Liang-huai administration, seems to Metzger to justify his optimistic appraisal of the salt monopoly, and makes the period of history covered in his essays an attractive one for him to study. The ticket system, as well as several of Metzger's more specific proposals, will be discussed in greater detail later.

In discussing whether or not Metzger's optimistic appraisal of the salt monopoly is justified it is essential that we make clear our grounds for judging it a success or failure. This has been done by Edmund Worthy, who in his study of the Southern Sung monopoly writes "Ultimately the only yardstick for measuring the effectiveness of controls in the salt monopoly is the prevalence of illicit salt production and sales".¹⁴ In other words, if a large proportion of the population received their salt from smugglers, who paid no taxes to the government, then the monopoly must be judged a failure. However, Worthy also notes that as long as revenue continued to pour into the government coffers, a moderate amount of smuggling might be tolerated.¹⁵ It seems, therefore, that the salt monopoly must be judged first and foremost on whether the government was satisfied with the tax revenue it yielded, and secondarily on the prevalence of illegal sales. A third standard for deciding whether the monopoly was functioning properly would be the prosperity of the

merchants licensed by the government to enter the salt trade. During the Ch'ing Dynasty the state was dependant on merchants for the transport and sale of salt. If these merchants did not have the capital to finance salt shipments or went bankrupt, then there would be no way for legal salt to reach customers, and the market would be thrown open to smugglers.

We now turn our attention to Liang-huai, the district chosen by Metzger for his research. This study, too, will concentrate on Liang-huai, so as to provide a close basis of comparison to Metzger's own conclusions. If we use these three standards, then, to judge the operation of the salt administration in that part of China, the monopoly must be judged at least a partial failure, and Metzger's evaluation of its performance is open to doubt. Although the salt monopoly achieved a measure of success in the eighteenth century, by the year 1830 it was on the verge of collapse. There was a general agreement that the amount of taxes collected was well below the quotas set by the government, smugglers moved at will throughout the Liang-huai area, and most of the old merchant families had gone bankrupt. In fact, one may question whether the revenues yielded by the salt administration in the nineteenth century were worth the danger to the dynasty involved in collecting them. Since the T'ang Dynasty salt smugglers had served to swell the ranks of those who rebelled against

against the imperial court. This, in addition to the three standards of evaluation mentioned above, is perhaps the most damning indictment against the traditional salt administration.

The body of this essay will deal in some detail with the criticisms I have made against the salt monopoly and Metzger's interpretation of its success. Before beginning, however, with a description of the mechanics of the production, transport, and sale of salt in Liang-huai it is well to warn the reader concerning one of the problems involved in dealing with Chinese history before the twentieth century. This is the problem of statistics. In general, when collecting taxes or dispensing funds for various purposes, Liang-huai treasury officials did not carefully distinguish between the so-called regular and miscellaneous taxes (cheng-tsa-k'o).¹⁶ In fact, it was not even felt necessary to know exactly how much total revenue Liang-huai yielded. In defending his reforms of the salt administration the statesman T'ao Chu used one set of numbers, his opponents an entirely different set.¹⁷ This confusion was engendered largely by the ad hoc nature of the salt taxes. In addition to the regular and miscellaneous taxes numerous other fees and payments were demanded of the merchants, many of doubtful legality. Although estimates concerning sales of salt were offered with greater accuracy than statistics regarding taxation, it is clear that when dealing with Ch'ing financial administration

numbers should be used with caution.¹⁸

a) The Salt Monopoly: A Description

Salt has been used throughout history both as a seasoning and a preservative, and under normal conditions to maintain health a person must consume four to twelve pounds of it a year. The Chinese, however, consumed more of it than usual, since those who live on a diet of grain must use more than those peoples that eat meat.¹⁹ Part of the difficulty with the salt administration, as Edmund Worthy has suggested, may stem from the fact that salt is not the best product in which to have a monopoly. Although as a biological necessity people are forced to purchase salt no matter what the price, this also means that in times of scarcity people will use any means, legal or illegal, to get it. Unlike the oil currently controlled by the OPEC monopoly, salt does not require expensive machinery to produce it or large ships to transport it, and so it is relatively difficult for a government to ensure that the total supply is under its control.²⁰

According to legend it was Kuan Chung, minister to the Duke of Ch'i during the Spring and Autumn period, who first thought of a monopoly of the sale of salt as a source of government revenue.²¹ However, China actually owes the salt administration as an institution to Emperor Wu of Han. Around the year 120 B.C. the censor Chang T'ang advocated the creation of a monopoly in salt and iron to pay for Emperor Wu's expensive military campaigns.²² After a checkered career during the next several centuries the monopoly was

revived by the T'ang Dynasty financial experts Ti-wu Ch'i and Liu Yen, who faced the urgent task of putting the country together again after the rebellion of An Lu-shan. From then on the salt monopoly became an accepted arm of the imperial government, the system in use in Liang-huai and most other portions of the empire having developed from the "shipment method" (kang-fa) created by the late Ming official Yuan Shih-chen.²³

The importance of the salt administration to the imperial finances cannot be underestimated. In the military crisis at the beginning of the Southern Sung Dynasty salt virtually supported the armies single-handedly.²⁴ Not only was the salt administration the supplier to the state of the second largest portion of its revenue by the Ming Dynasty, as we have seen, but there was also a marked tendency for dynasties to grow more, not less, dependant on salt revenue as time went on. Beginning as a mere temporary expedient in time of rebellion the salt taxes eventually supplied half the revenue in cash of the T'ang Dynasty.²⁵ In the year 1578 the income from the salt monopoly accounted for about one quarter of total revenue; by 1600 the declining state of Ming finances had raised this figure to one third.²⁶ The seemingly greater reliability of salt revenue, it must be admitted, does much to justify Metzger's confidence in the salt administration's effectiveness. This question of the reliability of the salt monopoly as opposed to other methods of taxation will be discussed in more detail toward the end of this essay.

The salt administration retained its importance as a source of revenue during the Ch'ing Dynasty. At the beginning of the nineteenth century the salt monopoly yielded five or six million taels of revenue to the central government out of a total budget of 40 million taels. The Liang-huai district alone supplied 2,200,000 taels. It must be noted, however, that this sum, large as it was, was only a fraction of the total wealth that Liang-huai produced, most of which never reached the central government.²⁷

The headquarters of the Liang-huai administration was located at Yangchow, at the junction of the Grand Canal and the Yangtze River. This organization was headed by a chief salt commissioner, usually a Manchu of the Imperial Household Department, until 1831, at which time it was taken over by the governor-general of Kiangsi, Kiangsu, and Anhwei. Under this official was a staff of about thirty-seven, not including various private secretaries and informal advisors, who were responsible for managing the salt administration treasury, keeping records, and so forth. In addition to his own staff the chief salt commissioner frequently co-operated with the regular provincial and local officials (especially the governor-general of Hunan and Hupeh) in such matters as the catching of smugglers. Attached to most of the provinces in the Liang-huai area was an official called a salt taotai, whose special job this was.

Liang-huai itself was divided into two large admini-

strative districts, Huai-nan and Huai-pei, of which the former was much more important, with a yearly shipment quota of about 1,600,000 yin of salt (the yin was a unit of weight of shifting value, equal to 400 catties in 1830) compared to 290,000 yin for Huai-pei. As regards the production of salt Liang-huai was divided into three branch offices (fēn-ssu), T'ung-chou, which administered nine production areas (ch'ang, yards), T'ai-chou, eleven yards, and Hai-chou, three yards, the last district being synonymous with the production areas of Huai-pei.

Each yard was administered by a salt receiver (yēn-k'o ssu-ta-shih), and covered a large area, perhaps fifty square miles in all. This was because the yards included not only manufacturing works (t'ing), but also agricultural land, since most salt workers were farmers as well. Indeed, the actual manufacture of salt was limited to about four months of the year. In Huai-pei salt was produced by evaporating sea water in specially-prepared ponds, while in Huai-nan the water was boiled on stoves. During the Ming Dynasty the occupation of salt worker (tsao-hu) was hereditary, but during the Ch'ing these men were gradually bought out by wealthy "yard merchants" (ch'ang-shang). Sometimes salt workers and yard merchants owned manufacturing facilities in common.

As regards the transport and sale of salt Liang-huai was further divided into three main areas. Certain counties near the yards were supplied by peddlers, often the poor, widows, or orphans, who by law paid no tax. Other areas

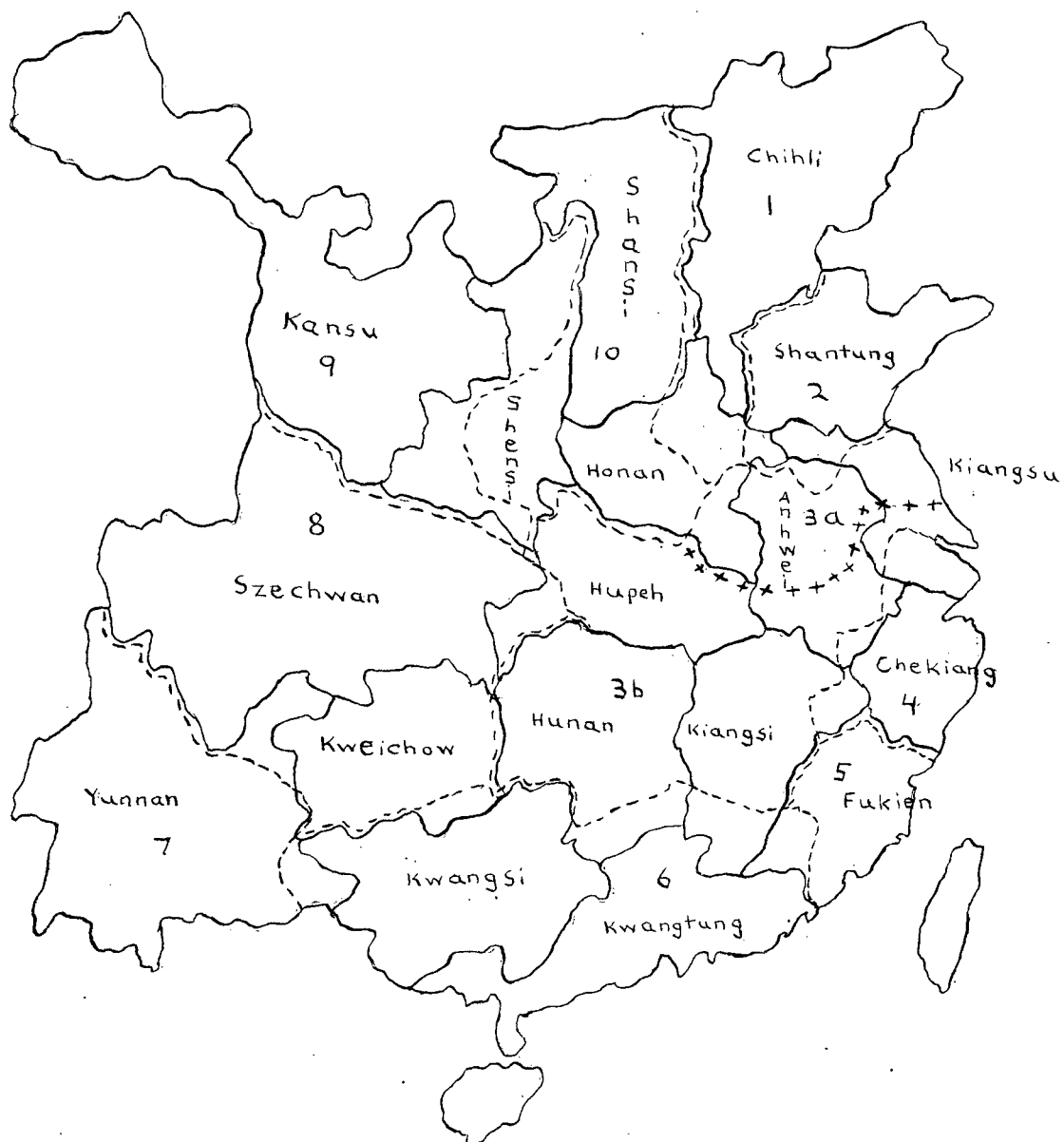
in Kiangsu province, where all the Liang-huai yards were located, were designated nearby ports (shih-an). At these places taxes were kept to a minimum so that prices might be lowered and smugglers, who might easily be supplied with salt from the nearby yards, be discouraged. Most of the Liang-huai markets, however, were called kang-an (distant ports). The Huai-pei distant ports were located in Anhwei and Honan provinces, and were reached via the Huai river. The Huai-nan distant ports, by far the most important markets, were located in Anhwei, Kiangsi, Hunan and Hupeh, and used salt shipped up the Yangtze.

One of the chief reasons for the existence of the yard merchants was to serve as convenient intermediaries between the thousands of small salt producers and the wealthy transport merchants (yun-shang). The latter usually received their salt from the yard merchants at Yangchow, and paid their taxes at this time. Under the system developed by Yuan Shih-chen those who paid their taxes in advance received the hereditary privilege of selling salt. Because this privilege could not be transferred to other families it was called ken-wo, or "rooted nest", although eventually a system developed whereby licenses to sell salt might be leased to others for a period of one to five years.

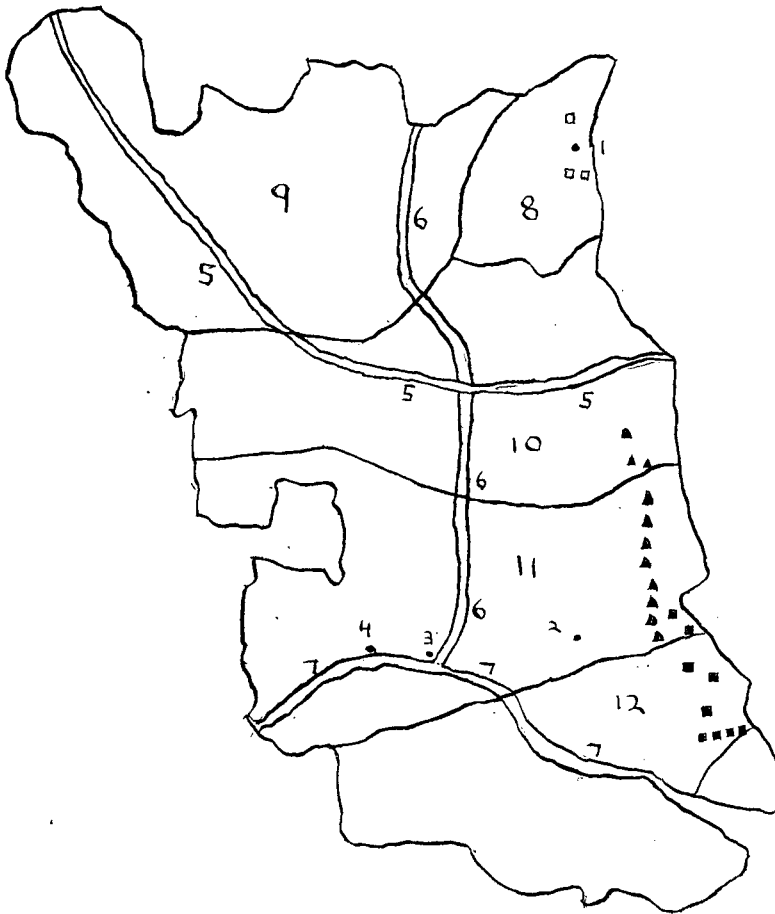
During the K'ang-hsi reign difficulties involved in the supervision of the merchant community resulted in the creation of head merchants (tsung-shang), who guaranteed the ability of the other merchants to pay their taxes.

These head merchants numbered about thirty, as opposed to the small merchants (san-shang), who at their height in the eighteenth century numbered about two hundred. It must be noted at this point that the number of people involved in the work of the salt monopoly was enormous. Metzger estimates that by 1800 the total number of salt workers, transport merchants and their associates, boatmen, etc. added up to 400,000 men.²⁸ It would clearly have been very difficult for thirty-seven officials to supervise so many people. The head merchants provided vital assistance in managing at least those among the monopoly personnel who were engaged in the transport and sale of salt. Incidentally, one should not be confused by the various titles used, since during the eighteenth century even a "small merchant" would probably be a very wealthy man.

Although some transport merchants were assigned certain districts in which to sell their salt most merely transported it as far as the large cities, Nanch'ang in Kiangsi and Hankow for that salt that was going to Hunan and Hupeh. From there it was picked up by the so-called water merchants (shui-fan), who sold it to the retail shops in the various localities. In general, transport merchants were not allowed to ship salt to any other place other than that to which they were assigned, unless permitted to do so by the government. Also, except in extreme emergencies, shipping of salt entirely outside the boundaries of Liang-huai or from one district of the salt monopoly to another was strictly forbidden. Having described in outline the structure of the Liang-huai salt







— District Boundary

== Waterway

□ Hai-chou Yards

▲ T'ai-chou Yards

■ T'ung-chou Yards

Guide to Maps

p. 13 Salt Administration District Boundaries

- | | |
|-----------------|-----------------|
| 1. Ch'anglu 長蘆 | 6. Kwangtung 廣東 |
| 2. Shantung 山東 | 7. Yunnan 雲南 |
| 3.a. Huaipei 淮北 | 8. Szechwan 四川 |
| b. Huainan 淮南 | 9. Shenkan 陝甘 |
| 4. Liangche 兩浙 | 10. Hotung 河東 |
| 5. Fukien 福建 | |

The eleventh district, Fengt'ien 奉天, comprises the three provinces of Manchuria and is not located on this map.

Source: Chiang Tao-chang. "Salt Consumption in Ch'ing China", Nanyang University Journal, Vols. 8 & 9 (1974/5), p. 68-9.

p. 14 Places Mentioned in the Text

Note: Since prefectural boundaries are difficult to determine, the located of the prefectural capital is usually given instead.

- | | |
|--------------------|--------------------|
| 1. Yangchow 揚州 | 9. Ho-fei 合肥 |
| 2. Chen-chiang 金真江 | 10. Feng-yang 鳳陽 |
| 3. Hankow 漢口 | 11. Shou-chou 壽州 |
| 4. Nanch'ang 南昌 | 12. Hsiang-yang 襄陽 |
| 5. I-ch'ang 宜昌 | 13. I-cheng 儀隴 |
| 6. Ching-chou 荊州 | 14. Waichow 惠州 |
| 7. Soochow 蘇州 | 15. Chen-hai 金真海 |
| 8. Sung-chiang 松江 | |

Source: Chung-hua jen-min kung-ho kuo fen-sheng ti-t'u chi (A collection of maps of the People's Republic of China arranged by province). Ti-t'u ch'u-pan-she (Map Press),

1974.

p. 15 Kiangsu Province

1. Hai-chou 海州
2. T'ai-chou 泰州
3. Yangchow
4. I-cheng
5. Yellow River
6. Grand Canal
7. Yangtze River
8. Hai-chou Independent District
9. Hsu-chou 徐州 Prefecture
10. Huai-an 淮安 Prefecture
11. Yangchow Prefecture
12. T'ung-chou Independent District
通州

Note: Kiangsu south of the Yangtze is not divided into districts on this map.

Source: Thomas Metzger. "The Organizational Capabilities of the Ch'ing State in the Field of Commerce: The Liang-Huai Salt Monopoly, 1740-1840", in W.E. Willmott ed. Economic Organization in Chinese Society. Stanford: Stanford University Press, 1972, p. 12.

administration, we will now turn to its operation in the eighteenth century, when the functioning of the monopoly was closest to its official ideal.²⁹

b) The Partial Success of the Eighteenth Century

The period from the final pacification of the country under K'ang-hsi during the 1680's to the outbreak of the White Lotus Rebellion in 1796 has generally been seen as the high point of the Ch'ing Dynasty, and of the salt monopoly as well. As one author put it,

"At the beginning of the Ch'ing... the whole country was at peace. The population was increasing rapidly, and therefore the number of customers for salt. Salt quotas were generally oversold, while taxes were light. The merchants were making a profit, and few abuses had crept into the system."³⁰

Thomas Metzger agrees with this traditional interpretation. Of the one hundred years that are his special study he labels 1740-1805 the period of "prosperity", while 1805-30 is "increasing difficulty", and 1831-40 "partial recovery".³¹ Surely anyone who holds that the Ch'ing salt monopoly functioned effectively must point to the eighteenth century with special pride.

There is, in fact, much evidence to back up this traditional view. As we have mentioned before, the chief standard for judging the monopoly a success was the amount of revenue it generated for the government. Under the reign of Ch'ien-lung not only were salt taxes collected in their entirety, but in order to satisfy the needs of an expanding population the salt commissioner Chi-ch'ing requested that salt from next year's shipment be sent to the market in advance. Between 1746 and 1803

no less than 7,054,000 yin of salt above the regular quota were sold in this manner, the equivalent of over three yearly shipments.³² Nor did the rapid rate of sales, and therefore the generation of revenue, diminish toward the end of the century. As late as 1792 in Hunan and Hupeh quotas were oversold by almost 103,000 yin, while over 18,000 extra yin were sold in Kiangsi.³³

Not only were government demands for taxes satisfied but the merchant community as well prospered. Ho Ping-ti suggests that between 1740 and 1788 transport merchants as a group earned a yearly profit of no less than five million taels, far more than the central government received.³⁴ Using as his measure of comparison the contributions made by merchants to the imperial treasury Ho noted that between 1738 and 1804 the Liang-huai merchants handed over more than 36 million taels, compared to the less than four million taels received from the Cohong merchants over a similar period of time.³⁵ As the latter monopolized the entire European trade of the empire it can be seen that the Liang-huai transport merchants were very wealthy indeed.

The effects of vast wealth can be seen on a personal level as well. Those of the merchants who had pretensions to culture patronized great scholars and built up vast libraries, while those who did not indulged in conspicuous consumption on a grand scale.³⁶ Moreover, access to the best libraries and tutors enabled the sons of the Yangchow merchants to move with relative ease into the government bureaucracy. Between 1646 and 1802 the three hundred or so yard and transport

merchants produced no fewer than 139 holders of the chin-shih degree, and 208 holders of the chu-jen degree, for passing the metropolitan and provincial civil service examinations, respectively.³⁷ This tremendous vitality of the merchant community attests to the orderly and successful function of the salt administration.

Nevertheless, even during the eighteenth century there were numerous difficulties involved in the operation of the monopoly. It is well to examine these in some detail, since they contain the seeds of the large-scale breakdown of the salt trade during the next century. A memorial by the Grand Secretary Chu Shih written about 1730 describes eight major problems that Liang-huai officials faced:

1. The boundaries between the various districts of the salt administration were irrational. For example, Chen-chiang prefecture used salt from Chekiang, even though it was closer to the Liang-huai yards than some districts that used Liang-huai salt.

2. The yard merchants would use various pretexts to cheat the impoverished salt workers, who in order to make ends meet would have to sell some of their salt to smugglers.

3. Due to the rigid division of the salt monopoly into districts, people would be forced to buy their salt from retail shops belonging to one district, even though those in another district might be closer.

4. Salt prices in areas close to the yards were too high, forcing people to turn to illegal salt for relief. While Chu felt that large smugglers operating in distant

areas were easy to apprehend, the countless petty traders within one hundred li of the yards were impossible to deal with.

5. As salt prices rose the people would cut down on their consumption. Hence the quotas of salt to be sold in many areas were too high. Chu blamed high prices on the various payments and bribes demanded by officials.

6. Many swindlers and men of doubtful means were entering the salt trade (since the merchant community was hereditary I assume this refers to those who leased ken-wo). Chu suggested that only substantial and respected merchants be permitted to ship salt.

7. Although the price of salt was fixed by law provincial officials would protect the merchants and allow them to raise prices at will.

8. Many small or remote villages had no retail shops where salt was sold, forcing people to do without or travel long distances to buy some. Honest people should be given licenses permitting them to sell salt in their home villages.³⁸

From this memorial two main concerns of thoughtful officials may be discovered. First of all, many already felt that prices were too high or were becoming too high for peasant consumers. As this trend continued into the nineteenth century the hard-pressed peasantry was forced to turn ever more frequently to smugglers for its supply of salt. These smugglers were Chu's second worry. His first point, implying that in some areas salt might be purchased more cheaply from other administrative districts

of the monopoly, signalled the beginning of a problem that was to grow completely out of hand by 1830, namely lin-ssu (smuggling from neighbouring districts). Already no province in the Liang-huai area was immune. A 1734 edict mentioned smuggling into Kiangsi and Honan from the Chekiang and Tientsin areas, while Hunan and Hupeh received illegal salt from Kwangtung and Szechwan. The emperor angrily criticized the lack of diligence among the soldiers and co-operation among provincial governors, and urged them to consider catching smugglers their most important duty.³⁹ However, as Chu stated, this problem was most severe in those places nearest the yards.⁴⁰ Here the tactic of lowering prices in the nearby ports to combat smuggling was a complete failure. Those provinces at a somewhat greater distance, such as Kiangsi and Anhwei, suffered somewhat less from smuggling, while faraway Hunan and Hupeh were relatively free of this problem. To get away from the illegal competition the transport merchants tended to avoid the nearby provinces and seek out the latter.⁴¹

The inability of the government to eliminate smugglers prompted the beginning of a debate among officials into methods of reforming the monopoly so as to improve its performance. Already from the debates in the Huang-ch'ao ching-shih wen-pien (Collected statecraft essays of the current dynasty) we can see that the major schools of thought of the nineteenth century have taken shape. The Tientsin taotai Cheng Tsu-ch'en urged that salt be taxed at the yards rather than when it was received by the trans-

port merchants, in imitation of the method of the T'ang statesman Liu Yen.⁴² This proposal won the favour of many officials. Lu Hsun, a President of the Board of War, urged that salt prices be reduced so that consumers would not be forced to buy from smugglers, a view later held by T'ao Chu, greatest of the late Ch'ing reformers in this field.⁴³

The various schools of reform will be discussed in greater detail toward the end of this paper. The concern of many perceptive officials reflected their uneasiness with the functioning of the salt administration even at its height. To sum up, then, while our criteria of full collection of taxes and a healthy merchant community seem to show that the monopoly was working properly during the eighteenth century, the persistent problem of smuggling shows that all was not well. The stage was set for the dramatic deterioration of the salt administration after the end of the Ch'ien-lung reign (1795).

II. Collapse of the Salt Administration in Liang-huai

a) Extent

In describing the increasingly inefficient functioning of the salt administration from the beginning of the nineteenth century on we will begin with a statistical survey of the extent to which the administration was failing to solve the three key problems of securing sufficient revenue, combatting the illegal trade, and maintaining the health of the merchant community. We will then examine two inter-related causes of the monopoly's poor performance: rapidly rising salt prices which made it almost impossible for consumers to afford this vital product, and rising population which encouraged many to enter the illegal trade in an effort to earn a livelihood. After a detailed discussion of the threat this illegal trade posed to the security of the dynasty and its relation to the activities of secret societies, our conclusion will sum up the argument so far.

The 1830's saw a series of major reforms of the Liang-huai system. It was clear to all by the beginning of this decade that the monopoly was in serious trouble. As the official Ch'ing history stated, "At that time in Liang-huai smugglers grew daily more numerous, and the salt administration grew daily more disordered."⁴⁴ Sales of salt were down dramatically. Of ten yearly shipments from 1821 to 1830 the equivalent of only 5.7 shipments were sold in Huai-nan, while only 3.4 shipments were sold in Huai-pei.⁴⁵ In 1830 only 520,000 yin of salt were sold in Liang-huai, less than one third of the official quota. Even more

alarming was the accumulation of back taxes owed by the salt merchants. By 1830 this tax debt had reached 57 million taels of silver in Huai-nan, and six million in Huai-pei.⁴⁶ In an 1828 memorial the Liang-huai salt commissioner Fu-chu-lung-a estimated that merely to service this vast debt would require that the transport merchants pay 1.6 million taels annually above and beyond the regular quota of about four million taels. He requested that the payment of back taxes be postponed, and that merchants only be required to pay the sums immediately owing.⁴⁷ It is doubtful whether even this would have been possible for the exhausted merchants.

Not only was the salt administration unable to supply the government with revenue, but this failure was also of fairly recent date. As late as the 1790's, as we have seen, sales of salt were proceeding briskly in the ports. Within perhaps thirty years this situation had completely changed. T'ao Chu paid witness to the suddenness of the collapse of the salt administration when he remarked,

"From the last years of Chia-ch'ing (about 1815) on sales in the salt markets stagnated... By the tenth year of Tao-kuang (1830) the transport system had collapsed and could not be revived."⁴⁸

Thomas Metzger has examined several of the factors which led to reduced sales in Liang-huai, but maintains that the decline of the monopoly should not be exaggerated.⁴⁹ Although he does not go on to elaborate this statement he would seem to imply that the "impressive commercial capabilities" of the Ch'ing state were not limited to the prosperous period of the eighteenth century, although he is quick to admit that

difficulties did develop after about 1805. It is difficult to say what degree of inefficiency one would permit in a large bureaucratic organization before concluding that on the whole it was not working properly. However, it clear that officials such as T'ao Chu considered the performance of the salt monopoly completely unacceptable.

The decline in regular sales of salt and the resulting flow of taxes to the government was paralleled by the marked growth of illegal sales. As we have mentioned before, at no time was the salt monopoly entirely free of smugglers. However, by the 1830's smuggling had passed far beyond the level of a minor irritant. Metzger estimates that by the 1830's no less than half of the salt sold in Liang-huai was sold illegally.⁵⁰ A contemporary expert, Pao Shih-ch'en, was even more pessimistic. He held that seventy to eighty percent of the villages in Liang-huai used smuggled salt.⁵¹ T'ao Chu stated in a memorial that only a dozen or so prefectures in Kiangsi, Hunan, and Hupeh actually used large amounts of government salt, the rest receiving theirs from smugglers (it will be noted that not every prefecture in these provinces was located in Liang-huai; some by law used salt from other districts of the monopoly).⁵² No wonder taxes were in default, when only a few districts had to shoulder the entire burden for almost six provinces.

The growth of smuggling in absolute amounts was matched by its spread over a wider geographical area. As we have seen, smuggling in the eighteenth century took place largely in those areas near the yards, with lin-ssu being a secondary

problem. One official, writing about 1730, complained that while Kiangsi suffered from lin-ssu Hunan and Hupeh were free of this problem, since they were far away from neighbouring production areas in Kwangtung and Szechwan.⁵³ Sales figures seem to support this point of view. As late as 1825 Hunan and Hupeh reported full quotas of salt sold, while Kiangsi and other provinces had serious shortfalls. However, by the late 1830's this situation had changed markedly. The famous statesman Lin Tse-hsu, writing as governor-general of Hunan and Hupeh, reported that, "The routes by which lin-ssu enters Hunan and Hupeh are more numerous (than in other provinces)". The districts of I-ch'ang and Ching-chou suffered from smuggling from Szechwan, Pao-ch'ing and Heng-chou received salt illegally from Kwangtung, and so forth. Although sales had picked up in recent years and full quotas once again were being sold there was still over 400,000 yin remaining from former years in the warehouses of Hankow.⁵⁴ To sum up, then, the rapid infiltration of the provinces of Hunan and Hupeh by smugglers, largely but not totally a product of the last ten years, was another serious indication that by the 1830's the salt administration was not working as it should.

One of Thomas Metzger's most powerful arguments in favour of his "optimistic" thesis concerning the efficiency of the salt administration was the supposed ability of officials to creatively use administrative decisions to solve various problems.⁵⁵ He seeks to apply this point of view to the problem of smuggling from neighbouring districts of the

monopoly. He takes note of the criticism of Chu Shih that many of the boundaries of the various districts were irrational, but argues that officials were able to take action to remedy this situation. He points to the case of several prefectures in Kiangsi, which, during the late seventeenth century, were switched back and forth from Kwangtung to Liang-huai on the grounds of economic rationality (such as providing new markets for expanding Kwangtung production).⁵⁶ Indeed, officials were quick to argue for more rational boundaries. A 1791 memorial cited various problems, such as the case of Chien-ch'ang prefecture in Kiangsi, which was located over 2000 li from the Huai-nan yards, but only 200 to 300 li from various places in Fukien, and hence suffered from the influx of more cheaply-transported Fukien salt.⁵⁷

However, the results of these appeals were not always as promising as Metzger implies. Although Hunan and Hupeh did not suffer seriously from lin-ssu until the 1830's there were already minor difficulties of this sort by about 1800. Hence Lin Tse-hsu, writing around 1837, complained that memorials from that time requesting that irrational boundaries be changed did not receive imperial approval, and so many districts in those two provinces still suffered from lin-ssu decades later.⁵⁸ In any event, by Lin's time the problem of lin-ssu had long since passed the point where it might be solved by altering a few boundaries. If Pao Shih-ch'en, writing about 1829, was correct when he claimed that smugglers were present in seventy percent of the

villages of Liang-huai, then to attempt to eliminate lin-ssu by shifting a few districts from one area to another would be like putting a band-aid on a cancer. This seems to be a real flaw in Metzger's argument.

The loss of so many districts to smugglers inevitably had a serious impact on the merchants whose job it was to transport salt. As we have seen, during the eighteenth century the transport merchants numbered somewhat over two hundred, and were fabulously wealthy. By the 1830's, however, T'ao Chu's assistant Yü Te-yuan estimated that there were only ten or twenty families left with sufficient capital to undertake salt shipments.⁵⁹ T'ao himself came to much the same conclusion.⁶⁰ In fact, many areas were virtually abandoned to smugglers, since there were no longer any merchants to service them. Pao Shih-ch'en reported that in these areas officials would make use of such temporary expedients as selling salt captured from smugglers.⁶¹

Various attempts were made to alleviate this problem, but they proved largely ineffective. During the 1840's salt belonging to those merchants who went bankrupt was distributed among the remaining merchants. However, some officials complained that these merchants would go bankrupt in their turn under the increasing load, while others would evade their responsibilities by having the salt that should have gone to them registered under fictitious names.⁶³ Moreover, not only did the transport merchants suffer increasing financial difficulty after 1830, but it also became almost impossible to recruit the shui-fan, who serviced

the individual districts, or to find retail salt shops in some towns and cities.⁶⁴ In short, both the local and regional Liang-huai transport network was breaking down, and the merchants' place being taken by smugglers. In fact, it is the collapse of the community of transport merchants which illustrates most dramatically the difficulty in which the Liang-huai salt monopoly found itself. Although legal sales by 1830 were still probably half of what government quotas stipulated, this decline was still sufficient to drive the vast majority of transport merchants out of the trade.

b) Causes

The most basic and fundamental cause of the decline of the Liang-huai salt administration was an inexorable rise in salt prices, which made it more and more difficult for the consumer to afford this vital product. Numerous official statements bear witness to this fact. Research by Ho Ping-ti, based on a detailed examination of salt prices at Hankow by Ch'ing officials, put the price of one yin of salt at about 7.1 taels in 1740 and 12.0 taels in 1788. Lin Tse-hsu, writing in the late 1830's, estimated the price at fourteen taels.⁶⁵ Other officials chose not to consider the price in taels of silver, but rather to measure it in the copper cash actually used by the people. An essayist named Kuo Ch'i-yuan, writing probably around 1730, put the price of salt in Hunan, Hupeh, and Kiansi at ten to twenty cash per catty. However, T'ao Chu, writing a century later, put this figure at sixty to seventy

cash, or as much as eighty or ninety cash in remote villages.⁶⁶ That this was a heavy burden on the peasantry cannot be denied. Pao Shih-ch'en noted in 1838 that a farmer wishing to buy a package of salt (somewhat over seven catties) would have to exchange for it no less than a hundred catties of grain (or its equivalent in money), which would otherwise have gone to feed his family.⁶⁷

It is important to realize that the actual cost of producing the salt was relatively little. T'ao Chu held that this was less than ten cash per catty, only a fraction of the market price. Both Kuo and T'ao placed the blame for high prices on transport costs and especially the numerous taxes the merchants were forced to pay, all of which added to their total capital investment.⁶⁸ Transport costs, though, actually were lower in Liang-huai than elsewhere. Pao Shih-ch'en noted that the transport merchants merely shipped their salt down the Yangtze, while smugglers seeking to enter the Liang-huai zone faced expensive land routes and formidable natural barriers.⁶⁹ Therefore, in our discussion of salt prices we will concentrate on the Ch'ing taxation system (or lack of system). It will be noted that with the vast majority of his investment going to the government the merchant was under enormous temptation to bypass the administration entirely, and buy salt illegally directly from the producers.⁷⁰

Not only were heavy taxes largely responsible for the rapidly rising price of salt, but as we have seen most of this tax revenue did not go to the central government.

The various miscellaneous taxes and payments that did not go to the state were labelled by officials "excessive fees" (fou-fei). T'ao Chu estimated that these fees might be five times as much as the regular tax.⁷¹ Metzger, however, seems to disagree. He concludes, "... informal and illegal levies would seem to have been much less than the formal ones, and accounts of the corruption of salt officials must have involved considerable hyperbole".⁷² There is no doubt some semantic confusion here, as fou-fei need not have meant bribes. Yet Metzger himself admits that millions of taels of salt revenue did not go to the central government. Such an unwelcome situation from the court's point of view is damaging to Metzger's conclusions regarding the high efficiency of the salt administration, and is suggestive of what the Chinese called "the man in the middle has a full stomach (chung-pao)". This meant of course that while the people paid a great deal of taxes and the government received little, the various clerks and officials took in the lion's share of the revenue.

Since the various fou-fei provided a major impetus for rising taxes, and since these in turn were largely responsible for pushing up the price of salt, it is worthwhile to examine some of the most important of these fees in some detail. These tend to reveal a pattern: the creation of more and more irregular taxes as time went on, and the increasing burden of those taxes that were already in existence. It is important to remember that at the beginning

of the dynasty only regular taxes existed, since a 1645 decree had abolished the numerous taxes levied by the Ming court to pay for military expenses.⁷³

One of the most important of the fou-fei was the payment involved in transferring the right to sell salt. As we have seen, the ken-wo privilege was hereditary but might be leased to others by those merchants who did not wish to take the risks involved in actually transporting salt themselves. It is estimated that by 1740 about half of those involved in the transport of salt were leaseholders. As with many other payments the value of ken-wo rose steadily over the years. A merchant who paid .5 or .6 taels per yin in 1650 would pay 1.6, 2.0, or even 2.5 taels in 1740. There even grew up at Yangchow a group of men who would speculate on the value of ken-wo.⁷⁴ Although the price of ken-wo was eventually fixed by the government at one tael per yin this limit was not always obeyed in those years when the salt trade was doing well.⁷⁵ One authority has even concluded that often the value of ken-wo was more than that of the regular taxes; again, this contradicts Metzger's deemphasis of the place of informal payments in the salt administration.⁷⁶ T'ao Chu finally abolished the practice of leasing ken-wo in 1831, as he felt that those merchants who did not actually transport salt themselves were parasitical.⁷⁷

Another item of fou-fei was the interest owing on loans from the government, called t'ang-li (treasury profits) or t'ang-hsi (treasury interest). It had frequently been

the case that when merchants had found themselves short of capital they would borrow money from the salt administration's treasury, or indeed be compelled to do so by the officials.⁷⁸ By the 1830's the yearly interest exacted from the merchants had reached 700,000 taels. T'ao Chu even complained that merchants at the present time were paying interest on loans taken out by their ancestors decades before!⁷⁹ Although the payment of t'ang-li, unlike other of the irregular taxes, did benefit the government to some degree, it also hastened the collapse of the transport merchants and needlessly raised the price of salt.

Another item of fou-fei that was of some benefit to the central government was the so-called pao-hsiao or "efforts to return the imperial grace". These were contributions made by merchants to the state in the face of such urgent needs as military expeditions, famine relief, or large public works projects.⁸⁰ Although merchant contributions to the government were not unknown earlier, it was not until about 1730 that pao-hsiao became an established practice.⁸¹ Altogether the Liang-huai merchants contributed a total of 28,500,000 taels during the Ch'ien-lung reign (1736-1795) and 8,900,000 taels during the Chia-ch'ing years (1796-1820), while merchants from other districts of the salt administration contributed proportionately smaller sums.⁸² Enormous as these amounts seem, they might not have strained the salt merchants' resources if collected at steady intervals. The difficulty was that pao-hsiao was needed irregularly in large lump sums to deal with pressing

problems, thereby cutting into the immense amounts of capital necessary to transport a year's shipment of salt. For example, in 1792 the Liang-huai merchants paid four million taels toward military campaigns in Nepal, while in 1795 two million taels went toward crushing a Miao rebellion in Kweichow.⁸³ Although the total amounts of pao-hsiao may not have been as great after Ch'ien-lung died there was a tendency as time went on for it to be collected in larger lump sums.⁸⁴

The collection of pao-hsiao had many bad effects besides besides cutting into the merchants' working capital. It also resulted in direct price increases for the consumer. T'ao Chu reported that from 1808 to 1818 the price of a package of salt was increased by .023 taels due to pao-hsiao involved with flood control work, and from 1826 to the beginning of 1830 there was a similar increase of .003 taels due to flood control and military expenses.⁸⁵ Moreover, as in the case of treasury loans, interest from merchants' borrowing to pay for pao-hsiao would still be collected years later, adding to their debt load.⁸⁶

Another item of fou-fei was the so-called hsia fee. The word hsia originally meant a small box for holding one's calling card when one made an official visit, and so came to mean money paid for entertaining officials and other costs of local administration. There is evidence, however, that much of this money was appropriated in transit by the head merchants.⁸⁷ Like many other irregular taxes, hsia payments tended to rise in spite of government efforts to prevent this.

A 1740 memorial put these payments at about 130,000 taels annually, while another official writing a century later claimed that after 1830 greedy local officials set a quota of 700,000 taels per year for Hunan and Hupeh and 400,000 taels for Kiangsi, far above the legal limit of .4 taels per yin.⁸⁸ Although these last figures seem very large, and may be exaggerated, the upward trend is nevertheless plain.

Of all the fou-fei, the item that appears to have been the largest, although it attracted surprisingly little official comment, was the so-called "funds to manage public affairs" (pan-kung). Managed by the head merchants, these fees were collected on such pretexts as being necessary to maintain the harbours at Yangchow and Hankow, and were said by T'ao Chu to amount to over two million taels annually.⁸⁹ Indeed, fees and payments, many of which have not been mentioned here, seem to have been extracted under any convenient excuse. One called the yueh-che, for example, usually provided the head merchants with over 100,000 taels income each year, although its supposed purpose was to support the sons of impoverished merchants.⁹⁰ It is difficult to see how a government office that depended on close co-operation with a group of officially-licensed transport merchants could operate efficiently when those merchants were being exploited at every turn.

Having noted the pattern whereby irregular salt taxes increased both in number and amount over the years, contributing directly to the rising price of salt, the question now becomes: how was this possible? Why was it permitted?

Although a definitive answer is not possible without more exhaustive research, two factors seem to stand out. First of all, items of fou-fei seem to have undergone a process of "legitimization", whereby taxes that were formerly considered illegal or improper were gradually accepted as time went on. T'ao Chu explicitly blamed this situation for the ever-increasing tax burden, which eventually cost the government revenue when hard-pressed merchants could no longer pay. He wrote,

"At the beginning of the dynasty regular taxes of the Liang-huai system were only 900,000 taels... Afterwards the salt fees, hsia fee, and chieh-sheng payment (presumably another item of fou-fei) etc. all changed from bribes (lou-kuei) to regular tax items... By the Ch'ien-lung reign (the tax load) had already reached four million odd taels, and after the twentieth year of Chia-ch'ing the total of regular and irregular taxes finally reached over eight million taels annually. From this time on taxes fell more and more into arrears." ⁹¹

T'ao's words are echoed by a modern authority, who wrote of the officials collecting illegal fees "a repeated habit would become an entrenched abuse, and an entrenched abuse would become a legal precedent" (chi hsi ch'eng pi, chi pi ch'eng li). ⁹² There seems to have been a psychological principle at work here, whereby what once was criminal after a time ceased to shock.

Another influence seems to have been at work as well. During the prosperous period of the eighteenth century the salt monopoly seems to have been regarded as the goose that laid the golden eggs. As one modern author put it, "When salt sales exceeded the government quotas the officials and merchants all regarded this as a fountain of profits" ⁹³ (li-sou). Even when conditions worsened this kind of

thinking still prevailed. In 1778, for example, an official named I-ling-a requested that salt prices in Hunan, Hupeh, and Kiangsi be raised, in spite of the fact that sales in the last couple of years had not been going well. His request was refused by the court.⁹⁴

All this has a bearing on Metzger's "optimistic" appraisal of the fairness of the salt tax system. The "informal and illegal levies" that he discounts were in fact numerous, although officials may have considered them a proper supplement to their income. Moreover, the "fountain of profits" psychology was bound to prove harmful in the end, as T'ao Chu has indicated. Officials continued to demand payments even though merchants were no longer able to make them. If the merchants could no longer pay their taxes this defeated the whole purpose of the salt administration, which was to provide the government with revenue.

Who profited, then, from the imposition of so many irregular taxes? As we have seen, many people benefitted, such as the central government, local officials, and the head merchants. No doubt this is the reason these taxes were tolerated for so long. In discussing the massive tax burdens the merchants faced and the resulting decay of the salt administration, the role of the head merchants was crucial, and so our analysis will concentrate upon them.

Two developments increased the harmful influence of the head merchants. First of all, as time went on the head merchants tended to cease actually shipping salt them-

selves. On the one hand, some of them went into less risky enterprises, such as the rice trade, silk trade, pawnshops, etc.. Some of them engaged in smuggling salt, and so avoided taxation. On the other, various head merchants and officials became "financiers", providing capital to those small merchants who actually transported salt. The control of the enormous capital outlays required to carry on the salt trade gradually came into their hands.⁹⁵ Pao Shih-ch'en has described how, during the Ch'ien-lung reign, the Liang-huai merchants established a "hall for managing capital" (wu-pen t'ang) to handle the funds required for the salt trade. This was supervised by several wealthy and capable head merchants. Later, however, funds were loaned out instead from the treasury of the salt administration, also supervised by the head merchants (possibly in collusion with officials). Now these men could draw on the treasury whenever they wished, and require the small merchants to pay back the money loaned out. Naturally this increased their financial difficulties.⁹⁶

Another development was the growing tendency of head merchants to live off their management of fou-fei. We have seen how part of such items as the hsia fee was deducted as it passed through their hands. T'ao Chu was especially bitter about this, and remarked, "The head merchants generally sit and use the salt fees. They are called salt merchants but do not transport salt. They are just parasites in the salt administration."⁹⁷ This situation also tied in with their management of the treasury. If they

wished to make a contribution of pao-hsiao, and thereby gain government favour, they would borrow from the treasury and leave it for the small merchants to pay the money back.

Since the head merchants kept no clear financial records, the government was kept in the dark concerning their dealings.⁹⁸ Moreover, the prominent scholar Pao Shih-ch'en seemed to feel that items of fou-fei owed the head merchants had priority over the regular taxes owed the government.⁹⁹ Once a small merchant paid his miscellaneous taxes he might have very little left. However, a modern authority, Ho Wei-ning, disagrees with Pao, claiming that the regular taxes were always paid first.¹⁰⁰ On this point it is difficult to determine what actually took place.

The head merchant-financiers had great power over the small merchants for two reasons. First, since each small merchant required a head merchant to guarantee his payment of taxes, the former were dependant on the latter. The second reason was the small merchants' enormous need for capital. An 1840 memorial noted that the amount of capital they available to the transport merchants did not exceed five or six million taels, even though T'ao Chu had a few years earlier estimated that to ship a year's quota of salt required no less than twenty or thirty million taels.¹⁰¹ Merchants' lack of capital forced them to resort to such expedients as buying salt from the yards on credit. Of course, the salt producers would then be reluctant to part with their salt, preferring to sell it to smugglers who paid cash.¹⁰² With merchants being forced each year to borrow millions of

taels of silver from head merchants and officials is it any wonder that many went bankrupt? Metzger is willing to admit the corruption of the head merchants, although he prefers to stress that officials were generally unable to deal with commerce effectively without their aid.¹⁰³ If we grant this is true, though, would not the indispensability of the head merchants make it harder to deal with them when they borrowed money fraudulently, exploited the small merchants, or engaged in smuggling and other abuses?

So far we have examined how various kinds of payments demanded by the head merchants and others were instrumental in increasing the rate of taxation on salt, and therefore its price to the consumer. Several other factors were also involved which hurt the transport merchant when the time came to pay his taxes. In Liang-huai taxes were generally paid by the merchants before the salt was actually shipped, which was not the case in other districts of the monopoly.¹⁰⁴ It can easily be seen that if the merchant did not have a great deal of capital accumulated from previous years he would be forced to borrow to pay his taxes. In addition, whenever officials found themselves in urgent need of funds, such as when their annual fiscal report (tsou-hsiao) became due, they would urge the merchants to pay their taxes immediately, whether they were ready or not.¹⁰⁵ Surely the arbitrariness of tax collection, when a merchant might be compelled to pay the regular taxes or some miscellaneous fee at any time, would make rational planning of the salt trade difficult indeed.

Another difficulty faced by the transport merchants involved a regulation which forbade the cancellation of tax debts in the salt administration. Even if the merchants were unable to sell their salt, the taxes on it still had to be paid. Hence the price of the salt that was sold rose still more, since it had to cover the total tax burden, and cheaper smuggled salt became more attractive to the consumer.¹⁰⁶ T'ao Chu complained bitterly about this point, remarking,

"If there is drought or flood in any locality (land taxes) may be legally cancelled or postponed. However, Liang-huai taxes have many urgent uses; not only may they not be cancelled, but they may also not be postponed. They must be collected on schedule, even in famine years."¹⁰⁷

T'ao here seems to be referring to the fact that many local government offices relied on Liang-huai funds to operate, and might memorialize the court if this money was not forthcoming.¹⁰⁸ Metzger, however, takes issue with this statement, noting that tax debts were in fact cancelled in a de facto manner on several occasions.¹⁰⁹ The writings of Ch'ing officials on this subject, though, leave one with the impression that the enormous debt accumulated by the merchants over decades could not be shrugged off. We have already mentioned the memorial of salt commissioner Fu-chu-lung-a, which stated that as of 1828 merchants were already paying back over 1,600,000 taels of back taxes yearly, in addition to their regular quota. Pao Shih-ch'en noted in 1826 that merchant debts totalled over 50 million taels.¹¹⁰ T'ao Chu requested in 1831 that this enormous debt not be paid back until some time in the future when the

salt administration had recovered some of its former vitality.¹¹ Although Metzger may be correct when he states that tax collection might be postponed in an emergency, there seems to be no doubt that the Board of Revenue eventually expected all the taxes that were owing to it. The merchants, in fact, were already paying this debt.

Before we conclude our lengthy discussion of salt prices with a study of what they meant to the consumer, one other influence on the price of salt must be taken into account. This was a drastic rise in the value of silver vis-a-vis coppercash. Lin Tse-hsu noted that whereas transport merchants would pay taxes and buy salt at the yards in silver, their customers would invariably buy salt with copper coins. 0.3 taels, formerly worth only 300 cash, were now worth 420 or 430.¹² T'ao Chu's unofficial advisor Wei Yuan, writing at a somewhat later date, was even more pessimistic: he stated that the price of silver had doubled since the Ch'ien-lung reign, the period of the monopoly's greatest prosperity.¹³ As we have seen, while the wholesale price of salt at Hankow in 1788 was 12.0 taels per yin, by the late 1830's this figure had only risen to fourteen taels. We may conclude, then, that after about 1800 most of the increase in the price of salt to the consumer was actually due to the rising price of silver, the increase when measured in silver taels being relatively small, while before that date most of the increase was due to the sharply rising taxes mentioned before.

Having discussed some of the reasons for the high

price of salt in the early nineteenth century, we must now ask what this meant to the consumer. How much of a man's income would he spend on this regulated commodity? Lin Tse-hsu has estimated that by the late 1830's each individual would spend somewhat less than one copper cash each day on salt, or about 1400 cash annually for a family of four."⁴ Immanuel Hsu, a modern authority on late Ch'ing history, calculated that immediately after the Opium War an agricultural labourer or house servant in South China would be paid about 10,000 cash a year, or about five taels of the inflated silver of the day."⁵ It can be seen that to provide his family with salt might take a considerable portion of a poor man's income.

Other writers differ somewhat from Lin in their cost estimates. Pao Shih-ch'en felt that a yin of salt, or 400 catties in 1838 when he wrote, would supply the needs of forty people for a year."⁶ This estimate of ten catties per person is somewhat less than the thirteen a modern geographer uses as the figure for the annual salt consumption of the average Chinese."⁷ At any rate, a family of four would, according to Pao, consume one tenth of a yin of salt annually, or 1.4 taels worth. This figure is staggering. Since a poor labourer earned only five taels a year (this figure might be somewhat higher in the Yangtze valley), to buy one product, salt, for his family would consume almost one third of his yearly income. Perhaps the situation was not as bad as that, since other members of his family would work, and his actual consumption might be closer to Lin's estimate

than to Pao's. Nevertheless, the price of salt was very high, and a poor peasant had tremendous incentive to buy cheaper smuggled salt if he could.

Whatever the price of salt in Liang-huai, there is no doubt that it was much cheaper in other districts of the monopoly. Although exact price figures are not available, Lin Tse-hsu has provided plentiful data on the tax rates in other provinces. Assuming a rough equality in the rising value of silver in the provinces bordering Liang-huai, it would be differences in tax rates that would make the most difference in the price of salt to the consumer. Hence a package of Szechwan salt weighing 135 catties paid at most .134 taels of tax, while a similar amount of Liang-huai salt paid 1.3 to 1.4 taels. A ming of salt from Shansi (120 yin) paid 100 taels of regular and miscellaneous taxes, compared to 480 taels in Liang-huai. Lin cited similar discrepancies for Kwangtung salt.^{"8} Differences in the price of salt, caused by steep tax differentials between regions, were the root cause of the problem of lin-ssu, which by the 1830's had infected the majority of the prefectures in the six Liang-huai provinces. T'ao Chu, writing in 1834, stated that in general smuggled salt was only half the price of legal salt.^{"9} Against this sort of competition many transport merchants had to bow out, even though they were backed by the police power of the state.

Not only was smuggled salt cheaper, because of course smugglers did not pay any of the innumerable taxes required of the regular merchants, but it was also of better quality.

It was a long-standing complaint of officials that the merchants adulterated their salt with sawdust, dirt, and so forth, while the smugglers sold clean, pure salt.¹²⁰ As salt was sold by weight if less of their product was actually salt the merchants of course made a greater profit on each yin sold. As the smugglers sold cheap, clean salt it is not surprising that they were often very popular among the peasantry, many of whom would help them to escape arrest.¹²¹

In his discussion of rising salt prices Thomas Metzger notes that the eighteenth century was a period of general inflation. Were increases in the price of salt justified when viewed in terms of the economy as a whole? Metzger points out that while the price of a catty of salt in Hankow rose from .0119 taels in 1691 to .0344 taels in 1788 the price of a bushel of fine rice in Yangchow, for example, rose from somewhat over .8 taels in 1697 to over 4.8 taels in 1786, a much larger increase.¹²² High grain prices meant that the wages of the salt workers would have to increase as well. If farmers received a high price in return for their grain, they could also afford to pay high prices for salt.

There are several difficulties with this argument. First of all, the price of salt rose chiefly in response to the addition of new taxes and the inflated price of silver, not because high wages among the salt workers drove up the price of production. Although the price of salt at the yards ^{to} did rise dramatically, from about two ten cash per catty in the one hundred years from 1730 to 1830, this was still

a fairly low price compared to the sixty or seventy cash the consumer actually paid.¹³³ Metzger claims that the rise in taxation of about 100% from 1730 to 1795 (two to four million taels) was not unreasonable, considering the massive inflation of the day. Indeed, this may help explain why the salt administration was able to function so well during the eighteenth century. However, after 1800, as Metzger admits, there were rapid increases in the tax quotas that were not economically justifiable.¹³⁴ Moreover, it was only after about 1825 that the rising price of silver became most severe.¹³⁵ As we have seen, during the latter stages of the salt monopoly's decay inflated silver rather than rising taxes was the chief reason for the rise in salt prices.

In addition, the price of salt cannot be strictly compared to the price of grain. First of all, since salt was a monopoly commodity, and therefore heavily taxed, its price was artificially high. Essential to health as it was, there is no reason economically that its purchase should consume such a large portion of a poor family's income. Secondly, the salt administration faced the problem of the illegal trade, which the grain trade did not. It was physically possible for smugglers to supply half of the salt consumed in Liang-huai; similar bulk transport of grain to millions of people would have been impossible. A legal price of ten cash per catty, which is all the salt really cost to produce, would have driven the smugglers out of business, but to eliminate all taxation would of course have meant

have meant the end of the salt monopoly. The fact of monopoly itself made the price of salt too high.

The problem of smuggling, which was closely tied to the rapidly rising price of salt, was also intimately connected with the rapid and unprecedented growth of population that took place during the first two centuries of the Ch'ing Dynasty. Admittedly imperfect figures put the population of China at about 143,000,000 in 1740 but no less than 394,000,000 in 1830.¹²⁶ Lin Tse-hsu described the efforts made by the salt administration to keep up with this growth in population. Although the total salt quota of Liang-huai had only been increased from 960,000 yin at the beginning of the dynasty to 1,700,000 yin in the late 1830's, the weight of the yin had been increased as well from 200 catties to 344 catties by about 1730, and finally set at 400 catties in 1831.¹²⁷ If we accept for the time being Lin's estimate that each of the large yin would provide 60 people with salt for a year then the 45,000,000 inhabitants of Hunan and Hupeh, where Lin was governor-general, who used Liang-huai salt would require 750,000 yin annually.¹²⁸ Since the actual quota for those provinces was about 780,000 yin, the salt administration seems to have been able to keep up with the growth of population. This is the view held by Thomas Metzger, who cites concerted government efforts to expand salt production.¹²⁹

Lin, however, did not agree. He concluded, "If one compares the reported population figures with the amount of salt that must be sold I fear there is a deficit (for

the latter) rather than a surplus."¹³⁰ In fact, what seems to have happened was that by constantly increasing the weight of the yin the salt administration had just barely kept pace with population increases, assuming that the entire production quota could be sold. As we have seen, this was rarely the case by 1830. Pao Shih-ch'en, writing about that time, noted that in the face of enormous population growth each year quotas were undersold by 300,000 to 500,000 yin.¹³¹ Moreover, salt quotas did not sell equally well at all places. T'ao Chu, at the end of his career (he died in office in 1839), remarked that in distant ports of Kiangsi, Hunan, and Hupeh sales were still poor, and these areas perennially suffered from lin-ssu.¹³² When distant ports might not easily be reached by government salt, or when for a variety of other reasons salt quotas could not be sold, the rapidly expanding population was forced to turn to smuggled salt to supply its needs. Of course, if we do not accept Lin's figures regarding salt consumption the situation becomes even worse. By Pao Shih-ch'en's estimate (40 people per yin per year) Hunan and Hupeh would require well over a million yin annually, far above what the legal quota could supply.

In addition to making it difficult for the government to supply the people the expanding population caused other problems as well. The amount of arable land in the Chinese Empire only increased from 549 million mu in 1661 to 791 million mu in 1812, a rate of increase far below that of the population.¹³³ Without significant improvements in agri-

cultural techniques lack of land would result in the impoverishment of the countryside. Not only would the poor peasants be unable to afford the high price of government salt, but many of the landless would also be forced to take up smuggling as a method of earning a living. The testimony of Ch'ing officials summed up this problem neatly. Yü Te-yuan, Liang-huai salt controller (yen-yun-shih) and T'ao Chu's chief assistant from 1831 to 1835, noted that, "Because the population of the villages grows daily more numerous unemployed poor people depend for food and ¹³⁴ clothing on salt (smuggling)", while Lin Tse-hsu added,

"Among the people earning a living is difficult. For this reason, wherever profits may be had from salt the poor people all carry it about and go forth in all directions to sell it illegally. Those areas near Szechwan, Kwangtung, and Shansi are all far from the Liang-huai yards and ovens...but neighbouring provinces are just a step away. (Transport) expenses are light and the price is cheap. To order the people to give up what is near and use what is far, give up what is cheap and use what is expensive, is by its very nature difficult to do." ¹³⁵

Lin paints an eloquent picture of a monopoly which its impoverished customers could no longer support.

In addition to the long term problem of population growth there also were problems specific to the 1820's and 1830's, a period of great difficulty for the salt administration. These seem to have been bad years in the Liang-huai region. A certain amount of information may be found on this subject in memorials that Lin Tse-hsu wrote as governor of Kiangsu (March 1832 to February 1837), which give a grim picture of almost continual natural disasters. ¹³⁶ In one case eight counties suffered from floods,

in another four more were inundated.¹³⁷ Summing up his impressions, Lin wrote,

"in recent years in Kiangsu and other provinces there has been almost no year in which taxes were not postponed, almost no year in which relief was not given out...Minor officials privately line their pockets, while high officials only know how to gain a good reputation."¹³⁸

Not only were food crops destroyed, but the loss of the cotton crop would be a severe blow to those districts where the soil was poor, in which over 50% of the people depended on weaving for a living.¹³⁹

Bad weather, of course, was not limited to the first half of the nineteenth century. Several other factors, however, combined to make the lower Yangtze region more susceptible to famine than it had been in former times. First of all, demands on the peasantry tended to increase over time. Lin remarked that in the Soochow-Sung-chiang region grain taxes amounted to 1,800,000 piculs (including 200,000 piculs of grain owing from the last 11 years) in 1832, an unprecedented sum, even though only 60% of the crop had been harvested.¹⁴⁰ Secondly, the gentry, who provided most of the funds for famine relief, were exhausted by the continuing demands on their resources. Although Kiangsu scholars had donated 1,950,000 taels for famine relief during the great famine of 1823, by the year 1831 they could only give 1,420,000 taels, and next time it would be even less.¹⁴¹

Finally, and most important in the long run, was the appalling growth of official corruption, which rendered

any relief measures the court might initiate ineffective. Lin quoted at length from a blistering memorial by the supervising censor Chin Ying-lin, who detailed all sorts of abuses. Yamen clerks would list tradesmen as famine victims in order to embezzle their allotments, adulterate relief grain or give false measure, extort money while inspecting the countryside for bad harvests, and act in collusion with minor gentry or local gangsters (t'u-kun). These latter would foment lawsuits, extort relief tickets (chen-p'iao), or cause disturbances in the homes of the rich (ch'ih ta-hu).¹⁴³ Chin concluded by saying,

"Formerly in Ch'ien-lung and Chia-ch'ing times all cases in which relief funds were embezzled were punished with the full weight of the law. In the past ten-odd years no governor or governor-general has impeached anyone for this reason. How can today's local officials be superior to those of the past? The reason is their superiors are afraid to make accusations." ¹⁴³

Although Lin succeeded to some degree in refuting Chin's claims, nevertheless he himself admitted elsewhere that many officials were less than honest, as we have seen above.¹⁴⁴ There is evidence of a decline in official morality since Ch'ien-lung times, which would render officials almost as much a disaster as the weather. Pressed by bad harvests on one side and corrupt officials on the other, is it any wonder many peasants gave up their hard lives for the more rewarding (if risky) profession of smuggler?

The related problems of smuggling and rural poverty were intimately connected with the management of the yards, the salt production areas. Since the yards were the only

place where salt production was carried out on a large scale, any smugglers who wished to continue their trade had to somehow secure a supply of salt from the workers there who manufactured it.¹⁴⁵ When sales of salt in the ports were going poorly salt piled up at the yards, and there was a tremendous temptation for the salt workers to make a profit by selling some of this to smugglers. Officials were well aware of this. The censor Chiang Hung-sheng, for example, writing in 1844, urged that smuggling be prevented by borrowing a million taels in order to buy up surplus salt.¹⁴⁶ Thomas Metzger has suggested that the prevention of smuggling at the yards was made easier by their "social visibility" i.e. the yards were large, well-defined areas with installations that might easily be watched.¹⁴⁷ However, another authority, Edmund Worthy, does not agree. He holds that since boiling salt from sea water is a simple process that does not require large machinery, the prevention of private salt production was virtually impossible.¹⁴⁸ Although Worthy's study deals with the Liang-che district during the Sung Dynasty, the frequent official complaints of smuggling from the yards seem to indicate that his conclusions hold for the Ch'ing as well.

Rural poverty and growing land hunger affected the yards, because, as we have seen, most salt workers were farmers as well. Thomas Metzger suggests that agriculture provided salt workers with an assured livelihood even when the salt trade was stagnating.¹⁴⁹ Agriculture could provide a cushion for those at the yards when harvests were good,

but the worsening conditions of the 1820's and 1830's suggest that the opposite was also true: workers would sell salt to smugglers to get money to buy food when harvests failed. Certainly salt workers suffered from the same natural disasters that afflicted other peasants. A particularly appalling example was given in a 1724 memorial, which described how 49,000 members of salt worker families died when restraining dikes gave way to pounding surf.¹⁵⁰ It was for this reason that the official Ch'ing history remarked, "If you wish to prevent smuggling from the yards, you must relieve the salt workers, and make strict the regulations concerning them."¹⁵¹

Natural disasters such as floods also meant, of course, that salt production could not carry on as usual. In an 1834 memorial T'ao Chu described how, due to floods and heavy rains, there was insufficient salt produced, and so the price at the yards rose from three to five taels per yin.¹⁵² Besides causing distress for the salt workers, interruptions in production would also raise prices for consumers. Eventually the poor sales and bad harvests forced many salt workers to desert the yards altogether in hopes of earning a better living elsewhere.¹⁵³

Previously we discussed how rural poverty was made worse by the corruption of officials, who impeded the carrying out of necessary relief measures in times of famine. It might be wise here to comment briefly on the role played by the salt merchants in providing relief for the countryside. As befitting their vast wealth, the transport merchants provided funds for a variety of charitable enterprises, such

as orphanages, homes for widows, academies (shu-yuan), and so forth. Many of these enterprises were supported by various of the fou-fei items.¹⁵⁴ Pao-hsiao payments, especially, often went to river conservancy work, which benefitted the agricultural economy. The most striking instance of this kind occurred in 1788, when the transport merchants gave one million taels for flood relief work in Hupeh.¹⁵⁵

These relief measures were helpful to the salt workers as well. Beginning about 1730 the transport merchants were ordered to build charity granaries, many of them at the yards. According to Pao Shih-ch'en, by the 1830's it was becoming difficult to secure enough grain for these facilities.¹⁵⁶ This would no doubt have been caused by the increasing financial difficulties of the merchants. A sort of vicious circle was developing whereby merchants could no longer provide relief for the salt workers, who thereupon sold their salt to smugglers to make additional money, which hurt the legitimate merchants still more.

The salt workers' complaints sometimes threatened to break into open rioting or other forms of disturbance. Indeed, there are accounts of salt workers turning to banditry as far back as Sung times.¹⁵⁷ A more contemporary example involved an 1823 incident. At that time sales at the nearby ports were going poorly, and strict policing was preventing illegal sales (one piece of evidence, incidentally, that does support Metzger's contentions). A noisy if non-violent demonstration by salt workers outside of the various salt administration yamens compelled the viceroy to issue money for their relief.¹⁵⁸

During the Taiping Rebellion the governor-general of Kiangsi, Kiangsu, and Anhwei I-liang urged that help be given the salt workers following the total collapse of the salt trade, for fear that they might rebel or enter into an agreement with the Taipings.¹⁵⁹ A more thorough discussion of the connection between salt policies and unrest in the countryside will follow later in this essay.

Before leaving the subject of the salt workers we should say something about the role of the yard merchants. As we mentioned in our introduction, during the course of the Ch'ing Dynasty independent salt producers were gradually bought out by wealthy merchants. Wei Yuan, writing about 1850, estimated that about 60% of the salt ovens and boiling pans were owned by these yard merchants, while smaller "depot merchants" (yuan-shang) and salt producers owned about 20% each.¹⁶⁰ Ownership by large merchants was beneficial in that they could provide salt producers with capital and serve as intermediaries between the thousands of small producers and the large transport merchants.¹⁶¹

There was, however, another side to the story. The yard merchants would frequently attempt to cheat the salt workers, using a larger than regulation salt barrel or fraudulent weights and measures in order to obtain extra salt. Salt workers would frequently sell to smugglers in order to avoid these exactions, among other reasons.¹⁶² Eventually the depressed condition of the salt trade caught up with the yard merchants. In an 1830 memorial the governor-general of Kiangsi, Kiangsu, and Anhwei Chiang Yu-t'ien stated that many

of the yard merchants no longer had the capital to buy the salt that the workers produced. Chiang requested that 120,000 taels be lent out from the treasury for this purpose.¹⁶³ It is not surprising that at the same time that many transport merchants were going bankrupt the yard merchants also found themselves in financial difficulty.

c) The Transport Merchants and the Problem of Smuggling

So far in our discussion of the collapse of the Liang-huai salt administration we have dealt with the impact of declining tax revenues, increased smuggling, and the bankruptcy of many of the small merchants, as well as describing the chief causes of these developments. All these problems were, of course, closely related. Since one of the most important causes of merchants' distress was the tax burden they bore, it was a natural process by which they sold some salt illegally, thereby evading all taxes but making the smuggling problem all the worse.

There were several ways in which they did this, only a few of which will be mentioned here. Claiming that they needed to compensate for salt spilled in transit, merchants would bribe officials to allow them to carry extra salt, often amounting to 500 or 600 catties in a one yin bag. At other times they would use a heavy catty when weighing the salt that went into their bags.¹⁶⁴ Pao Shih-ch'en made a rough estimate that for every ten catties of legal salt that were carried an additional six catties were transported illegally.¹⁶⁵

Other officials shared Pao's concern with the size of this problem. A scholar named Sun Ting-ch'en, writing in

the 1850's, claimed that smuggling by official merchants was far more serious than that of bandits.¹⁶⁶ If true, this would not have been surprising. In spite of their financial difficulties, for the transport merchants to carry on their trade at all would require millions of taels worth of capital. Petty smugglers could hardly hope to compete in sheer volume of salt transported with such substantial merchants. A modern author, Liu Chun, disagrees with Sun, feeling that lin-ssu was a greater threat to the salt administration than smuggling by merchants, but even he admits that such smuggling was a serious problem.¹⁶⁷

Thomas Metzger, however, concludes that this problem has been greatly exaggerated. He argues that much of the salt found in the merchants' bags was in fact "legally added wastage". Criticism of the merchants came from Confucian officials who were biased against them. T'ao Chu himself stated that before 1830 bags of over 500 catties were "officially allowed".¹⁶⁸ This argument seems to me unsound, and not merely because of the opinion of many authorities (T'ao Chu among them) that merchant smuggling was a serious problem.¹⁶⁹ The difficulty centers on what Metzger means by "illegal". Lin Tse-hsu, as we noted previously, spoke of the weight of the official yin rising to 400 catties, not 500 or 600, by about 1830. If by "legal" Metzger means "officially allowed" or "customary", it was precisely this sort of custom and official that T'ao Chu was complaining about. The question is, admittedly, very complicated. Since virtually every Ch'ing official had to accept fees to supplement his meagre

salary, it is no wonder that certain practices we would call corrupt attained quasi-legal status.

The problem of smuggling by merchants is complicated by the fact that many of the merchants were either unwilling or unable personally to carry on their trade. Instead, the day to day business of transporting salt was left to the "merchants' servants and assistants" (shang-huo shang-ssu).¹⁷⁰ Since the Ch'ing officials rarely wrote of these men, unless it was to complain of their dishonesty, our discussion of their origin and functions will be brief. According to Pao Shih-ch'en, the business of paying taxes at Yangchow was extremely tiresome, involving numerous yamens, clerks, and payments to be made. Rather than go themselves the merchants would send their servants to handle this business.¹⁷¹ A 1793 memorial argued that it would be more fitting if the merchants paid their taxes themselves, or, failing that, two head merchants should be sent to supervise the merchants' assistants and relatives, to ensure that they did not get into mischief.¹⁷² Beyond this it is not known exactly what the servants' and assistants' duties were. Nor are their exact numbers known. Wei Yuan complained that each transport merchant was accompanied by a hundred or so of these hangers-on.¹⁷³ T'ao Chu estimated that the needs of these men, together with interest payments and fees paid at the ports, amounted to over six million taels annually.¹⁷⁴ From this fragmentary evidence we can deduce that the merchants' servants were numerous and expensive, but it is impossible to be more

specific.

The merchants' servants and assistants were accused of all sorts of corrupt practices. They might, for example, engage in shady dealings with clerks in the yamens of the salt officials. As in magistrates' yamens, these men would frequently have a great deal more experience than the regular officials, and would know all the ins and outs of the salt trade.¹⁷⁵ One of the most common complaints against the servants and assistants was that they would fail to pay the crews of the salt boats their proper salaries, and together with the shippers' agents (pu-t'ou) deduct various sums. Sometimes no wages at all were paid, and the crews were given salt instead, which they sold illegally.¹⁷⁶ Boat crews were thereby forced to smuggle to make ends meet. This process was accelerated by other developments. In the eighteenth century large salt boats might carry 3000 yin and small boats over a thousand, and each boat would make two or three trips a year. By the nineteenth century, however, a large boat would only carry 800 or so yin, and a small one 400, and each vessel would only make one trip a year. In addition to this, the portion of the boatmen's wages that was deducted by the shippers' agents was said to have increased several times, and crews were forced as well to spend large sums entertaining the servants. Since wages remained fixed at about one tael per yin per trip it is not surprising that boatmen would seek to illegally supplement their declining real income.¹⁷⁷

Such smuggling by boat crews was, in fact, frequently

carried on with the aid of the merchants' servants themselves.

T'ao remarked angrily that boatmen would

"heavily bribe the merchants' servants, shippers' agents, etc. and thereby plot to load (their boats) with salt. It goes so far that even maids and retainers of the merchants' households are also given monthly presents and payments." ¹⁷⁸

All sorts of other illegal practices were associated with the boat crews. One such practice that caused great concern to officials was "falsely reporting yen-hsiao". The yen-hsiao law allowed those merchants whose boats sunk during storms to replace the salt that had been lost, as well as being reimbursed by the government for the taxes that had been paid on it. One can see that if the salt had not been lost after all it could be sold at a great profit.¹⁷⁹ It was estimated during the late 1840's that the amount of salt lost each year to yen-hsiao came to 30,000 to 50,000 yin, although no doubt some of this was indeed due to the legitimate hazards of navigation.¹⁸⁰ Such underhanded practices were not only a problem to the salt administration, but were also a serious law enforcement problem. The crews of the salt boats were numerous (as many as 30 men to a single boat) and might riot if accused of wrong-doing.¹⁸¹

It is perhaps significant that the merchants themselves were accused of many of the crimes of their servants. Pao Shih-ch'en noted sarcastically that whereas formerly only servants would stoop to practices such as yen-hsiao fraud, now their place was being taken by their masters.¹⁸² A censor named T'u Wen-chun, writing about 1846, agreed, saying that whereas merchants would lend their boatmen capital for smug-

gling operations, if caught they would attempt to put the blame on their subordinates.¹⁸³ In the face of this sort of evidence, it is rather surprising that Thomas Metzger takes the problem of merchant smuggling so lightly. At any rate, the problem of smuggling by those legitimately involved in the salt trade (as opposed to full-time bandits), whether merchants, servants, or boatmen, was by no means an insignificant one. T'ao Chu concluded that well over half the salt boats were engaged in smuggling.¹⁸⁴

d) The Problem of Imperial Security

By the 1830's, then, the salt administration was in such disorder that men such as the salt producers or boat crews might riot or cause disturbances due to acute economic hardship. However, the unsuccessful functioning of the salt administration posed far greater threats than this to the ability of the dynasty to maintain order in the countryside. Throughout Chinese history salt smugglers have served to swell the ranks of those who rebelled against the court, and even to provide the leaders of these rebellions. It is known that the great T'ang rebel Wang Hsien-chih began his career as a salt smuggler. His successor Huang Ch'ao, whose fifteen year uprising virtually destroyed the T'ang Dynasty, came from a family of wealthy salt merchants (it is possible these also took part in the illegal trade), although most of his followers were peasants suffering from famine in Honan.¹⁸⁵

Liang-huai is known to have suffered from smuggling at least as far back as the T'ang. Liu Yen, whose efforts made

the salt administration an important arm of government, established a patrol station in the Yangchow area for the purpose of apprehending such bandits.¹⁸⁶ This tradition of unrest continued in later times. During the Yuan Dynasty smugglers flourished due to greatly inflated salt prices. After about 1340 the smugglers Chang Shih-ch'eng and Fang Kuo-chen led uprisings in the Liang-huai and Liang-che regions. One author has remarked, "When readers of history say that the Yuan perished due to the chaos of the salt administration, it is not without reason."¹⁸⁷ We will now discuss the threat this long tradition of violence posed to the Manchu court.

Salt smuggling in Liang-huai during the latter part of the Ch'ing Dynasty was intimately associated with the Nien bandits. Teng Ssu-yü has traced the first mention of the Nien in documents to the year 1797. He claims that the "Red Beards" (Hung-hu fei), an offshoot of the White Lotus Society, would form large gangs called nien-tzu, from which the Nien drew their name.¹⁸⁸ A Ch'ing writer named Fang Yu-lan, however, gave a different account of the Niens' origin. He claimed that their bands were formed from demobilized village militia, who had originally been recruited to fight the White Lotus during their great revolt at the end of the eighteenth century.¹⁸⁹ In any case, the Nien do not seem to have been present when the salt monopoly was at its height in the mid-eighteenth century, although many of their later haunts, such as Ho-fei and Feng-yang districts in Anhwei, did suffer from smuggling before 1797.¹⁹⁰

From that time on the Nien increased their activity. T'ao Chu, writing as a censor in 1815, noted that smuggling was profitable to them because the price of salt in Liang-huai was twice as great as that smuggled in from the Ch'ang-lu salt district.¹⁹¹ The Nien bandits, then, were another aspect of the difficulties that the salt administration encountered due to the inflated price of their product, and conformed to our model of the monopoly's decline. By 1821 the Nien in just three districts of Kiangsu province were said to number over a thousand men, under the direction of one Liu San-mao.¹⁹² Finally, in 1853, the Nien openly revolted against the Ch'ing court, led by a man named Chang Lo-hsing, who had once worked as a salt smuggler in Anhwei.¹⁹³

What, then, was the exact relationship between the salt smugglers and the Nien? Here Lin Tse-hsu has provided us with the most information. He remarked,

"I have heard that formerly among the people over half of the bandits have come from the ranks of the salt smugglers. An example is the Nien bandits and Red Beards of Hsiang-yang, who are most harmful. Generally, because they live near Honan province they sell Honan salt for a living, and from there go on to do all manner of wickedness. After the salt administration was reformed there were no longer any cases of theft in Hsiang-yang... If salt matters are handled properly it is not only the salt administration that benefits."¹⁹⁴

From this we can see that it was salt smugglers who served to swell the ranks of the Nien bands, indicating that the term "peasant rebellion" when applied to the Nien uprising may be something of a misnomer. Of course, the smugglers derived great benefit from their membership in the Nien gangs. Officials tended to fear the power of the secret societies, and would make little effort to capture the

smugglers if they knew they were members.¹⁹⁵

How were people recruited into the ranks of the salt smugglers? Evidence on this point is somewhat fragmentary, but perhaps should be examined anyway. A censor's memorial in 1827 indicated that an influential criminal named Mu Jung-ch'ang was the brother of a Mu Feng-lin, while another bandit named Ma K'o-chien was the maternal uncle of a certain Li Ta-pen mentioned in a previous memorial. These two examples would seem to indicate that for many people salt smuggling was something of a "family business". The memorial went on to say that in certain parts of Anhwei markets where salt was sold were divided into an "inner port" and an "outer port". The inner ports were occupied by bandits from Honan, Anhwei, and Kiangsu, while the outer ports were the territory of men from Shantung.¹⁹⁶ People from the same native place, just as people from the same clan, would tend to cling together in a decentralized society like Ch'ing China. Religion, too, seems to have drawn people of different families together. T'ao Chu reported in 1831 that Moslems with the surnames Hsu and Ts'ao would frequently quarrel with other salt smugglers who were not of their faith in Shou-chou, Anhwei.¹⁹⁷

Another method of recruitment of salt smugglers seems to have been the creation of a sort of "employer-employee" relationship. T'ao Chu discussed this problem in an 1832 memorial. In Kiangsu province there were owners of small boats called mao-ch'uan, who usually earned their living by fishing. When floods forced them to flee their homes

smugglers would hire these fishermen to sell salt, and they would gather together in groups of several dozen or even several hundred. T'ao ordered that these refugees be carefully distinguished from the actual bandits. The latter would be arrested, while the former would be escorted back to their village and given relief grain.¹⁹⁸

Several comments seem in order here. First of all, in this case the smugglers were not actually members of the Nien bands, but were rather in their service. Another example of smugglers being separate from the Nien is contained in the 1815 memorial of T'ao's mentioned above. In this case the Red Beards served as the smugglers' protectors, guarding them from the government soldiers in return for a fee of 200 cash per cartload of salt.¹⁹⁹ Secondly, it is unlikely that T'ao's plan for the mao-ch'uan would have worked. Merely escorting them back to their drowned villages would have done little good, while as we have seen there was often much corruption associated with the distribution of relief. In general, this memorial seems to confirm our view that rural poverty was a fundamental cause of salt smuggling.

One of the most alarming features of salt smuggling, from the point of view of Ch'ing officials, was its highly organized nature. The bandits may even be said to have created among themselves an illegal bureaucracy, a private salt administration to rival that of the government. As T'ao Chu put it, smugglers would "publicly set up regulations" (kung-jan she-li chang-ch'eng).²⁰⁰ One example of bandit organization comes from an 1821 memorial describing the activities

of Liu San-mao. The author noted how Liu was the overall leader of 24 gangs (po), spread out at regular intervals over the Kiangsu countryside. This setup made it very difficult for law enforcement officials to deal with smuggling, since if one po leader was captured or his gang destroyed Liu merely sent out another man to replace him or set up another po elsewhere.²⁰¹

The most thorough account of bandit organization, however, is contained in the writings of Pao Shih-ch'en. Pao noted that smugglers would have recognized leaders, called ta chang-t'ou, and seconds in command, or fu-chang-t'ou. Each of these would occupy certain places called "wharves" (ma-t'ou) or "salt stations" (yen-kuan), and levy a toll on each boat passing by. To help them in their work were various subordinates who acted as "measurers" (p'eng-shou) or "clerks" (shu-shou). Each gang might number several hundred men, and control several hundred thousand taels worth of capital.²⁰² The reason for this complex organization is easy to see. As we discovered earlier by the year 1830 as much salt was sold illegally as legally. For the smugglers to deliver salt to literally millions of people it would have been necessary for them to organize and secure large amounts of capital.

Just as the government salt administration had its set of officials, so did the smugglers have their clerks and measurers. Just as the head merchants were often fabulously wealthy, especially in the eighteenth century, so did certain of the smugglers attain great influence. Of these the most notorious was a certain Huang Yü-lin. Huang, a

native of Fukien, built up during the 1820's a powerful fleet of several hundred vessels on the Yangtze, some of which were capable of carrying several thousand piculs of salt. His headquarters was a ma-t'ou near I-cheng, Kiangsu, an important center at which salt was packaged before being loaded on board ship. From there he sold salt in various parts of Hupeh and Kiangsi. Huang eventually surrendered himself to the authorities in return for a pardon, an affair which later resulted in severe punishment for governor-general Chiang Yu-t'ien.²⁰³

Of course, we must not exaggerate the similarities between the "bureaucracy" of the salt smugglers and that of the government. For one thing, although each gang of salt smugglers had its own "officials" there was never a vast organization in charge of the entire illegal trade. Indeed, the pitched battles between groups of heavily-armed smugglers, frequently centering around control of a ma-t'ou, were a source of great concern to the government.²⁰⁴ Although the smugglers quarrelled among themselves, in the final analysis it was their membership in the Nien that raised them from the status of a major nuisance to that of an actual threat to the dynasty. It was not until 1868, after fifteen years of open warfare, that they were eventually suppressed by Li Hung-chang.²⁰⁵ Mismanagement of the salt administration was, in fact, a real threat to the stability of the nation. Lin Tse-hsu's remark that if salt matters were handled properly the whole government would benefit strongly implied that the reverse was true as well.

Although the Nien were the most dangerous of the secret societies with whom salt smugglers were related, they had ties with other groups as well. T'ao Chu noted that in various districts of Kiangsi there were secret societies that went by such names as T'ien-ti hui (Increasing Younger Brothers Society) and T'ien-tao hui (Increasing Knives Society). Most of the salt smugglers in the area were affiliated with these societies. The local officials were usually afraid of the societies, and even when soldiers were sent to capture the bandits it was often found that they too were members of the societies! ²⁰⁶

Nor was this problem even limited to the Liang-huai district. One official mentioned in a letter to a colleague,

"Formerly in the Chia-ch'ing period the Kwangtung bandit T'an A-chao styled himself Prince of P'ing-p'o, while the Fukien bandit Ts'ai Ch'ien called himself Prince of Chen-hai. They killed officials and disturbed the countryside for several years. In the beginning they were salt smugglers." ²⁰⁷

Although it is not known whether these men had any "officials" serving under them their assumption of various titles does seem to indicate a "court" of sorts, or at least some organization beyond that of a common band of robbers.

A more detailed study of the activity of secret societies outside of the Liang-huai area is contained in an essay by Winston Hsieh dealing with a Triad uprising in 1911 in the city of Waichow, Kwangtung. The parallels with Liang-huai are numerous. As with the Nien, the Triads were heavily involved with salt smuggling in the area. ²⁰⁸ The leader of the initial stage of the uprising, a man named Teng K'eng,

came from a family that had long been associated with the salt trade (whether legal or illegal is uncertain), much like Chang Lo-hsing or Huang Ch'ao centuries before.²⁰⁹ As in Liang-huai, popular resentment against the salt monopoly had been stirred up by the imposition of numerous new taxes or fou-fei, although in Kwangtung there was the added complication that more efficient management of the salt administration by those trained in Western business methods was driving the smugglers out of business.²¹⁰ At any rate, dangerous as the Nien were, it is clear that they were only part of a problem that bedeviled the salt administration throughout the empire.

Before leaving the question of organized smuggling by secret societies we should examine one other form the illegal salt trade took. During the Ch'ing Dynasty it was the custom for those boats which brought tribute grain to Peking to return empty to the Yangtze valley, where they would pick up their next load. Naturally there was a tremendous temptation for the boatmen to smuggle cheap salt from the Ch'ang-lu district into Liang-huai. Although this problem was known to have existed as early as 1660 there is evidence that it grew worse during the early part of the nineteenth century.²¹¹ During his tenure as governor of Kiangsu Lin Tse-hsu wrote,

"In each province the grain boats number several thousand, and their crews several tens of thousands. Sailors will rely on their numbers to act violently. While this is not a new development, it has been most severe in recent years."²¹²

The vast number of vessels engaged in transporting grain

should give some idea of the size of the problem officials confronted in seeking to end this illegal traffic. T'ao Chu concluded that the grain boats of Hunan, Hupeh, and Kiangsi were capable of carrying 200,000 to 300,000 yin of salt annually, or enough for eight to twelve million people (Pao Shih-ch'en's estimate).²¹³ Even if only a fraction of these boats actually smuggled, the loss of paying customers to the salt administration would be enormous.

A basic cause of smuggling by the crews of grain boats was the meagre salaries they were paid, much as economic need forced the crews of the salt boats on the Yangtze to smuggle. Teng T'ing-chen, writing as governor of Anhwei in 1831, noted that sailors were only paid 3.6 taels a year for their labour. Even with certain fringe benefits, such as the right to deal in certain kinds of merchandise on the side, this was far below the amount needed for subsistence. Teng could only recommend that the sailors be permitted to sell a greater amount of merchandise.²¹⁴

In spite of the vast size of the illegal trade carried on by the grain boats, Thomas Metzger maintains that T'ao Chu was successful in bringing a stop to this sort of smuggling. He bases his argument on an 1833 incident. In that year the director-general of grain transport pointed out that the inspection of grain boats by the salt administration was slowing down the delivery of grain to the capital. He requested that boat crews be empowered to sell salt legally (beyond the forty catties already permitted for personal use), paying taxes on it at Yangchow. T'ao argued against this

proposal, saying that the notoriously lawless boatmen would fail to pay taxes on the full amount that they carried, and that in addition the importation of so much salt into Liang-huai would throw thousands of salt producers out of a job. Metzger feels that unless the boatmen were being successfully prevented from smuggling there would have been no need for their actions to have been legalized.²¹⁵

Metzger's argument here appears to have much merit. Indeed, T'ao Chu himself praised various competent officials for having virtually wiped out smuggling from Ch'ang-lu in the last two years.²¹⁶ However, Metzger seems to underestimate how deep-rooted this problem was. In an 1840 memorial grain boats were once again mentioned as smuggling salt into Hunan, Hupeh, and Kiangsi. The situation was said to be even worse than before, although it is not at all clear just when "before" was.²¹⁷

Like the smuggling carried on by the secret societies, that of the grain boats was highly organized. As we mentioned before, the boat crews were poorly paid, and would not have the capital with which to purchase large amounts of salt. They were helped in this regard by wealthy brokers who were called "wind guests" (feng-k'o). In time a regular system of trade developed, whereby the feng-k'o would purchase lumber, paper, porcelain, and so forth in the Yangtze valley and exchange them for salt at Tientsin.²¹⁸ The profits gained in this trade were split between the feng-k'o and the boatmen. Teng T'ing-chen suggested that boatmen who confessed should be pardoned if they were willing to incriminate their

feng-k'o, but so close was the relationship between the two that this rarely happened. ²¹⁹

Since any grain boat that halted at any one place for any length of time would attract the attention of the police officials, it was imperative that any illegal salt that was to be bought or sold be loaded or unloaded quickly. The boat crews were assisted in this task by a special group of criminals they made their living by grain boat smuggling. Since many of these criminals were said to occupy the ma-t'ou along the various waterways, and since they were called "green skins" (ch'ing-p'i), which Pao Shih-ch'en used to refer to some of the secret society "officials", it makes sense to assume that the grain boat crews had some contact with the Nien. ²²⁰

A far more interesting development was the creation of various cults among the boatmen. According to a series of edicts written in 1825 the boatmen were generally divided into three sects, the p'an-an, lao-an, and hsin-an sects. The god (or gods) these groups worshipped was called the Ancestor Lo (lo-tsu), and their priests were called "old officials" (lao-kuan). These priests had great power, since they had the authority to punish those boatmen who were accused of wrongdoing and to extort contributions from those banner men whose job it was to guard the grain boats. ²²¹

What most alarmed the government, of course, was the penchant of these sects for violence. They would frequently fight among themselves for control of the various fleets of grain boats. ²²² In this they seem typical of what the Ch'ing

officials called "religious bandits" (chiao-fei). It must be noted that when officials condemned a religious sect it was not because its teachings were heretical, but because the activities of its members threatened the security of the state.²²³ Although there is no evidence linking the various religious groups or the lao-kuan with the occupation of salt smuggling, it seems natural to assume that the fear which officials felt for these priests would tend to protect their disciples from arrest.²²⁴ In this respect membership in a religious body would seem to have served the same purpose as membership in the Nien or other secret society, and the feuds between these sects to have offered the same threat to law and order as the quarrels of bandits over the control of ma-t'ou.

It is perhaps best to conclude our discussion of the decline of the Liang-huai salt administration with an important question that this decline posed. Granted, by the year 1830 sales of salt were only one-third to one-half of what government quotas required. Smugglers, protected by powerful secret societies, were supplying the salt needs of millions of people. However, the salt administration was still supplying the government with a great deal of its revenue. Why not be satisfied with this? Massive lowering of sales and tax quotas would have prevented merchant bankruptcies, and the salt monopoly could have served its purpose, albeit on a lower level. The answer, of course, was that the Board of Revenue was unwilling to let this happen. As Thomas Metzger put it,

"However, there were downhill changes and there were were uphill changes. Manipulating economic sanctions by shifting economic obligations was relatively easy and downhill, but basically changing economic obligations at the expense of powerful interests, as with reducing the tax rate or cancelling major tax debts, was an uphill change requiring strong-nerved executive leadership. This leadership could emerge in moments of crisis, but political support for the necessary follow-through measures was hard to obtain." 225

It is easy to sympathize with the Board of Revenue's predicament. The salt revenue, especially such items as pao-hsiao, was required for urgent needs. With the court needing all its resources for the suppression of increasingly common peasant rebellions, such as that of the Miao in 1799 or the Eight Trigrams sect in 1813, it was no time to be telling the president of the Board of Revenue that he should cut his tax quotas in half. Faced with unrest caused by salt smugglers that might escalate into major rebellion, and unwilling to remit any salt taxes, the court had to choice but to consider proposals for major reforms. These reforms will be the subject of the next section of our essay.

III. Proposals for the Reform of the Salt Administration

It is an essential part of Thomas Metzger's thesis that the Liang-huai salt administration was able to use economic and police measures to ensure the smooth running of the monopoly, and to change these measures when they no longer proved effective.²²⁶ If we accept Metzger's point of view, then, we must concede the ability of the salt administration to make major reforms when confronted with the crisis conditions which existed around 1830. At that time, as we recall, not only were the sales of legal salt and government revenues threatened, but the growth of smuggling also posed a grave threat to law and order in the countryside. Indeed, a series of sweeping innovations were introduced in Liang-huai during the decade of the 1830's. Before discussing whether these reforms were effective, however, we should attempt to fill in some background by describing the major "schools" of reform among officials of the period. These seem to be three in number.

The first and simplest of these schools was that which favoured more strict law enforcement. A fairly typical statement of this idea comes from an 1826 memorial, which concluded, "When sales of salt are poor it is generally because the apprehension of smugglers has been ineffective, and not because prices have increased."²²⁷

Since Lin Tse-hsu, during his term of office as governor-general of Hunan and Hupeh, was most concerned with the problem of lin-ssu, let us examine some of the measures he took to deal with the problem of smuggling. Lin took a personal

interest in the problems of the salt administration, as when he visited various military posts in Hsiang-yang prefecture, Hupeh, so as to encourage the soldiers to be more diligent in catching smugglers.²²⁸ This was consistent with his general approach of choosing capable officials for this work. Lin made a special point of mentioning the responsibility that local magistrates had in arresting smugglers and promoting sales, and ordered the salt taotai to remove those magistrates whose sales records were poor. However, Lin did not stop there. At the village level he entrusted local gentry, militia leaders, and pao-chia (mutual surveillance groups) heads with the duty of ferreting out smugglers. Lin used both an economic and a moral argument to get his point across to the common people. On the one hand, why risk the full penalty of the law to buy cheaper smuggled salt, since government salt cost a man no more than one cash a day anyway? On the other, smuggling showed one's ingratitude to the emperor, who had manifested his favour by fixing the land tax in perpetuity.²²⁹

How effective would such measures be in stopping the illegal trade? Let us look again at the estimates of per capita salt consumption. Lin's estimate that one yin would feed sixty people for one year seems somewhat off the mark, since the conclusions of a modern geographer (thirteen catties annually) and those of Pao Shih-ch'en (ten catties annually) seem more in agreement. Using the latter's estimate, as a median figure, we find that the 45 million Liang-huai customers in Hunan and Hupeh would have consumed somewhat over

1.1 million yin each year. Yet Lin estimated that in the year 1836 his predecessor had managed to sell only 730,000 yin, leaving almost 400,000 yin to be supplied by smugglers.²³⁰ Lin claimed that his soldiers had seized over a million catties of smuggled salt, or somewhat more than 2500 yin, in the year following the introduction of his strict policies.²³¹ As can be seen, this was only a small fraction of the smuggled salt in circulation.

The failure of a policy of strict law enforcement seems even more apparent when we take two other facts into consideration. First, assuming that Metzger is correct when he estimates that by 1830 half the salt in Liang-huai was purchased illegally, the situation as regards smuggling in Hunan and Hupeh was better than elsewhere. This makes sense, since, as we have seen, these two provinces were historically the last to suffer from a severe smuggling problem. Secondly, Lin was an official noted for his ability and integrity.²³² If even he was unable to stem the problem of smuggling, how could lesser officials hope to do this?

What were the reasons for Lin's failure? There seem to have been several. As Chin Ying-lin's memorial, which we drew on at length in our discussion of rural poverty, has shown, many at the court were concerned about the corruption rampant among county magistrates and their subordinates, the very men upon whom Lin was forced to rely so heavily. Moreover, the research of Hsiao Kung-chuan has shown that such institutions as the pao-chia were ineffective in controlling a restless and destitute peasantry.²³³ The appalling condition

of flood or famine victims, who were very numerous at that time, would similarly render Lin's moral arguments ludicrous. Although the subject of the decline of village institutions is, of course, a vast one that cannot be properly dealt with here, one other problem can be described more simply.

This was the problem of corruption among the soldiers themselves. Pao Shih-ch'en has described how legitimate customers of salt shops would be arrested as smugglers, since the soldiers wished to make a good impression on their superiors. The Nien bandits, on the other hand, would escape arrest through bribery or intimidation. This complaint appeared with painful regularity in the writings of Ch'ing officials.²³⁴ Thomas Metzger bases much of his argument on the ability of the salt administration to effectively enforce its regulations, as in the case of grain boat smugglers mentioned above. Yet if soldiers accepted protection money (as in an 1844 case), were bought off or frightened away, where was law enforcement then?²³⁵

The second method for dealing with the problems of the salt administration was that of "lowering prices to combat smuggling" (chien-chia ti-ssu). Officials reasoned that since it was the high cost of government salt that forced customers to turn to smugglers, a lower price would encourage them to obey the law. The words of T'ao Chu's advisor, Wei Yuan,

"If one does not reduce prices how can one combat smuggling? If one does not lighten the ch'eng-pen

(capital expenditure required to ship salt) how can one lower prices? If one does not reduce fees how can one lighten the ch'eng-pen, and how can one do this without changing the laws? Indeed, investigating the beginning and using it to regulate the end result is how the gentleman gets to the root of the problem." 236

Wei himself, in an essay written about 1850, proposed a four-point program of reform. He suggested that taxes in the Huai-nan region could be lowered by being offset with a 700,000 tael annual surplus in Huai-pei, where a reform program had been in operation for some years. Furthermore, prices at the yards could be reduced by curbing the excessive profits of the wealthy yard merchants. This, however, does not seem practical, given our description of the difficulties these merchants faced. More realistic was another proposal, by which transportation costs could be lowered by eliminating the costly repackaging of salt at various places along the river routes. Finally, Wei proposed that many of the fou-fei items and much of the tedious paperwork of the salt monopoly yamens be done away with. As we have seen, the former comprised the majority of the Liang-huai tax burden. 237

It was T'ao Chu, however, who proposed the most comprehensive program of reform. His fifteen-item plan, presented to the court in 1831, was, like Wei's, based largely on the principle of reducing prices to combat smuggling. First of all, T'ao sought to reduce fou-fei by over a million taels, largely by eliminating such items as charity contributions and payments to yamen clerks. Secondly, he also suggested that salt administration procedures be simplified, so as to reduce the opportunities for clerks to

extort payments. T'ao also requested that the office of head merchant be abolished, at the same time setting up less powerful "merchants to handle affairs", so that the small number of full-time officials might still have some help in managing the community of transport merchants. This was a most important measure, as it not only ended many of the head merchants' abuses that we described previously, but also foreshadowed T'ao's later decision to end the system of hereditary monopolies. This reform will be described at length later. T'ao chose to handle the problem of merchant debt by asking that payment of back taxes be postponed until the salt monopoly had recovered some of its former prosperity. As we have seen, it would have been impolitic to ask that they be cancelled altogether. T'ao also urged that merchants' servants and assistants be severely punished if they attempted to make deductions from the boatmen's salaries. T'ao concluded by suggesting various other minor reforms which need not be discussed here. 238

As we can see, T'ao's plan dealt with a great number of the problems mentioned in this essay. Some officials, however, quarrelled with the assumption that sales would flourish if salt was made cheaper. Lin Tse-hsu wrote,

"This idea (reducing prices to combat lin-ssu) is generally a good one, but it does not recognize the role of profits and abuses. I cannot avoid criticizing it on these grounds. This method has been tried many times but has had no effect. Now the expenses involved in shipping Liang-huai salt are very heavy. Reduce them as you may, the salt will never be as cheap as smuggled salt, which pays no tax at all. If you do not diligently catch smugglers, and hope to to compete with them by using legal salt, merchants

will only lose their investments, and lin-ssu will still go on." ²³⁹

Lin's point, although well made, was not entirely valid. As Wei Yuan pointed out, although smugglers did not pay taxes, they had many other heavy expenses, such as paying bribes to the soldiers along their routes.²⁴⁰ At any rate, T'ao's proposals seem to have been more practical than the ineffective method of strict law enforcement suggested by Lin.

The third school of salt reform was that of "taxing salt at the yards" (chiu-ch'ang cheng-shui). Supposedly based on the system of Liu Yen, this method had gained much support in the past from writers on the salt administration, most notably the famous early Ch'ing scholar Ku Yen-wu.²⁴¹ A fairly typical statement of this school's ideas may be found in an 1829 memorial written by a censor named Wang Tseng-fang. Wang felt that the chief problem of Liang-huai salt administration was the system of hereditary monopolies, which prevented small businessmen from going into the salt trade without breaking the law. A simple solution to this problem would be for salt producers to pay taxes on the salt while it was still at the yards. Afterwards the salt workers could sell their salt to whichever merchant they wished, large or small. In this way many former smugglers would be drawn into the legal trade, and the problem of smuggling be done away with.²⁴²

Unfortunately, this method too had its drawbacks. As T'ao Chu pointed out, the salt producers were not wealthy.

If you attempted to collect taxes from them before they sold their salt, how could they have the capital to manage this? If they were allowed to sell their salt first they would abscond with the money without paying taxes. If, on the other hand, you entrusted payment of taxes to the yard merchants, they would ruthlessly exploit the salt producers so as to make the largest possible profits after taxes. The only other possibility would be to entrust tax payment to the officials at the yards. These, however, were generally of low rank, and could not be trusted to properly handle such immense revenue (the alternative of appointing more responsible officials to this position does not seem to have been considered). The court was forced to agree with T'ao's reasoning. 243

None of the three schools of thought, then, was entirely satisfactory, and yet it was clear to the court by 1830 that meaningful reform was imperative. In that year Wang Ting, president of the Board of Revenue, and Pao Hsing, a vice-president of that Board, were sent as imperial commissioners to the Liang-huai region to see what could be done about its problems. Their report suggested that the fight against smuggling was going badly because the salt administration lacked the authority over provincial officials and soldiers necessary to do an effective job. Therefore, jurisdiction over the salt monopoly in Liang-huai was given to T'ao Chu, then governor-general of Kiangsi, Kiangsu, and Anhwei, and the separate office of chief salt commissioner abolished. 244

After having his fifteen-point program of reform, mentioned above, approved by the court, T'ao decided to turn his attention to Huai-pei, the smaller of the two regions into which Liang-huai was divided. Here the situation was truly desperate. Excluding a few districts in which sales were going reasonably well, out of a total of seventeen hereditary merchants only three still had the capital necessary to ship salt. T'ao's efforts to recruit new merchants into the trade, or, failing that, to use government-financed salt shipments (kuan-yun) in those areas which had long been dominated by smugglers were not very successful. It was in 1832, then, that T'ao decided to implement the so-called "ticket system" (p'iao-fa) in those areas where sales were going poorly, along the lines of earlier reforms in Chekiang.

The main feature of this system was that each ticket allowed a man to ship ten yin of salt, and so even small traders might be accommodated within the system. After 1835, moreover, poor people near the yards were permitted to sell as little as 100 catties.²⁴⁵ This would go a long way toward ending petty smuggling near the yards, a problem that had plagued Liang-huai since the eighteenth century. In order to supervise so many small traders, many of them former smugglers, T'ao appointed several "station merchants" (chü-shang), who would make recommendations as to who was honest enough to enter the trade. It must be noted, however, that these men were far less powerful than the old head merchants. It was at these "stations" (chü-ch'ang), situated near the yards, that the salt was collected from the salt producers and

the merchants' taxes paid.

These taxes, incidentally, were considerably lower than before. In 1833 regular taxes were fixed at 1.051 taels per yin, while miscellaneous taxes were set at .40 taels, and the basic cost of the salt itself at .60 taels. No other fou-fei were permitted. While the regular taxes were the same as before, the tax rate as a whole was reduced considerably, since, as we have seen, it was the custom for fou-fei to far exceed the revenue that was delivered to the government. As a final reform, T'ao ordered that each merchant had to pass through one of three checkpoints (ch'ia) set up within 100 li of the yards. If the amount of salt in his bags did not match the amount on his ticket he was treated as a smuggler. The same held true if he arrived at his destination without the checkpoint seal on his ticket.²⁴⁶

As can easily be seen, the ticket system drew heavily on ideas found in each of the three major schools of reform. T'ao's goal of bringing former smugglers into the trade by abolishing hereditary monopolies was reminiscent of the "taxing salt at the yards" school. He also attempted to reduce taxes along the lines of the school that favored lowering prices to combat smuggling, as well as tightening security by setting up the various checkpoints. Indeed, T'ao's reforms may be said to have been a creative synthesis of much of the progressive thought then current in salt administration circles.

Was the ticket system a success? Thomas Metzger has concluded that "In Huai-pei, his failure in 1831 (T'ao's

institution of the system of kuan-yun) was followed by the spectacular and continued success of the ticket system initiated in 1832."²⁴⁷ This is in keeping with Metzger's view that the Ch'ing salt administration was capable of undertaking major changes when the need arose. Indeed, the short-term success of the ticket system seems indisputable. As the official Ch'ing history put it,

"At that time those officials that made their living from salt profits raised a hue and cry, and said this system was unworkable. T'ao Chu didn't pay any attention... When the people learned that there were profits to be made they gathered from near and far. Boats lined up to enter the ports, in a way that had not been seen for decades... In that year there were natural disasters in Hai-chou. Famine victims turned to the salt trade to make a living, and countless lives were saved."²⁴⁸

From 1832 to 1854 there was no year in which the full Huai-pei tax quota was not collected, and in addition 670,000 taels of revenue was transferred to Huai-nan, much as Wei Yuan had suggested. In 1849, moreover, a disastrous fire destroyed most of the salt boats destined for Hankow, forcing many of the remaining transport merchants to declare bankruptcy. At this point governor-general Lu Chien-ying instituted the ticket system in Huai-nan and those comparatively prosperous areas of Huai-pei that T'ao Chu had not touched. Although the success of this measure is harder to evaluate, since many of the relevant records were destroyed during the Taiping Rebellion, available evidence indicates that in Huai-nan, too, salt prices dropped markedly and full tax quotas were collected.²⁴⁹

The success of the ticket system converted virtually

all of the officials writing at the time into advocates of this method. An 1850 memorial to the Board of Revenue even suggested that the ticket system be extended throughout the entire empire, although the outbreak of the Taiping Rebellion prevented this measure from being carried out.²⁵⁰ One cannot help but feel that these officials were perhaps overly enthusiastic. In spite of its success the ticket system was never without problems, even in the short run. This is in keeping with Metzger's dictum that, although the vested interests of officials "that made their living from salt profits" could be overcome in times of crisis (as 1830 certainly was), political support for the necessary follow-through measures was difficult to obtain. In the long run these difficulties, combined with the general crisis situation of late Ch'ing society, eventually destroyed it. Thomas Metzger has admitted, "Difficulties did grow out of the ticket system, but these are outside the scope of this paper."²⁵¹ It is important that these difficulties be discussed.

Paradoxically, the ticket system first encountered difficulties because of its great success. As merchants flocked to enter the trade the amount of salt available for them to sell proved insufficient. One censor complained in 1840 that this led to an abuse whereby merchants, in order to prove they had sufficient capital to take part in the trade, would have to deposit a certain sum of money with the official officials. Such deposits had already amounted to over ten million taels. However, in 1846 governor-general Pi-ch'ang

claimed that the merchants' capital was no longer being examined in this manner.²⁵²

A more serious problem stemmed from the low price of ticket salt. An official named Ts'ao Lü-t'ai wrote in 1844 that the total costs involved in bringing ticket salt to market only amounted to four taels, as opposed to ten to thirteen taels for salt handled the old way in Huai-nan. The inevitable result was smuggling from the Huai-pei markets in Honan and Anhwei into the Huai-nan ports in Hunan and Hupeh. The official response to this problem was to try to limit the production of salt in the Huai-pei yards to the amount Huai-pei itself required.²⁵³

Of course, this problem would end when Huai-nan adopted the ticket system. Yet Thomas Metzger seems to indicate that Huai-pei, due to geographical conditions, was much less vulnerable to smuggling than Huai-nan. Even though the ticket system was an initial success in the latter area, the greater frequency of lin-ssu there meant that ~~this method might eventually~~ have failed in Huai-nan.²⁵⁴ This, at any rate, was the point of view of such Ch'ing officials as Pi-ch'ang, and might explain why the ticket system was not instituted for so many years in Huai-nan, when its success in Huai-pei had been so dramatic.²⁵⁵

So far we have examined the short-term problems associated with the introduction of the ticket system. It is difficult to tell whether this system would have actually worked in Huai-nan, since the Taiping Rebellion, coming

so soon after Lu Chien-ying's reforms there, marked a turning point in long-term salt affairs in central China. The Taiping Rebellion tore apart the system that T'ao Chu had built up. During the constant fighting the Yangtze River was blocked, and so Liang-huai markets had to depend on salt shipped in from other zones. T'ao's measures to prevent smuggling were for a time rendered useless, since the government was forced to in effect, sanction lin-ssu as a means of supply.

Far more serious was the introduction of the salt likin (transit tax) as a means of raising revenue. At first collected rather haphazardly at the toll booths of various army units, its collection was standardized by Tseng Kuo-fan in 1864. Although the likin rates varied from province to province they were uniformly much higher than the regular salt taxes. This added expense made it very difficult for small merchants to enter the trade. Tseng acknowledged this when he raised the content of a ticket from ten to 500 yin, allowing only substantial merchants to enter the trade. Later, however, these wealthy merchants began to sell the ticket tickets to others, and often did not actually ship salt themselves. Therefore, in 1866 Li Hung-chang introduced the so-called "revolving ticket system" (hsun-huan p'iao-fa), whereby those merchants who agreed to pay their salt likin and certain pao-hsiao items in advance would receive permanent rights to their tickets. This was, in fact, a revival of the system of hereditary monopolies, which the Ch'ing

officials freely admitted. Not only that, but the imposition of salt likin pushed up the price of government salt, creating once again the problem of widespread smuggling.

In spite of Thomas Metzger's approval, and T'ao Chu's best efforts, the ticket system carried within it the seeds of its own destruction. Liu Chun considers that this would quite likely have happened even if there had been no Taiping Rebellion. First of all, the ticket system was based on a low tax rate. Yet even in the absence of a great internal rebellion, the foreign wars and resulting indemnities of the latter part of the nineteenth century would have forced the Ch'ing court to turn to the salt administration to meet its revenue needs. Secondly, the apparent success of the pliao-fa meant that there would not be enough salt to go around. In the competition for tickets the wealthy merchants would be at an advantage, and the goal of enticing petty smugglers into the legal trade would be thwarted. Eventually a small group of wealthy merchants, in Liu's opinion, would dominate the trade as before.²⁵⁶

Since it is difficult to say what might have taken place had the Taiping Rebellion never occurred, perhaps Liu's conclusions are not entirely trustworthy. Yet it is clear that the ticket system was not entirely successful, since it was eventually superseded by the very system of hereditary monopolies that it was designed to replace. For a number of reasons, it is difficult to be optimistic about the possibilities of successful reform during the latter part of the

Moreover, many of the problems which T'ao faced during the 1830's continued until the end of the dynasty. One of these, as Liu Chun pointed out, was high taxation which drove up the price of salt. During the last half of the nineteenth century China fought wars with both France and Japan, and was forced to pay reparations to the victorious powers, as

well as the enormous Boxer Indemnity of 450 million taels. In order to raise the needed revenue salt taxes had risen by 1900 to a total of 13.5 million taels (including salt likin), as opposed to only six million taels a century earlier.²⁶⁰ Although this new revenue must have been very welcome to the government, Winston Hsieh has shown how popular resentment of numerous new items of fou-fei greatly increased revolutionary sentiment in the Kwangtung countryside.²⁶¹ It is quite possible that such resentment might have been stirred up in Liang-huai as well.

Another problem the salt monopoly faced had to do with general inflation. As we have seen, after 1800 much of the rise in price of salt to the consumer was due to the increasing value of silver vis-a-vis copper cash. Although our sources do not make clear whether or not this process continued after 1850, there was during the last decades of the Ch'ing Dynasty a general rise in prices of consumer goods of about 100% every fifteen years.²⁶² This would have the same effect on the peasant's purchasing power as a decline in value of copper cash, and would make the burden of increasing taxes even worse.

Thomas Metzger suggests that the salt administration in Liang-huai was capable of significant reforms in times of crisis, and points to the ticket system as an example of such a successful reform. Our conclusion, however, is that the process of dynastic decline, involving widespread corruption, weakness in the face of foreign aggression, and a desperate search for revenue, would work against

any successful reform of the salt monopoly. In the case of the ticket system, the pressures of the Taiping Rebellion and contradictions within the system itself resulted in attotal restoration of the system of hereditary monopolies by the 1870's/

IV. Conclusion

In his discussion of the Chinese state's ability to efficiently regulate commerce Thomas Metzger has chosen to concentrate on the Liang-huai district of the salt monopoly. As we have seen, Metzger chooses to concentrate on Liang-huai, because, as the largest of the salt monopoly's eleven districts, it provided the severest test of the state's organizational capabilities.

Perhaps, however, Metzger has been unduly harsh on himself. Measures which were unsuccessful when applied over Liang-huai's six provinces might have been workable on a more limited scale. Liang-huai certainly posed challenges to officials that were more severe than elsewhere. For example, since the lower Yangtze valley was one of the most prosperous regions in China taxes here were much heavier than in other provinces. This created the difficult problem of lin-ssu, which other districts probably largely avoided. Secret societies also seem to have been more active here than in some other regions, such as Szechwan. There the location of salt wells, which were easy to guard, in remote regions prevented large-scale smuggling.²⁶³

Not only did Liang-huai present a special case, but the Ch'ing Dynasty as well was a period in Chinese history that was unusual in many ways. Although the population of China always increased during periods of prolonged peace the massive population explosion of the eighteenth and nineteenth centuries which, as we have seen, put enormous pressure on the salt administration, seems to have been unpre-

cedented. This paper argues, however, that those problems that were unique to the Ch'ing or Liang-huai were not the crucial ones. Certain very important difficulties were never adequately dealt with throughout the entire history of the salt administration. We will discuss these by examining briefly some of the problems of the salt monopoly in the various dynasties and regions.

The "modern" salt monopoly was first created during the T'ang Dynasty in the aftermath of the An Lu-shan rebellion. In the years immediately following the retirement of its creator Liu Yen in about 780 the price of salt rose dramatically, largely in response to military needs.²⁶⁴ There were other causes as well, however. One of these was the institution of various irregular taxes, such as the "monthly advances" (yueh-chin), which went directly into the emperor's privy purse.²⁶⁵ Another was the abandonment of the "ever normal system" (ch'ang-p'ing fa), whereby distant regions were supplied with salt from government warehouses at a cheap price.²⁶⁶ The end result of high prices was, of course, an increase in the amount of smuggling.²⁶⁷

The salt monopoly was also not immune to the problems that afflicted the T'ang Dynasty as a whole. Many of the regions where salt was produced, such as the coastal prefectures of Hopeh and Shantung, were under the control of powerful provincial governors, who denied the salt revenue to the central government.²⁶⁸ Moreover, corruption at court seems to have increased as time went on, largely due to the

influence of the eunuchs. Capable officials were replaced by those who used bribery or "pull" to secure their posts, and numerous parasites were maintained in office.²⁶⁹ Due to fraudulent accounting procedures (hsu-ku) government income declined even when tax rates rose. By the year 850 salt revenue was little more than half of what it had been at the height of Liu Yen's career.²⁷⁰

Throughout most of the Sung Dynasty salt was handled according to the so-called salt certificate system (yen-ch'ao fa). Merchants who purchased these certificates were permitted to sell salt. Prime Minister Ts'ai Ching (1046-1126) later began the practice of issuing new certificates at frequent intervals. The expense involved in purchasing new certificates or paying the surcharge required to renew one's old certificates put a ruinous burden on many merchants.²⁷¹

In his excellent study of the Liang-che salt district during the Souther Sung Dynasty Edmund Worthy places much of the blame for the salt monopoly's difficulties on the problems of salt production. The wages of the salt producers, given out by the government in Sung times as opposed to the yard merchants during the Ch'ing, were paid irregularly or not at all due to official corruption.²⁷² Salt workers were therefore encouraged to sell to smugglers, aided by the fact that their furnaces were capable of producing far more salt than the government quotas required. The police inspectors, who frequently formed friendships with the salt workers, were either unwilling or unable to stop

illegal sales.²⁷³

As was the case during the Ch'ing, taxes formed the bulk of the price the merchant paid for his salt (during the Sung taxes were paid when the merchant bought his salt at the yards, unlike the payment at Yangchow in later centuries). Worthy estimates that a bag of 300 catties was at one time sold for eighteen strings of cash, although the cost to the government was at most 4.2 strings.²⁷⁴ The end result was predictable. Government salt was often three times as expensive as illegal salt, and smugglers flourished.²⁷⁵

Salt administration during the Ming Dynasty followed a somewhat different pattern from that of the Sung. In the first years of the dynasty merchants were given certificates permitting them to sell salt in exchange for supplying grain to frontier military posts. Since the government's needs were filled in this way taxes were light. In 1492 the president of the Board of Revenue, Yeh Ch'i, altered this system by permitting payments to be made in silver rather than grain. Since the merchants no longer operated the agricultural colonies that had supplied grain to the frontier, the price of food there skyrocketed and the merchants were forced to pay much more silver to supply the increased costs of the army.²⁷⁶ During the latter years of the dynasty the tax burden was made worse by the creation of numerous additional taxes, largely due to the unfortunate influence of the eunuchs, who frequently used their position of trust as the emperor's personal servants to enrich themselves.²⁷⁷

The difficulties of the salt monopoly were increased by the tendency of the government to issue too many salt certificates. Merchants sometimes found that they had to wait years before they could use their certificates. In time, a class of speculators arose who purchased certificates cheaply when they could not be used and sold them at a high price when their time came due.²⁷⁸ In addition to this, salt producers during the sixteenth century sought to compensate for rising population by increasing production beyond government quotas. Merchants were allowed to purchase this surplus salt at a cheap price; sometimes they bought twice as much surplus as regular salt. Since the latter was very expensive it could not be sold legally, and so was frequently sold to smugglers at below the government price.²⁷⁹

The numerous difficulties associated with the Ming salt administration have caused at least one modern scholar to throw up his hands in despair. Ray Huang writes,

"we have not the slightest doubt that it (the salt administration) represents one of the worst cases of a bureaucrat-managed economy... Dealing with merchants, the government seldom carried out its obligations faithfully. Officials in charge were too anxious to produce an immediate profit, with regard neither for the future nor for the market situation. Laws protecting the monopoly were stringent but could not be enforced. In the reign of Wu-tsung (1506-1521), abuses by eunuchs and influential aristocrats virtually wrecked the whole operation. Despite reforms by later administrators, the monopoly was never put on a sound basis."²⁸⁰

All this is a far cry indeed from the "impressive commercial capabilities" Metzger claims the Ch'ing state possessed. Now, it is quite possible that at its height the Ch'ing state was more efficient than the Ming had been. For one thing, the Ch'ing emperors for some time successfully ruled an

empire much larger in size and population than their predecessors'. However, as we have seen, by the late Ch'ing, when most of the reforms described in this essay took place, China had entered into the period of dynastic decline.

"Abuses by eunuchs and influential aristocrats" were common then as well, in addition to massive internal rebellions and foreign wars. It is doubtful in such a situation that the Ch'ing court could have carried out reforms more successfully than its Ming counterpart.

At any rate, it seems clear that many of the problems that plagued the Ch'ing salt administration were not of recent origin. Such problems as smuggling from the yards, inefficient or corrupt police officers, speculation in salt certificates or ken-wo, and burdensome fou-fei were all prevalent in earlier times. Those difficulties that were unique (or most marked) in the Ch'ing, such as population growth and secret societies, do not seem to have been the crucial ones. The common thread that runs throughout the centuries was high prices. These, as we have stated before, were inherent in the creation of a monopoly situation. For the salt administration to raise enough revenue to be worthwhile taxes would have to make up the lion's share of the price of salt. If this was the case, then smuggling would always be attractive. This was what Lin Tse-hsu meant when he said that it would be impossible to lower prices enough to defeat smugglers.

Numerous attempts were made to effectively reform the salt administration, and not just in the Liang-huai district.

This was because the system of hereditary monopolies, in spite of the advantages it had for officials, who had only to regulate a limited number of merchants, seems to have caused problems whenever it was put into practice. In 1724 Kwangsi switched over to the method of government transport and sale of salt (kuan-yun kuan-hsiao), while in 1728 Fukien instituted a form of the "taxing salt at the yards" system.²⁸¹ In 1789 Kwangtung, forced into action by rapidly accumulating merchant debts, put into effect a system of supervision of the merchant community by ten station merchants. In 1806 the office of station merchant was abolished due to corruption among its holders.²⁸² In Ch'ang-lu, meanwhile, prices had risen enormously, with the extra taxes levied being used to pay for flood control work. In 1823 a group of officials meeting with the Chihli viceroy, Na-erh-ching-o, carried out a series of reforms including reducing fou-fei, recruiting new merchants in Chihli, and using the ticket system in parts of Honan.²⁸³ What is most interesting about these reforms, some of which were no doubt more effective than others, is that many were instituted during the eighteenth century, when the salt administration was at its height. At no time, then, was there not some part of the empire in which the salt monopoly was not malfunctioning badly enough to require a major overhaul.

The problem the court faced, then, even in the eighteenth century, was how to eliminate the basic dilemma of low prices and low revenue, or high prices, high taxes, and the attendant problems of smuggling, popular resentment, and even

peasant rebellions, such as those of the Triads and Nien. T'ao Chu, of course, hoped by the ticket system to prove that one could lower the tax rates, and yet at the same time collect the full amount of taxes by increasing the volume of sales. Yet in the face of the Taiping Rebellion, officials instituted the likin tax, thereby driving up the price and creating the problem of smuggling all over again.

One other solution presents itself. If the court could become less dependent on salt revenue, by switching to other forms of taxation, it would not have to raise the price of salt so high, and therefore smuggling would be less attractive. One way to do this might have been to create monopolies in products other than salt. During the early part of the Sung Dynasty, in fact, monopolies in such products as wine, silk, and tea had existed as well as in salt. In short order, however, the revenue from salt completely eclipsed that from these other products.²⁸⁴ Although our sources do not suggest why, one might conjecture that to effectively regulate the sale of these products was even more difficult than to regulate the sale of salt. The establishment of a large wine monopoly, for example, would certainly have encouraged bootlegging on a massive scale. Therefore, it seems that other sources of revenue would be preferable to monopolies in important products.

During the late Ch'ing the most important sources of government revenue, aside from the salt taxes, were the land tax, the likin, and the maritime customs revenue.²⁸⁵ Although the likin might have yielded extra revenue, this would

only have worked if salt had been specifically exempted from all inland transit duties, since salt likin was largely responsible for raising the price of that article. The court seems to have been reluctant to dispense with the revenue from salt likin, even after the Taiping Rebellion when taxation might have been reduced, since the danger to the dynasty was no longer so immediate. As to the customs revenue, this was not a fruitful source of extra income, since the various unequal treaties did not permit tariffs of over 5%. China did not, in fact, achieve tariff autonomy until about 1928.²⁸⁶ Although increased foreign trade would, of course, generate additional income from tariffs, this was largely in the hands of private merchants, and not subject to government control.

The remaining possibility was to "abolish" the salt monopoly, by incorporating all salt taxes into the land tax. Yü Te-yuan had rejected this proposal in Liang-huai for two reasons. First of all, the incorporation of over five million taels of salt taxes into the land tax would put an intolerable strain on the peasantry. Secondly, such a move would be unfair, as scholars, merchants, and others who did not own land would escape taxation.²⁸⁷ These arguments seem faulty for a number of reasons. It is questionable whether increased land taxes would be more burdensome than the salt taxes. As we have seen, the latter consumed a very large portion of a poor peasant's income. Moreover, since many scholars and merchants owned land as well, the number of people who would avoid taxation would be relative-

ly small. In addition, under the new system those who owned more land would pay more taxes. Under the salt monopoly a poor man would consume almost as much salt as a rich man, and therefore pay almost as much taxes. Although a poor man might cut his consumption of salt in hard times, there were certain biological limits beyond which he could not go. The land tax seems, therefore, to have been more fair as a method of raising money than the salt taxes.

The method of incorporating salt taxes into the land tax had, in fact, been put into practice in various parts of the country. In 1792 this step was taken in the Ho-tung district (including parts of Honan, Shansi, and Shensi), while the same measure was adopted in the Shensi-Kansu district in 1800.²⁸⁸ In 1795 a censor's memorial complained that so effective was this method in cutting salt prices that Hunan and Hupeh were rapidly being infiltrated by Ho-tung salt.²⁸⁹ Of course, this memorial must be read with caution. Liang-huai perennially suffered from lin-ssu, so that reforms in Ho-tung may not have been necessary to lower the price sufficiently to offer unfair competition to salt sold in Hunan and Hupeh. At any rate, in spite of this evidence that incorporation of salt taxes into the land tax was helpful in lowering prices, the system of merchant monopolies was restored in Ho-tung in 1812.²⁹⁰

Although the use of the land tax to replace salt taxes was never carried out over a large portion of China as were the system of merchant monopolies and the ticket system, this method of reform still seems to have held some promise.

If Ray Huang is correct when he concludes that the salt monopoly was one of the worst examples of bureaucratic management in imperial China (and it is the point of view of this paper that Huang's conclusions are more nearly correct than the "optimistic" assessment of Thomas Metzger) then perhaps increased use of the land tax would have been more profitable to the Ch'ing court. Certainly one factor suggests that this might have been the case.

The salt administration was a highly complex apparatus, consisting of many component parts. Salt producers, yard merchants, officials, boatmen, transport merchants, and shui-fan all had to do their job or the monopoly could not function. In addition to the possibility of corruption among any of these groups, each of them was subject to disruption during the chaotic conditions of the late Ch'ing. During the Taiping Rebellion, for example, the flight of yard merchants and destruction of tools and facilities at the Huai-nan yards meant that salt production could not continue. The presence of the Taiping capital at Nanking meant that the Yangtze River route to Hunan and Hupeh was cut, forcing those provinces to depend on salt from Szechwan, in effect, legalizing lin-ssu.²⁹¹ The complexity of the salt administration, then, seems to have made it highly vulnerable.

Our endorsement of the land tax, however, must in the absence of further research by an extremely cautious one. The possibility of bureaucratic mismanagement, corruption, and occupation of territory by Taiping armies, resulting in disruption of the sources of revenue were obviously by

no means absent from the collection of the land tax.

Moreover, a comparison of the efficiency of the salt and land taxes will inevitably be difficult, since a researcher will be dealing with many hypothetical situations and "might-have-beens". Nevertheless, a comparative study of various methods of raising revenue, concentrating on their relative usefulness to the Ch'ing state, does offer possibilities for future research.

We will now conclude this paper by summing up our objections to Thomas Metzger's "optimistic" thesis concerning the effectiveness of the Ch'ing salt administration. Metzger has chosen to concentrate his research on the Liang-huai district of the monopoly during the years 1740 to 1840, and we have done the same. However, Metzger does not appear to adequately distinguish between different periods of history. Using our three criteria of the supply of revenue to the state, the size of the illegal trade, and the health of the merchant community, we find that during the eighteenth century the salt administration in Liang-huai did much to justify Metzger's faith in its "impressive commercial capabilities". The salt monopoly provided the state with its second largest portion of revenue, after the land tax. Taxes were collected in full, the community of transport merchants was flourishing, and smuggling was considerably less than what it was to become. However, even at this time, other districts of the monopoly were not always functioning as they should, and required major reforms, even if Liang-huai did not.

After about the year 1800, however, the situation completely changed, even though Metzger maintains that "we should not exaggerate the decline of the monopoly", implying that the Ch'ing state's ability to effectively regulate commerce remained after that date. The state by 1830 reported shortfalls in salt revenue amounting to over fifty million taels in all, more than the court's total annual income. This enormous debt had forced most of the transport merchants to either declare bankruptcy (chiefly the small merchants), or enter other types of business (the head merchants). Metzger himself admits that smugglers at that time supplied half of the salt that Liang-huai required. This makes a mockery of the word "monopoly", which means the government sells all the salt consumed. Perhaps most alarming of all was the close connection between salt smuggling and the secret societies, meaning that failures in the salt administration contributed to growing unrest in the countryside, which eventually broke into open rebellion in 1853.

While admitting that the salt administration faced a number of problems by the first decades of the nineteenth century, Metzger maintains that successful reforms were possible, pointing to the short-term success of the ticket system introduced by governor-general T'ao Chu. However, Metzger errs by not considering the progress of the ticket system after 1840. Although growing corruption and incompetence at the court would have created problems for any reform program, the ticket system was especially vulnerable,

since it was based on a low rate of taxation that could not be maintained in the face of growing demands for revenue. Eventually this situation forced the revival of the system of hereditary monopolies.

Metzger, while presenting much useful data, has failed to consider the basic dilemma of the monopoly situation. Dependence on a single product for enormous amounts of revenue created an artificially high price for that product, which stimulated the growth of the illegal trade. Although any firm conclusion must await further research, the only solution seems to have been a substitution of other kinds of revenue for some of the salt taxes (the salt monopoly was too profitable to abolish altogether), so as to take the upward pressure off the price of salt. Unfortunately, in the chaotic conditions of the late Ch'ing such a massive reform would have required an energy and determination that the country no longer possessed.

Footnotes

1. Ray Huang. "Fiscal Administration During the Ming Dynasty", in Charles O. Hucker ed. Chinese Government in Ming Times: Seven Studies. New York: Columbia University Press, 1969, p. 94.
2. The works in Chinese surveyed for this paper are Ho Wei-ning. Chung-kuo yen-cheng shih (A history of the Chinese salt administration). Taipei, 1966. Hereafter HWN, and Tseng Yang-feng. Chung-kuo yen-cheng shih (A history of the Chinese salt administration). Shanghai, 1937. Hereafter TYF.
3. Saeki Tomi 佐伯 富 . Shindai ensei no kenkyu
清代 塩 政の 研究 (The salt administration under the Ch'ing Dynasty). Kyoto, 1956.
4. Ho Ping-ti. "The Salt Merchants of Yang-chou: A Study of Commercial Capitalism in Eighteenth Century China", Harvard Journal of Asiatic Studies, Vol. 17 (1954), p. 130-68.
5. Dr. Metzger's two articles are "T'ao Chu's Reform of the Huaipai Salt Monopoly (1831-1833)", Harvard Papers on China, Vol. 16 (1962), p. 1-39, and "The Organizational Capabilities of the Ch'ing State in the Field of Commerce: The Liang-Huai Salt Monopoly, 1740-1840", in W.E. Willmott ed. Economic Organization in Chinese Society. Stanford: Stanford University Press, 1972, p. 10-45.
6. Metzger, "Organizational Capabilities", p. 10.
7. Prominent among these sources are the three Liang-huai salt gazetteers of 1693, 1806, and 1904.
8. For example, the ticket system gained wide popularity after it was instituted in Liang-huai. See Liu Chun. "Tao-kuang ch'ao liang-huai fei-yin kai-p'iao shih-mo" (A complete account of the change from the system of hereditary monopolies to the ticket system in Liang-huai during the Tao-kuang reign), Chung-kuo she-hui ching-chi shih chi-k'an (Collected research articles on Chinese social and economic history), Vol. 1, no. 2 (May 1933), p. 186-8.
9. Metzger, "Organizational Capabilities", p. 10.
10. Ibid. p. 1.
11. Ibid., p. 11.
12. Ibid., p. 18.
13. Ibid., p. 42.
14. Edmund H. Worthy. "Regional Control in the Southern Sung Salt Administration", in John Winthrop Haeger ed. Crisis and Prosperity in Sung China. Tucson: University of Arizona Press, 1975, p. 135.
15. Ibid., p. 137.
16. Liu Chun, "Tao-kuang", p. 141-2.
17. Metzger, "Organizational Capabilities", p. 18, 31.
18. See, for example, the figures for sales of salt offered by Na-erh-ching-o in Ch'ing shih-lu ching-chi tzu-liao chi-yao (Important economic materials taken from the Ch'ing

- veritable records). Compiled by the history department of Nankai University. Peking, 1959, p. 851. Hereafter SLCY.
19. Chiang Tao-chang. "Salt Consumption in Ch'ing China", Nanyang University Journal, Vols. 8 & 9 (1974/5), p. 67.
 20. Worthy, "Regional Control", p. 138-9.
 21. TYF, p. 4.
 22. HWN, p. 32.
 23. TYF, p. 9, 21.
 24. Worthy, "Regional Control", p. 102.
 25. HWN, p. 114.
 26. Ibid., p. 223.
 27. Metzger, "T'ao Chu's Reform", p. 2.
 28. Metzger, "Organizational Capabilities", p. 19.
 29. This description of the salt monopoly is found in Ho, "Salt Merchants", p. 133-49, Metzger, "Organizational Capabilities", p. 11-16, Metzger, "T'ao Chu's Reform", p. 2-9, and Liu Chun "Tao-kuang", p. 129-31.
 30. Liu Chun, "Tao-kuang", p. 129.
 31. Metzger, "Organizational Capabilities", p. 10.
 32. Liu Chun, "Tao-kuang", p. 131-3.
 33. SLCY, p. 832.
 34. Ho, "Salt Merchants", p. 150.
 35. Ibid., p. 154.
 36. Ibid., p. 156-61.
 37. Ibid., p. 165.
 38. Chu Shih 朱軾 . "Ch'ing ting yen-fa shu" 請定鹽法疏

(A memorial requesting that salt laws be established), in Ch'ing-ch'ao ching-shih wen-pien (Collected statecraft essays of the Ch'ing Dynasty). Ed. Ho Ch'ang-ling. 8 vols. Taipei, 1973. chuan 卷 50, p. 11b-13. Hereafter WP.

39. SLCY, p. 813.
40. Liu Chun, "Tao-kuang", p. 139.
41. SLCY, p. 784.
42. Cheng Tsu-ch'en 鄭祖玉 . "Keng yen-fa" 更鹽法

(On changing the salt laws), in WP, ch. 49, p. 3b-4.

43. Lu Hsun 盧訥 . "Shang-yen chia-yin chien-chia shu 商鹽加引減價疏" (A memorial requesting

that the weight of the yin be increased while the price of the merchants' salt is reduced), in WP, ch. 49, p. 9-9b.

44. Ch'ing-shih (History of the Ch'ing Dynasty). Ed. Kuo-fang yen-chiu yuan (National Defense Research Institute). 8 vols. Taipei, 1971, ch. 124, p. 7. Hereafter CS.
45. Liu Chun, "Tao-kuang", p. 150.
46. CS, ch. 124, p. 7.
47. Ta-ch'ing li-ch'ao shih-lu (Veritable records of the successive reigns of the Ch'ing Dynasty). Hsuan-tsung ch'eng huang-ti shih-lu (Veritable records of the Tao-kuang

reign). Tokyo, 1937, ch. 134, p. 15b-16. Hereafter CSL.
48. T'ao Chu. T'ao wen-i-kung (Chu) chi (Collected writings of T'ao Chu). 8 vols. Taipei, 1974, ch. 18, p. 64. Hereafter TC.

49. Metzger, "Organizational Capabilities", p. 41.

50. Metzger, "T'ao Chu's Reform", p. 9.

51. Pao Shih-ch'en. An-wu ssu-chung (Four types of essays concerning the pacification of the Yangtze valley). Taipei, Wen-hai Publishing Co. reprint of an 1872 edition. Ch. 5, p. 14b. Hereafter PSC.

52. TC, ch. 15, p. 38b.

53. Shen Ch'i-yuan 沈起元. "Shang tu-yuan lun Chiang-hsi yen-wu shu" 上督院言論江西鹽務

書

(A letter to the governor-general discussing Kiangsi salt matters), and "Shang tu-yuan chao-kung lun huai-yen shu"

上督院趙公言論淮鹽書

(A letter to governor-general Chao discussing Liang-huai salt), in WP, ch. 50, p. 20, 21b.

54. SLCY, p. 845. Also Lin Tse-hsu. Lin wen-chung-kung cheng-shu (Political writings of Lin Tse-hsu). 2 vols. Changsha, 1939. Hu-kuang tsou-kao 胡廣奏稿

(Memorials written as governor-general of Hunan and Hupeh), ch. 1, p. 1-1b. Hereafter LTH (HK).

55. Metzger, "Organizational Capabilities", p. 11.

56. Ibid., p. 39-40.

57. SLCY, p. 830.

58. LTH (HK), ch. 3, p. 2.

59. Yü Te-yuan. 俞德淵. "Ch'eng ho ou-keng

shih" 呈賀來陽度師

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60. TC, ch. 13, p. 23-23b.

61. PSC, ch. 7 shang 上 (first part), p. 40.

62. Omitted by mistake.

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Glossary

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Ching-chou 荊州

Chang Shih-ch'eng 張士言成

ch'ing-p'i 青皮

Chang T'ang 張湯

chiu-ch'ang cheng-shui

ch'ang 士易

就士易徵稅

Ch'ang-lu 長蘆

Chu Shih 朱軾

ch'ang-p'ing fa 常平法

chung-pao 中飽

ch'ang-shang 士易商

chū-ch'ang 局廂

Chen-chiang 金真江

chū-jen 舉人

Chen-hai 金真海

chū-shang 局商

chen-p'iao 貝辰票

Fang Kuo-chen 方國珍

cheng-tsa-k'o 正采佳課

Fang Yü-lan 方玉蘭

Cheng Tsu-ch'en 鄭祖王架

fen-ssu 分司

ch'eng-pen 成本

feng-k'o 風客

Chi-ch'ing 吉慶

Feng-yang 鳳陽

chi hsi ch'eng pi, chi pi ch'eng li

積習成弊 精弊成例

ch'ia 卡

fou-fei 浮費

Chiang Hung-sheng 江鴻生

fu chang-t'ou 副仗頭

Chiang Yu-t'ien 將攸金舌

Fu-chu-lung-a

chiao-fei 孝匪

福珠隆阿

Chien-ch'ang 建昌

Hai-chou 海州

chien-chia ti-ssu 減價敵私

ch'ih ta-hu 吃大戶

Heng-chou 衡州

chin-shih 進士

Ho-fei 合肥

Chin Ying-lin 金應鹿彝

Ho-shen 和申

- Ho-tung 河東
 hu-t'u 米胡塗
 Huai-nan 淮南
 Huai-pei 淮北
 Huang Ch'ao 黃巢
 Huang-ch'ao ching-shih wen-pien 皇朝經世文編
 Huang Yü-lin 黃玉林
 Hung-hu fei 紅鬃馬
 hsia 匣
 Hsiang-yang 襄陽
 hsin-an 新安
 Hsu 許
 hsu-ku 虛估
 hsun-huan p'iao-fa 循環票法
 I-ch'ang 宜昌
 I-cheng 儀徵
 I-liang 怡良
 kang-an 岡岸
 kang-fa 岡法
 ken-wo 根窩
 Ku Yen-wu 顧炎武
 Kuan Chung 管仲
 kuan-yun 官運
 kuan-yun kuan-hsiao 官運官肖
 kung-jan she-li chang-ch'eng 公然設立章程
 Kuo Ch'i-yuan 郭起元
 lao-an 老安
 lao-kuan 老官
 likin 釐金
 li-sou 利藁
 Li Ta-pen 李大本
 Liang-che 兩浙
 Liang-huai 兩淮
 lin-ssu 鄰私
 Lin Tse-hsu 林則徐
 Liu Chun 劉雋
 Liu San-mao 劉三毛
 Liu Yen 劉晏
 lo-tsu 羅祖
 Lu Chien-ying 陸建猷
 lou-kuei 陋規
 Lu Hsun 盧訥
 Ma K'o-chien 馬克儉
 ma-t'ou 馬豆
 mao-ch'uan 冒船
 ming 名
 Mu Feng-lin 繆鳳林
 Mu Jung-ch'ang 繆榮昌
 Na-erh-ching-o 內爾經額
 nien-tzu 捻子
 pan-kung 辛辛公
 p'an-an 潘安
 pao-chia 保甲

Pao-ch'ing 寶慶
 pao-hsiao 報交
 Pao Hsing 寶興
 Pao Shih-ch'en 包世臣
 p'eng-shou 木平手
 pi 弊
 Pi-ch'ang 壁昌
 p'iao-fa 票法
 P'ing-p'ò 平波
 po 播
 pu-t'ou 阜頭
 san-shang 散商
 Sun Ting-ch'en 孫鼎臣
 Sung-chiang 木公江
 shang-huo shang-ssu 商果多商
 shih-an 食岸
 Shou-chou 壽州
 shu-shou 書手
 shu-yuan 書院
 shui-fan 水販
 ta chang-t'ou 大仗頭
 T'ai-chou 泰州
 T'an A-chao 譚阿招
 t'ang-hsi 帑息
 t'ang-li 帑利
 T'ao Chu 陶渣
 Teng K'eng 登堅
 Teng T'ing-chen 登廷楨

Ti-wu Ch'i 第五琦
 T'ien-tao hui 添刀會
 T'ien-ti hui 添弟會
 t'ing 土亭
 t'u-kun 土棍
 T'u Wen-chun 涂文金勾
 Ts'ai Ch'ien 蔡牽
 Ts'ai Ching 蔡京
 tsao-hu 竈戶
 Ts'ao 曹
 Ts'ao Lü-t'ai 曹履泰
 tsou-hsiao 奏金肖
 tsung-shang 總商
 Waichow 惠州
 Wang Hsien-chih 王仙芝
 Wang Ting 王鼎
 Wang Tseng-fang 王曾芳
 Wei Yuan 委鬼源
 wu-pen t'ang 務本堂
 Wu-tsung 武宗
 Yangchow 楊州
 Yeh Ch'i 葉王其
 yen-ch'ao fa 鹽金少法
 yen-hsiao 淹消
 yen-k'ò ssu-ta-shih 鹽課司大使
 yen-kuan 鹽關
 yen-yun-shih 鹽運使

yin 引

Yü Te-yuan 俞德淵

yuan-shang 亶商

Yuan Shih-chen 袁世振

yueh-che 月習

yueh-chin 月進

yun-shang 運商