

History of the Salt Administration

TAXATION of salt in China is said to date from about 2200 B. C., tribute salt having been introduced during the reign of Yu, first Emperor of the Hsia dynasty.

The Ch'i kingdom (7th century B. C.) in which the manufacture of salt was encouraged under government control, supplied salt from what is now Shantung to all the neighboring inland kingdoms; under the administration of Kuan Tzu it derived a very large revenue from salt taxes and was reputed to be "the richest kingdom in the world."

During the reign of the Emperor Wu Ti, 140-86 B. C. (Han dynasty), special officials were appointed in charge of salt taxes throughout China.

At the beginning of the T'ang dynasty (7th century A. D.) there were said to be eighteen salt lakes and 640 salt wells under the control of the Board of Revenue. Taxes were also levied on sea salt. During this dynasty a reformer named Liu Yen (762 A. D.) arose, who as Transportation Commissioner organized a system of salt administration on lines which may well serve as a model at the present time. Government control was confined to the producing districts and transit taxes were abolished; merchants were allowed to transport salt for sale to any place they chose, but government salt was stored in remote districts to guard against shortage in the supply. Under this system the salt revenue is said to have increased to fifteen times its former amount.

Early in the Sung dynasty (960-1278 A. D.), the main system of merchants' transportation was introduced. Permits called *Yin* were issued by the Central Government on payment of tax and the country was divided into *Yin* areas (in *Tu*), in each of which a merchants' monopoly was established.

This system was elaborated in the 14th century A. D., by Tai Tsu (Hung Wu), the 1st Ming Emperor, during whose reign *Yin* were also issued in return for contributions of rice to the Government stores. Towards the end of the Ming dynasty, however, (early 17th century), the salt administration decayed, a period of disintegration set in and the revenue fell rapidly away.

During the Ch'ing dynasty the salt-producing areas were divided into ten districts, each under the control of a high official who was at the same time the Viceroy of the province; the salt Taotai was however, the actual administrator of salt affairs. Government and merchants' monopolies existed side by side, and while the basis of the system was the same as during the reigns of the early Ming emperors, the rates of taxation and methods of collection in the various districts became more and more dissimilar and extensive abuses crept in. Towards the end of the Ming regime the lack of uniformity and complete absence of centralised control brought the administration into a most chaotic condition and insistent demands for reform arose.

In 1909-1910 a serious attempt at reform was made and a Central Salt Office (*Yin Cheng Ch'u*, the name being changed in 1911 to *Yen Cheng Yuan*), was established at Peking under the control of the Minister of Finance. Progress was checked by the outbreak of the Revolution 1911, and no effective reforms were introduced until the reorganization of 1913 was undertaken and the present Central Salt Administration was established.

The Chinese Government Reorganization Loan Agreement was signed on the 26th April, and came into effect on the 21st May, 1913. By Article V the Chinese Government engaged "to take immediate steps for the reorganization, with the assistance of foreigners, of the system of collection of the salt revenues of China," and the Central Salt Administration (*Yen Wu Shu*) was established in Peking under the control of the Minister of Finance.

All administrative functions other than those assigned to the Chief Inspectors and District Inspectors fall within the sphere of Chinese Salt Commissioners, one of whom is in charge of each salt producing District. These Salt Commissioners regulate the manufacture and transportation of salt and control the Preventive Forces. In non-producing Districts there are Chinese Transportation Officers, who are charged with the supervision of the supply and distribution of salt to the people by merchants. The Government fixes a maximum price at which salt may be sold in each area.

Districts of Production and of Consumption

Chief Producing Districts	Consumption Districts	Nature of Salt	Method of Manufacture
Fengtien.....	Fengtien, Kirin, Heikiang	Sea	evaporation
Chihli	Chihli, E. Honan, N. Shansi	"	"
Shantung.....	Shantung, N.-E. Honan, N.-E. Anhui & Corea	"	"
Kiangsu	Anhui, and parts of Kiang-su, Kiangsi, Hunan and Honan	"	Solar evaporation and boiling
Chekiang ...	Chekiang, and parts of Kiangsu, Anhui, and Kiangsi	"	"
Fukien.....	Fukien and parts of Chekiang and Kiangsi	"	"
Kwangtung...	Kwangtung, Kwangsi, and parts of Kiangsi, Hunan and Kweichow	"	"
Yunnan	Yunnan and W. Kweichow	Well	Boiling
Ssuch'uan ...	Ssuch'uan, N.-E. Yunnan, Kweichow, Hupeh and S. Shensi	"	"
Shansi.....	Parts of Shansi, Shensi, (Yuncheng) and Honan	Lake	Solar evaporation
Shensi, Kansu...	Kansu, and parts of (Huamachih) Shensi	"	"
Mongolia ...	Parts of Chihli, Shansi and Kansu	"	"

Manufacture.—There are two methods of evaporation by solar heat. In the salt-lake districts, the heat of the sun causes the salt to crystallize at the edge of the lakes or in some cases on the surface of the water. On the sea coast the salt-pan system is generally in vogue, the sea-brine being pumped up by wind sails or being allowed to flow on to prepared beds or pans, being drawn from one bed to another as it becomes more dense, until finally it deposits salt in the crystallizing pans. The bittern brine is in some places used to strengthen fresh brine as it is pumped up. This is the method by which more than half the salt in China is manufactured, salt boiling being impracticable in the greater part of the country owing to the lack of fuel.

The salt made by solar evaporation varies in purity according to the nature of the salt in which the pans are made. The finest salt in China is produced in Ssuch'uan, Fukien and Kuangtung. In south Kiangsu and Chekiang where large reed beds still exist, in Yunnan where there are forests, and in Ssuch'uan where a natural gas is found, salt is still largely manufactured by boiling. In Ssuch'uan coal, is increasingly used for the purpose. The Ssuch'uan works are worthy of special mention. At Tzeliuching where more than two-thirds of the salt in S. Ssuch'uan is produced, borings are made, often through solid rock, to a depth of some 3,000 feet. The mouth of such a well may be no more than 14 inches in diameter. Brine is drawn up in bamboo tubes some 80 feet long, by 5 or more buffaloes working round a large drum. At some places labor and expenses are saved by sinking the wells in pairs, so that the drawing up of one tube causes the other to sink. From the wells the brine, which is of high density, is carried in buckets or conducted by bamboo pipes to the boiling establishments, where it is boiled by a natural earth-gas or by coal and grass fuel. In parts of Chekiang brine is boiled in an enormous cauldron of bamboo matting coated inside and out with lime from river shells: it is suspended over a fire by ordinary ropes and can be used for some ten days, after which it is useless for further boiling, but is broken up and sold to manure the land.

Salt after manufacture is stored either at the works or in the depots and godowns awaiting sale. The cost price, exclusive of tax, varies from 40 to 50 cash a catty of 1.4 lbs. in parts of Ssuch'uan to 19 or 20 piculs for a dollar at some works in Fukien. It is purchased from the makers by transporting merchants who generally possess monopoly rights in a given area, and who, after payment of the salt tax, receive a Release Permit upon production of which they are permitted to remove the salt. The authorised scale is the SSU Ma by which one picul equals 140 lbs. avoirdupois, and sixteen piculs equal one ton. The salt is packed in bags of rush, matting or bamboo. In Kirin and Heilungkiang the purchase, distribution and sale is effected by the Government which holds a monopoly in the whole area. In Fukien also a Government monopoly exists. In Fengtien, South Shansi and South Shensi, free trade in salt already existed when the reorganization was instituted. In Kuangtung and Ssuch'uan, and in the greater part of Anhui and Honan all monopolies have recently been abolished to the advantage of the revenue and of the consumer.

The rest of China proper with unimportant exceptions, is still divided into monopolized districts, though competition of two or more kinds of salt in the same district is increasingly permitted. A monopoly is either farmed out to a merchant under contract for the payment of an annual sum or is owned by a number of merchants who possess the sole right of selling duty-paid salt in a particular district. The chief instance of the latter practice is found in Kiangsi, S. Anhui, Hunan and Hupei, the greater portion of which provinces is supplied with salt by merchants possessing rights formerly purchased from the Government, but now become by custom hereditary and transferable. In these the salt is distributed and sold under Government supervision.

Vested interests have hitherto proved too strong for the introduction of such a system of free competition throughout the country. At present, monopolies prevent the people from obtaining salt of good quality and keep up the price by artificial restrictions. Bad and expensive salt is the chief cause of the prevalence of smuggling, which is but inadequately kept in check by a large and costly Preventive Force. Much progress has recently been made towards the reorganization of this Force; the men are better paid and better clothed, merchants' police have been transferred to Government control, and the Force is being concentrated in the districts of production rather than, as formerly, scattered through the consumption areas. The total revenue lost by reason of the failure to control smuggling must however still be very considerable.

Taxation.—The principle of taxation now definitely adopted is the imposition of a single direct tax at source. The taxes existing in 1913 consisted, generally speaking, of a direct tax around which was grouped a most complicated medley of additional taxes imposed from time to time as necessity arose or opportunity offered, and seldom if ever abolished when once imposed.

Levied upon producer, transporting merchant and consumer indiscriminately, collected at any convenient point along the route which the salt had to pass, calculated according to different scales and in various currencies, to five or even eight places of decimals and allocated for such diverse purposes as conservancy, upkeep of schools, the Boxer Indemnity, upkeep of gunboats, support of horse breeding in the Manchu city at Hangchow, of the Association for giving alms to priests, of widows, life-saving institution and the association for the prevention of killing of animals, they were such as to baffle the most earnest enquirer. Such anomalies are now practically a thing of the past, and while the rate of taxation has been increased, the people have benefited by the removal of harrassing delays and by the abolition of exactions which by their very nature invited extortion and abuse. The rate of taxation at present varies from \$0.20 a picul in parts of Shantung to \$3.50 a picul in Yunnan. Salt for the central Yangtze areas is nominally taxed at \$4.50 a picul, but is in fact considerably less, as owing to the risk which attends transportation to these areas, payment of two-thirds of the tax is permitted to be deferred until the salt is eventually sold, and when losses occur exemptions are granted. In Hunan also the payment when made is frequently in depreciated notes. The standard of taxation laid down in the Presidential mandate of the 24th December, 1913, is \$2.50 a picul, to be gradually introduced throughout the country except in Mongolia, Chinghai, Sinkiang and Tibet, "where extraordinary conditions prevail."

Revenue.—It appears probable that the revenue annually remitted to Peking up to the time of the Revolution in 1911 was about Tls. 13,000,000; the receipts for the whole of China, including sums retained by the provinces for local purposes, were perhaps double that figure. There is no reason to suppose that salt revenue increased between 1911 and 1913 and the total net revenue credited to the Foreign Banks in accordance with the loan agreement for the period 21st May to 31st December 1913 amounted to \$17,576,154 only. From 1914 onwards, however, the revenue has steadily increased.

The revenue actually credited in the Foreign Banks during the past three years after payment of the expenses of administration was:

1914	1915	1916
\$60,409,676	\$69,277,536	\$72,440,560

Charges and Surplus.—A list of the charges upon the Salt Revenue in 1913 is annexed to the Reorganization Loan Agreement. For all practical purposes it is only necessary to take into account at present the *Crisp Loan* (£5,000,000), the Reorganization Loan itself (£25,000,000), such part of the instalments of the Boxer Indemnity as may from time to time not be covered by the receipts of the Maritime Customs, and the issued portion (£6,000,000) of the Hukuang Railway Loan of 1911.

The following sums have been paid on account of the Boxer Indemnity:

1914	1915	1916	1917
\$13,505,833	\$23,787,463	\$10,071,371	nil.

and on account of other charges:

1914	1915	1916
\$7,600,739	\$10,811,619	\$14,840,534

The surplus placed at the disposal of the Chinese Government has been:

1914	1915	1916
\$31,304,818	\$27,523,066	\$52,226,185

The Government has agreed to maintain a reserve, amounting to \$10,000,000 with the foreign banks, in order to ensure the prompt payment of instalments of interest as they fall due, and to improve the value of the security. *Reprinted from the Encyclopaedia Sinica.*