



## From Colonial India to Semi-Colonial Republican China: Imaginaries and Realities of Civil Service and State-Building in Salt Administration, 1912–45

Julia C. Strauss

**To cite this article:** Julia C. Strauss (2023) From Colonial India to Semi-Colonial Republican China: Imaginaries and Realities of Civil Service and State-Building in Salt Administration, 1912–45, *South Asia: Journal of South Asian Studies*, 46:4, 806-819, DOI: [10.1080/00856401.2023.2239066](https://doi.org/10.1080/00856401.2023.2239066)

**To link to this article:** <https://doi.org/10.1080/00856401.2023.2239066>



© 2023 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.



Published online: 15 Aug 2023.



Submit your article to this journal [↗](#)



Article views: 885



View related articles [↗](#)



View Crossmark data [↗](#)



ARTICLE

OPEN ACCESS

Check for updates

# From Colonial India to Semi-Colonial Republican China: Imaginaries and Realities of Civil Service and State-Building in Salt Administration, 1912–45

Julia C. Strauss

Department of Politics and International Studies, School of Oriental and Asian Studies, London, UK

## ABSTRACT

This article studies the Sino-Foreign Salt Inspectorate, which was imposed upon a weak Chinese government by an international consortium from 1913 till 1949. The founder of the Salt Inspectorate was Sir Richard Dane, a high-level civil servant in the Indian Civil Service with long experience in salt tax administration in India. This article charts the development of the Salt Inspectorate, considering how it maintained its organisational integrity in a hostile policy environment through core strategies of simplification, bureaucratisation and insulation. The Salt Inspectorate stands as an exemplar of liberal imperial order in its replication of the Indian Civil Service and classic British liberal ideals of political economy, operating in the midst of a dangerous policy environment of civil war, rising nationalism and foreign invasion.

## KEYWORDS

Bureaucratisation; post-colonial salt tax; Republican China; salt tax; Sino-Foreign Salt Inspectorate; Sir Richard Dane; state-building

## An archive fairy tale

Once upon a time, during the dark ages of postgraduate education, in that twilight era of the mid-1980s when laptops were only just beginning to come in but before the internet and email had done so, a deeply anxious political science PhD student was sitting in the Number Two Historical Archives in Nanjing, China, fretting about how her dissertation on civil service examinations and personnel policy in the Nanjing Decade (1927–37) was about to go down the tubes. Being an unadventurous sort who wanted to stick to a fairly well-worn path, she had opted for a dissertation that would involve research no more controversial than assessing state-building in the 1930s by going through the careers of long-retired civil servants, to be pursued in a comfortable city with an excellent university and an already open archive. Safety is, however, that most illusory of phenomena. After being kept waiting for several months to actually get access to the archive (which was entirely normal at that time), it gradually became clear that most of what was available on civil service examinations and personnel were simply

CONTACT Julia C. Strauss [js11@soas.ac.uk](mailto:js11@soas.ac.uk)

© 2023 The Author(s). Published by Informa UK Limited, trading as Taylor & Francis Group.

This is an Open Access article distributed under the terms of the Creative Commons Attribution-NonCommercial-NoDerivatives License (<http://creativecommons.org/licenses/by-nc-nd/4.0/>), which permits non-commercial re-use, distribution, and reproduction in any medium, provided the original work is properly cited, and is not altered, transformed, or built upon in any way. The terms on which this article has been published allow the posting of the Accepted Manuscript in a repository by the author(s) or with their consent.

drafts of laws that for the most part were not implemented. Worse, the vast majority of what was in the archive was from the 1940s; much had been destroyed or lost with the Japanese advance on Nanjing in December 1937. With interviews, she found just about enough material for a chapter, but hardly an entire dissertation. Forays into different ministerial archives only revealed snapshots; without time sequenced data, little could be said about the actual implementation of civil service examinations and personnel policy over time. And over time was what really mattered because it was clear that, in general, the Guomindang examination and personnel system only began to gradually take hold in the mid 1930s. After several wasted months and false starts, she settled on tax as a case study on the grounds that tax is of obvious importance to state-building and is much easier to understand technically than, say, water governance and flood control. At around this time, she was granted a formidable concession: to be permitted to briefly consult the *mulu* (catalogue) to see what was in fact present. And there, more by accident than design, she came across her first references to something called the *Yanwu Jihe Zongsuo* (鹽霧稽核總所)—a title that translated awkwardly to ‘Salt Affairs General Office of Review and Inspection’. In the context of the Nationalist bureaucracy of the 1930s, everything about it was odd. Its nomenclature didn’t fit; technically under the Ministry of Finance, it ought to have been a ‘*ju*’ (局) rather than a ‘*suo*’ (所). When she requested, and duly received, a first tranche of personnel documents from this strangely named *zongsuo* (總所), she could not have been more puzzled. Rather than receiving the unstandardised catch-as-catch-can forms on onion skin paper and illegible Chinese cursive that changed from year to year, she was presented with a box of personnel forms on beautifully heavy cream paper: one sheet per individual that indicated name, current position and location, and all previous positions with the organisation *typed in English*. Some of the annotations did not appear to make any sense in the light of the rest of the Chinese bureaucracy (what on earth was an ADI?) It took a while for her to realise that the *Yanwu Jihe Zongsuo* in English was called something slightly different than her clumsy direct translation: its proper English name was the Sino-Foreign Salt Inspectorate. It took a bit longer to realise that with various name changes, this was an organisation that had lasted until the end of the Republican era in 1949. But, oh the relief! She had her case study, two chapters of a dissertation and the core of an eventual first monograph: a near ideal type of a well-functioning bureaucratic organisation that, despite a deeply hostile surrounding environment, managed to successfully bureaucratise *and* come to serve as the second pillar of the Guomindang state’s revenue in the 1930s. To complete the fairy tale, after the all-important for-tenure eventual monograph sank like a proverbial stone with a grand total of three reviews in specialised Chinese studies journals, some 15 years later this initial work on the Salt Inspectorate enjoyed a minor, but nonetheless gratifying afterlife when it was taken up by Africanists as an early and non-African example of a ‘pocket of excellence’—a term that did not even exist in the 1980s. That anxious graduate student was myself, and more astonishingly than ever, I now find myself writing about the Salt Inspectorate for a completely different group of scholars—South Asianists working on salt and protest in the twentieth-century subcontinent. The world of archival fairy tales can turn in some very unpredictable ways indeed.

## The creation of the Sino-Foreign Salt Inspectorate and the hinge figure of Dane, 1913

When we look back on the Sino-Foreign Salt Inspectorate and its founding, it appears to be a faintly ridiculous one-off, a revanchist and ‘accidental’ organisation called into being by foreign banking interests that needed security on a loan being made to a weak and fiscally frail Chinese domestic government. Some 110 years after the event, we know that the Inspectorate was founded at a time of rising nationalism, only approximately a decade before the great anti-colonial movements in South, Southeast and East Asia were to completely rewrite the history of these regions. Indeed, only 15 years after its establishment, the Sino-Foreign Salt Inspectorate was itself (briefly) swept away by the anti-colonial nationalism that fired the military victory of the (Guomindang and Chinese Communist) National Revolutionary Army in China itself. But for Westerners involved in the matrix of colonial administration and international finance in 1913, these events were in an unimaginable future, and the establishment of the Inspectorate was, if not to be expected, given China’s weak financial position, then an event that certainly mapped on to a well-practised formula. In 1913, the institutional landscape of non-colonised, yet not fully sovereign old empires afforded a number of examples of hybrid organisations established by Western experts with large local staff. In an era of high imperialism and global finance, such was the price exacted by business interests when states were in danger of default: Egypt, Persia and Ottoman Turkey had all given up parts of their sovereignty to international creditors who demanded the ‘efficiency’ of such organisations to guarantee loan repayments. There was even a fairly recent precedent for tapping the salt tax in this way: Western banking interests had demanded such a hybrid organisation to collect the salt tax in the Ottoman empire, which was ultimately folded into the Ottoman Public Debt Commission in 1881.<sup>1</sup>

Closer to home in China itself, there was ample precedent for foreign, expert-run, Chinese-staffed tax organisations. Under the twin pressures of imperialism and internal rebellion, from the mid nineteenth century onwards, the Qing dynasty had given up progressively larger amounts of its tax sovereignty to a hybrid customs organisation, the Maritime Customs Administration (1854–1949) and its direct offshoot, the Post Office (1896–1949), which were run independently of the central government, with foreigners in leading and management roles for a largely Chinese staff. Under the leadership of its first inspector general, Robert Hart, what started as a modest outfit grew in size, staff and function throughout the second half of the nineteenth century. Amid the political turmoil surrounding the fall of the Qing Dynasty in 1911, Hart’s successor Francis Aglen sought, and was given, permission by the interim Beiyang government to expand the duties of the Maritime Customs even further to take over the direct remittance of customs dues to a consortium of Group Banks in Shanghai that represented China’s creditors, whereas, previously, Maritime Customs had simply assessed the taxes to be collected by Chinese commissioners.<sup>2</sup>

- 
1. Stanford Shaw, ‘The Nineteenth-Century Ottoman Tax Reforms and Revenue Systems’, *International Journal of Middle East Studies* 6, no. 4 (1975): 421–59; S.A.M. Adsead, *Salt and Civilization* (London: Palgrave Macmillan, 1992): 259–83.
  2. Lester Knox Little, ‘Introduction’, in *The I.G. in Peking: Letters of Robert Hart, Chinese Maritime Customs, 1868–1907*, ed. J.K. Fairbank, K.G. Bruner and E.M. Macleod (Harvard, MA: Harvard University Press, 1975): 30–31.

It was in this matrix of extraordinary political instability that the Sino-Foreign Salt Inspectorate was established. The Qing empire (1644–1911) had only just been overthrown. There was little agreement among Chinese political elites as to what the new ‘Republic of China’ should consist of, what its core institutions should be, how it should be run, and what the new operating rules of the politics would be. Republican revolutionaries in central and southern China agitated for a federal republic. Conservative northern political elites had little interest in genuinely representative political institutions. Even the fall of the empire was haphazard; the uprising that started the Revolution of 1911 had been an unplanned mutiny gone wrong followed by a series of provincial secessions. The premier military man of his generation—a modernising general and social conservative by the name of Yuan Shikai—stepped into this breach. Now interim president of the Republic of China, Yuan Shikai was keenly aware of China’s military weakness (particularly vis-à-vis an expansionist and aggressive late modernising Japan) and was in favour of a strong central executive at a time when he was himself the central executive. Confronted with the South’s attempt to re-secede from the Republic and inheriting a tangle of loans to foreign banks dating from the late nineteenth century, Yuan Shikai contracted for a substantial loan called the Reorganisation Loan from a consortium of Western banks. The purposes of the Reorganisation Loan were two: first, to consolidate into one package a number of the loans left over from the Qing and, second, to provide the ready cash for Yuan Shikai to put down an attempted Second Revolution of re-secession by disaffected Republicans in central and southern China. The problem for Yuan Shikai was that the coffers of the new Republic of China were empty. Provinces had simply ceased to remit their taxes to the central government in late 1911, and the one reliable tax-collecting organisation at the disposal of the central government—Maritime Customs—had already been mortgaged out to service other debts. But then as now, banks are not charitable institutions, they need collateral. The result of all this was a Reorganisation Loan of the then substantial sum of £25,000,000. Immensely controversial and opposed by the Republicans in the south in its own time, the Reorganisation Loan did in fact both consolidate earlier loans into one package and immediately provide the funds that enabled Yuan Shikai to quash the Second Revolution. In thrashing out the details of the Reorganisation Loan, the Group Banks turned to the one other tax that was in principle levied throughout China—the salt tax. Coming up with a sufficiently stable and adequate salt tax, to service the Reorganisation Loan in turn, required that it be reorganised on a firmly national basis. The result was the Yuan Shikai government’s agreement to permit the establishment of a new, nationally operating organisation to collect the salt tax, the Sino-Foreign Salt Inspectorate.

Nominally a part of Republican China’s Ministry of Finance, the Salt Inspectorate was a hybrid organisation that was, to all intents and purposes, an independent actor, not least because the Republican-era central governments in Beijing were so desperately weak. By the high warlord period of the mid 1920s, their writ extended no further than the walls of the capital, but crucially, whoever captured Beijing was accorded international recognition and therefore the privilege of making treaties and contracting foreign loans. As already suggested, from one perspective, the Sino-Foreign Salt

Inspectorate was a throwback even in its own time. Like the Maritime Customs and the Post Office, which were established by Western concerns and whose highest positions were monopolised by foreigners, the Salt Inspectorate established district offices throughout China wherever the salt-works were. Although the Salt Inspectorate was staffed by co-equal foreigners and Chinese at the highest ranks, it reeked of the high tide of Western imperialism in an age of rising nationalism in which such institutions were increasingly anathema to patriotic sensibilities. But from another perspective, the Sino-Foreign Salt Inspectorate also was very much of its time. It was an organisation that revealed the intersection of the ways in which the structures of Edwardian era liberal finance and the British imperium were maintained and indeed expanded by the epistemic communities that staffed both. The figure who straddled both formal and informal Empire, early twentieth-century finance, and the entirely new territory of China, Sir Richard Dane, drew on exactly these norms in creating an organisation that was simultaneously revanchist and built to last. The Salt Inspectorate's first chief inspector, who came in to 'reorganise the salt gabelle' on behalf of foreign banking interests, was unburdened by any concrete knowledge of Chinese language, culture, or the multitude of different customary tax arrangements that were common throughout China. At the time of its establishment in 1913, the purpose of the Salt Inspectorate was simply to provide enough of a stable income remitted to the central government in Beijing to service the debt on the Reorganisation Loan. Literally no one had anticipated that a reorganised salt gabelle in China would not only provide enough income to keep the Group Banks happy, but bring in so much revenue above and beyond servicing the Reorganisation Loan that it would serve as a primary source of tax income for a succession of weak Republican era governments, and, even more astonishingly, go on to provide a positive model for a generation of would-be institution builders in the Guomindang Ministry of Finance in the 1930s.

Sir Richard Morris Dane (1854–1940) could have been an avatar of the late Victorian empire. Born in Empire at Mawlamyine, Myanmar (then Moulmein, Bengal), and educated in the near Empire of Anglo-Irish Ireland, he probably always expected to serve in India, as his father Richard (Army Medical Corps and chief inspector of hospitals), his slightly younger brother Louis (eventual lieutenant-governor of Punjab) and his son Richard (1<sup>st</sup> Punjab Cavalry) all did; his mother's family had also long served in India.<sup>3</sup> As a young man, he passed the Indian Civil Service exam in 1872, and the entirety of his career was spent in India in a series of ever higher positions, culminating as the first holder of the position of chief commissioner of excise and salt in 1907. A photograph of him in late middle age from *The Foreigner in China*<sup>4</sup> reveals a handsome man in a black cravat, with close-cropped greying hair, a bushy moustache in the fashion of the time, and piercing light eyes. But still portrait photography of the early twentieth century can only hint at the temperament of the individual so captured, and here Dane made an indelible impression on his contemporaries. By all accounts, he was a man of exceptional physical energy (vigorous sports, riding and hunting), who taught himself to shoot from the left

---

3. For a fuller account, see Julia Strauss, 'Dane, Sir Richard Morris (1854–1940), Administrator in India', in *Oxford Dictionary of National Biography*, accessed 20 June 2023, <https://www.oxforddnb.com/view/10.1093>.

4. Owen Mortimer Green, *The Foreigner in China* (London: Hutchison & Co., 1943).

shoulder after a major eye injury in his early twenties. Just before his call to China in 1913, he had taken early retirement from the Indian Civil Service in order to enjoy hunting while he was still physically able to do so. At the same time, he had enormous capacity for hard work and attention to detail. Impatient and vigorous, he was an intensely practical man of his time with little time for either idealistic do-gooders or those who got in his way. As a top civil servant in India, he had contributed two appendices on opium production and the trade between China and India to the Brassey Commission's final report on opium in 1895. These appendices were an important component of the report, which found that the claims of the then quite vociferous anti-opium lobby were overstated, and that in any case, the Indian government could not abolish the trade without instituting new and unpopular taxes in its stead. For his contribution to the final report, Dane earned the opprobrium of the anti-opiumists and was denounced in the House of Commons.

Thus, Dane was no stranger to hardball politics, was entirely pragmatic about fiscal bottom lines, and, as near as one can tell from the sources, appeared to be burdened by little self-doubt. In all likelihood, although the sources are reticent about this, he upheld the racial and gendered hierarchies of his time and was a difficult personality in private. He and his wife divorced in 1901 at a time when there were plenty of unhappy marriages, few of which ended in divorce. We do know that he was not one to suffer either fools or evasiveness gladly, and that he would readily explode when others were obstructionist or less than forthcoming.<sup>5</sup> Armed with these traits, Dane was both a reflection and an enforcer of liberal Empire. In retrospect, we know that this was an order already on its way out in the mid-1910s; anti-colonial movements of national liberation from 'below' were already gathering pace. But what might be glaringly obvious to us more than a century later was probably occluded in its own time, especially by those at the apogee of these intersecting systems of colonial bureaucracy, international finance, and entrenched white, male notions of progress and superiority. In 1913, when Dane left India for China, Gandhi had not yet returned to India, and the movements of mass civil disobedience were still in the not too distant future. Despite being very much a man of his time, class and position, all the evidence we have suggests that Dane got along exceptionally well with a range of Chinese salt tax reformers—despite touchy Chinese pride and his own ignorance of both the language and the complexities of customary salt administration arrangements throughout China. Dane himself departed China after only six years in the post. After those relatively short but crucial years for the organisation he founded, he retired to the Welsh borders. Still engaged in salmon fishing into his eighties, he lived to what in the first half of the twentieth century was a ripe old age of 85. For our purposes, Dane bequeathed an institution so strong that it survived multiple shocks that would have caused collapse in most: warlord depredations, abolition, re-creation and incorporation into the Guomintang government during 1927–28, and the trauma and dislocations of the Sino-Japanese War, when the Japanese advance forced the retreat of the Salt Inspectorate personnel from their offices at the salt-works. In the end, it was only the collapse of the Guomintang government itself in 1949 that

---

5. S.A.M. Adshead, *The Modernization of the Chinese Salt Administration, 1900–1920* (Cambridge, MA: Harvard University Press, 1970): 94.

heralded its end. Even after this rupture, a rump of the Salt Inspectorate survived, running the coastal salt-works in Tainan on the island of Taiwan. In the late 1980s, very old men in Taiwan impressed on me how hard-working and well-respected Dane (who was remembered by his Chinese name, Ding-en, 丁恩) had been because of his commitment and follow-through in establishing good *systems*; indeed, Dane's most important legacy was the institutionalisation of an organisation that was widely recognised to be competent, fair and resistant to corruption.<sup>6</sup>

This accomplishment is no less extraordinary to contemplate now than it was in its own time. What exactly equipped an Indian colonial civil servant who owed his appointment to the demands of international financiers to be so effective when so many other reformers had failed? Here I suspect there were several factors, including that of simple chance and Dane's proactive astuteness in bureaucratic infighting in the earliest days of the Inspectorate. First, Dane possessed immense experience in prefectural colonial administration and taxation over a vast and varied land. Second, his education at a time of rampant free trade led him to what his primary biographer calls his insistence on centralisation (of administration and tax rates), bringing more salt into the taxation regime, and free trade, which was exemplified by the slogan, 'one tax at the yard [at the actual salt-works, when bags of salt were weighed] and free trade thereafter'.<sup>7</sup> And, finally, Dane frequently used his vigorous personality and outsider positionality to advantage; he simply *claimed* the Inspectorate's right to actively collect the salt tax, then remit the salt tax to the Group Banks, with whatever surplus there might be going to the Chinese central government. In so doing, Dane positioned the Inspectorate as a neutral, technocratic body ready to serve both the Chinese government and the Group Banks, which in turn made the Inspectorate's separate civil service system credible. Neither the Group Banks nor the Chinese government had the wherewithal to oppose these moves in 1913–14, and after a short period of time, both were grateful to the Inspectorate for its competence in services rendered: the servicing of the Reorganisation Loan debt was taken care of without fuss and the Chinese central government received a welcome boost of funds.

When we unpack these early actions a bit more, it is clear that Dane's late Victorian-inflected beliefs in a centralised and politically neutral prefectural civil service, uniform rates of tax, and one simple tax at the site of production were both more and less than the sum of their parts. They were more than the sum of their parts because of the rapidity with which a far-flung set of offices was put together on very short notice, increasingly took on (or attempted to take on) new tasks related to salt administration and was widely admired for astonishingly quick proof of its effectiveness. At the same time, the Inspectorate was informed by three simplifying rules common to most reformist civil services in the late nineteenth and early twentieth centuries: (1) bureaucratisation and insulation from a wider environment of corruption and ineffectiveness; (2) measurable, impersonal achievement in expanding the tax net and lowering administrative costs; and (3) political neutrality.

---

6. Guisheng Chen, interviewed by author, Taipei, January 16, 1989; Zhou Weiliang, interviewed by author, Taipei, January 23, 1989. Zhou's father had served in the Inspectorate from nearly its beginning.

7. Adshead, *Modernization*, 99, 118.



***The Sino-Foreign Salt Inspectorate's early achievements: Strategies of insulation, bureaucratisation and simplification*<sup>8</sup>**

Under Dane, the first achievements of the Salt Inspectorate were institutional. After coming into being as an accidental organisation, as noted above, the Salt Inspectorate immediately took over the actual collection of the salt tax and then its remittance (minus administrative costs) to the Group Banks and, thence, whatever remained as surplus to the Chinese government in Beijing. This enabled the organisation to keep a neutral position equidistant from the Group Banks and the then weak Chinese government. Not entirely coincidentally, it also provided the organisation with the wherewithal to pay its staff a significantly higher salary with much higher benefits than those on offer in the rest of the Republican government. Such was its immediate success that in rapid order, it was able to crowd out the other main salt administration organisation in Beijing under the Republican government called the Yanwu Shu (鹽務署 or Salt Division). Because it did not inherit the conditions that enabled the Salt Inspectorate to be successful (a prefectural organisation, field offices, capacity to engage in tax collection itself and the financial wherewithal to pay its officers separately from the rest of the Chinese bureaucracy), the Yanwu Shu quickly became a hollow shell.

The policy environment into which the Salt Inspectorate stepped was one of unimaginable complexity. Since alimentary salt was a universally consumed commodity—from the wealthiest merchant in the Yangzi river delta to the poorest farmer in the interior—it was administered in a patchwork fashion. There was no uniformity of salt in either its manner of production or its rates of taxation. Salt was produced through either evaporation through exposure to sunlight or evaporation through boiling. Both methods resulted in enormous variation in type of salt-works: (1) salt-wells (in the interior province of Sichuan); (2) marine salt-works where salt was in great demand for the preservation of fish; and (3) in saline soils particularly prevalent in parts of the North China plain. By the late imperial period, these differences in region, type of salt and method of salt production intersected with the variable reach of the state and equally variable types of customary taxation. The salt tax, like virtually all taxes of the time, was in practice assessed on the state's ability to exact rather than the individual family's ability to pay. Limited reach by the late imperial Chinese state in turn led to different salt tax regimes, often of enormous complexity. Most regions were characterised by official salt monopolies (i.e. tax farming in which merchants were awarded permits to collect the salt tax and remit a fixed amount to the central government) through an arrangement called the *yin'an* (引岸)-system. *Yin'an* was based on the dubious presumption that once China was divided into salt districts, salt would only circulate within its own officially designated district. Beyond this general rule, *yin'an* encompassed a multiplicity of local arrangements. Occasionally, salt merchants were only licensed to buy salt and not permitted to transport it, but most were taxed on the basis of transport permits. These transport permits came in two types: transport that was organised by officials, and salt

---

8. The following section draws from Julia C. Strauss, *Strong Institutions in Weak Polities: State Building in Republican China, 1927–40* (Oxford: Oxford University Press, 1998): chaps. 3–4.

merchant licences to take over salt transport. In short, depending on the salt tax regime in a given area, salt could be taxed once (at the time it was weighed at the salt-works), twice (at the works and then with transport permits), three times (when the salt was weighed, for transport and then again at the point of sale), and frequently more than three times as was the case when one shipment of salt required multiple transport permits over provincial borders. These taxes on the transport of salt were reminiscent of the much-hated *lijin* (釐金) tax on the transport of goods along China's major waterways which were frequently assessed more than once, as different local authorities took their cuts. The obvious consequence was that villages far from the salt-works paid far more in salt tax than those nearby. A few areas did permit the relatively free circulation of salt after it was weighed—the 'taxation at the yard and free trade thereafter' policy favoured by Dane. But in the vast majority of the salt districts, these substantially different local arrangements had three results: (1) local elites who benefitted from this variant of tax farming and fought tooth and nail to retain their privileges; (2) a high level of regression; and (3) chronic 'leakiness', as official monopolies, whether implemented by merchants, by officials, or by some mix of the two, led to locals escaping from the tax net entirely whenever it was possible to do so by using overland routes, privately producing salt, or riverine smuggling (an activity called 'owling' (梟), as the smuggling invariably took place at night). The low-status and low-paid Salt Police recruited to contain smuggling were almost by definition ineffective and corrupt—in many areas, their only regular source of income were the pay-offs they received from the 'owls'.

Thus, after Dane put the fledgeling Salt Inspectorate on a firm financial footing and a politically neutral position between the Group Banks and the Chinese government, he quickly established Inspectorate offices in all of China's major salt districts. The record is opaque on what criteria were applied in the recruitment of the first generation of Inspectorate employees, but it is reasonable to assume that the foreigners were appointed on some combination of their connections and experience in tax and fiscal matters and some degree of national representation from among China's creditors as reflected in the Group Banks. The Chinese initially recruited into the start-up Inspectorate were probably drawn from the pool of tax officials and salt reformers who were already knowledgeable about the salt tax. We do know that in each of the major salt districts there was a district inspector (DI) supported by assistant district inspectors (ADIs) who were in charge of operations at each of the salt-works. Each of the top 40-odd positions in the Inspectorate was, in effect, doubled: a foreign and a Chinese official held joint and equal authority in the organisation (and all of the accounts and reports were signed by both).

Thus established, the Inspectorate almost immediately began to collect far more in salt tax than anyone had anticipated would be the case. This unexpected success in goal achievement (more tax, more efficiently collected) made it possible for the organisation to set in train a virtuous cycle of insulation, bureaucratisation and simplification that in turn led to more goal achievement in remittance of ever higher amounts of salt tax to the central government. Insulation from a wider environment characterised by corruption, politicisation and favouritism was implemented by the Salt Inspectorate's total separation from the rest of the Chinese government, its

significantly higher than average salaries and benefits, and, after the initial flush of recruitment, almost complete uniformity in recruitment. Apart from the 40 or so foreign inspectors who were recruited separately, there were almost no lateral transfers into the organisation: everyone started out at the same place, at the very bottom of the pyramid, and the only way in was by performing well on an open civil service examination. Insulation was also fostered through the Inspectorate's insistence on frequent rotation. Even those in relatively low positions were rotated within the same district, and those at medium to higher ranks rotated every three–four years in different districts entirely. Bureaucratisation was evident in the organisation's commitment to its strict and separate civil service system, but it was present in a host of other areas: the Inspectorate had a mania for figuring out and then imposing standard operating procedures/rules for everything from the weightment of salt, to the size of the bags used for transport, to the storage of salt in depots (and the regular checks on depot roofs—rain getting in could ruin bags of salt). Simplification was a function of standard operating procedures, but the Inspectorate's efforts to simplify the complex was most visible in its efforts to move the salt districts away from officially granted monopolies and institute the principle of 'taxation at the yard and free trade thereafter'. Indeed, so successful was the Inspectorate that it quickly began to engage in 'mission creep'—from setting up its own network of depots to then building roads to make the depots more accessible and contain banditry, to ultimately attempting to incorporate the notoriously corrupt Salt Police. The Inspectorate was not equally successful in all these ventures. Despite significant gains in centralisation and extending the tax net, it never got completely rid of merchant monopolies. The Salt Police, while nominally taken over by the Inspectorate in the early 1930s, remained quite separate in practice. But where it literally counted, in the steady flow of tax receipts forwarded to the Group Banks and the Chinese government, the Salt Inspectorate truly excelled. High performance that was easily measured and readily acknowledged by external actors made it possible to continue the internal policies of insulation, bureaucratisation and simplification, which in turn made it possible to continue performing highly. In the words of one interviewee, 'it seemed like a very rigid system. But *things were done according to the regulations*—the longer you were in the service, the more you knew'.<sup>9</sup> This strong alignment of the rule book and what actually happened in peoples' work was very, very unusual at this chaotic juncture in the history of the twentieth-century Chinese state.

There is substantial evidence that those who went to work for the Inspectorate quickly identified with its ethos of fairness, hard work and goal achievement. Assistant district inspectors in remote and insalubrious areas had to negotiate with marauding warlords, being forcibly shut down by the Guomindang's revolutionary Northern Expedition to reunite the country in 1927–28, invading Japanese divisions in 1937–38, and, finally, forcible disbandment by the Communists in 1948–49. Until the very last of these shocks, the Inspectorate, with various changes of name along the way, endured—in large part because of the commitment of its staff.

---

9. Jiyong Lin, interviewed by author, Tainan, January 24, 1989.

One of the greatest stresses in the history of the Salt Inspectorate was its sudden death and rebirth in 1927–28. Although it is now very difficult to imagine the Guomindang as anything other than politically very conservative, in the mid 1920s, it was an explicitly and militantly revolutionary organisation whose entire *raison d'être* was to reunite the country and rid China of imperialist vestiges. The Sino-Foreign Salt Inspectorate, with its foreign presence and obligations to the Group Banks, was exactly the sort of organisation that was obnoxious to Chinese nationalist sensibilities, and as the Northern Expedition began to win battles against warlords and take territory much more quickly than anyone had expected, it shuttered Inspectorate offices in its wake. Once the Chiang Kai-shek government was installed in Nanjing in 1927, however, its leaders in finance and tax very quickly came to realise that it really could not afford to lose such a reliable source of funds directly remitted to the central government. The Inspectorate may have brought in less than Maritime Customs in most years, and the foreign presence at high levels of the organisation was certainly a perpetual irritant to Chinese nationalist sensibilities, but it was also relatively recession-proof: customs revenues fluctuated with the business cycle, but salt consumption remained relatively constant. In 1928, a deal was struck to revive the Inspectorate, now under the Guomindang Ministry of Finance with a slightly altered name (the Directorate-General of Salt Affairs [*yanwu zongju* 鹽務總局]). The Ministry of Finance took over the actual transfer of monies to the Group Banks, but in practice, the Inspectorate continued to operate more or less as it always had, with its separate civil service and salary scales, its same technocratic and bureaucratic ethos, and its same insistence that it was a neutral, apolitical organisation.

Over the course of the 1930s, the Inspectorate, now under its new name, prospered for the most part. It expanded its operations, establishing new offices in the distant interior, as far away as Yunnan in the far south-west. It formally took over the Salt Police. The numbers of foreign staff declined slightly, but most remained in post. While it attracted jealousy and attacks from out-of-power politicians, and the ire of the Guomindang's national Ministry of Personnel for refusing to submit to the national standard for appointments and salaries, it continued to be protected by its formal superiors in the Ministry of Finance. No one understood better than the ministers of finance for a relatively weak Guomindang regime that it could not do without the steady performance of the organisation that was its second pillar of revenue generation. Most astonishingly, key figures in the Ministry of Finance admired the example of the Inspectorate so much that when they established a new Consolidated Tax Administration in 1932, they replicated many of the core elements of the Inspectorate: prefectural organisation, entry by a separately held competitive civil service exam, regular rotation of personnel, centralised control, amalgamation and simplification of old taxes, and the principle of 'one item/one tax' which was analogous to the Inspectorate's preference for 'taxation at the yard and free trade thereafter'.

Despite operating in a wider policy environment that was at best hostile (due to government factionalism, corruption and local networks of privilege) and at worst subject to profound external shocks (warlords robbing salt districts at gunpoint, abolishment by Guomindang armies, Japanese invasion), the Inspectorate in practice came very close to a Weberian ideal type of technocratic legal-rational bureaucracy: it was hierarchical, efficient, effective, close to incorruptible (those who were found guilty of corruption of any sort were

dismissed immediately), churned out a steady stream of rules and regulations that were adhered to in practice, and performed services essential to the state. The Inspectorate's ability to protect its personnel from particularistic claims by family and friends, in combination with its credible claim to be a neutral, apolitical organisation ready to provide the Chinese government of the day with something the government literally could not be without, produced a remarkably stable perpetuation of insulation and high performance. And, indeed, in the early twentieth century more generally, this was the genius of the Weberian formula for legal-rational bureaucracy: strict hierarchy, depersonalisation and rule orientation seemed to best attract and retain both loyalty and competence. In Republican China, the salt tax was one of those policy arenas in which the state's activities could be depersonalised around uniform rules, standards and measures. This formula was attractive, but only partially replicable; it worked well for Consolidated Tax, where the state had enough well-trained agents to physically go to factories producing goods and assess the tax on site. It did much less well in policy arenas—even in tax—for which the numbers of well-trained and well-insulated personnel were insufficient to assert direct control. Consolidated Tax, with its relatively few, easily assessed factories, could replicate Salt Inspectorate-type success. The state's attempt to repeat the formula for Direct (income) Tax did not work at all; even the best, brightest and most well-insulated technocrats could not establish control over such a vast field, and the Direct Tax experiment foundered.

### ***Performance, protest and aftermath: India and China compared***

The unexpected success of the Salt Inspectorate in Republican China might well be best understood as the success of transplanting the Indian Civil Service to a very different environment. Although the existence of the well-established Maritime Customs Administration certainly made the Salt Inspectorate seem less unusual, it is clear that Dane brought with him the core ethos and organising principles imbibed over a long career in India. Despite its size and variability, China was likely a good fit with the norms of the Indian Civil Service because China's educated elites were already steeped in a set of ideals about civil service, fairness, and the near sacred status of open civil service examinations. With the right combination of insulation and bureaucratisation, these ideals transferred readily to some policy arenas (Salt and Consolidated Tax) but were much less useful in areas of policy where there was a significant mismatch between the goals of the organisation and the personnel to implement those goals (Direct Tax), and didn't work at all for most policy environments. But when we juxtapose the ideals of Indian Civil Service bureaucracy to China via a semi-autonomous, Western-dominated institution brought into being at the behest of international finance and compare it with the mother country (India) and the chief officer for tax at the turn of the century in India (Sir Richard Dane), there is one obvious question that remains. What accounts for the difference between India, where there was such mass discontent with the salt tax that Gandhi managed to convert that discontent into such a successful public procession as the Salt March, and China, where there was no such thing? Why was salt such a focal point of public political theatre and anti-state struggle in India, while in Republican China, salt was a focal point for the creation of fair and competent bureaucracy in service of the state?

From the records of the Inspectorate, one would never guess that there was in fact popular unhappiness with the salt tax in China. This was especially so in locales in which previous iterations of the state had been uninterested or incapable of instituting a tax on small-scale, locally produced salt. As Ralph Thaxton has shown, impoverished peasants struggling with drought and increasingly alkaline soil in North China, relied on production and marketing of 'earth salt' for supplementary income. The Guomintang state's attempts to extend its reach by taxing this customary salt production and marketing drove peasants into the arms of the Chinese Communist Party, which claimed to champion the protection of peasant livelihoods (and therefore continued free marketing of earth salt).<sup>10</sup> Throughout the Guomintang period from 1927 and after, there were serious, but sporadic, protests against the government's intensification of taxation (and the policing thereof). Thaxton cites a series of nearly annual protests against the Guomintang state's attempts to tax earth salt in the early to mid 1930s in North China: a March 1932 march of some 3,000 to Puyang town in the Hebei/Shandong/Henan border region; a procession of some 15,000 in Hua county, Henan, to protest the salt tax in May 1933; 20,000 protesters in Dongming, Shandong, in July 1933; an August 1934 struggle of several thousands in Hebei's Daming county; and an April 1935 protest of 6,000 salt-makers in Nanle County town, Hebei.<sup>11</sup> There were likely many more local protests against the state's centralisation, rationalisation and extension of the tax net, but these are the ones we know about for sure. Thus, in at least the impoverished areas of North China, where earth salt was a significant additional source of cash income, there *was* regular protest against the state's incursion into taxation of an important commodity that had previously been allowed to pass untaxed. Indeed, there was a great deal of protest, with significant numbers and, even more importantly, moral authority, as peasants could claim with good reason that the salt tax made it impossible to meet their basic needs for livelihood (*minsheng* 民生). Yet these protests, while substantial in sheer numbers, remained isolated. They didn't join with other protests. They were not publicised outside of the area in which they took place or attract coverage in the big metropolises. The Chinese Communist Party encouraged these local protests and promised that they cared about peasant livelihoods and low taxes in a way that the Guomintang did not, and the Party was quick to use local disaffection with the Guomintang government's salt tax to organise activists and build support. But these activities took place at the grass roots and were by definition conducted surreptitiously. The tax on earth salt may have contributed to local support for the Chinese Communist Party in poor villages in North China, but there is no evidence that the salt tax played an important role in the Chinese Communist Party's coming to power. China did not have what India had: one focal march that transcended local borders to capture the national imagination. For all the local unhappiness with increased central government intrusion into taxing earth salt in North China, there was no openly theatrical demand for publicity and redress on a national stage, accompanied by a figure of outsized moral authority capable of leading a movement designed to mobilise spontaneous moral commitments on a trans-regional scale as there was in India.

---

10. Ralph Thaxton, *Salt of the Earth: The Political Origins of Peasant Protest and Communist Revolution in China* (Los Angeles: University of California Press, 1997): 17–18, 39–42, and *passim*.

11. *Ibid.*, 45.

Unlike China, which had at best a weak central government in the first half of the twentieth century, India had a coherent (and visibly foreign) central authority against which to protest, an important group of cross-regional elites in the Congress Party, and the one-off of a Gandhi, who emerged as a spiritual as well as practical focal point and embodiment of anti-colonial struggle. Gandhi intuitively understood what we now think of as optics: the gestures, the costumes and the bodily placement of how to represent himself and his followers as the heart of moral authority in India.<sup>12</sup> Without this kind of trans-regional political organisation and a moral leader able to capture a much wider set of imaginations, protest over salt (or indeed any commodity or issue) was always likely to remain fragmented. The Chinese Communist Party benefitted from disaffection and salt tax protest, but only at very local levels. The irony of course is that in both India and China, once new, progressive governments came to power in the late 1940s, they converged in their overall policy towards the salt tax. The Jawaharlal Nehru government intensified the salt tax rather than reducing it; the revolutionary People's Republic of China abolished the complex salt tax regime but replaced it with something much more stringent: full state takeover of the salt-works, and incorporation into a planned economy that exploited salt-works and salt-workers more rather than less. Even if the Chinese Communist Party avoided using the term 'tax', it was at least as ready to extract from workers and peasants as was post-imperial India with its visibly higher salt taxes. Post-colonial regimes in India and China in the end built on and extended what a colonial government in India and a weak post-colonial government in China had already done: extend the range of the state in intrusiveness and extraction. Even when they are not explicitly revolutionary, post-colonial regimes and 'new states', *pace de Tocqueville*, 'complete the work of the old regime'. Further comparative work on salt might well shed light on some of the most important questions of all: how the post-colonial state has been informed by the colonial state's institutional and ideational legacies, and for the workers and farmers at the sharp end of subsistence, what difference the transition from one to the other has truly made.

## Acknowledgements

I would like to extend my thanks to Miles Taylor, who invited an *ausländer* East Asianist to take part in a volume on salt in South Asia, and to the anonymous reviewers, who prevented a wealth of embarrassments. Any remaining errors of fact or interpretation are, of course, entirely my own.

## Disclosure statement

No potential conflict of interest was reported by the author(s).

## ORCID

Julia C. Strauss  <http://orcid.org/0000-0002-7500-3682>

---

12. Sudipta Kaviraj, 'The Politics of Performance: Gandhi's Trial Read as Theatre', in *Power and Performance in Asia and Africa*, ed. Julia C. Strauss and Donal B. Cruise O'Brien (London: I.B. Tauris, 2007): 71–89.