ABSTRACT

In the first half of the eighth century, Tang China (618-907) stood out as the world’s unrivaled empire. That was an era of unprecedented material prosperity, of political, economic and military prowess, of institutional growth and of tremendous vitality. As the second half of that century proceeded, however, this once influential dynasty was pushed to the brink of collapse by the major An Lu Shan Rebellion (755-763) and a series of subsequent military uprisings.

Following the immediate outbreak of the An Lu Shan Rebellion, the Tang dynasty was faced with an entirely new political, economic and financial situation. The whole of the North and Northeast was lost to the rebels, which meant not only the loss of the vast area of territories, but a very considerable loss of tax revenue. Even after the suppression of the rebels in 763, many of the governors of provinces, especially in the Northeast, had their own territories of control and they remained semi-autonomous, and rendered no tax revenues to the central government in Chang An. Simultaneously, the Tang administration had to defend the country from numerous military and territorial conquests launched by the ambitious and aggressive border nomads like the Uighur and the Turks. As a result, large armies had to be stationed in the Northwest. These troops consumed all the tax revenues, financial and economic resources and other food commodities from the Northwest, and more besides. Hence, under these critical conditions, financial and economic reforms were made essential to make good the enormous losses of stores and tax revenue suffered during wartime and to cope with the exponential increase in government’s financial expenditure.

Just when the country faced a major financial crisis and a serious grain shortage problem coupled with the soar in grain prices in the capital, Liu Yan (715-780), a prominent finance Minister, entered the political power pivot and implemented an array of financial and economic reforms. Of all, the most successful and farsighted ones were the institution of the new indirect salt tax system and the reconstruction of the grain transportation system.

Under Liu Yan’s financial and economic administration, the Salt Commission grew into a powerful organization with manifold interests, while the salt tax revenue successfully replaced the government’s income normally derived from Tsu-Yung-Tiao, a direct taxation system. The salt tax revenue even increased to such an extent that by 780 it was providing more than half of the annual income at the disposal of the central authorities. In addition, as a
result of the reforms made to the grain transportation system, not only was transport restored, but also its transportation cost and time greatly reduced. To a great extent, the grain transport reforms also lessened the financial burden of the commoners and ensured the safety of the transportation crew. Furthermore, these reforms greatly stimulated the country’s economic development and trade growth. Most importantly, the abundant and unobstructed influxes of grain imports, tax revenue, financial resources and other commodities from the South into the capital’s treasury and grain storehouses that resulted from Liu Yan’s grain transportation reforms solved the grain shortage problem in Chang An.

Indeed, the new indirect salt monopoly and the reconstruction of the grain transportation system implemented by Liu Yan revived the Tang dynasty. With due success of these economic reforms, the Tang dynasty’s ruling ability and strength was consolidated. Thus Liu Yan became a pivotal figure during an age of dynastic decline and political turbulence. Interest in Liu Yan has continued among Chinese, Taiwanese, Hong Kong, Asian and even Western scholars. A number of books, biographies, thesis papers and academic articles on his economic views and financial and economic policies or reforms have been published in various countries like China, Taiwan and Hong Kong. Hereby, this thesis paper which consists of six chapters is intended to be an exploration and critical analysis of Liu Yan and the Reform of Salt Administration and Grain Transport in the Mid-Tang Period.

Chapter One states the reasons, methodology and areas of research. Chapter Two provides the reader with some background knowledge of Liu Yan’s time, family background, and his political career that is fraught with obstacles. Chapter Three examines Liu Yan’s economic thoughts or views that are distinctively demonstrated in his reform of the salt administration and grain transport. Liu Yan’s reform of the salt administration and grain transport was like a sea change in ancient China, thus Chapter Four and Five are intended to be not only a mere narration of the detailed content of these reforms, but also comparison of Di Wu Qi’s direct salt monopoly and Liu Yan’s indirect salt taxation system; Pei Yao Ching’s, Wei Jian’s and other Tang Transport Commissioners’ reforms of the Grain Transport respectively. These comparisons are done to achieve a critical discussion and analysis of the merits and inadequacy of Liu Yan’s Salt Administration and Grain Transport reforms. Last but not least, Chapter Six, with the intention to arrive at a valid conclusion, places emphasis on the reconciliation of conflicting viewpoints on the research topic.