13. THE NATURE OF GOVERNMENT IN CHINA

We have developed a theory of economic progress from the evidence of preindustrial Europe. In the next four chapters, we will test this theory on a different body of evidence—that of preindustrial China. To pass this test, the theory should be able to explain the facts of economic progress in preindustrial China—why the pace of economic progress changed over time and why its pace differed from that of economic progress in preindustrial Europe.

As with our study of political evolution in Europe, this will again involve considerable attention to the historical narrative. Nonetheless, the purpose remains theoretical—to test, and perhaps to refine, the theory.

Needless to say, these four chapters are not intended as a comprehensive history of China. The focus is firmly on economic progress and on how predation, commerce, and production interacted in determining its path.

In looking at preindustrial China, we will reverse the order we followed with preindustrial Europe and begin with predation and government. In this chapter we will examine the basic regime of government in China—quite different from any that developed in Europe; in Chapter 14 we will look at the impact of government on economic progress. In Chapter 15, we will see how commerce evolved in this very different government environment. Finally, in Chapter 16, we will look at the outcome—at how production developed in China, given the evolution of government and commerce.

THE BASIC REGIME

In 1027 BC, the Zhou dynasty established a feudal empire in northern China. Over time, this fragmented into a collection of small kingdoms. Centuries of war among these kingdoms led to increasing consolidation. During a period of particularly intense competition, known as the period of the Warring States, there evolved a new regime of government—the tribute state.

In the tribute state, the ruler distributed land directly to peasant households in exchange for tribute in goods and labor—including military service. This regime extended easily to newly conquered territory, adding revenue and new recruits; indeed,

¹Chapters 10 and 11 explain why predatory governments fragment and consolidate in this way.

the prospect of obtaining land attracted thousands of peasants from rival kingdoms. In 221 BC, the process of consolidation culminated in the reunification of China under this regime, ruled by the Qin dynasty.²

This combination—an empire under a tribute state—was to remain the model for China throughout its subsequent history. The empire underwent cycles of fragmentation and consolidation; the tribute state was eroded repeatedly by commercialization and then reestablished. Throughout, however, elements of the basic model remained, and no new model emerged to take its place.³

In this chapter, we examine the two elements of this model. We consider the nature of the tribute state, and we examine how China's political development was shaped by its being a unified empire. We conclude with a discussion of why political evolution was so different in China and of the implications of this difference for its economic progress.

THE TRIBUTE STATE

The system of government finance of the tribute state determined both the nature of the economy and the nature of government. We begin with the economy.⁴

A command economy

All land belonged to the ruler, and his government allocated a portion to each male-headed household. Initially, this allocation was temporary—for the working life of the head of household. But, over time, the household's right to the land became heritable. Each household, in return for the land it received, paid tribute to the ruler.⁵ Households that did not receive land—those living in cities, for example—did not pay tribute.⁶

²(Mo 1995); (Deng 2003)

³The outline of this history will be summarized later in the chapter.

⁴The following description corresponds most closely to the heyday of the tribute state in the early eighth century under the Tang dynasty. However, it applies reasonably well to other periods in which the tribute state was strong—earlier, under the Qin and Han dynasties, and later, under the early Ming.

⁵(Twitchett 1970), (Wong 1997) Part II, Ch. 4

⁶ They might, however, be subject to other impositions, as we will see in the case of merchants.

Tribute was paid in kind in three forms—grain, cloth, and corvée labor. Depending on growing conditions, the grain was rice in some regions and millet in others,.⁷ Similarly, households in some regions had to deliver silk cloth and those in others, hempen cloth. The government employed corvée labor in production and construction as well as in the army.

The specific requirements of tribute and the household's own subsistence needs largely dictated its production decisions. There was little room to produce for the market and consequently little specialization.

The mass of tribute-paying rural households made up the bulk of the economy. The economy was therefore overwhelmingly agrarian, with most non-agricultural production, especially of textiles, taking place in the country.

Much of the remainder of the economy was managed directly by the government. Government workshops in the cities, especially in the capital, employed corvée labor to produce military supplies and luxuries for the imperial court. Government infrastructure projects also employed corvée labor: construction of the Great Wall, for example, required the mobilization of millions of corvée laborers.

Since rulers relied almost completely on their control of land for their resources, they tried to expand its amount and increase its yield. Expansion took the form both of acquisition of new territory and of internal colonization—clearing and reclaiming uncultivated land.⁸ The government protected agricultural areas from natural disasters by investing in flood control, and it protected them from external predation by building defenses: the Great Wall, in particular, was built primarily to protect farmers from nomadic raiders.⁹ The government increased agricultural productivity by investing in irrigation systems and by promoting the diffusion of new technology—particularly new crops.¹⁰

⁷ In some regions, tribute was set in terms of grain, but paid in other commodities. For example, in salt-producing areas, it was paid in salt.

⁸(Deng 1999) Ch. 2; (Deng 2003)

⁹(Finer 1997) Part2, Ch. 3.

¹⁰(Golas 1980); (Deng 2003)

The government relied on tribute to provision its armies and its cities, and it established granaries in the cities to be tapped in time of siege. 11 The granaries could also be tapped in times of shortage to feed the rural population. This was important, because the ruler's legitimacy depended on his ability to ensure the material welfare of his subjects. 12

Such a system of provisioning required the transportation of tribute goods over great distances. This too was organized by the government, again using corvée labor. The government also developed the necessary infrastructure. For example, the Sui dynasty built the Grand Canal to bring tribute from south China to the north, where its capital and its armies were located.

So the economy of the tribute state was essentially a command economy. Land was owned and allocated by the government. Labor was allocated through the tribute system and through corvée and conscription. The government decided what should be produced, and it saw to the distribution of the product. To the extent the economy was integrated, it was integrated by flows of tribute rather than by flows of trade.

Commerce

Commerce was very limited. There was, of course, direct exchange in local markets, but there was very little long-distance exchange mediated by merchants. The command economy left little output available to trade, and the government's distribution of tribute goods pre-empted commerce in the two most important commodities of any preindustrial economy—grain and cloth.¹³

Moreover, the government viewed commerce with suspicion. This was partly for historical reasons. In the wars that had created the Qin empire, the agrarian tribute state had vied with several kingdoms that had enjoyed strong merchant support: merchants had

¹¹(Twitchett 1968) At the high-point of the Tang dynasty, around 700, the capital Chang'an had a population of about a million. It was located in an agriculturally marginal district and had to be supplied almost entirely from a distance.

¹²(Deng 1999) Ch. 3. Failure to provide relief invited unrest and even armed rebellion.

¹³⁽Twitchett 1968)

been on the side of the enemy.¹⁴ Moreover, the tribute state constituted a direct alliance between ruler and peasants, and peasants viewed merchants as exploiters and profiteers; so the ruler's policy of "protecting farmers and restricting merchants" helped to cement peasant support.¹⁵ Finally, there was the realistic fear that commercialization would undermine the tribute state by luring peasants away from the land.

Nonetheless, the government did see a limited place for commerce: it could supply the ruling elite with whatever the tribute system failed to produce, and it could help to mitigate shortages when these arose. What the government desired, therefore, was not to eliminate commerce but rather to regulate it and control it.

The government controlled merchants' movements. It divided the cities, using internal walls, into multiple separate wards, and restricted movement between them. It permitted markets in only one or a few of the wards and regulated them closely. Any travel between cities required official documents, and there were frequent stations along the way where goods and documents were examined. 17

Of course, none of these various measures was ever entirely effective. However, taken together they did place significant obstacles in the way of commercial activity. ¹⁸ If, despite all the obstacles, merchants did manage to develop a significant trade, it was likely to be taken away from them and converted into a state monopoly. This happened early on with trade in iron and in salt and later with trade in tea, rice wine, and various imported goods. ¹⁹

In addition, merchants were kept in their place socially and politically through sumptuary laws and through a range of legal disabilities—the most important of which was their exclusion from government office. Merchants were subject, too, to heavy special taxes and to frequent conscription and corvée service.²⁰

¹⁴(Deng 1999) Ch. 3

¹⁵(Deng 2003)

¹⁶(Balazs 1969)

¹⁷(Twitchett 1968)

¹⁸(Deng 2003)

¹⁹(Wu 1952)

²⁰(Twitchett 1968)

Government finance

The government relied for its revenue almost entirely on the system of tribute.²¹ Government officials and their subordinates, as well as the slaves and servants of the court and the government's armies, were all fed, clothed, and supplied by the tribute system—both with tribute goods and with other goods produced by corvée labor. Its soldiers were conscripts, and they were often expected to grow a part of their own food.²² Government administration, too, relied heavily on conscription and corvée service. The government bartered some of its tribute goods for imports, and it satisfied its relatively modest needs for cash by selling tribute goods on the open market.

The level of tribute per household was modest—at least in principle.²³ However, the number of houseseholds was very large, so the total collected was enormous. In the early eighth century, the Chinese government was collecting some 1.8 million metric tons of grain a year in tribute. In comparison, the entire long-distance grain trade of Europe in the sixteenth century was no more than a tenth of that amount.²⁴ In addition, the government collected some 7 million lengths of silk and 13 million lengths of hempen cloth—quantities that dwarfed the amount of cloth traded in Europe.

In addition to its need for a steady stream of revenue, the tribute state, like all governments, needed to be able to mobilize significant resources quickly in times of emergency: that is, it needed sources of liquidity. Its primary sources of liquidity were its stocks of goods and its reserves of labor. The government maintained huge stocks of goods in the capital, in addition to the system of granaries already mentioned. The stocks in the capital were generally under the direct control of the palace. Since armies were recruited by conscription, the mass of able-bodied peasants constituted a reserve of

²¹In the early Tang, 90% of revenue came from tribute (Finer 1997) Part2, Ch. 3.

²²(Wong 1997) Part II, Ch. 4

²³It was modest in a good year for households that received the full allocation of good land. But tribute was due even in bad years, and many households received less land or less fruitful land. Consequently, the burden often forced peasants into debt or into abandoning their land. (Finer 1997) Part 2 Ch. 3

²⁴(Twitchett 1968) on China; see (Parry 1967) on the Mediterranean grain trade and (Ball 1977) on the REF_5" \o "Ball, 1977 #977" Ball 1977) on the Baltic trade.

manpower that could be tapped at any time to increase the size of the state's military forces as needed.

Commerce was not, in normal times, a significant source of revenue.²⁵ Taxes on commerce were seen more as an adjunct to regulation—a way of keeping merchants under control. However, in times of fiscal crisis, commerce could become an important source of revenue and of liquidity.²⁶

Despite the difficulties of engaging in commerce, some merchants did manage to accumulate considerable wealth, which they held largely as stocks of goods and cash. When the government was under fiscal pressure, it felt free to avail itself of these stocks—through requisition, special taxes, and outright expropriation. The government typically justified its actions by citing the need to 'limit profiteering'. The political and military weakness of the merchant class added to its appeal as a target of exaction. In contrast, increasing the tribute demanded from peasants was almost certain to provoke armed resistance.²⁷

Administration

The tribute state required a great deal of administration.²⁸ The peasant households who were the source of tribute had to be counted, registered, and controlled. The land they worked had to be surveyed and apportioned among them. Tribute had to be collected and transported to where it was needed. Supporting infrastructure—flood control, irrigation, and transportation—had to be designed, constructed, and maintained. Military forces had to be deployed to maintain control, to defend against internal and external threats, and to acquire additional territory. All this required a massive administrative effort, far beyond anything even contemplated in Europe.

²⁵(Twitchett 1968); (Wong 1999)

²⁶(Balazs 1964) Ch. 5; (Twitchett 1968); (Mann 1987) Ch. 3

²⁷(Deng 2003)

²⁸(Finer 1997) Part 2, Ch. 3; (Wong 1997) Part II, Ch. 4; (Balazs 1964) Ch. 1.

The state as a single enterprise

The administration of the tribute state was organized as a single enterprise—a huge bureaucracy modeled on a military system of command.²⁹ Its officials were employees: they received a salary and served at the will of the ruler.³⁰

An enterprise of this size was of course prone to fragmentation and to feudalization, and this did indeed take place from the third to sixth centuries. The tendency to fragmentation and feudalization was initially exacerbated by recruiting officials almost exclusively from among the warrior nobility. After reunification, recruitment was opened up to non-nobles, and these came eventually to dominate the ranks of the bureaucracy.³¹ Appointment was also increasingly by examination rather than by patronage.

The problem of reliance and private exaction

The bureaucracy of the tribute state suffered from the basic reliance problem of any government bureaucracy: it pursued its own interests at the expense of those of the ruler.³² It did so, for example, by proliferating regulations and interventions to increase its power even when doing so damaged the economy and thereby reduced the ruler's revenue. Also, members of the bureaucracy pursued their own individual interests—particularly by engaging in private exaction. Corruption, extortion ('squeeze'), and embezzlement were all pervasive.³³

One particularly harmful form of embezzlement was the consequence of officials' exemption from the payment of tribute and taxes.³⁴ Peasants could avoid paying tribute,

²⁹(Wu 1952), (Deng 2003).

³⁰That is, their positions were not heritable.

³¹(Twitchett and University of London. School of Oriental and African Studies 1962), (McKnight 1975)

³²See Chapter 11.

³³(Yang 1987).

³⁴Those exempt from tribute and taxes included not only officials but all holders of official rank (those who had passed the exams but did not currently hold a position), many sub-officials, members of the imperial clan, members of families with noble titles, all Buddhist and Taoist clergy ((Twitchett 1970) Ch. 2).

if they found the burden intolerable, by selling their land to an official and becoming his tenants; the peasants then paid rent in place of tribute—the former presumably lower than the latter.³⁵ As a result, land became increasingly concentrated in the great estates of the tax-exempt, who collected in rent the revenue that should have gone to the ruler as tribute. In the mid-eleventh century, for example, it was estimated that only 30% of the cultivated land was actually paying tribute. There were, consequently, repeated cycles of erosion of the tribute system followed by reforms aimed at recapturing the lost revenue.³⁶

Commerce was particularly vulnerable to private exaction.³⁷ The extensive regulations designed to control commerce offered officials endless opportunities to solicit bribes for not enforcing them. And the political weakness of merchants left them with no way to counter such extortion except by moving their activities elsewhere. As just one example, extortion in seventh century Guangzhou was so extreme that merchants largely stopped using the port, shifting their business to other ports where officials were less greedy.³⁸

Indirect administration at the village level

The bureaucracy was extensive, but it descended only to the level of the county town: it did not reach all the way down to the village.³⁹ To extend the bureaucracy further would have multiplied its size many times, greatly exacerbating the already serious problems of management and control.

For administration at the village level, therefore, the government relied instead on various forms of local organization—encouraging villages to organize themselves to perform certain public functions. Among the most important of these was protection

³⁵The level of rent was limited by competition among landowners for tenants and by competition from the other way peasants could avoid tribute—by migrating to areas outside the control of the state where there was no tribute. Much of the migration from north China to south China during the first millennium was the result of peasants fleeing excessive exaction, as well as the frequent wars in the north.

³⁶(Finer 1997) Part2, Ch. 3; (Deng 1999)

³⁷(Balazs 1964) Ch. 5

³⁸(Deng 1999) Ch. 3

³⁹(Twitchett 1966)

against bandits and raiders.⁴⁰ Villagers were well capable of defending themselves, since many had received military training as conscripts.⁴¹ Villagers were encouraged, too, to create frameworks for resolving their own disputes, rather than bringing them to officials for resolution.⁴²

Other functions were performed by local individuals the government appointed to act on its behalf. They generally served without pay as part of their corvée service.⁴³ Among the tasks they performed, under the direction of local officials, were the collection and transportation of tribute and the gathering of information.

As a result of these various delegations of power and of the general absence of government officials, the villages enjoyed considerable autonomy.⁴⁴

Cities

Not so the cities. The cities of the tribute state were not centers of commerce and industry but rather centers of government. They were, simultaneously, administrative centers, military strongpoints, and nodes of the system of collecting and distributing tribute.

The founder of the tribute state, the first Qin emperor, destroyed most of the existing cities and replaced them with a hierarchy of new cities designed to house his system of administration.⁴⁵ By the eighth century, there were more than 1,200 county capitals, some 200 prefectural capitals, some ten regional capitals, a secondary imperial capital at Luoyang, and the primary capital at Chang'an.⁴⁶ Each city was built according to the same model, around a walled government enclave that contained offices, residences, barracks, and storehouses.

⁴⁰Bandits were a perennial problem, and raiders were a danger near the borders.(McKnight 1992)

⁴¹(Lorge 2005) Martial arts were popular in many regions.

⁴²(Yang 1987) Ch. 6

⁴³(McKnight 1972) Introduction; (Deng 2003)

⁴⁴(Yang 1987) Ch. 6

⁴⁵(Sit 2010) Ch. 13

⁴⁶(Rozman 1974)

All of these cities were heavily fortified, and they played a vital role in defending and controlling territory.⁴⁷ In addition to their strategic value, they contained considerable wealth and were therefore the primary target of invaders and rebels. As in Europe, therefore, wars generally consisted of a series of extended sieges. Before the invention of artillery, the odds were strongly in favor of the defenders.

The location of cities was largely determined by geography. However, geography could itself be an artifact of the tribute system.⁴⁸ For example, many cities were clustered along the length of the Grand Canal. As we have seen, the Grand Canal was constructed to bring tribute from the more fertile south to the capital and armies in the north.

Population was highly concentrated at the top of the urban hierarchy. The capital city was always huge: the Tang capital of Chang'an had a population of over a million.⁴⁹ Further down the urban hierarchy, city size dropped off rapidly. The overall rate of urbanization was consequently quite low—below 5% under the Tang.⁵⁰ This pattern was very different from that of preindustrial Europe. There, most of the urban population lived in the many small and medium-sized cities—there were no really large ones—and overall rates of urbanization were higher.

There was little independent commerce or production in the cities of the tribute state. Commerce, in general, was, as we have seen, minimal. There were some merchants in the capital, mainly foreigners, selling luxury goods to the court and to the officials of the central administration.⁵¹ There were also some commercial opportunities in serving the needs of those urban inhabitants not directly provisioned by the government.⁵² Smaller cities generally lacked even this minimal merchant presence.

⁴⁷(Franke 1974)

⁴⁸(Gates 1996) Ch. 4

⁴⁹(Sit 2010) Ch. 13. Luoyang was of a similar size.

⁵⁰(Broadberry and Gupta 2006); (Maddison 2007)

⁵¹(Rozman 1974)

⁵²Largely for reasons of security, the wealthy generally chose to live in the cities rather than in the country: unlike Europe, there were no rural manor houses and castles ((Franke 1974)). For similar reasons, temples tended to be located in the cities.

Most industrial production took place either in the country or in government workshops, which were located mainly in the capital. There was no private manufacturing for purposes of long-distance trade, either there or anywhere else. However, all cities, even market towns, were home to artisans producing for the local market.

Since the primary economic activity of cities was government, cities tended to shrivel once this activity was lost.⁵³ For example, when Chang'an ceased to be the capital, its population shrank to no more than a few thousand.

Cities were, therefore, entirely creations of the government, and the government was responsible for managing them. It owned and allocated the land within them, and it was responsible for most of the construction; there was a special government agency that leased government property and collected rent.⁵⁴ The government also provided urban services such as fire-fighting. Cities were not even distinct administrative entities: they were simply a part of the county in which they were located.⁵⁵ There was no city government, and certainly no self-government—in marked contrast to the situation in the villages.

Cities did not therefore have the same place in the culture as they did in Europe.⁵⁶ In China, city air did not make free. On the contrary, cities were where government was most oppressive and where its control was most complete. Whatever freedom there was, was to be found in the country—in the villages and market towns.⁵⁷

UNIVERSAL EMPIRE

The system of government first established by the Qin dynasty was a tribute state in control of a universal empire. The empire was universal in the sense that it encompassed

Cities also attracted poor migrants from the country seeking work, lured too by lower taxes and better welfare services.

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<sup>53</sup>(Ma 1971) Ch. 5
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⁵⁴(Balazs 1964) Chs. 6 & 7; (Balazs 1969)

⁵⁵(Twitchett 1968)

⁵⁶(Mote 1977); (Elvin 1973) Ch. 12

⁵⁷(Balazs 1964) Ch. 6; (von Glahn 2003)

everything that mattered. There were, of course, other governments beyond its borders, but none of these was a serious rival: none could marshal comparable military force, and none possessed even a fraction of China's fiscal resources.⁵⁸ The consequent lack of competitive pressure did much to shape China's political development.⁵⁹

A lack of pressure for efficiency

The lack of competitive pressure meant a complete lack of concern for military or fiscal efficiency. Although the Chinese state was often at war, mostly with the nomadic tribes to its north, its adversaries were as a rule much weaker militarily. In all these conflicts, China should have been able to prevail easily. When it did not, it was invariably the result of its own weakness rather than of the military strength of its adversaries (more on this presently).

Because the threats China faced were generally well within its military capacity, there was no pressure for military efficiency. Its armies were huge, sometimes numbering in the millions, but they were often poorly trained, ill equipped, and badly led. Moreover, because the government was always fearful of a military coup, it was not entirely unhappy with this situation: most of the time, a strong military posed a greater threat to its survival than a weak one.⁶⁰

Because of the immense resources at its disposal, the Chinese government felt no pressure either for fiscal efficiency. Even if it captured only a fraction of the potential revenue and even if in doing so it harmed the economy and reduced that potential, it would normally still have more than enough to meet its needs.⁶¹ As we will see, there were times of crisis when the government was desperate for resources, but such times were relatively infrequent.

⁵⁸(Wong 1997) Part II, Ch. 4. On universal empire and its implications, see (Wesson 1978) Introduction.

⁵⁹(Mo 1995); (Mo 2004)

⁶⁰(Wong 1997) Part II, Ch. 4. Moreover, given its enormous resources, the state preferred to buy off the nomads whenever possible, rather than trying to defeat them militarily (Smith 1991) Ch. 1

⁶¹(Mo 1995) contrasts this with the situation of intense competitive pressure in the period preceding the establishment of the Qin empire.

An illustration of the government's blatant disregard for efficiency was the extraordinary wastefulness of its system of collecting and distributing tribute. Tribute grain was brought from all over the empire to the capital in the north and to the armies on the northern borders. There was no consideration of the cost involved, which was often a large multiple of the value of the grain delivered.⁶²

European governments that depended on tribute in kind had much greater respect for transportations costs. In the late Roman empire, for example, armies were dispersed to areas of production. And in the early middle ages, rulers and lords moved from place to place to consume tribute rather than having it brought to them at a fixed capital city.

The lack of pressure for fiscal efficiency had consequences for the economic impact of exaction. We have seen that in Europe it was the need for the cooperation of subjects in the payment and collection of taxes that forced rulers to consult with them and to negotiate the terms. This feedback tended to reduce the economic damage of exaction. In China, there was no need for consultation or negotiation, and therefore no such feedback.

The lack of pressure for fiscal efficiency had major consequences too for the evolution of government. In Europe, the need for consultation and negotiation gave rise to political institutions to mediate between ruler and subjects—in particular, to representative assemblies and associational governments. The rulers of China were under no pressure to consult or negotiate, and they therefore had no need for such institutions.

Relations between ruler and subjects

Chinese rulers dealt with their subjects from a position of overwhelming strength. Because China was a universal empire, the power of its rulers was not constrained by the existence of formidable foreign rivals as it was in Europe. Nor were there rival domestic centers of power.⁶³ There was initially a warrior nobility, but this eventually disappeared, largely absorbed into the bureaucracy. There was no organized church. And, as we have seen, merchants were few and had no associations or city governments to give them a voice.

⁶²⁽Gates 1996) Ch. 4; (Liu 2005) Ch. 2.

⁶³(Wong 1997) Part II, Ch. 5.

The lack of mediating institutions

Indeed, the government suppressed almost all forms of association, regarding it as potentially seditious.⁶⁴ The government banned public gatherings, since these might facilitate the formation of associations.⁶⁵ It viewed religious communities with intense suspicion. Buddhism, strong and relatively independent for centuries, was eventually brought under government control and its monasteries expropriated and destroyed.⁶⁶

Since there was no negotiation with other centers of power, there were no bargains between ruler and groups of subjects as there were in Europe. There were consequently no group rights—economic or political. There was also no rule of law. It was not even a question of whether the ruler would honor laws that restricted his power: since he never had to bargain with his subjects, there were no such laws.⁶⁷

There was, therefore, little constraint on exaction. There were no individual property rights against the ruler, since in principle all property ultimately was his.⁶⁸ In practice too, because of the state's overwhelming power, there was little to constrain its exaction or to limit the private exaction of its agents. Individual victims of corruption and extortion had no effective recourse.⁶⁹

The threat of peasant rebellion

There did remain, however, one constraint on government power—the threat of armed rebellion. This threat did not come from the nobles or the cities as in Europe, but from the country—home to millions of armed, able-bodied men with military training.

⁶⁴(Wong 1997) Part II, Ch. 4.

⁶⁵⁽Liu 2005) Ch. 4

⁶⁶(von Glahn 2003)

⁶⁷There was also no independent judiciary to uphold the rule of law—to defend subjects' rights against government abuse. But since there was no rule of law and no rights, this hardly mattered.

⁶⁸(Yang 1987) Ch. 2-4.

⁶⁹(Maddison 2007). In principle, subjects were protected by the Confucian virtues of the officials. A rigorous system of exams ensured that they were well acquainted with these virtues—in theory, if not in practice.

Peasant rebellions were therefore a constant and serious threat, and they played a significant role in Chinese history.⁷⁰

The country was also organized. As we have seen, the one exception to the government's suppression of association was its promotion, out of administrative necessity, of associational government in the villages. Of course, a single village, small and isolated, was not much of a threat: the real danger was that villages would get together in rebellion. The government did its best to prevent this, but its control of the country was limited.⁷¹ Consequently, there were always secret societies, often religious, that connected the populations of multiple villages.⁷²

What sparked actual rebellion was invariably a threat to subsistence.⁷³ Although peasants were long-suffering, they lived close to the margin. When government action, or inaction, threatened them and their families with starvation, they had little to lose by rising up.⁷⁴ Excessive exaction or rapacious officials could drive them over the edge. So too could natural disaster or harvest failure—particularly if exaction was not reduced in response or if famine relief was slow to arrive.

Power struggles within the government

There was also another threat to stability—power struggles within the government. As we have seen, the interests of bureaucracy and ruler did not necessarily coincide. There was therefore a continuing struggle between them for supremacy.⁷⁵ Sometimes the ruler prevailed, with his own agents—often court eunuchs—gaining control of the

⁷⁰(Deng 1999) Ch. 2; (Deng 2003). Peasant rebellions were much larger, more frequent, and longer lasting than in Europe. (Within Europe, predatory states—France, in particular—were relatively more susceptible.) In the over 2,000 years of imperial China, there were over 2,000 major peasant rebellions, with an average participation of over 200,000 and an average duration of seven years.

⁷¹(Yang 1987) Ch. 6

⁷²(Deng 1999) Ch. 4; (Gernet 1996) Ch. 17; (Finer 1997) Book 3 Ch. 2.

⁷³(Scott 1976) Introduction

⁷⁴It was, however, the more prosperous regions—often better organized and better armed—that were more likely to rebel. (Deng 2003)

⁷⁵(Finer 1997) Book 3 Chs. 2 and 4. There were also internal struggles for power within the bureaucracy.

government. At other times, the bureaucracy prevailed, reducing the ruler to little more than a figurehead. Military commanders, too, posed a threat: they could use their armies to stage a coup or to break away and set up in business for themselves.

A powerful but fragile regime

The Chinese state, therefore, was powerful but fragile. And it suffered many substantial shocks—external shocks in the form of foreign invasions, and internal shocks in the form of military coups, peasant rebellions, and dynastic challenges. There were natural shocks, too, in the form of floods, harvest failures, and plagues. The capacity of the state to deal with shocks was quite limited, and when this capacity was exceeded, the state collapsed.

The collapse followed a standard pattern. To deal with, say, a foreign invasion or a civil war, the government had to mobilize resources quickly. As we have seen, its liquidity—in the form of stocks of tribute goods—was limited. It therefore had to satisfy its needs primarily through sharply increased exaction. If the increase was sufficiently great or sufficiently protracted, peasants would be forced below subsistence, and they would rebel. Peasant rebellions would amplify the original shock and exacerbate the fiscal pressure.

It was this destabilizing feedback that led to the overthrow of dynasties, to the collapse of regimes within dynasties, and to the conquest of China by foreign invaders. In each case, it was not the actual shock that was responsible for the outcome. Rather, it was the destructive effects of the state's efforts to deal with the shock. And these in turn were a consequence of the state's gross fiscal inefficiency—its reliance on economically harmful forms of exaction (including the tribute system itself) and the massive private exaction of its officials.

In addition to being fragile, the basic model of government—the universal empire in the form of a tribute state—was subject to erosion and weakening over time. The universal empire was weakened by problems of internal organization: it was impossible to monitor and to control the agents of such a huge enterprise. There was therefore a

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⁷⁶(Deng 1999) Ch. 4.

tendency for those agents to appropriate pieces of the state through private exaction, feudalization, and fragmentation.

The tribute state, the second part of the model, was subject to gradual erosion by market forces. The command economy was hugely inefficient and presented numerous opportunities for profitable exchange and for the productive reallocation of resources. The weakening of the universal empire, and even more its periodic collapse, accelerated the erosion of the tribute state by lowering or removing the barriers to market activity.

CONCLUSION

Why did government evolve differently in China, and what were the implications for its economic progress?

Why did government evolve differently?

We saw in Chapters 10 and 11 that, because of the advantages of scale in the deployment of force and in the mobilization of resources, territories tend to consolidate. We also saw that, because of the disadvantages of scale in the organization of government, large territories tend to fragment. These conflicting tendencies give rise to a cycle of consolidation and fragmentation. The history of China fits this pattern rather well, while that of Europe does not. So it is the European record rather than the Chinese that is in need of explanation.

In Europe, the natural process of consolidation was blocked by the emergence of the associational state. Because the associational state was commercial rather than predatory, it lacked territorial ambitions of its own. This enabled it to enter into alliances opportunistically against any predatory state that threatened to become dominant. In this way, associational states were able to stabilize the system of states in Europe against its otherwise natural tendency towards consolidation.⁷⁷

Why did the associational state not emerge in China? One possible reason is that the formative period of government came much earlier there than it did in Europe. There seem to have existed no independent commercial cities at the time—or at least none that

⁷⁷There is a literature, beginning with (Hui 2005), that explores the reasons for a stable 'balance of power' in Europe and for its absence in China.

could resist the expansion of the Qin tribute state.⁷⁸ For the next two thousand years, the tribute state prevented the emergence of urban associational government. There were certainly periods of intense fiscal pressure that could have seen the evolution of new forms of government. However, evolution requires not only selective pressure but also some variation on which selection can work.

Why did the tribute state endure for so long in China? The tribute state was economically and fiscally inefficient, and it could not have held its own in competition with associational states or even with predatory states with market economies. However, for most of its history, China remained a universal empire, so the tribute state faced no real competition until Europeans arrived in force in the nineteenth century.⁷⁹

All this seems consistent with the understanding of political evolution that emerged from our study of preindustrial Europe. The underlying forces are recognizably the same, but the specific circumstances, and hence the outcome, are different.

The implications for economic progress

Given what we have learned from the European evidence about the process of economic development and growth, what impact would we expect the tribute state to have on economic progress? Its combination of powerful predation and weak commerce bodes ill.

The tribute state was not constrained by either an external or an internal balance of power—except for the threat of peasant revolt. There was therefore little to limit either the level of exaction or its form, and there was no feedback—short of revolt—on the harm exaction inflicted on the economy. The government's extensive economic intervention was similarly unconstrained. The merchant class was weak and politically defenseless in the face of government exaction and economic intervention. It possessed no corporate bodies—neither merchant associations nor the associational governments of commercial cities—that might have organized resistance or negotiated with the state.

⁷⁸Why no independent commercial cities? Perhaps for geographic reasons: such cities have generally been the product of maritime trade.(Fox 1971) Early China was landlocked.

⁷⁹Indeed, by the time of Mao, China was no longer a universal empire, and his tribute state did not survive for long.

The absence of commercial cities was, however, of more than just political significance. Commercial cities in Europe played an essential role both in commerce and in production. Cities were the nodes of long-distance trade—market centers and transportation hubs. Cities were also catalysts in the reorganization of production and generators of new products and new industries. Without commercial cities and without a vigorous merchant class, how could markets expand and how could production respond to market expansion?⁸⁰

So it is hardly surprising that under the tribute state economic progress was almost completely absent. Economic progress became possible only when the hold of the tribute state weakened.

A timeline

There were two periods in Chinese history in which the tribute state was sufficiently weakened to permit significant economic progress: we will call these the First and Second Transformations. These two periods were separated by a long period of crisis during which economic progress was limited or reversed. This stylized periodization, which parallels the one we employed to summarize the history of preindustrial Europe, is shown in the Table.⁸¹

The period of the Early Tribute State—from the establishment of the Qin dynasty to the middle of the Tang dynasty—lasted for a millennium. During this period, rigid government control of the economy meant economic stasis. There was some political fragmentation in the middle of the period, but no significant commercialization of the tribute state.⁸²

⁸⁰(Elvin 1973) Ch. 12 sees the absence of commercial cities as the principal reason for the divergence between Europe and China.

⁸¹The grip of the tribute state varied not only over time, but also across regions ((Gates 1996)). On the whole, northern China was most accessible to the government and so most tightly under its control. The southeast coast (Fujian), was least accessible and so comparatively free. Sichuan, the lower Yangtze delta (Jiangnan) and the Pearl river delta (Guangdong) were somewhere in between.

⁸²In contrast, the period of fragmented government and intense competition before the creation of the tribute state had been one of considerable economic freedom and progress: (Mo 1995), (Chao 1986)

In 755, civil war erupted and eventually fragmented the empire. The resulting weakening of government control allowed increasing commercialization and comparatively rapid economic progress.⁸³ This continued through the early years of the Song dynasty, which had meanwhile re-established a universal empire. This first period of economic transformation lasted for about 300 years.

Period	Universal	Tribute State	Dates	Duration
	Empire			
Early Tribute State	√	√	221BC- 755CE	~1,000yrs
First Transformation	fragmentation $\sqrt{}$	commercialization	755-1040	~300yrs
Crisis	√ fragmentation	mixed $\sqrt{}$	1040-1450	~400yrs
Second Transformation	√ withdrawal of the state	commercialization	1450-1842	~400yrs

Table: Periodization of the history of preindustrial China

From the mid-eleventh century, the Song dynasty faced a growing military challenge from the northern nomads, which eventually resulted in a series of invasions and

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⁸³⁽Baechler 1976)

conquests. The consequent increase in the fiscal demands of the state gradually choked off economic progress. This extended period of crisis lasted some 400 years. It culminated in the deliberate destruction of the commercial economy by the first Ming emperor and by his reestablishment of the tribute state.⁸⁴

The Ming tribute state lasted for only about a century. There followed a gradual weakening of government control of the economy—a sort of withdrawal of the state.⁸⁵ This made possible a resumption of commercialization and renewed economic progress. This regime and the economic progress which it made possible, continued more or less unchanged under the successor Qing dynasty. This second period of economic transformation lasted for about 400 years.

The Second Transformation was again interrupted by a crisis, this time triggered by European and Japanese invasions: China was no longer a universal empire. This crisis, like the earlier one, culminated in a reversion to the tribute state—this time under Mao. The economic reforms which began in 1978 have resulted in commercialization and rapid economic progress—the beginning, one hopes, of a Third Transformation.

 $^{^{84}\}mbox{This}$ period of crisis and reversion has been called by historians the 'Song-Yuan-Ming transition' (Smith 2003)

⁸⁵⁽Finer 1997) Book 2 Ch. 4

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