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QUEST *for* POWER

EUROPEAN IMPERIALISM *and the*
MAKING OF CHINESE STATECRAFT

Stephen R. Halsey

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*European Imperialism and
the Making of Chinese Statecraft*

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For my family and mentors

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PREFACE

What makes the modern Chinese state tick? What have its leaders past and present sought to accomplish, and why have they embraced this particular set of strategic objectives? How has China achieved great power status in recent times, and who, if anyone, deserves the credit?

This book seeks the answers to these questions in the country's past, exploring its traumatic integration into the global political order between 1850 and 1950. Nationalist rhetoric describes this period as a "century of humiliation" by the colonial powers, but historical evidence points instead to transformative changes that foreshadowed the rise of China in our own time. Successive Chinese regimes have engaged in a quest for power in competition with foreign states, implementing a growing array of reforms in the military, economic, political, and technological spheres. Leading officials described these policies through a new vocabulary of sovereignty, a Western concept that has served as a cornerstone of Chinese statecraft since the late 1800s. Their understanding of ideas such as rights, independence, and international law remained murky at first but, over time, came to provide the framework for a new philosophy of governance. During the past century and a half, Chinese statesmen of varying ideological affiliations have pursued wealth and power to regain and later

enhance and extend their country's sovereignty. Since 1949, the Chinese Communist Party has built on the considerable successes of its imperial and Nationalist predecessors, inheriting an enormous political and intellectual debt that it can scarcely acknowledge.

While researching, writing, and revising this book, I, too, have amassed an enormous number of intellectual debts. First and foremost, I thank Guy Alitto, Ralph Austen, and Akira Iriye for their unflinching guidance, support, and friendship over the years. R. Bin Wong, R. Kent Guy, Thomas Rawski, and Hilde de Weert offered insightful comments on portions of the manuscript at conferences of the Association for Asian Studies, and the work of fellow panelists Felix Boecking, He Wenkai, Wang Fei-hsien, and Matthew Mosca led to a deeper engagement with important analytical issues. Members of the modern China workshop at the University of Chicago helped to refine my thinking when the work was at an early stage. The intellectual bloodlust of those occasions prepared me for the comparatively mild challenges of conferences and job talks. Viren Murthy, Paul Mariani, and Zhao Hai all served as engaging interlocutors during graduate school and rarely declined an invitation to chat over dinner or a bottle of port. A number of years ago, John Curtis Perry of the Fletcher School at Tufts University stimulated my initial interest in East Asia and encouraged me to pursue an academic career. I am particularly grateful to Brian Vivier of the University of Pennsylvania and June Teufel Dreyer of the University of Miami for their friendship, collegiality, and sense of humor. Finally, I am grateful to two anonymous readers for their trenchant, lucid, and constructive comments.

I have received generous financial support from a range of sources to conduct research in China and transform my manuscript into a book. The U.S. Department of Education funded a twelve-month stay in Shanghai and Taipei in 2005–2006 through the Fulbright-Hays Doctoral Dissertation Research Abroad Fellowship, and the University of Chicago helped me complete the thesis in a timely fashion by offering the Social Sciences Division Visiting Committee Dissertation Write-up Grant. In 2007 the Center for Humanities at Northwestern University awarded me the Morton Kaplan Postdoctoral Fellowship, enabling me to broaden the scope of my research. The Center for the Humanities at the University of Miami also supported the project by releasing me from my teaching responsibilities in the spring of 2013, and the College of Arts and Sciences granted me junior sabbatical to complete revisions. I thank all these institutional supporters for their help.

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INTRODUCTION

State-Making and Empire in a World-Historical Context

By 1914 Western countries had colonized more than 84.4 percent of the world's land surface, but China remained an independent state during the modern period.¹ Why did the country's development diverge so dramatically from the global pattern of European conquest, annexation, and administrative control? Did China's enormous size or great power rivalries spare it this fate, or does the explanation lie elsewhere? If the standard arguments provide only a partial solution, where should historians look for a better answer? Why do any of these questions matter in the first place?

In 1500 few observers could have predicted that the West would one day rule much of the world. For centuries China, India, and the Middle East had claimed a disproportionate share of wealth, population, and power, but the European voyages of discovery foreshadowed a gradual shift in the global balance. The conquest of the Americas opened vast lands to Western settlement, but until the 1700s Britain, France, Portugal, Spain, and the Netherlands maintained only a network of trading posts in the Indian Ocean and Pacific basins.² This began to change in the mid-eighteenth century, when the English East India Company (EEIC) seized control of Bengal and then began to build a territorial empire in South Asia.³ During

the next hundred and fifty years, weak states in Asia and Africa collapsed under Western military, political, and economic pressures and, after 1880, succumbed to deliberate aggression planned in the chancelleries of Europe as well.⁴ Aided by the technologies of the Industrial Revolution, European states governed almost every part of the globe by the end of the 1800s.

The growth of European empires in this period brought an end to centuries of Asian dominance and triggered important changes in the structure of indigenous societies. In contrast to the Americas and Australasia, the tropical climate, dense population, and epidemiological environment of regions like Congo and Vietnam placed severe constraints on European migration. The Western powers established colonies of occupation rather than settlement in Asia and Africa, imposing an autocratic political system on indigenous peoples.⁵ In addition, in many regions colonial regimes redrew territorial boundaries in ways that ignored local realities and later fostered ethnic conflict. Economic policies often transformed native systems of production, marketing, and distribution, but colonies in Asia and Africa rarely yielded windfall profits during the nineteenth and twentieth centuries. After 1800 the older centers of human civilization made a much less significant contribution to the global economy, regaining their influence only in the late twentieth and early twenty-first centuries.⁶ In addition, European authorities founded school systems to consolidate their control over indigenous populations in Asia and Africa. In many areas, these new institutions trained a cadre of junior officials to serve the regime, but they also created colonial subjects with hybrid cultural identities.⁷ In short, colonialism became a dominant theme of global history during the modern period and left almost no human being, society, or geographic region untouched.

Western imperialism assumed a radically different form in China during the nineteenth and twentieth centuries. In contrast to India, Vietnam, or Mozambique, the country retained its independence during the apogee of European power between 1800 and 1950. After the Qing dynasty's (1644–1911) defeat in the Opium Wars (1839–1842 and 1858–1860), Britain and France imposed a series of unequal treaties that placed limitations on China's sovereignty. The rest of the great powers became signatories in short order, and several decades later Japan also began to participate in these

legal arrangements. These diplomatic agreements established low tariff rates, secured most-favored-nation status, and guaranteed Westerners the right to travel in the country's interior. The treaties also opened a number of ports to international trade, and foreign nationals enjoyed immunity from Chinese law, a right known as extraterritoriality. These privileges created a system of "informal empire" in China during the mid-nineteenth century, and Western states exerted influence over Beijing through a combination of military, diplomatic, and legal pressures.⁸

Yet the Qing dynasty and its Republican-era (1911–1949) successors continued to govern China during the most intense period of colonial competition in human history. Unlike trading posts such as Calcutta, Bombay, or Batavia, China's treaty ports never became the basis of large colonial empires. Instead, European states administered only small enclaves like Shanghai's International Settlement or the city of Hong Kong in southern China.⁹ The country's permanent territorial losses in the nineteenth and twentieth centuries included only Outer Mongolia, Taiwan, and parts of the far northwest and northeast. Although the great powers obtained leaseholds over certain areas after 1895, these regions reverted to Chinese jurisdiction after a fixed period.¹⁰ Despite their infringement on the country's sovereignty, the unequal treaties provided few opportunities for the West to impose new economic structures or cultural identities on the Chinese. Such policies required direct administrative oversight by foreign bureaucrats and often achieved limited results even in regions like South Asia and Africa. China remained one of only six non-Western countries to retain its independence in the modern period, preserving its political and territorial integrity in spite of small losses on the peripheries.¹¹

Why did China develop in a radically different way from much of the world during the 1800s? Many scholars argue that the country followed a different historical trajectory because of its enormous size or a relative balance among the great powers in Asia. However, these hypotheses appear less persuasive when placed in a comparative context. In South Asia, Britain annexed the former territories of the Mughal empire, taking on the burden of governing 200 million people and lands in excess of 1.8 million square miles. Epidemiological conditions prevented Europeans from colonizing most of Africa before 1880, but in the subsequent "scramble"

for the continent they seized almost one-fifth of the world's total area in less than three decades.¹² If Europeans governed 84.4 percent of the earth by 1914, could size alone have enabled China to escape Western conquest?

Competition among the colonial powers may have contributed to China's survival between 1895 and 1914, particularly given Great Britain's opposition to formal territorial partition in this period.¹³ Yet historical developments elsewhere in Asia point to the limits of this theory. During the 1800s, the Ottoman empire continued to lose its strength and cohesion, inviting aggression by the neighboring Habsburg and Romanov dynasties. This prospect alarmed British strategists, who sought to preserve the balance of power on the continent.¹⁴ London feared that the Russian empire would expand its influence into the eastern Mediterranean and in response lent Istanbul its political and military support on a regular basis. Politicians in London worked to maintain the territorial status quo in southeastern Europe, declaring war on Russia in 1853 when it threatened to destroy the "sick man of Europe." Despite Britain's assistance, the Ottoman empire fell prey to gradual territorial dismemberment and, by 1919, retained only its core territories in the Anatolian peninsula. If external factors alone fail to account for China's survival as an independent state, could the answers lie within the country itself?

This question appears even more poignant in light of most political histories of late imperial China, which depict a government incapable of meeting the challenges of the modern world. The administrative weakness described in these accounts would almost certainly have resulted in the country's territorial partition among the colonial powers. Vulnerable states soon became extinct in the predatory world of the nineteenth and early twentieth centuries, the victims of premeditated aggression or spontaneous collapse under Western pressure. Despite the significant constraints on China's sovereignty, the Qing dynasty and its Republican-era successors continued to administer justice, collected taxes, make war and peace, and rule a population of 450 million. Did officials find a way of reconstituting the Chinese state after 1850, strengthening it beyond the minimal threshold necessary to retain its independence?

SOVEREIGNTY AND SUCCESSFUL STATE-MAKING IN MODERN CHINA

This book contends that the threat of European imperialism after 1850 inaugurated the most innovative period of state-making in China since the early seventeenth century. This claim casts doubt on the entire interpretive thrust of late Qing history, which tells a story of failure, weakness, and dynastic decline. Over time, a military fiscal-state emerged in modern China because of the continuing danger of war with the great powers. This form of political organization combined money, bureaucracy, and guns in new ways and helped to ensure the country's survival in a hostile international environment. After the mid-1800s, the government expanded its revenue base through new commercial taxes, using these funds to meet its enormous defense expenditures. New fiscal bureaucracies enabled the state to extract additional resources, while in the early 1900s modern police forces extended its administrative reach and strengthened its coercive powers. During the late 1800s, authorities also created a naval fleet of twenty ironclad warships, improved the armed forces, and developed a modern ordnance industry. By the 1870s, they also began to recognize the link between wealth and power, founding state-sponsored enterprises in fields like shipping and telegraphy. These efforts transformed the country's transportation and communications infrastructure and introduced a small modern sector into the economy. In sum, China achieved considerable success in its quest for power during the late imperial era. As a result of these accomplishments, the country not only escaped formal colonization but laid the foundations of its own great power status after 1949.

Statecraft refers to the art of conducting public affairs and consists of concepts, institutions, and practices. The Chinese have thought about the problems of governance for two millennia, and by 1850 they had developed a set of political traditions to "order the world" (经世 *jingshi*) according to their principles. For example, officials attempted to establish a stable agrarian order throughout the empire and used public policy to promote "the people's livelihood" (民生 *minsheng*) whenever possible.¹⁵ They also encouraged the growth of the commercial economy in the late imperial era but believed that it supplemented primary forms of production like agriculture and sericulture.¹⁶ Taxation remained light in comparison to

many parts of South Asia, and in the early 1800s the government drew about three-quarters of its revenues from agriculture. Finally, the imperial court governed a population of 450 million through a small centralized bureaucracy, relying on brokers like the gentry elite and merchant guilds to assist in local administration.

This framework came under increasing pressure during the nineteenth century because of internal trends like population growth as well as the changing international environment in East Asia. Over time leading officials developed a new conception of statecraft, arguing for the importance of pursuing wealth and power in defense of China's sovereignty. Yet like the military-fiscal state itself, these developments took shape only over the course of many decades. These changes unfolded gradually even if they had a transformative impact on the country in the end.

The idea of sovereignty has come to serve as the cornerstone of modern Chinese statecraft, but meanings of the term remained fluid prior to 1900. The American missionary William A. P. Martin translated the word into Chinese for the first time in 1863, using a four-character phrase (自主之权 *zizhuzhiquan*) in his edition of *The Elements of International Law*. In subsequent years, the School of Combined Learning (同文馆 *Tongwenguan*) circulated this text throughout the imperial bureaucracy, and Martin followed his earlier work with Chinese versions of Karl Von Marten's *Manuel diplomatique* and Johann Bluntschli's *Das Moderne Völkerrecht*.¹⁷ Over the course of the next two decades, prominent officials began using the notion of sovereignty to describe strategic problems, outline political choices, and articulate the fundamental aims of Chinese foreign policy. By the early 1870s, it also started to appear on a regular basis in the bureaucratic correspondence of figures like Li Hongzhang, who served as an informal foreign minister until his fall from power in 1895. At times, the Chinese interpreted sovereignty as a form of absolute control over territory, people, or wealth rather than the final or ultimate authority of the state.¹⁸ This idiosyncratic definition may have arisen from their understanding of foreign affairs, which many policy makers tended to view as a zero-sum competition between China and the great powers. For example, officials believed that when China lost its tariff autonomy under the unequal treaties, foreign states like Britain and France reaped a proportional financial gain at their expense. Conversely, when Europeans, Americans, and later the

Japanese gained rights of extraterritoriality, China suffered a comparable loss of its legal sovereignty. After 1895, however, the definition of this term began to crystallize into a more familiar form and by 1911 resembled standard usage in Europe, the United States, and Japan.

During the 1870s and 1880s, political and mercantile elites also began to make exclusive claims to economic benefits within China's borders. For example, the term *liquan* (利权) lost its character as a separable compound meaning "the control of profits" and instead described the country's "sovereign right to profits." By the 1890s, several prominent thinkers had even started to call for commercial warfare (商战 *shangzhan*) against the imperial powers, a mercantilist strategy adopted by many states in early modern Europe.¹⁹ In time, the Chinese recognized that sovereignty might assume a number of different forms related to resources, law, territory, or people. During the second half of the nineteenth century, they also used terms such as "independence," "rights," and "freedom" in standard bureaucratic documents to discuss the empire's political problems.²⁰ Martin's set of ur-texts on international law and diplomatic practice served as the source of many of these concepts, and Chinese officials developed a new understanding of world order in the nineteenth century.

Yet the definition of statecraft includes not only ideas but the practices and institutions used to govern society as well. Leading statesmen saw the quest for military, political, and economic power as a means of preventing the further erosion of China's sovereignty and ensuring its existence as an independent country.²¹ As a result, they terminated the policy of channeling interprovincial aid to the empire's western peripheries, depriving these regions of funds to support the local military establishment. In addition, authorities abandoned an earlier pledge to permanently freeze tax rates as an expression of imperial benevolence to the dynasty's subjects. Instead they began to implement reform policies in the wealthy coastal provinces most vulnerable to Western invasion, paying for these programs through a series of new commercial taxes. Military spending rose dramatically because of the need to safeguard the country against foreign aggression. Figures like Li Hongzhang also invested in advanced transportation and communications infrastructure rather than traditional projects such as water conservancy on the Grand Canal and Yellow River. In addition, new bureaucracies extended the administrative reach of the state, enabling

it to exercise a higher degree of social control at the local level. Yet in the nineteenth century, many government agencies continued to rely on the cooperation of the gentry elite and to employ informal agents as well as salaried officials. Despite its many innovations, the new statecraft had important ties to China's past as well as its future.

This book transcends the disciplinary concerns of the China field by placing the narrative of state-making in the late imperial era within two different comparative contexts. The work of historians and sociologists dates the emergence of the military-fiscal state in early modern Europe to the peace of Westphalia in 1648.²² This diplomatic agreement affirmed the sovereignty of the secular state and gave rise to an international order defined by unregulated competition, alliance building, and frequent military conflict. During the late seventeenth and eighteenth centuries, Britain and France developed new forms of administrative and fiscal organization to meet the demands of war. In Britain, the army and navy tripled in size between 1680 and 1780, and by the time of the American War (1775–1783), London had 190,000 men under arms in theaters from Pennsylvania to Pondicherry. Defense spending rose with each renewal of hostilities, and the Chancellor of the Exchequer abandoned direct agrarian taxes for indirect commercial duties and public borrowing. Mercantilist principles guided the creation of a new schedule of international customs tariffs in early modern Britain. At the same time, internal excise taxes generated an enormous volume of income from the sale of beer, spirits, wine, cider, malt, hops, salt, leather, soap, candles, wire, paper, and starch. In addition, bureaucratic structures grew larger and more sophisticated, facilitating the country's repeated mobilization for war in the Stuart and Hanoverian periods. By the 1780s, Britain's revenue departments alone had increased by 300 percent and came to employ a total of 8,300 people. This process of military-fiscal development reached its fullest expression in eighteenth-century Britain, but rival states like France and Prussia experienced comparable changes as they struggled to preserve their independence in an unforgiving political environment.

As the Western powers transplanted their competitive international order to East Asia in the 1800s, similar linkages between warfare, taxation, and bureaucratic growth began to appear in a Chinese setting. A limited number of strategies ensured survival in a hostile geopolitical climate, and late imperial China replicated certain features of the European state

through both conscious imitation and independent trial and error. During the late nineteenth and early twentieth centuries, officials equipped new armies with Western military technology and deployed them to protect the country's wealthy littoral regions. They also built a fleet of ironclad naval vessels to patrol China's coastal waters and its major river systems. Between 1842 and 1911, government revenues tripled in inflation-adjusted terms to keep pace with the country's defense spending, and the income from indirect duties on trade came to surpass land taxes in importance. During the 1850s and 1860s, officials also developed new institutional capabilities to extract resources from the population. With British and American assistance, the Qing dynasty created an Imperial Maritime Customs Service in the mid-nineteenth century. At the same time, a less efficient transit fee (*lijin*) administration began to collect taxes on the shipment and sale of goods in China's domestic markets. These new fiscal bureaucracies increased the size of the late imperial state, but the New Policies of the early 1900s brought much more rapid growth with the creation of modern police forces, schools, and centralized government ministries. This cluster of related changes took root during the last fifty years of Qing rule but reached full maturity only when China achieved great power status in the early 1950s.

Military-fiscal states in Europe and China represent distinct variations on a common global theme, their political structures drawn together to a certain extent through a historically contingent process of convergence. In the absence of colonial competition in East Asia, the Chinese state would have evolved in different ways between 1850 and 1949. Yet a shared set of international conditions did not produce identical institutional arrangements within Western Europe, much less in East Asia. China no more became a third-rate imitation of the West than Germany, France, or Russia duplicated the constitution, political culture, and legal traditions of Great Britain. For example, in contrast to European countries, public borrowing did not become an important tool of statecraft in China before the twentieth century. However, warfare appears to have played the single most important role in shaping the development of the modern state in different geographic, temporal, and cultural settings.

This book also contrasts the growth of European empires in Asia and Africa during the eighteenth and nineteenth centuries with China's continued political independence. A cursory glance at the historical record

suggests that Western countries *should* have colonized China, but in practice this never happened. Telling a global story underscores the unusual character of “informal empire” in China and highlights the conditions that promoted colonization in regions like South Asia. The analysis focuses on the two factors of weak state structures and porous economies but does not offer a comprehensive explanation of European imperialism in the modern period. By understanding why China survived, however, we can also help to explain why many indigenous societies in Asia and Africa did not remain independent states.

During the early modern period, large multiethnic empires controlled the heartlands of the Eurasian continent. For the most part, powerful dynasties like the Mughals limited the Western presence throughout the Indian and Pacific Ocean basins to coastal trading posts.²³ After a period of decline in the 1700s, the politico-military balance shifted in favor of these European interlopers, and they began to acquire territorial holdings in regions like South Asia. The EEIC suffered a stinging defeat at the hands of Mughals in the late 1600s, but the empire’s regional successor states succumbed to Western arms and diplomacy after 1750. Weaker polities in Southeast Asia, the Middle East, and Africa offered less resistance to European aggression, particularly after the Industrial Revolution augmented the strength of the colonial powers. In contrast, reform policies in China narrowed the gap in “state capacity” with Western governments after 1850 even if the country achieved parity only in the mid-twentieth century.

Important differences in political economy also help to explain China’s divergence from the familiar path of conquest and colonization. In Bengal agents of the EEIC abused their trading privileges, smuggled commodities like salt, and colluded with the banking families that managed state finance. Over time, these activities undermined the fiscal position of the native ruler, or nawab, of Bengal. He responded with an attack on the firm’s trading post at Calcutta in 1756, and this action resulted in disorder, warfare, and eventual annexation by Britain. In contrast, dense mercantile networks limited the degree of European economic penetration in China prior to 1900. The quality of indigenous products and the modest purchasing power of the Chinese restricted the demand for Western goods, and a chain of Chinese intermediaries controlled the trades in tea, silk, opium, and cotton textiles. In addition, provincial officials established

indigenous firms to compete with European companies in the treaty ports. Businesses like the China Merchants Steam Navigation Company began an intense rivalry with Western shippers, reclaiming a portion of China's "sovereign right to profits" in the late 1800s. Rather than disrupting the economy, China's foreign trade strengthened the position of the government after 1850 by providing additional revenues for state-building projects.

RETHINKING THE MODERN CHINESE STATE

These interpretive claims challenge the metanarrative of political weakness, failure, and dissolution presented in most treatments of late imperial Chinese history. To a surprising degree, Western commentators have adopted both the rhetoric and the analytical categories of premodern Chinese historiography, particularly in their use of the dynastic-cycle paradigm. This concept suggests that reigning dynasties, like living organisms, reach maturity and then enter a period of gradual decline and senescence. The *Twenty-Four Standard Histories* chronicle the recurring rise and fall of imperial houses in China, but their authorial purposes bear little resemblance to the project of explaining change over time. Each dynasty commissioned prominent scholars of the day to compile the record of its immediate predecessor, ensuring that they could shape the narrative to serve their own purposes. These texts also played a didactic role, assigning praise and blame to specific historical actors for the moral edification of their readers. In most instances, they tended to attribute political weakness, military defeat, and natural disasters to the ethical shortcomings of the ruler or the imperial court. Professional scholars reject these explanations but still use elements of the traditional Chinese worldview to structure their political histories of the country. Important writers speak of the inevitable turn in dynastic fortunes in the mid-1800s as if historical change followed a predictable cyclic pattern. In sum, these interpretive principles may have served the needs of political elites in late imperial China, but sinologists should question their applicability to modern forms of historical inquiry.²⁴

In addition to premodern Chinese historiography, the conventional understanding of the late nineteenth and early twentieth centuries arises from two important sources. Nationalist sentiment has caused many Chinese

historians to characterize the period from 1850 to 1949 as a “century of humiliation” at the hands of the West, an interpretation that casts the Chinese Communist Party (CCP) in a favorable light. These Chinese intellectuals maintain an ambivalent attitude toward the progressive officials of the late 1800s. On the one hand, they acknowledge the accomplishments of figures like Li Hongzhang, lauding their efforts to protect China from foreign imperialism. On the other hand, these scholars also criticize the reformers’ loyalty to the Qing dynasty because of its Manchu rather than ethnic Chinese origins.²⁵ This retelling of modern Chinese history argues for a sudden revival of national influence after 1949 rather than a cumulative process of state-making that lasted a full century. At its worst, this narrative legitimates the policies of the current regime, denying the contributions of leading statesmen in the late imperial and Republican periods. It also echoes certain aspects of Chinese communist propaganda, which credits the CCP with transforming the country into a great power almost overnight.

Many scholars have also reached misleading conclusions about the late imperial Chinese state through a crude historical comparison with Japan. In 1894–1895, the two countries fought a war for control of the Korean peninsula, and Tokyo won a convincing victory over Qing forces. In their view, this outcome affirms the “success” of reforms undertaken by the Meiji government (1868–1912) in Japan and the “failure” of similar self-strengthening efforts in China.²⁶ Modernization theory influenced the original formulation of this argument, and its contrasting images of China and Japan seemed to fit the economic realities of the 1960s and 1970s. Yet the outcome of the First Sino-Japanese War points to little more than Tokyo’s superior power in the mid-1890s and offers few insights into the long-term results of state-building in either country.

During the 1850s, the West had imposed a similar series of unequal treaties on Japan, and after 1868 a new ruling oligarchy promoted economic development, improved the armed forces, and restructured administrative institutions. These policies enabled Tokyo to join the ranks of the great powers within the short span of fifty years. In 1904–1905 Japan inflicted a decisive defeat on the “white” European country of Russia in a war over Manchuria, an accomplishment that won global acclaim. In contrast, the development of the military-fiscal state in China required a hundred years

and resulted in few dramatic victories between 1850 and 1949. Foreign observers began to recognize the magnitude of this transformation only after China fought the American superpower to a stalemate in Korea (1950–1953) and acquired nuclear weapons in 1964. Comparative analysis can enhance our knowledge of political change in modern East Asia, but future research must evaluate the outcomes of state-making projects in China and Japan on a timescale of a century rather than a few decades.

Recent scholarship by figures such as Kenneth Pomeranz, R. Bin Wong, and Philip Kuhn has laid the foundation for the new interpretation of Chinese political history presented in this book. Pomeranz and Wong have demonstrated the importance of comparing patterns of state-making, economic growth, and social transformation throughout the Eurasian continent. Like my study, their work evaluates these issues in ways that cross not only political frontiers but conventional temporal boundaries as well.²⁷ They reject teleological conceptions of history derived from Western Europe but also criticize sinologists for studying the country's past in isolation from a global setting. By exploring moments of political, economic, or social divergence, scholars can situate Europe and Asia in world-historical time without regarding either as a standard model. I adopt their innovative approach in this book, which presents a global history of the Chinese state in the late nineteenth and early twentieth centuries. Like the work of Pomeranz and Wong, this study engages in a systematic comparison with European countries and places China within the dominant currents of world history such as imperial expansion. In contrast, however, I argue for a less critical political rupture between the two regions in the 1800s, instead asserting that state structures converged to a certain extent in these areas. The Chinese state differed much more from its European counterparts between 1500 and 1750 than at any time after 1900.

Pomeranz's early research examines the impact of foreign imperialism on inland north China from 1853 to 1937, contending that reform initiatives achieved a significant measure of success when supported by local elites.²⁸ During the early decades of the twentieth century, older commercial centers on the Grand Canal declined as authorities channeled more resources to vulnerable coastal districts. In areas of strategic importance, the state also began to exert greater influence over everyday life through a series of new administrative structures. At the same time, certain parts of

the north China plain experienced substantial agricultural and industrial growth prior to the Second Sino-Japanese War (1937–1945). These claims raised the question of whether reform efforts also yielded effective results in the second half of the nineteenth century as well as after 1900. In addition, Pomeranz’s argument encouraged me to search for similar changes in the patterns of spending and resource distribution in southeastern China. A range of historical evidence supported this hypothesis, suggesting that new principles of statecraft began to guide policy-making throughout China.

Philip Kuhn’s work traces the underlying continuities in Chinese history since the early 1800s, contending that successive regimes have grappled with an enduring set of political, economic, and administrative problems.²⁹ Emperors, officials, philosophers, and revolutionaries have struggled to reconcile state power with political participation, to balance the fiscal needs of local and central governments, and to harmonize political competition with the idea of a unitary public interest. These issues occupied a prominent place on the constitutional agenda even before the intrusion of West, but the Chinese have continued to reformulate these debates in modern political language over the past two centuries. Like Kuhn’s scholarship, this study emphasizes the living connections with the imperial past but assigns the international order a greater role in shaping the contours of the modern Chinese state.

Kuhn’s earlier publications examine the impact of internal rebellions in China during the mid-1800s, demonstrating that political power began to shift from the imperial court to provincial officials of ethnic Chinese extraction.³⁰ The Qing dynasty continued to govern 450 million people in two dozen provinces, but circumstances forced the Manchu rulers to share greater authority with their Han Chinese population. When analysts disaggregate the late imperial Chinese state into its constituent components, they discover that the primary impetus for change came less from Beijing than authorities at the regional and local level. Conflating “the state” with the Aisin Gioro ruling house or even organs of the central government like the Grand Council (军机处 *Junjichu*) obscures the immense political creativity of this period. Effective reforms took place in a context of partial political decentralization, a counterintuitive proposition that has led most commentators to dismiss the late Qing period as an endless

series of political, military, and diplomatic debacles. In contrast, this book presents late imperial state-making as a success story, an important first step toward the emergence of the mature military-fiscal state in the mid-twentieth century.

Readers might ask how I can support this revisionist argument if revolutionaries overthrew the Qing dynasty in 1911. Many commentators contend that political, military, economic, and legal reforms must have failed because “the state” collapsed in the early twentieth century. Yet this reasoning commits the logical fallacy described above, assuming the identity of a monolithic state with the Aisin Gioro lineage or the administrative agencies of the central government. The 1911 Revolution marked the final transfer of power from the Manchus to the Han Chinese, a process that began during the mid-nineteenth century with figures like Zeng Guofan and Li Hongzhang. Popular disaffection at a grassroots level may have helped to topple the Qing, but more importantly the imperial court lost control of China’s provincial assemblies and its New Army. Both institutions emerged during the early years of the twentieth century as part of a broader reform program, and ethnic Han Chinese soon filled their most important leadership positions. In the nineteenth century, provincial elites, high-ranking officials, and military commanders remained loyal to the ruling dynasty, often spearheading the efforts to enhance state power. After the Republican Revolution, these groups often pursued the same goal but no longer in service to the Qing. In short, the last imperial dynasty fell in 1911, but China retained its sovereignty and territorial integrity under a new regime and continued to develop the means to defend itself. Would state-making in the late imperial period have enjoyed even greater success under a vigorous court led by a ruler like the Kangxi emperor? I think this scenario is at least plausible, but in the absence of a strong central government, most historians have, instead, leaped to conclusions of categorical failure, decline, and weakness.

The comparative content of this book draws on the rich corpus of secondary literature on the history of European states and colonial empires in Asia, Africa, and the Americas. John Brewer and P. K. O’Brien develop the idea of the military-fiscal state in their treatments of early modern Britain, linking this new form of political organization to its continuing conflicts with France.³¹ London developed its war-making capacities later

than many of its continental rivals, which offered it the opportunity to duplicate the sophisticated credit institutions of the Netherlands. After the Glorious Revolution of 1688, parliamentary supremacy ensured taxation by consent in Britain, and these constraints on royal authority enhanced and legitimated the power of the state.

Sociologist Charles Tilly develops a typology of European polities since the medieval period but echoes Brewer and O'Brien in stressing the centrality of warfare to state formation.³² He asserts that a country's political and administrative structures tend to reflect the spatial distribution of capital within its borders. If resources are diffused over a large area, the regime often resorts to coercive practices to collect tax revenues. If wealth is highly concentrated, in most instances political and mercantile elites have a significant voice in government. Agrarian empires like China exacted tribute payments through an authoritarian bureaucracy, while medium-size states like Britain and France achieved a proper balance between coercion and consent. The writings of Brewer, O'Brien, and Tilly provide one of the central analytical concepts of this project and prompted me to search for similar linkages between warfare, taxation, and bureaucratic growth in late imperial China. This book expands the scope of their research beyond the boundaries of Europe and "globalizes" the study of the military-fiscal state.³³

A broad range of scholarship informs my treatment of colonial expansion in Asia and Africa, but work on the history of India plays a particularly crucial role. C. A. Bayly argues that tribal breakouts throughout Eurasia hastened the decline of the Mughal, Ottoman, and Safavid dynasties during the late seventeenth and eighteenth centuries. He asserts that in this period traditional notions of kingship gradually gave way to the growing commercialization of political power. In his opinion, British arms triumphed in India because of indigenous disunity rather than the organizational and technological superiority of a modernizing Britain. He writes the type of universal history championed by Pomeranz and Wong, using a single set of analytical categories to describe European empires as well as their Asian counterparts. In addition, Bayly makes an explicit invitation to future researchers to broaden his analytical framework to East Asia. This study takes up his challenge and also accepts the category of universal

history, applying the concept of the military-fiscal state to different continents, cultures, and time periods.

Like Bayly, P. J. Marshall explores the origins of the British raj in India, but he focuses on the specific region of Bengal in his early work. He chronicles the EEIC's transformation from a business enterprise to the territorial ruler of northeastern India after 1756, emphasizing the weakness of the indigenous state and the disruptive effects of foreign commerce. Marshall's argument raises the question of whether Western firms exercised similar influence in China's inland regions or failed to capture its domestic markets. It also inspired me to ask why China's treaty ports never became the territorial "seeds" of empire like the presidencies of Calcutta, Madras, and Bombay in South Asia. In sum, this book uses the literature on imperialism to trace the contours of Europe's global conquest, highlight the peculiar character of informal empire in China, and describe the factors that facilitated formal colonization in Asia and Africa.

This book relies on two principal methods to develop a revisionist account of state-making in late imperial China. A transnational approach has influenced the assumptions, structure, and content of this work. Since the late 1970s, however, few researchers have taken China as a whole as their unit of analysis.³⁴ I, too, focus on the implementation of reform policies within a specific region but often refer to related events, trends, and patterns elsewhere in the country. In Chapters 2 through 7, I present a case study of state-building in the lower Yangzi delta of southeastern China, an area dominated since the late 1800s by the city of Shanghai.

Since at least the twelfth century this part of China has played a crucial role in the political, economic, and social life of the country. Known in Chinese as Jiangnan, or "south of the [Yangzi] river," this area possessed rich alluvial soils and attracted migrants from the crowded north China plain. Paddy agriculture flourished in the warm climate, and the lower Yangzi delta served as China's breadbasket until cotton displaced rice as the region's primary crop. Farmers practiced commercial rather than subsistence agriculture there during the Qing dynasty, and by the eighteenth century Jiangnan had also emerged as the center of China's textile industry. A vast network of canals and waterways crisscrossed the landscape, fostering a process of regional economic integration. Over time, people in

the area became increasingly wealthy, population density increased, and cities such as Suzhou, Hangzhou, and Nanjing began to thrive. Many centuries later, the treaty port of Shanghai also developed into one of China's largest metropolises, eclipsing nearby urban centers in importance during the late nineteenth century. Learning, literature, and the arts blossomed in the lower Yangzi area, and it produced a disproportionate number of scholars and officials during the late imperial period.³⁵ One nineteenth-century commentator summarized these developments, remarking that "in the southeast, tax rates have been the heaviest in Jiangsu province, water conservancy has been most important there, and its gentry have flourished the most."³⁶

Over the course of several hundred years, China's economic, cultural, and demographic center of gravity shifted from the north China plain to Jiangnan. As a result, the Qing rulers kept a wary eye on this region from the capital of Beijing.³⁷ Their cause for alarm grew in the mid-1800s because a large number of Europeans, Americans, and later the Japanese came to Shanghai to open businesses. In addition, authorities recognized that the region's accessibility by sea rendered it vulnerable to foreign invasion. They recalled that British gunboats brought the First Opium War to a close by seizing the lower Yangzi River and severing communications between north and south China. Prior to 1900, Jiangnan faced a more intense threat than any other part of China except the capital region, and leading statesmen feared that it might become the victim of European territorial ambitions. State-building projects in the southeast received a disproportionate amount of resources to counter the Western challenge to China's sovereignty. During the decades after 1850, this geographic area also served as an informal laboratory for reform policies because of its rich resource base. Efforts to amass the sinews of power stood a greater chance of success in a prosperous region with strong international connections than in the impoverished north and west. These political, economic, and geographic features recommended the lower Yangzi delta as a case study of state-building in late imperial China. Yet readers should not assume that Jiangnan represented historical trends in China as a whole but only in areas deemed strategically important. The cost of directing resources to certain parts of the Qing empire came in the form of relative inattention to inland provinces, particularly along the western peripheries.

Works of history either tend to examine a new topic for the first time or retell a familiar story in a different way. This book belongs primarily to the latter genre. During the course of my research, I have gathered historical materials at the Shanghai Municipal Archive, the ancient and modern documents rooms at the Shanghai Library, the Academia Sinica, the National Palace Museum, and the libraries of the University of Chicago. I use quantitative data to illustrate the dramatic growth in government income after 1850, but textual sources provide the bulk of the evidence for my argument. The correspondence of provincial officials like Li Hongzhang describes important reform policies but also offers insight into the fundamental aims behind their political agenda. Gazetteers (方志 *fangzhi*) chronicle local events and conditions in the lower Yangzi area, presenting a grassroots vision of historical change in southeastern China. Statecraft essays illustrate the conceptual changes in governance with particular clarity, while imperial edicts document the actions, plans, and intentions of the central government in Beijing. I offer a new reading of these sources, rejecting the assumptions of dynastic decline that have shaped earlier work on the late Qing era.

CHAPTER SUMMARIES

This book presents a global history of the Chinese state in the late nineteenth and early twentieth centuries. It questions the dominant narrative of political failure in late imperial China, assesses the development of military-fiscal states in Europe and China, and details the factors that encouraged formal colonization in Asia and Africa. After Chapter 1, which examines the growth of European empires during the eighteenth and nineteenth centuries, each subsequent chapter explores a different aspect of state-building in late imperial China, ranging from money and guns to bureaucracy and communication. The Epilogue extends the story into the Republican (1911–1949) and early communist eras (1950s), underscoring the fundamental continuities in Chinese statecraft between 1850 and 1949.

Chapter 1 traces the European conquest of the world during the modern era and asks why China escaped formal colonization by the great powers. During the early modern period, multiethnic empires like the Mughal, Ottoman, and Safavid dynasties dominated the Eurasian continent, but

by 1914 most regions of the world had lost their independence. Weak states in Asia and Africa collapsed under Western pressures and, after 1880, increasingly fell victim to deliberate aggression planned by European foreign ministries. In addition, the porous economies of certain regions permitted Europeans to establish an invasive commercial presence, resulting in internal disorder, warfare, and eventual annexation. In contrast, China's historical development after 1850 diverged from the global pattern of European conquest, annexation, and administrative control. A system of unequal treaties created conditions of "constrained sovereignty" after 1842, but China escaped formal colonial rule.

Chapter 2 argues that indigenous mercantile networks limited the degree of foreign economic penetration in China, especially before 1900. In contrast to Bengal, Chinese merchants integrated Western actors into existing patterns of commercial exchange, entrusting the sale of tea, silk, textiles, and opium to a series of intermediary brokers. Aside from drugs, kerosene, and tobacco products, Chinese demand for European imports remained low because of competition from native products and the modest purchasing power of most consumers. In addition, officials in many areas violated the unequal treaties by imposing "transit fees" on foreign goods, which raised their cost and inhibited effective distribution. Although the volume of international trade remained small relative to the overall size of China's economy, the Imperial Maritime Customs Service provided officials with an important source of revenue after the 1850s. Far from paving the way to formal colonization, China's foreign trade strengthened the position of the government by generating additional funds for state-building projects.

Chapter 3 argues that the security crises of the mid-nineteenth century transformed public finance in modern China. Domestic and foreign conflicts reshaped the dominant patterns of taxation, resource distribution, and government spending over the course of six decades. The state's extractive capacity continued to grow as the country prepared for war, and total revenues tripled in inflation-adjusted terms between 1842 and 1911. Per capita taxation also increased in the late imperial era. Historians estimate that by the early 1900s central, provincial, and local governments appropriated at least 5–10 percent of total economic output. Indirect commercial taxes generated the largest share of these new resources, particularly in the form of *lijin* and international customs tariffs. At the

same time, authorities curtailed interprovincial aid to western China and instead directed funds toward military projects in strategic coastal areas. These changes reflected a growing emphasis on the concept of sovereignty and also set in place the material cornerstone of the military-fiscal state in China.

Chapter 4 examines the development of bureaucratic power in modern China, arguing that the state extended its reach to an unprecedented degree in the late 1800s and early 1900s. Early administrative growth occurred in the realms of finance and diplomacy because of their importance to the defense of China's sovereignty. In contrast, local governments began to expand at a rapid pace in the early twentieth century, when the imperial court implemented a series of New Policies (1901–1910). The analysis focuses on transit fee bureaus and modern police forces because they played a crucial role in consolidating the state's coercive powers over Chinese society. They also illustrate the important links with earlier forms of statecraft in China, such as relying on the cooperation of members of the gentry class. As prominent officials established the bureaucratic infrastructure of the military-fiscal state, the balance between government and society changed forever in China.

“Guns,” Chapter 5, assesses China's efforts to amass the sinews of military power in the decades after 1850. During this period, Western aggression triggered a gradual shift in China's strategic orientation from the steppes of Central Asia to its maritime frontiers. At the same time, authorities improved the armed forces, constructed a naval fleet of twenty iron-clad warships, and established a modern ordnance industry. During the 1860s and 1870s, these reforms enabled the government to suppress a number of internal rebellions and reassert control over the empire. Restoring internal security strengthened China's international position, depriving European countries of a pretext for intervention and establishing formal colonial administrations in the country. These forces also served as a limited deterrent to foreign attack, particularly after the creation of the New Army in the early twentieth century. Without question, these military programs failed to transform China into a great power in a few decades, but they enhanced its strategic capabilities beyond the minimal threshold to survive as an independent state.

The military-fiscal state rested on a foundation of money, bureaucracy, and guns, but authorities also came to recognize the links between wealth

and power in the late 1800s. In response, they founded state-sponsored enterprises to stimulate modern industry, broaden the government's revenue base, and compete with foreign firms in the treaty ports. Chapters 6 and 7 evaluate two companies within this broader network, describing their commercial operations, organizational structures, and geopolitical impact. In the early 1870s, officials established a modern steamship line, and this business venture soon evolved into a crucial component of the state's transportation infrastructure. The company's managers had to apply concepts like sovereignty and the right to profits to concrete problems on a daily basis, in the process refining the meaning and content of these new ideas. As a result, these businesses offer an excellent opportunity to study the intellectual foundations of Chinese statecraft as well as two important elements of state power.

Chapter 7 examines the introduction of the telegraph in late imperial China, an innovation that transformed the system of official communication and reshaped the country's information order. Authorities used this new technology to protect the empire's economic sovereignty and strengthen it in the competition for strategic knowledge with foreign powers. Within the imperial bureaucracy, it bolstered the position of the Zongli Yamen, or Foreign Ministry, which emerged as a center for receiving, processing, and distributing political information. Chinese merchants also used the telegraph to recover the country's "right to profits" from Western firms, but the government failed to anticipate the new medium's potential to circulate news items and political opinions after 1895. In sum, the telegraph improved China's ability to compete in a predatory international order, enabling the military-fiscal state to negotiate, fight, and trade with greater insight and skill.

The Epilogue argues that the search for wealth and power in defense of sovereignty has remained a consistent political objective in China since 1850. Despite differences in ideology, successive regimes have embraced this broad political goal while debating the specific tactics to achieve it. During this period, multiple generations of Chinese leaders pursued money, bureaucracy, and guns with energy and determination, maintaining a wary gaze on their hostile foreign rivals. State-making continued apace during the Nationalist era (1927–1949) but, in many respects, culminated in the People's Republic of China in the early 1950s. At that time, China

won international acclaim as a great power because of its military performance in the Korean War and important role in Richard Nixon's triangular diplomacy with the United States and the Soviet Union. These continuities suggest the need to view the century from 1850 to 1949 as a coherent whole, a period marked by development of the military-fiscal state in modern China.

1 **EUROPE'S GLOBAL CONQUEST**

Between 1500 and 1914, Europe conquered the world. During the first half of this period, few observers could have predicted the triumph of Western arms, goods, and ideas, and large colonial empires took root only in the Americas and Australasia. At the beginning of the eighteenth century, the Mughal, Ottoman, and Qing dynasties continued to govern more than half the human race and dominated the continent of Asia from the eastern Mediterranean to the shores of the Pacific. Outside the Western Hemisphere, Europeans established a network of trading posts to engage in long-distance trade but maintained few territorial settlements. Instead colonialism in these areas remained a commercial project that relied on the use of coercive force when necessary. Powerful indigenous states in the Indian and Pacific Ocean basins relegated foreign interlopers to the margins of their territory, and Western soldiers, merchants, and adventurers lost as many battles as they won.

Yet, by 1700, the Muslim Mughal, Ottoman, and Safavid dynasties had entered a period of sharp decline, and Europeans took advantage of these circumstances to expand beyond the small trading stations of the early

modern period. Over the course of the next two centuries, indigenous governments disintegrated under Western political, military, and economic pressures and, after 1870, increasingly fell prey to deliberate aggression planned by European central governments. As the Industrial Revolution transformed production, investment, and consumption, Europe came to dominate the global balance not only of power but of wealth as well. By the eve of World War I, Western countries had colonized 84.4 percent of the world's land surface, and societies throughout Asia and Africa followed a common historical trajectory of invasion, annexation, and direct governance by the great powers.¹

In South Asia, tribal breakouts undermined the power of the ruling dynasty at the same time that Europeans expanded inland from coastal enclaves like Calcutta and Bombay.² The Mughal empire in the Indian subcontinent splintered into regional successor states in the early 1700s, and this process of political decentralization invited intervention by Western countries. Regional polities like the Maratha Confederacy and the sultanate of Mysore implemented a range of state-building projects to ensure their survival, but Britain exploited divisions in the subcontinent and won a narrow military victory by the early 1800s. In addition to the weaker military, fiscal, and administrative capacities of these states, the mercantile activities of the English East India Company (EEIC or the Company) helped to trigger the formal colonization of South Asia. In Bengal, for example, the EEIC's business operations undermined the position of the indigenous ruler, resulting in disorder, warfare, and eventual subjugation by Western arms.

In Southwest Asia, the Ottoman dynasty also faced growing Western pressures after 1700, complicating efforts to suppress internal challenges to its authority. Russia and Austria pressed their territorial claims in southeastern Europe and Central Asia, while states like Britain and France undermined Istanbul's power in the Mediterranean and North Africa. On several occasions, Ottoman armies stood outside the gates of Vienna, but as Western states amassed the sinews of power, the empire became "the sick man of Europe." During the nineteenth century, a series of reforms known as the Tanzimat, or reorganization, narrowed the military gap with rival states to a certain extent, but this sprawling multiethnic empire fell

victim to gradual territorial dismemberment. By the end of World War I in 1918, Turkey retained only the Anatolian heartlands of the former Ottoman empire.

At first, the conflicts with these Muslim dynasties and their successor states remained a close contest, but by the nineteenth century Western countries enjoyed an overwhelming advantage because they had experienced the Industrial Revolution. With few exceptions, the weaker states of Southeast Asia and Africa lacked the size, resource base, and bureaucracy to resist foreign aggression for a protracted period. As in Bengal, international commerce often disrupted existing patterns of political economy, causing political turmoil and European intervention in areas like the Malay peninsula and the Indonesian archipelago. In certain instances, local events pulled the West into a fuller colonial engagement with these regions, while Europeans conquered sub-Saharan Africa after 1880 by conscious design. In either case, indigenous governments in places such as Southeast Asia and central Africa succumbed to foreign aggression far more readily than the early modern Muslim empires. By the early 1900s, then, colonialism left almost no human being or part of the world untouched.

In contrast, China's historical development diverged sharply from the broader global pattern of European conquest, annexation, and administrative control during the nineteenth and twentieth centuries. A series of unequal treaties with the West created conditions of "constrained sovereignty," but China retained its political and territorial integrity during the zenith of European imperialism. Only five other countries remained independent states in this period: Persia, Turkey (the Ottoman Empire), Ethiopia, Thailand, and Japan. Britain and France established a system of informal empire in China after the Opium Wars of 1839–1842 and 1858–1860, and the rest of the great powers soon came to enjoy the same political, economic, and legal privileges. Diplomatic agreements extended most-favored-nation status to their signatories, established low tariffs on foreign imports into China, guaranteed Europeans, Americans, and, later, the Japanese immunity from prosecution under indigenous law, and opened a number of treaty ports to international trade. Unlike Bombay or Calcutta, these foreign enclaves never became the nuclei of territorial empires in China, and concession areas granted after 1895 reverted to Chinese sover-

eignty after a fixed term. The Qing dynasty continued to collect taxes, administer justice, negotiate treaties, and oversee a population of 450 million until 1911, and after that date ethnic Han regimes governed the emerging nation-state of China.

This chapter traces the growth of European territorial empires during the late eighteenth and nineteenth centuries and asks why China evolved in a different way from these regions. A cursory glance at the historical record suggests that China *should* have collapsed in the 1800s and become a formal colony of one or more of the great powers. It is remarkable that China survived as an autonomous state in this period, a fact that area experts tend to ignore because they lack the proper comparative perspective. This approach also places the narrative of modern China within a broader world-historical framework and casts into relief the factors that promoted European territorial annexations in regions like South Asia. This book argues that differences in “state capacity” and political economy diverted China from the familiar path of formal colonization but does not offer a comprehensive theory of empire in the modern period.³ Colonialism rarely remained a constant in a single region, much less on a global scale over the course of several centuries. Yet in multiple geographic, temporal, and cultural contexts, countries with weak state structures or “porous economies” collapsed far more often than they survived.⁴

COLONIALISM IN INDIA AND SOUTHWEST ASIA

The historian C. A. Bayly argues that the Mughal, Ottoman, and Safavid dynasties shared important patterns of historical development during the early modern period.⁵ In each of these Muslim empires, effective governance led to agricultural specialization, population growth, and the emergence of new commercial networks. Over time, these changes gave rise to wealthier and more sophisticated societies, but they also encouraged regional elites to assert their political, military, and fiscal autonomy from the throne. Tribal breakouts resulted in domestic disorder and political decentralization at the moment when Europeans began to pose a serious external challenge to imperial power. Breakaway provinces and regional successor states not only undermined the position of these ruling dynasties but also offered less intense resistance to Western countries. Internal trends within

these Muslim states facilitated the first European conquests in Asia, but over time the disparities in power with the West continued to widen.

Prior to 1750, Europeans exercised little direct influence in South Asia outside the three “presidencies” of Calcutta, Bombay, and Madras. In fact, when the EEIC had challenged imperial prerogatives in the late seventeenth century, the Mughal dynasty dealt it a humiliating military defeat. This powerful Sunni Muslim empire governed a population numbering in the hundreds of millions, generating government income through taxes on land and agricultural production.⁶ The Mughal monarchs exercised a patrimonial form of rule, assigning important administrative duties to intermediaries at the provincial and district levels as well as relying on the regular bureaucracy.⁷ In many areas, responsibility for revenue collection rested with Hindu notables (*zamindars*), while regional magnates (*mansabdars*) served as royal officers and heads of their local communities.⁸ These Muslim grandees enjoyed the right to income from large estates (*jagirs*) in the provinces and in exchange provided the throne with political and military support.⁹ Village leaders maintained a considerable degree of autonomy from the loose bureaucratic structures of the Mughal state, and Delhi depended on the noble classes for financial and military resources. Generous patronage, powerful armies, and a series of forceful rulers sustained the cohesion of the Mughal empire, but dramatic change over the course of the seventeenth century produced a number of administrative problems.

The transformation of the economic order in South Asia after 1600 weakened the Mughal dynasty's control of the provinces. New social groups began to challenge imperial prerogatives and replace Muslim military elites in the countryside. Agricultural and commercial development fostered the growth of a nouveau riche, and hereditary estates emerged in rural areas because of a shift to freehold property.¹⁰ Government revenues declined as Hindu notables, tax farmers, and members of the mercantile castes usurped the traditional fiscal role of regional magnates. At the same time, new provincial elites began to ignore Delhi's political, legal, and military writ whenever circumstances permitted and consolidated power within their own territories.¹¹ A Mughal ruler continued to occupy the Peacock Throne until 1858, but invasions from Central Asia and the revolt of groups

like the Maratha had destroyed this diverse empire a hundred and fifty years earlier.

By the early eighteenth century, the dynasty had given way to a host of smaller regional states, and Western countries soon became integral components in the political equilibrium of the subcontinent. These rivalries triggered indigenous state-building activities in areas like the western Deccan, Mysore, and the Punjab, where the nascent Sikh empire invested in military modernization programs modeled on the EEIC.¹² In the end, Britain conquered the subcontinent through its skillful manipulation of internal political divisions and use of South Asian resources. During the first half of the eighteenth century, however, this outcome seemed improbable if not unimaginable.

During the 1740s, warfare between Britain and France spread to India, and each side created coalitions of indigenous states to enhance their power in this distant theater. This pattern of alliance building foreshadowed not only the EEIC's later military strategy but its means of exercising political control over the vast lands and population of India. Over the course of the following decades, the EEIC became a territorial ruler because of internal political weaknesses in South Asia and its commercial penetration of important regional economies.

The transition from business enterprise to de facto sovereign began with the indigenous attack on the "factory," or trading post, of Calcutta in northeastern India in 1756. This incident resulted in a protracted military conflict with the ruler (*nawab*) of Bengal, the wealthiest region of the former Mughal empire. What caused this unexpected war? Over time, British trade in the interior of the province eroded the financial position of the government and threatened its continued grip on power. These important changes in political economy operated at three distinct levels and help to explain Nawab Siraj ud-Daula's attack on the Company's fort. An edict (*farman*) of 1717 granted the EEIC a number of commercial concessions, and international trade assumed a growing importance to Bengali political and mercantile elites. The influx of foreign silver further monetized the regional economy and promoted the growth of new commercial relationships in Bengal. By the mid-eighteenth century, the legal British trade in cotton textiles, silk, and opium diverted an increasing volume of

commercial duties away from the state treasury, and the ruler began to reconsider the Company's tax exemptions.

At the same time, Company employees and the "private English" used the EEIC's seal (*dastak*) to illegally transport and sell commodities monopolized by the Bengali government. These not only included items of strategic importance like saltpeter but consumer goods such as salt, tobacco, and betel nut.¹³ For example, British efforts to enter the lucrative salt market in Patna and other upcountry venues provoked a frequent cycle of confiscation and protest, but foreign merchants continued to press further into the interior.¹⁴ Indian merchants also abused British commercial privileges in Bengal, reflagging ships on the Hooghly River or bribing EEIC officials to include their own goods in the Company's consignments. Less than a decade after the edict of 1717 granted the EEIC these rights, a Company administrator acknowledged that Armenians and "black merchants [transport] vast quantities [*sic*] of goods . . . by virtue of our dustucks [seals]."¹⁵

The growth of international trade after 1700 also encouraged the EEIC to establish close ties to the indigenous mercantile and banking classes (*Jagat Seths*) who controlled the state's revenue administration. By midcentury, they supervised public finance in Bengal, remitting token tribute payments to the Mughal court in Delhi, superintending the mint, and advancing funds to cover shortfalls in the government's treasuries.¹⁶ Yet their private interests also flourished under the stimulus of foreign trade, and these groups extended credit and arranged purchases of Indian textiles for European clients. The ruler of Bengal understood the danger of allowing this growing intimacy between the EEIC and his richest subjects to continue unchecked.

These changes in Bengal's political economy coincided with the attempt of another Mughal successor state to capture the province's wealth to finance its own program of state-building. The invasion of the Maratha during the 1740s and early 1750s deepened the ruler's anxieties that the Company might ally itself with his indigenous rivals. Repulsing these attacks placed an enormous financial burden on the treasury at a time when revenues had begun to dwindle because of the EEIC's trading operations. By the mid-1750s, the nawab's armies had lost the neighboring territory of Orissa to the Maratha Confederacy, and he maintained only a tenuous hold on Bihar and the rich western districts of Bengal. By expelling the British

from Calcutta, he sought first to eliminate a dangerous domestic rival and then mobilize Bengal's resources against his South Asian opponents.

He lost the war. Robert Clive's victory at the Battle of Plassey in June 1757 marked a radical shift in the balance of military forces in northeastern India and also changed the internal political equilibrium in Bengal. The Company claimed the right to collect land taxes in twenty-four villages (*parganas*), a move that financed its armies and also extended its authority into regions beyond Calcutta. The EEIC installed a new ruler, Mir Jafar, with the approval of Bengali elites and concluded a "subsidiary alliance" guaranteeing the Company's military assistance when necessary. In practice, the sovereignty of Bengal passed into the hands of the EEIC, but, at first, all parties remained reluctant to alter existing institutional arrangements.

This settlement soon began to unravel because of chaotic political conditions in the subcontinent and a sharp rise in British commercial activity within Bengal. In 1760–1761, the EEIC demanded additional revenues from the indigenous government to cover the costs of its military campaign against Maratha forces and rebels in Bengal and Bihar. In response, the nawab surrendered more territory and land taxes to the Company, but the British increasingly interfered with official appointments and administrative decisions. Britain's military victory also led to an enormous surge in trade by both the EEIC and its private agents, intensifying the strains on public finance in Bengal.¹⁷

Mir Jafar's successor, Mir Kasim, responded with a reform program designed to enhance the fiscal, bureaucratic, and military capacities of the state. He envisioned an independent polity based in the neighboring province of Bihar and took steps to centralize his administration by reorganizing the army, establishing a weapons foundry, and raising new income.¹⁸ Before he could consolidate power, however, a dispute over "private" trade in July 1763 led to renewed hostilities with the EEIC. In October 1764, the Company won a decisive victory at the Battle of Buxar and soon formalized its position in Bengal, agreeing to serve as the Mughal emperor's revenue officer (*diwan*).¹⁹ As in 1757, the province's land taxes paid for the costs of the war, but the EEIC finally acknowledged that it had become a territorial power in South Asia.

The conquest of Bengal brought the wealthiest part of the subcontinent under British control, and in subsequent years the Company began to

expand into the interior from the two enclaves of Madras and Bombay. Regional states not only challenged the power of the EEIC but fought against indigenous rivals, giving rise to a cycle of British intervention and annexation throughout the subcontinent.²⁰ The EEIC established subsidiary alliances to stabilize various parts of South Asia, but in practice these arrangements entangled the Company in a series of regional disputes. Dependent states often failed to pay the EEIC troops in their territories, and in response Company officials annexed more lands to stabilize their revenue flow.²¹ At other times, indigenous governments attacked neighbors that had signed an agreement with the British, fearing their combined military power in the subcontinent. Yet certain regional states troubled the EEIC for decades before skillful diplomacy, Western arms, and the use of Indian resources resulted in their final defeat.

During the late eighteenth century, the sultanate of Mysore and the Maratha Confederacy expanded into regions of the subcontinent rich in commercial and agricultural wealth. A quasi-mercantilist conception of statecraft guided their efforts to secure new sources of revenue, modernize their armies, and strengthen their administrative infrastructure. Haidar Ali and Tipu Sultan of Mysore enhanced the state's extractive capacity in the late 1700s, asserting closer control over rural elites and raising agricultural taxes to 30 percent of the annual harvest.²² They also tightened their grip on public finance by commuting tax payments to silver specie and eliminating inefficient and corrupt revenue managers whenever possible. Like the Maratha, the rulers of Mysore also attempted to foster economic development by expanding the number of business enterprises within their borders. They learned to create state monopolies modeled on their European counterparts and tried to undermine the Company's profitable trade in commodities like pepper. In addition, these indigenous states provided tax incentives to increase agricultural production and encouraged farmers to migrate from neighboring territories, including those of the EEIC.²³ These reform measures financed the creation of European-style infantry, artillery, and cavalry units, and a number of Europeans served as officers and munitions experts in native armies. As late as the 1790s, Mysore's economy sustained a significant growth rate, and indigenous forces numbering over sixty thousand continued to threaten the EEIC and its client states.²⁴

These reform efforts failed in the end, and by 1818 Britain ruled the entire subcontinent through either the Company or its native proxies. London faced subsequent challenges to its power but suppressed uprisings like the Sepoy Mutiny of 1857–1858 with relative ease. Regional governments like Mysore lacked the resource base, manpower reserves, and administrative capabilities of the Mughal empire at its height, and they failed to preserve their own independence, much less expel the EEIC from India. In contrast, the British distributed troops, matériel, and tax revenues throughout the subcontinent, transforming a royal chartered company into the ruler of vast territories and populations in less than a century. The two factors of state capacity and economic porosity also shaped the development of Sunni Muslim empires in Southwest Asia in this period.

In 1453, the Ottoman dynasty captured Constantinople, the ancient capital of the Byzantine empire, and for the next two hundred and fifty years its armies threatened Central Europe as well.²⁵ During the height of their power in the sixteenth and seventeenth centuries, these Turkish rulers established a secular bureaucracy (*kuttab*) more elaborate and cohesive than either its Mughal or Safavid counterparts. Ottoman officials developed a distinctive esprit de corps, achieving a level of efficiency second only to that in China in the non-Western world. The imperial levy (*devshirme*) provided the government with a steady stream of talented youths from the Balkans, Rumelia, and Anatolia, and these bondservants maintained tight discipline and a strong sense of responsibility.²⁶ Istanbul relied on regional landholders (*timars*) to remit land taxes (*osur*) and to mobilize a specified number of soldiers in time of war. Comparable to the Mughal system, these administrative practices constrained imperial influence at the local level because the throne entrusted these important tasks to intermediaries. Ottoman governance of non-Muslim minorities (*millet*s) also assumed an indirect form in which local leaders, tribal headmen, and prominent merchants managed the internal affairs of their communities.²⁷ Despite the limited administrative reach of the state, political stability during the 1500s and early 1600s encouraged economic growth and social change in this powerful Muslim empire.

Over time, the population expanded beyond the levels of the early sixteenth century, commerce, industry, and handicrafts began to flourish, and new classes of hereditary regional magnates and tax farmers emerged.²⁸ As

large private estates (*chifliks*) replaced the existing system of land tenure in the countryside, institutional corruption spread, and government revenues from agriculture declined. During the late seventeenth century, the vitality of the Ottoman dynasty also started to ebb as provincial elites (*ayan*) usurped the prerogatives of the throne. In Mesopotamia and Egypt, the growing influence of slave soldiers (*mamelukes*) impeded imperial administration by 1650, while in Anatolia valley lords (*derebey*s) consolidated power by the beginning of the eighteenth century. Even in the empire's core territories, the new regional elite established private armies, set up independent law courts, and assumed control of local revenue administration. By the late 1700s, they had eclipsed provincial governors, and by extension the regular bureaucracy, in importance.²⁹ As administrative structures lost their cohesion in this period, Istanbul faced the prospect not only of internal rebellion but invasion by its European neighbors.

Tribal breakouts weakened the dynasty's control of regions like the Arabian peninsula and North Africa during the 1700s, and over time a number of provinces evolved into independent states. Many of these rulers continued to profess their loyalty to the sultan but, in practice, assumed control of fiscal, administrative, and military affairs within their borders. The Wahhabist movement in Arabia posed an early challenge to not only Istanbul's temporal power but its religious and ideological legitimacy. Guided by a purist form of Muslim doctrine, the sect menaced Ottoman garrisons in Mesopotamia during the 1770s and expelled imperial officials from Mecca and Medina in the early nineteenth century.³⁰ Although the ruling dynasty contained this threat, Ottoman authority in Tunis, Algiers, Egypt, Greece, Serbia, Wallachia, and Romania declined or disappeared during the course of the eighteenth and nineteenth centuries. Western countries replicated their strategy in South Asia, exploiting the partial decentralization of the Ottoman empire to serve their own political ends. In a similar way, autonomous provinces like Egypt resisted foreign encroachment with less success than a large cohesive state with substantial resources.

As early as the late 1600s, the Ottoman empire began to fall victim to gradual territorial dismemberment by its European neighbors.³¹ Its losses included lands under Istanbul's direct administration as well as peripheral areas that acknowledged only the nominal power of the court. Istanbul

sued for peace after defeats at the battles of Mohacs and Zenta, and the Treaty of Karlowitz in 1699 ceded parts of Hungary and the upper Balkans to the Austrian Habsburgs. Vienna's military pressures continued in following decades, and Ottoman officials surrendered more territory in 1718 under a subsequent peace settlement. These incursions from the northwest persisted until the eve of World War I. In addition, the empire faced a Russian advance against its eastern borders beginning in the eighteenth century. In 1774 the Romanov dynasty seized the Crimean peninsula, and for the next century and a half Russian rulers attempted to win control of the Black Sea and the Bosphorus to secure access to the Mediterranean. Between 1830 and 1882, Europeans annexed former Ottoman provinces in North Africa, and in the late 1870s the Austrians and Russians asserted a new series of territorial claims in the Balkans.³² Despite British efforts to prevent the disintegration of the Ottoman empire, this once-powerful dynasty earned an epithet as the "sick man of Europe" in the 1800s.

The fragmentation of the Ottoman empire invited deliberate attacks by its European neighbors, but the international economy also had a disruptive impact on certain regions. For centuries, the imperial court had granted legal and economic privileges, or "capitulations," to foreign merchants within its borders.³³ These special dispensations (*berat*) granted rights of extraterritoriality to Westerners and exempted Christian minorities from the payment of certain tariffs, fees, and duties on international trade.³⁴ By the 1800s, Istanbul recognized that these traditional practices undermined the empire's sovereignty, but it no longer had the power to revoke them without European consent. In addition, the Ottoman government contracted a number of foreign loans during the late nineteenth century but soon had difficulty meeting its interest payments. In response, European creditors created a Public Debt Administration (PDA) in the 1880s, empowering this body to collect the empire's excise taxes and remit them directly to Western banks.

The dynasty survived these challenges to its power, but similar patterns of European financial penetration led to the annexation of Tunisia and Egypt in the early 1880s. In each case, a weak indigenous government borrowed funds from Western lenders and then threatened to default. In consequence, France and Britain assumed direct control of these former

Ottoman provinces, in the process transforming them into formal colonies. Ironically, the ruling beys planned to channel a significant portion of these funds to internal reform and infrastructure projects, but the debt-bankruptcy-intervention cycle resulted, instead, in annexation. Foreign economic penetration had taken a different form than in Bengal, but it yielded similar results in these regions of North Africa.

Within its remaining territories, the Ottoman dynasty implemented the Tanzimat reforms after 1839 to enhance its military, political, fiscal, and administrative capabilities. These policies may have slowed the process of territorial decomposition, but by the end of World War I the new nation-state of Turkey retained only the former heartlands of the empire in Anatolia. In the mid-1820s Sultan Mahmud II suppressed an elite military corps known as the Janissaries, paving the way for state-building projects such as the reorganization of the armed forces.³⁵ The Ottomans also attempted to expand their fiscal base, rationalize revenue administration, and reduce official corruption in this period. Yet tax farming persisted until the end of the nineteenth century, and heavy foreign debts produced budget deficits even after the establishment of the PDA in 1881.³⁶

The central government, often called the Sublime Porte, sent several delegations to Japan to study the reforms undertaken during the Meiji period (1868–1912), and Ottoman authorities patterned many of their policies on models from East Asia. The imperial court adopted new diplomatic practices, revised the legal code, and restructured the government bureaucracy, and in 1876 it introduced a written constitution for the first time. Although progress remained uneven, the sultan also expanded public services such as education and improved transportation and communication networks in Turkey. By the late nineteenth century, his government “exerted more sway over its subjects . . . than ever before in Ottoman history” and increasingly involved itself in “spheres of activity previously considered outside the purview of the state.”³⁷

These reforms failed to save the empire, but they established a solid foundation for the development of the modern nation-state of Turkey in the early twentieth century. The Ottoman dynasty fell after its defeat in World War I, and the Treaty of Versailles stripped away its remaining territories outside Anatolia. Instead, the new League of Nations legitimized European colonization of the Middle East, appointing Britain as a “man-

datory power” in Iraq, Palestine, and Transjordan and assigning Lebanon and Syria to France. The Ottoman empire had lasted for almost five hundred years, but state-building projects could not narrow the gap with Western countries quickly enough to prevent its collapse.

A third Muslim empire emerged in Persia (present-day Iran) during the early modern period, but its rulers embraced the Shiite rather than Sunni version of the faith. The Safavid dynasty relied on a coalition of different ethnic groups to maintain its power, but in many respects it replicated the forms of taxation and administration found in Mughal India.³⁸ Military elites from the Turkman tribes (*qizilbash*) of Central Asia maintained large landed estates (*tiyul*) in the countryside and assumed responsibility for governing “state provinces” beyond the shah’s direct control.³⁹ Powerful regional magnates used most agricultural taxes for local administration and sent only a small percentage of receipts to the imperial treasury in Isfahan. As a result, the central government exercised limited influence over the everyday lives of farmers, nomadic herdsman, and merchants within its borders.⁴⁰ Bureaucratic structures in Persia never achieved the sophistication of the Ottoman or Qing dynasties, but the shah’s ritual, religious, and military power promoted stability and territorial expansion in the sixteenth century.

Isfahan and Istanbul fought for control of the fertile plains of present-day Iraq for almost two centuries, and the Safavid rulers even proposed a military alliance with the Spanish Habsburgs against their common Ottoman enemies.⁴¹ They wanted to force the Sublime Porte into a two-front war and also coveted the port of Hormuz at the head of the Persian Gulf. Yet Madrid rejected these overtures because the shah refused to sever commercial relations with Spain’s Dutch and British rivals. In the end, the Habsburgs and the Safavids proved unable to coordinate their military and diplomatic strategies against the Turks. Instead the EEIC helped Isfahan capture Hormuz in 1622, and two British adventurers introduced European weapons, discipline, and drill to indigenous armies. The EEIC had neither the interest nor the ability to challenge Persian power in this era, but this would change after the military balance shifted in Britain’s favor in the nineteenth century.

Within the empire’s boundaries, a vigorous trade in commodities like silk, wine, fruit, and cereals fostered the growth of mercantile fortunes in

the seventeenth century. Contemporary observers also reported that the population of the capital Isfahan had risen to several hundred thousand by 1600.⁴² As this society became wealthier, the regime faced a host of new administrative, fiscal, and political problems. In rural areas, a market in freehold property replaced the existing system of land tenure in the seventeenth century. At the same time, government revenues began to decline after 1630 because of the tax-exempt status of large charitable estates (*waqf*) in the countryside. This process of rural stratification not only caused significant financial problems for the imperial court but also weakened the position of the traditional Turkman nobility.⁴³

This outcome was not unwelcome in Isfahan. The shah attempted to enhance his power by exploiting tensions between military elites and a civil bureaucracy under the control of Tajik-Persians. Abbas the Great and his successors also reduced Turkman influence through the creation of a standing army and crown provinces (*kbassa*) under the direct control of the throne. In addition, the dynasty began to engage in population transfer in the early 1600s and assigned non-Turkish officers to Central Asian units.⁴⁴ At the same time, the Safavid rulers increasingly recruited their officials from the Caucasus region rather than relying exclusively on the Persians, Tajiks, and Turkman peoples that supported their power in the past. The introduction of this “third force” resulted in a temporary increase in land taxes and provided the shah with an important political counterweight to the Turkman elite.⁴⁵ Yet these measures also reduced the imperial court’s ability to exercise coercive force, and tribal breakouts soon challenged its hold on power.

Rebellions in the Kandahar region expelled the dynasty’s armies from southeastern Afghanistan and placed pressure on rival groups to the west by the late 1710s.⁴⁶ In the years after 1720, Abdali warriors captured the cities of western Persia and interdicted caravan routes from the Fertile Crescent to South Asia.⁴⁷ The capital, Isfahan, fell in 1722, and Afghan warriors extinguished the last vestiges of imperial power during the 1730s and 1740s. As in South Asia, the empire fractured into regional successor states lacking the size, resources, cohesion, and administrative sophistication of their predecessor. Soon after these weaker governments succeeded the Safavids, Europeans began to arrive in this part of the world in force.

During the 1790s, a new ruling house won control of southern and central Persia and reestablished a tenuous hold on more distant territories.⁴⁸ From its inception, the Qajar dynasty faced Russian encroachment on its northern borders and twice suffered defeats at the hands of its neighbor in the 1810s and 1820s. The Romanov dynasty coveted additional access to the Caspian and Black Seas and expanded its influence in Central Asia through a series of military campaigns. A peace treaty in 1813 affirmed St. Petersburg's sovereignty over Georgia and "all the territory between the Caucasus and the Caspian" and awarded Russia the exclusive right to maintain naval forces on the Caspian Sea.⁴⁹ Additional territorial losses followed in 1828, when the tsar again overpowered Persian armies and imposed the punitive Treaty of Turkmenchay. Under its terms, St. Petersburg extracted a heavy indemnity from the Qajar dynasty and won rights of extraterritoriality similar to those in the Ottoman and Qing empires. Russian subjects in Persia enjoyed immunity from search and seizure without the prior authorization of their consul, and courts in St. Petersburg rather than Isfahan adjudicated cases involving Russian nationals. The rest of the great powers soon participated in this system as well, much as most-favored-nation clauses guaranteed their privileges in China.

The Russians continued to annex Persian lands until the mid-1880s, but core regions of the empire survived because of the informal Britain presence in the south. London feared that the tsar's armies would conquer the entire country, endangering the security of their colonial holdings in India. Each power consolidated an informal sphere of influence within Persia's remaining territory, allowing the Qajar dynasty to survive as a buffer state between two colonial titans. Anglo-Russian competition there assumed an economic form in the latter half of the nineteenth century, and diplomatic representatives worked to obtain concessions from the throne and control vital components of Persia's infrastructure.⁵⁰ Foreign loans underwrote the construction of telegraph lines and roads, the development of oil fields, and the creation of banking and commercial enterprises, but they also deepened the shah's dependence on European creditors. In practice, the fate of Persia rested with international actors, and only a balance of power between Britain and Russia prevented the formal colonization of all former Safavid territories. Instead Persia experienced

a process of gradual dismemberment, its glory of the sixteenth and early seventeenth centuries the victim of a changing global equilibrium.

COLONIALISM IN SOUTHEAST ASIA AND SUB-SAHARAN AFRICA

In its initial phase, European expansion met with stiff resistance from these Muslim empires and many of their regional successor regimes as well. The outcome in India remained in doubt until the beginning of the nineteenth century, and the EEIC's final victory on the subcontinent rested on a number of narrow victories. In contrast, fragile state structures in Southeast Asia and sub-Saharan Africa collapsed with relative ease. Most military conflicts with the West resulted in catastrophic indigenous defeats in these regions, sometimes lasting only a matter of weeks. During the first half of the 1800s, the Industrial Revolution gave rise to the largest developmental gap in human history to that date. The West used this unprecedented military and technological advantage to expand its power to every inhabited continent in the world. At the same time, the international economy often eroded indigenous social and political institutions in places like Southeast Asia, and European intervention soon followed. Parts of the Malay peninsula and the Indonesian archipelago followed this path to colonization, including the South Asian pattern of territorial growth from coastal enclaves. In contrast, Europeans planned the occupation of Burma (Myanmar) and Indochina with greater care, and they partitioned Africa on maps at diplomatic conferences years before taking possession of their territories. In either case, these polities tended to crumble at the slightest touch, while remnants of the earlier Muslim empires revealed a degree of latent strength before their collapse.

During the seventeenth century, Dutch ships began to appear in the Indian Ocean basin, and the Netherlands established the "factory" of Batavia on the island of Java. The Dutch East India Company (VOC) attempted to monopolize the lucrative trade in spices in this region through a series of mercantilist measures. It insisted that indigenous firms obtain special permits to deal in these commodities, generating tensions with thalassocracies along the coast as well as the island's agricultural core.⁵¹ The Muslim kingdom of Mataram in central Java recognized the political and

economic threat posed by the Dutch, and in response the ruler banned the export of rice and encouraged the growth of cotton for textile production. He sought to win concessions from these foreign interlopers by driving food prices to an unsustainable level and refusing to buy their goods at the Batavia settlement. Despite his policies, international commerce and capitalist agriculture on the north coast continued to expand, and the island's internal political equilibrium began to break down after 1650.⁵²

Like the EEIC in South Asia, the VOC participated in a series of conflicts between rival indigenous states. Over time, it became the strongest military, political, and economic power in Java, with few close competitors. Subsidiary alliances reduced Javanese kingdoms to the status of Dutch clients, and the company established a monopoly over their trade, particularly in spices. These wars also expanded the VOC's territorial holdings in the region, and trading posts such as Batavia became the core of a larger empire. For example, in the 1680s the kingdom of Mataram, now aligned with the Dutch, asked for military assistance. During this period, it confronted not only a domestic rebellion in its northern provinces but an external invasion from the island of Madura. As a result of this conflict, the VOC restored the deposed ruler (*susubunan*) to the throne of Mataram and eliminated the threats to his government. Yet the VOC also extracted additional concessions, annexing territories that bordered on Batavia and assuming control of the sultanate's opium and cloth exports.

During the eighteenth century, the threats of piracy and social disorder prompted the Dutch to occupy the island's coastal regions and extend their power to the interior.⁵³ As Mataram disintegrated between 1730 and 1752, the Dutch had little choice but to intervene in the Javanese Wars of Succession. In 1755 they partitioned the sultanate into two smaller states, but this measure failed to provide lasting political stability. As commercial agriculture on the island continued to develop in this period, native institutions collapsed at an accelerating pace. The VOC's troops restored order, but the company made new territorial demands with each offer of assistance. For instance, in the 1740s the native Javanese and Chinese immigrant populations staged an insurrection in the countryside in response to the brutal Dutch management of the sugar trade. In time, the VOC suppressed the uprising but demanded complete control of tax revenues and foreign commerce from the remaining coastal states in Java.⁵⁴

After the division of Mataram in 1755, the Dutch avoided the burdens of direct rule whenever circumstances permitted, preferring instead to govern the Javanese population through the sultanate's two successor states. By 1830, however, indigenous unrest induced Amsterdam to tighten its control over the entire island and introduce modern forms of bureaucratic administration. Subsidiary alliances with native rulers proved unworkable over the long term because of the fragility of indigenous governments and their susceptibility to catastrophic collapse. As in Bengal, unstable trading frontiers triggered European territorial annexations on the island of Java. In time, the Dutch decided to add the rest of the Indonesian archipelago to their imperial holdings rather than risk attack from their local competitors. In sum, these weak states in Java lacked the capacity to engage with the international economy on Western terms, and armed resistance to the Dutch only accelerated the process of colonial conquest.

Across the Straits of Malacca, the Malay sultanates faced a similar set of challenges because of their porous economic structures and limited military power. In the early 1800s, the EEIC founded commercial enclaves at Penang and Singapore, and in subsequent years the trade in metals and agricultural products encouraged Chinese immigration to the region. As early as the 1860s, the revenues generated by tin sales had begun to undermine the social and political order in the sultanate of Perak. District chiefs amassed enormous wealth by controlling the output of the mines, and in many instances their fortunes eclipsed that of their nominal sovereign. New concentrations of mercantile and landed wealth changed the region's political economy, and local elites increasingly infringed on the ruler's political prerogatives. In 1872 internal instability in Perak disrupted the tin trade, not only endangering business operations but the customs revenues that financed the British Straits Settlements.⁵⁵ Within months, social and political chaos engulfed this small sultanate. Rival claimants to the throne fought a civil war, involving a range of indigenous Malay groups as well as the Chinese immigrant community.

British intervention restored order to the area, but the governor of the Straits Settlements soon discovered that sovereignty over Perak and the neighboring territories of Selangor and Sungei Ujong had passed into his hands. At first, London assumed control through a resident officer empowered to oversee the native government. Yet his efforts to eliminate debt

bondage and slavery in the region encountered intense resistance, and in 1875 assassins ended his brief tenure in office.⁵⁶ British troops from Hong Kong and India quelled the uprising that followed, but Whitehall took direct charge of the sultanate's political affairs. Western commerce and political influence destabilized much of the peninsula during the 1880s, and Britain's territorial holdings expanded from its original base in Penang to neighboring areas. As a result, London organized the sultanates of Perak, Negri Sembilan, Selangor, and Pahang into the Federated States of Malaysia in 1895. On the eve of World War I, the Johore sultanate, the last independent principality on the peninsula, also accepted a British resident officer. At first, statesmen in Britain had little desire to establish a colony in Malaysia, but the dissolution of indigenous political and social structures left few alternatives other than withdrawal.

As the Industrial Revolution widened the gap between Europe and the rest of the world in the 1800s, the great powers prosecuted most colonial wars with limited risks. During this period, Britain acquired new territories elsewhere in Southeast Asia by deliberate design, seeking to protect the raj in India from potential adversaries. In 1824 an attack from Burma threatened eastern Bengal, and in response the EEIC landed troops at Rangoon and then seized the capital of the Konbaung dynasty.⁵⁷ Lacking the power to sustain a protracted war, Burma agreed to accept a British resident officer at court and ceded its lands that bordered Bengal. Relations with these British "advisors" remained tense at best during the decades that followed. In 1851 the governor-general of India annexed Lower Burma because of persistent attacks on British merchants. Upper Burma retained its independence until 1885, when London dispatched a military expedition to protect British trading firms and prevent the French from establishing a foothold in the region. Unable to find a suitable candidate for the Burmese throne, Britain incorporated these territories with its earlier conquests in the south and west. With a few important exceptions, the West invaded, conquered, and annexed the lands of weak states almost at will by the end of the nineteenth century.

French colonization of Indochina in the second half of the nineteenth century required considerable effort and resources, but indigenous resistance postponed rather than averted a Western military victory.⁵⁸ Paris first established a presence in Dai Nam, or Vietnam, to protect Catholic

missionaries and secure control of the trade with southwestern China. In 1862 France occupied the Cochin provinces in the country's far south, the site of a former Hindu kingdom known as Champa. Over the next several decades, Paris also imposed political, military, and diplomatic constraints on the Nguyễn dynasty based in Huế.⁵⁹ French expansion in Southeast Asia did not follow a detailed blueprint, but policy makers instead created a larger empire as circumstances allowed.

From a territorial nucleus in Saigon, Paris extended its influence to Cambodia in 1867, and by the mid-1870s foreign merchants had also begun to trade on the Red River in northern Vietnam. As banditry and anti-dynastic agitation roiled this area after 1880, the court appealed to China to help restore order along their common border. France used this as an excuse to assert its own power in the region, and in 1884–1885 it fought Vietnamese and allied Qing troops for primacy in Indochina. The Nguyễn dynasty staved off defeat for a time, taking advantage of difficult topography and military aid from China to slow the French advance. Yet it lacked the resources, technology, and institutional capabilities to win a war against a major European power. The provinces of Annam and Tonkin soon became French protectorates, and in 1893 a series of treaties authorized the annexation of Laos to the west. In the end, France needed to devote only a small fraction of its guns, money, and organizational skills to conquer Indochina.

During the last quarter of the nineteenth century, international rivalries among the great powers began to change the dynamics of colonial expansion. The unification of Germany in 1871 altered the geopolitical equilibrium in Europe, and overseas empires became a mark of national prestige as well as a convenient political distraction for the working classes. At important conferences, leading statesmen from Britain, France, Germany, Italy, and Russia divided the remaining spoils between them, drawing arbitrary lines on maps to denote their territorial claims. Colonies became bargaining chips in high-level diplomacy, and Europeans added to their overseas holdings at a feverish pace in the decades before World War I.

During the 1880s, this competition began to focus on Africa because Europeans had established few large colonies in the continent's tropical regions before that time.⁶⁰ Western commerce continued to increase in absolute terms after the abolition of the slave trade, but Africa occupied a

position of increasing marginality in the global economy by the early nineteenth century. Commodities such as ground nuts, palm oil, cocoa, ivory, and cloves failed to command the same prices as the human cargoes of the early modern era. With the exception of South Africa, the physical dimensions of Western settlements in sub-Saharan regions remained small in 1840, resembling the slaving stations of two centuries earlier.⁶¹

Despite the limited size and bureaucratic capabilities of many African states, the continent escaped colonization until the late nineteenth and early twentieth centuries for several reasons. Climatic, epidemiological, and geographic conditions raised significant barriers to Western conquest, and Europeans overcame these problems only with the advent of new medicines, such as quinine to treat malaria, in the mid-1800s.⁶² In addition, sub-Saharan Africa produced few commodities of importance to the Industrial Revolution, and its peoples could not afford to buy most European goods. Western countries left indigenous governments in place until the late 1800s because the existing political framework met their modest economic needs in the region.

The Congress of Berlin inaugurated the so-called scramble for Africa in 1884. In less than three decades, the great powers added almost 20 percent of the world's total land area to their colonial holdings. The speed of this European advance reflected the weakness of indigenous military, fiscal, and bureaucratic power, and by the early twentieth century only Ethiopia retained its independence. In practice, European foreign offices adopted a pragmatic approach to empire rather than the romantic visions of vast continental empires entertained by figures like Cecil Rhodes, often trying to link their existing settlements in Africa. In general, France expanded along a west-east axis from Senegal to Algeria to the Congo River region, perhaps intending to create a unified zone of control from the Atlantic to the Red Sea. Although few professional diplomats entertained the "Cape Town to Cairo" dream, Britain established a continuous belt of territory extending in a north-south direction. In addition, London maintained important colonies in parts of West Africa such as the Gold Coast (Ghana) and Nigeria.

These different trajectories led to a collision at Fashoda in Sudan in 1898, and for a time it appeared that colonial rivalries might result in war between Britain and France. In the end, a French expeditionary force

yielded the field to the famed Sir Herbert Kitchener, and London added the vast territories of present-day Sudan to its empire on the continent. France continued to enjoy primacy in areas west of the Upper Nile Valley and north of the equator, while Britain remained the dominant colonial power in eastern and southern Africa. Intent on occupying new lands before their competitors, Germany, Belgium, Portugal, Spain, and Italy soon seized unclaimed territories in Africa. During the late nineteenth and early twentieth centuries, colonial expansion in tropical Africa followed a preemptive logic that ignored the inherent value of a region's resources, population, or geographic location. As Europe completed its global conquest in the early 1900s, weak states in Africa fell victim to deliberate aggression at a pace unprecedented in the history of Western expansion.

CONSTRAINED SOVEREIGNTY: CHINA'S ESCAPE FROM FORMAL COLONIZATION

This pattern of formal colonization became one of the primary currents of global history during the two centuries after 1750. In contrast, China's historical development after the mid-1800s diverged from the familiar path of indigenous collapse and European annexation, and the country instead remained an independent state. The ruling Qing dynasty (1644–1911) became a repeated target of foreign economic and political ambitions, but it retained almost all of its territory, conducted a free and autonomous foreign policy, and continued to govern a population of 450 million. Western imperialism assumed a radically different form in China, imposing significant constraints on the country's sovereignty but failing to displace indigenous political, fiscal, and administrative institutions.⁶³

The Qing dynasty created these structures after it seized power in 1644, combining Chinese traditions with patterns of governance formulated beyond the Great Wall in northeast Asia. Although an alien conquest elite occupied the Dragon Throne, these ethnic Manchus developed strategies of rule to accommodate the cultural, linguistic, and political diversity of their subject populations. Han Chinese constituted the single-largest ethnic group within their borders, and they continued to obtain official appointments through a system of civil service examinations. The imperial bureaucracy achieved a level of sophistication unrivaled in the non-

European world, funding its activities primarily through agricultural taxes, internal customs, and a government monopoly in salt. Commerce flourished in China with limited interference from the state, and interregional trade encouraged the economic integration of different parts of the empire.

Yet by 1800 the central government had begun to confront serious administrative, military, and financial challenges. The situation further deteriorated in the mid-nineteenth century, when the dynasty faced an unprecedented onslaught from abroad. After China's defeat in the Opium Wars of 1839–1842 and 1858–1860, Britain and France created a system of informal empire based on a set of legal, political, and economic rights. They compelled the Qing dynasty to sign a series of unequal treaties guaranteeing these privileges and later enforced their claims through diplomatic pressures and the occasional display of military force. Within a few years, the rest of the great powers had concluded similar agreements with Beijing, and most-favored-nation clauses ensured that they shared the entire range of foreign rights in China. As a result, the imperial court revoked the trading monopoly of indigenous merchants in Guangzhou and opened five treaty ports to foreign commerce. By the early twentieth century, this number had risen to more than eighty, and each trading enclave hosted at least a small expatriate community. Europeans, Americans, and, later, the Japanese also traveled in the interior with the approval of their consular representatives, and they enjoyed immunity from prosecution under Qing law, a concession known as extraterritoriality. Finally, these treaties limited tariffs on foreign imports to 5 percent *ad valorem*, a measure intended to promote the sale of European goods in China's domestic markets. Each of these arrangements violated the sovereignty of the Qing state and threatened the ruling dynasty's continued hold on power. In contrast to a formal colonial setting, however, they offered few opportunities to transform the empire's economic structures, cultural identities, or political traditions by unilateral Western fiat.

Within a few decades, the treaty ports sustained a growing trade in silk, tea, and opium, and European firms such as Jardine Matheson soon expanded their business operations within China. Yet these commercial entrepôts never became the nuclei of larger territorial empires. Europeans failed to establish a direct administrative presence outside small enclaves

like Shanghai's International Settlement and later leaseholds in Port Arthur (now Lüshun), Kowloon, Weihaiwei, and Qingdao. If South Asia had followed a comparable path of historical development, the EEIC would have profited from a range of privileges but never established political control outside the three presidencies of Calcutta, Bombay, and Madras. China retained its territorial and political integrity after the Opium Wars, but the country faced intense foreign pressures in the two decades between 1895 and 1914.

After the First Sino-Japanese War of 1894–1895, relative cooperation among the great powers in China gave way to vigorous competition and renewed aggression. At the end of the nineteenth century, the British, French, Germans, Russians, and Japanese created distinct spheres of influence in the country, leasing territory from the Qing government for a fixed period. London, for example, obtained the concession area of Kowloon opposite Hong Kong Island, while Russia established a presence in Port Arthur in southern Manchuria. At the same time, foreign governments attempted to gain a stronger economic foothold in China, encouraging private sector investments in finance and railroad construction for strategic reasons. Each state sought to outmaneuver its rivals in this diplomatic game, and politicians often gave little thought to the practicality or profitability of these projects. Contemporary commentators spoke with confidence of the “breakup of China,” and a superficial examination of the historical record suggests that the country *should* have imploded at this time. Yet all these prophecies remained unfulfilled.⁶⁴

Despite these expectations, neither the pressures generated by the unequal treaty system nor deliberate aggression between 1895 and 1914 caused the country to collapse. Over time, the great powers returned their leaseholds to China, surrendering the last of these enclaves to Beijing in 1997. In contrast to the wholesale dismemberment of the Ottoman empire, China's permanent territorial losses included only Mongolia, Taiwan, and parts of the remote northwest and northeast. With these exceptions, the modern Chinese nation-state inherited the maritime and continental boundaries created by the Qing dynasty in the eighteenth century. European states had colonized 84.4 percent of the world by 1914, but another 15.6 percent of the earth's land surface remained under indigenous control. Much of this territory lay within China's borders.

WEAK STATES AND POROUS ECONOMIES

During the early modern period, large multiethnic empires dominated the Eurasian landmass from the eastern Mediterranean to the shores of Pacific. As late as 1680, ruling dynasties in South, Southwest, and East Asia continued to govern at least half the human race, and Western countries like Spain and Portugal acquired extensive colonial holdings only in the Americas. Europeans became masters of the seas, but they enjoyed less success when challenging powerful indigenous states on land. In places like South Asia, they remained on the geographic, political, and economic peripheries of empire, conducting trade relations only with the consent of powerful Muslim dynasties. For example, when the EEIC defied Mughal authority in the late 1680s, Indian troops and ships dealt these foreign interlopers a humiliating military defeat.

The global balance began to shift over the course of the 1700s, and the Industrial Revolution in the following century opened an unprecedented developmental gap between European states and the rest of the world. The great powers used their new strength to conquer societies throughout Asia and Africa, establishing a global hegemony that lasted from 1800 to 1950. In regions like South Asia, the network of trading posts founded in the early modern period became the foundation of formal colonial empires. At times, local conditions pulled Europeans into a fuller colonial engagement, while in places like sub-Saharan Africa Western diplomats executed a premeditated plan of aggression. In either case, a nearly universal pattern of indigenous collapse and European annexation emerged during the nineteenth century, affecting people of almost every language, religion, and race. Never before in human history had one small part of the world dominated all the rest.

This chapter has argued that weak states and porous economies encouraged the process of colonization in multiple geographic, temporal, and cultural contexts, but it has not presented a comprehensive theory of empire after 1700. These two causal factors narrowed the range of a given society's future possibilities, tending to promote a particular outcome rather than imposing an unalterable historical fate. In South and Southwest Asia, tribal breakouts undermined the power of Muslim states at the moment when the West began to apply new military, political, and economic

pressures in the eighteenth century. With the partial exception of the Ottomans, Europeans encountered a series of regional successor states rather than strong centralized empires in command of a rich resource base. In many places, these indigenous governments not only offered intense resistance to Western arms but implemented domestic reform programs to enhance their fiscal, bureaucratic, and military power. For example, Mysore in southern India adopted a series of quasi-mercantilist measures at the end of the 1700s, challenging the EEIC's control of the spice trade, expanding its tax base, and introducing European weapons, drill, and discipline in its armies. If these policies had succeeded, they would not have transformed the sultanate into a great power over the course of a few decades, but they might have provided sufficient strength to deter the most extreme forms of foreign aggression. Yet in almost all cases these efforts did not narrow the gap in state capacity with Western countries quickly enough to preserve indigenous independence.

By the time that the great powers began to colonize Southeast Asia and sub-Saharan Africa, the Industrial Revolution had conferred an even larger military, economic, and technological advantage over indigenous governments. French troops required several years to defeat the Vietnamese and their Chinese allies in the mid-1880s, but colonial wars in this era more often took the form of brief, bloody, and one-sided campaigns. During the height of European imperialism in the late nineteenth and early twentieth centuries, London, Paris, and Berlin destroyed indigenous states almost at will, replacing existing institutions with authoritarian foreign regimes.

Western commercial and financial penetration also encouraged the growth of territorial empires in many regions, a process illustrated by the cases of Bengal, Java, Malaya, Tunisia, and Egypt. The EEIC established a factory at Calcutta, and by the mid-eighteenth century its trade had begun to transform existing patterns of political economy in Bengal. Over time, the Company's tax exemptions reduced the flow of revenues into official coffers, and its agents and the "private English" conducted illegal trade in upcountry venues. In response, the indigenous ruler attempted to eject the British by force in 1756, resulting in warfare, disorder, and eventual annexation by the EEIC. Unstable trading frontiers also led to the establishment of colonies in Malaya and Java, while Western countries disrupted the political economy of parts of North Africa in a different

way. In the late nineteenth century, the beys of Tunisia and Egypt contracted a series of foreign loans, a decision that led to direct Western control of these areas when these indigenous governments failed to meet their fiscal obligations. Porous economies permitted foreign powers to extend their commercial and financial influence within non-Western societies, and these changes became destabilizing when they affected internal politics. Moreover, weak states lacked the capacity to stop European encroachment by erecting trade barriers, organizing boycotts, or creating indigenous enterprises to compete with Western firms. In short, political and economic vulnerability often reinforced each other in ways that encouraged colonization by the great powers.

A casual glance at China's history in the 1800s suggests that the country *should* have collapsed and become a formal colony of one or more of the great powers—yet that never happened. Why did China's historical trajectory diverge from the global trends of the late nineteenth and early twentieth centuries? How did it retain its independence when the West came to rule almost the entire world? Why did imperialism assume an informal form in China rather than the more common pattern of direct European administration? The remainder of the book answers these questions by examining the nature of state power and the structure of the economy in late imperial China. It is a study in contrast to most of Asia, Africa, and the Americas. In brief, China attempted to acquire the most recent technologies of rule from its foreign rivals, enhancing its state capacity through guns, money, and bureaucratic infrastructure. In addition, the country possessed a “nonporous economy,” and foreign trade had a limited impact on indigenous social and political institutions. As readers learn about China's development after 1850, they should view Europe's global conquest not as background information but as an important cause of historical change within the country.

2

FOREIGN TRADE

In 1907 the British commentator A. J. Sargent lamented the failure of Western trading firms to establish a strong presence in China. He complained that indigenous officials ignored the commercial provisions of the unequal treaties on a regular basis, remarking that

From one port after another the warning is repeated that trade is getting into the hands of natives while the foreigner is declining to the position of a mere agent. Now it is the comprador [a cross-cultural Chinese broker] who gains wealth at the expense of his nominal principal and controls the trade through the foreigner's ignorance of language; now it is the members of the native guild combining to keep up prices or making private and preferential arrangements with native merchants and *lijin* officials. The result is invariably the same: the profits and influence of the foreigner decline together. The astute native . . . encroaches more and more on the import trade where the foreigner, in ignorance of the state of the market, can easily be induced to sell at a small profit or even at a loss. The Chinese were already discovering that there are other means than riot and open

opposition for the ousting of the foreigner, means that cannot be touched by force or treaty.¹

According to Sargent's account, Europeans had difficulty transforming their legal right to trade into economic power over China's producers, distributors, and consumers. Western gunboats had forced the country to open a number of ports to international commerce as early as the 1840s, but British merchants had not reaped windfall profits as a result. For example, few of China's 450 million people wore garments woven in Lancashire's textile mills, belying London's claims that it clothed the entire world.

In contrast, the historian Wang Jingyu speaks of the "economic invasion of Western capitalism" in nineteenth-century China and suggests that traditional forms of handicraft production suffered because of foreign competition.² China may have escaped territorial partition and formal annexation by the great powers, but it became a "semi-colony" subject to economic and political exploitation by the West. In his opinion, foreign trade represented little more than legalized theft, filling the coffers of European, American, and later Japanese merchants at China's expense. Which of these interpretations is correct?

For the past fifty years, historians have debated whether China retained its economic autonomy in the second half of the 1800s or fell victim to foreign control. Marxist scholars believe that Western imperialists integrated countries like China into an inequitable system of global capitalism, using its wealth and resources to sustain industrial growth in Europe and the United States.³ This narrative appeals to many Chinese historians because it provides an intellectual basis for criticizing the West and defending a nationalistic conception of historical change.⁴ In contrast, Japanese work argues for the emergence of a regional East Asian economy in the nineteenth century, noting that trade links with China's neighbors had an important influence on markets in the country's interior.⁵ In this view, the Western presence never extended beyond treaty ports like Shanghai, but Asian exports such as cotton yarn and fabrics enjoyed considerable success in hinterland areas. A third body of literature insists that indigenous merchants dominated internal trade after 1850 or acknowledges that companies relied on both social networks and modern corporate hierarchies to

distribute their products.⁶ Foreign enterprises displaced Chinese merchants only with great difficulty, and their business practices remained a fluid mixture of indigenous and Western elements.

The evidence presented in this chapter affirms the third position, demonstrating that the international economy did not destroy existing political institutions in China. Instead, the vitality, density, and sophistication of indigenous mercantile networks limited foreign commercial penetration of the country before 1900. Without question, the trade in commodities like silk, tea, and opium integrated China into global patterns of exchange in the nineteenth century, but its structural characteristics prevented significant internal disruptions. Unlike many parts of the non-European world, China did not suffer from a porous economy susceptible to foreign encroachment. In Bengal, the activities of the English East India Company (EEIC) undermined the fiscal solvency of the native ruler, and the subsequent military conflict resulted in conquest and territorial annexation after 1756. Far from encouraging a process of formal colonization, China's foreign trade enhanced the power of the state by providing a large volume of new commercial taxes.

Why were Western businesses unable to dislodge Chinese marketing structures and dominate the country's inland trade after the First Opium War (1839–1842)? Most Chinese consumers possessed modest purchasing power in the nineteenth century, and competition from native products like hand-woven textiles also inhibited the growth of European sales. Only the wealthier classes of the Chinese could afford high-quality foreign cotton goods, while indigenous fabrics proved more durable than the coarser grades of Lancashire manufactures. Native opium from Yunnan and Sichuan provinces also undersold more expensive Indian imports, and by the 1880s this domestic alternative had even begun to capture markets near the country's maritime ports.

The sale of Western products also failed to meet expectations because of cultural resistance to changes in the patterns of consumption. Colonial goods such as sugar, tea, cocoa, coffee, and chocolate altered the work habits, social rituals, and lifestyle of Europeans, but few Western commodities appealed to the Chinese. Opium remained the one important exception. By the 1870s, however, the Chinese had begun to indigenize the manufacture of this drug, and the domestic variant soon offered stiff

competition to expensive foreign imports. Most Western merchants also remained ignorant of Chinese tastes in fashion and design, continuing to import fabrics dyed in “unlucky” colors despite their unpopularity. They also attempted to market heavily sized piece goods finished with wax or clay even though Chinese consumers viewed the application of these substances to cloth fibers as a form of adulteration. Finally, foreign firms proved incapable of stimulating demand for new products like kerosene and cigarettes until the first decades of the twentieth century, when advertising campaigns began to give rise to mass consumption in urban areas.

In addition, Western firms encountered cohesive networks of Chinese merchants whenever they attempted to establish business operations. They soon discovered that commercial institutions such as guilds posed an important structural barrier to penetration of the country’s interior. These voluntary associations often purchased tax farming privileges from provincial authorities, enabling them to eliminate competitors and control the supply of commodities like tea and silk on a local scale. Guild members in China’s treaty ports obtained their goods through intermediate brokers in inland areas and then resold them for a profit to European merchants. In practice, they grafted British concerns like Jardine Matheson on to the end of an existing supply chain of Chinese merchants, rather than creating a new set of commercial connections. For example, products like silk and tea changed hands five or more times before reaching a Western dealer in Shanghai, Guangzhou, or Tianjin. Finally, European trading houses employed compradores (买办 *maiban*), or cross-cultural brokers, to arrange and supervise commercial exchanges with native merchants. Even after foreigners began to acquire proficiency in Chinese, they continued to rely on the comprador’s web of personal connections. In sum, European merchants in China faced a “mediated economy” that permitted little direct contact with primary consumers and producers in interior districts.

Foreign traders also discovered that official harassment impeded their efforts to make upcountry purchases of tea and silk. For example, tax officers and petty functionaries often refused to honor Western transit passes, certificates that exempted their bearers from paying taxes known as transit fees (厘金 *lijin*) in the interior. After decades of Western complaint, authorities in the Jiangnan region finally promised to comply with China’s treaty obligations in the 1890s, but terminal taxes (落地捐 *luodijuan*) supplanted

lijin in many areas. In short, government interference at the local level inhibited European businesses from transforming legal, political, and diplomatic privilege into commercial power prior to 1900.

Authorities in China understood the political implications of these actions, linking this obstructionism to their efforts to protect the country's sovereignty. Zheng Guanying, an important commentator on economic affairs in the late 1800s, remarked:

The unequal treaties signed at an earlier date cannot be altered [even though] our country possesses sovereignty [自主之权 *zizhuzhiquan*]. All foreigners seek protection under their aegis although they ought to fall under our official jurisdiction. Matters of taxation also ought to be under our control. . . . [We have] truly lost [part of] the state's authority.⁷

As Qing officials grappled with the problems of foreign trade, they began to use new concepts to articulate their goals and policy choices. Terms like sovereignty, independence, and international law entered common bureaucratic parlance even if their meanings remained fluid in the late imperial era. Over time, leading figures in China applied these ideas to a concrete set of commercial and diplomatic challenges, in the process broadening the intellectual foundations of the new statecraft.

Although international trade never exceeded 5–10 percent of China's gross domestic product (GDP) during the late Qing period, the creation of the Imperial Maritime Customs Service in the 1850s guaranteed a steady flow of tariff revenues to invest in state-building measures.⁸ This new fiscal bureaucracy under the control of the Zongli Yamen, or the de facto Foreign Ministry, employed a mixed Sino-Western staff and achieved a high level of professionalism, efficiency, and esprit de corps. Despite its impromptu creation during the rebellions of the 1850s, the Service soon became an important element of the military-fiscal state in late imperial China. Sino-foreign trade strengthened the position of the government by providing a new source of revenue, and reform-minded officials invested these funds in projects designed to safeguard the country's sovereignty.

This chapter examines these four causal factors in sequential order and then discusses the development of maritime customs during the second half of the nineteenth century. It illustrates each point by analyzing the

primary items of the Chinese import and export trades in the late 1800s but also makes reference to less important commodities when appropriate. Throughout the narrative, readers should recall the sharp contrast with the effects of foreign trade in Bengal, Malaya, and Java—changes that helped to set regions like South Asia on a different historical trajectory in the modern period. In contrast, China possessed a “nonporous economy” in the late imperial era, and its foreign trade supported the growth of the military-fiscal state through the Imperial Maritime Customs Service (IMCS).

COTTON TEXTILES AND OPIUM

During the second half of the nineteenth century, the volume of European sales in China remained small relative to the overall size of the economy. The disposable income of the Chinese lagged behind that of European and American consumers, particularly after the Industrial Revolution began to gather momentum in the early 1800s. In addition, imports encountered intense competition from native products like cotton piece goods, and these were often cheaper and higher in quality than the foreign alternatives.⁹ A retrospective essay in the 1922–1931 *Decennial Report* of the IMCS emphasized

the preference of the Chinese for goods manufactured in their own country, which conformed more closely to their requirements both in character and price. The great obstacle to China's becoming a consumer of English fabrics . . . is the fact that she herself can produce an article of more durable quality and better suited to the wants of the people, at an equal or lower cost. The native cotton cloth was coarse, the yarn being uneven, and it lacked finish. But a coat made of native woven cotton will outlast two or three of those made from ordinary Manchester fabrics. The British manufacturer was on the horns of a dilemma. If he put enough cotton in his cloth to make it strong and durable, the price was too high. If he turned out a cloth cheap enough, it was flimsy and perishable.¹⁰

A British observer echoed this testimony in 1900, noting that the “quality [of Western textiles] . . . is often unsuitable—one Sichuan woman

complained to an English acquaintance that the cloth was so coarse as 'only to be fit for barbarians,' and that it was so heavily sized to disguise its commonness. Coolies in the same Province have stated that local cloth wears years longer than that of English make."¹¹ Both remarks indicate that the superior quality, durability, and price of indigenous piece goods hampered the sales of similar Western products in China.

Although the finer grades of cotton textiles met the demand for luxury items, native fabrics woven on hand looms dominated the domestic market and even reached Korea via the cities of Shanghai, Tianjin, and Niu-zhuang.¹² A study by the Shanghai Academy of Social Sciences claims that "the capitalist countries of the West wanted to sell cotton piece goods and other commodities but could not easily expand the market." This was because of "the integration of weaving and tilling [of the soil] in China and the resistance of the structures of production in a self-sufficient petty agricultural economy."¹³ Women throughout north and central China made their own yarn or spun imports from Japan and India, selling surplus material to supplement their family income in the winter months.¹⁴ These "coarse but strong and durable" cloths easily absorbed dyes and commanded similar prices to the imported article.¹⁵ Indigo remained the standard color, and weavers manufactured these "rather heavy" materials in lengths suitable for a Chinese suit of clothes or in multiples of those dimensions.¹⁶ These homespun fabrics did not disappear from Jiangnan markets even after the dramatic growth of machine milled textiles during World War I.

The limited income of most Chinese consumers added to the frustrations of Western piece goods merchants in the Yangzi delta. "The fact is," lamented a member of a British trade delegation to China in 1896, "we do not clothe China's millions; they clothe themselves, the purchasing power of the individual deciding whether he does or does not wear garments made from foreign cottons."¹⁷ Despite European efforts to boost demand, the sales of finely woven shirtings for cotton robes never reached the same level as lower quality white and gray sheetings in the late nineteenth century.¹⁸ Shirtings had thread counts of twenty to forty per inch and sold in bolts 3 feet wide and 40 yards long. They tended to appeal to wealthier Chinese who could afford high-quality imported fabrics as well as domestic silks. Heavily sized sheetings of eighteen to twenty threads per inch claimed a more significant market share because of their lower price, but Chinese

consumers continued to view these fabrics as luxury items.¹⁹ Demand for drills and jeans remained sluggish during the nineteenth and early twentieth centuries because Chinese dealers preferred widths of 36 inches rather than these narrower materials. Only the most expensive varieties of these fabrics lay beyond the reach of an average European or American consumer, but an observer remarked that the Chinese “people are exceedingly poor; their wants are few and easily satisfied.”²⁰ A member of the IMCS agreed that “foreign cloth was wanted only for special, not ordinary purposes.” With a significant degree of exaggeration, he noted that even in the late nineteenth century “China was as self-supporting and independent as two hundred years before.”²¹

Historians lack the quantitative data to estimate foreign sales as a percentage of China’s total textile market, but it likely remained quite small.²² George Anderson reported to the U.S. Department of Commerce and Labor in 1911 that the

population served regularly by foreign cotton manufactures is not more than twice the population of the ports open to trade. While these form a fairly close chain along the coast and extend up the Yangtze as far as Chungking, which itself takes a considerable amount of foreign cottons, the real country itself is scarcely touched. . . . Territorially as well as in the actual volume of trade, the greater portion takes no foreign cotton manufactures.²³

The labor-saving innovations of the Industrial Revolution conferred a competitive advantage on British manufactures, and Lancashire cotton products circulated widely in markets throughout Asia and Africa. Yet these Western textiles clothed only a small fraction of China’s population, especially before the twentieth century. In short, indigenous competition prevented European fabrics from dominating coastal regions like Jiangnan, much less the remote interior of the country.

The dramatic expansion of poppy cultivation in areas such as Sichuan during the late nineteenth century also attests to the flexibility and intrinsic strength of the late imperial economy.²⁴ Chinese consumers found an attractive alternative to expensive Indian imports in the cruder varieties of native opium, which began to appear on the market in large quantities in

the 1860s. An agent of the IMCS observed that “native opium was much cheaper than Indian, and this fact brought it within reach of the poorer classes who could not afford the imported luxury.”²⁵ Dealers continued to add small quantities of South Asian opium to the indigenous product to enhance its flavor and narcotic effects. They abandoned the practice only when Chinese producers began to refine the drug to a higher level of purity in later decades.²⁶ Whenever possible, distributors purchased Benares rather than Patna or Malwa opium because they could sell it more cheaply in China.²⁷ Foreign imports at first claimed a large market share because of the inferior quality of the native drug and the difficulty of overland transport, but by the 1870s the Chinese were beginning to expand and improve the production of indigenous opium.

By 1875 native varieties had driven the Indian drug from northern and western China, and imports into Niuzhuang, Tianjin, Yantai, and Hankou had fallen to negligible amounts.²⁸ Farmers discovered that poppies yielded four to five times the profit of wheat, and over time Sichuan, Yunnan, Manchuria, and Shanxi emerged as important centers of cultivation. In colder regions, opium tended to displace cereals because it required the most fertile soils. In contrast, in more temperate climates growers planted it on hillsides during the winter months to complement the main rice crop.²⁹ In many regions of central China landowners calculated rents as a certain percentage of the summer harvest, in essence granting a tax exemption to poppy fields.³⁰ British consular officials estimated that native production doubled during the 1870s and came to outstrip foreign imports “many times” over by 1880.³¹ “The spread of opium cultivation in China,” noted one commentator, “was so extensive as to threaten the continued prosperity of the import trade.”³²

In the coastal region of Shanghai, sales of Indian opium remained strong in the late 1870s, but by 1882 the native product began to play a more important role in the local market.³³ A report by the IMCS noted that by the end of the 1880s “the import of opium from abroad declined remarkably, native opium . . . competing very successfully with the Indian product *even in Shanghai itself*. . . . Native opium could be sold at a profit at about half the price of foreign opium.”³⁴ Chinese growers worked to increase the quality of the indigenous drug, and at the same time telegraphic communication with South Asia stabilized supply and reduced profits from spec-

ulation. Dangshan (礪山) opium grown in Henan, Shanxi, and Shandong provinces generated large sales in the port during the 1880s. In contrast, imports of the *beitu* variety (北土), the Sichuan product (川土), and opium paste (土漿 *tujiang*) from Zhejiang claimed a smaller market share. However, all these products undersold the more expensive South Asian drug until it almost disappeared from the lower Yangzi delta after 1900. In 1891, for example, Dangshan opium sold in Shanghai at 290 taels per picul and *beitu* for 280, while the prices of Patna and Malwa stood at 360 and 380–400 taels, respectively.³⁵

Distributors of Dangshan opium paid duties of 40 taels per chest at native customs stations in Xuzhou prefecture, and in theory their goods then remained free of further taxation. This region of northwestern Jiangsu province became an important area of opium production in the 1890s, yielding 2,000 to 10,000 piculs of the drug per year.³⁶ In the decade after its initial introduction to Xuzhou in 1889 or 1890, customs officials estimated that total production had exceeded 57,000 piculs.³⁷ Foreign imports to southeastern China began to fall after 1882 because of the long-distance trade in Sichuan opium and the rapid regional increase in poppy cultivation. In short, the Chinese indigenized the growth, distribution, and sale of opium in a matter of decades, an impressive commercial accomplishment in spite of its social consequences.³⁸

CULTURE AND CONSUMPTION IN NINETEENTH-CENTURY CHINA

With the exception of opium, cigarettes, kerosene, and matches, the Chinese resisted European efforts to introduce new goods and reshape patterns of material consumption in their country. Colonial goods such as tea, sugar, coffee, and chocolate transformed the everyday lives of contemporary Britons, but the Chinese continued to eat, drink, and wear the same products they had prior to the Opium Wars. A study by S. G. Checkland remarked:

Selling in China of course means discovering within the Chinese consumption pattern hitherto unexplored desires capable of responding to the manufactured novelties and factory processed fabrics of the

West. This meant altering the traditional culture of the Empire—the very thing that had rendered the Chinese so hostile to the newcomers. Little was hoped for from the attempt to interest the Chinese in a variety of new and untried things.³⁹

C. F. Remer reached much the same conclusion in his work on the history of Sino-Western commercial relations.

They [the Chinese] were conservative and not without reason. . . . Chinese have the best food in the world, rice; the best drink, tea; the best clothing, cotton, silk, and fur. Possessing these staples and their innumerable native adjuncts, they do not need to buy a penny's worth elsewhere. . . . The economic self-sufficiency of China was the most formidable barrier which we have yet encountered in our career of industrial and commercial expansion.⁴⁰

Most European wares had a poor sales record in China, and their fate illustrates the cultural impediments facing Western businesses in the late 1800s. For example, European merchants had limited knowledge of Chinese consumer preferences, and they continued to market heavily sized fabrics and materials dyed in “unlucky” colors. In contrast, products such as T-cloths enjoyed strong sales in China during years of poor cotton harvests because they resembled indigenous textiles in texture and size. Marked with a large “T,” these plain white fabrics enabled Chinese and Indian consumers to design clothes to their own tastes. In addition, imports of semi-manufactured items like yarn exceeded that of finished products after 1885, in part because Chinese consumers could weave them into familiar shapes, sizes, and designs. One commentator complained without a trace of irony that “the Chinese showed a surprising want of appreciation . . . of the superior convenience and facility of movement resulting from European materials and fashion in dress.”⁴¹

European fabrics dyed, finished, or packed in unfamiliar ways offended indigenous sensibilities and complicated the problem of marketing Lancashire's manufactures in China. Cotton goods “otherwise fit for the Chinese market” often failed to sell because they were “marked or done up in ‘unlucky’ colors” instead of the indigo preferred by native consumers.⁴² In

addition, the shipping and packaging of Western textiles tended to conform to European rather than Chinese practices. Individual consignments at times lacked the company's official seal, or "chop," that guaranteed the quality of its contents.⁴³ A few firms in Shanghai employed Chinese workers to create patterns for printed fabrics, but most imported the same materials sold in European and American markets.⁴⁴ In 1896 a Chinese interlocutor informed the Blackburn Chamber of Commerce trade delegation of the need to adopt indigenous motifs and introduce new designs to combat Japanese competition.⁴⁵ A rapporteur for the mission also suggested that Manchester mills should model future prints on the silk brocades he brought back to England, but his proposal yielded few concrete results.⁴⁶

Europeans also added starch, wax, and china clay to their fabrics to provide weight and finish, but Chinese merchants familiar only with unsized cloth viewed this as a form of adulteration. In the early 1860s, Manchester textiles woven from inferior cotton varieties often became mildewed, in part because a chemical compound in the clay sizing damaged the plant fibers.⁴⁷ Chinese complaints continued even after the revival of American cotton production in the late 1860s and the consequent improvement in the quality of Lancashire manufactures. The apparent superiority of foreign textiles disappeared with their first washing, and Western dealers began to acquire a reputation for dishonesty by the end of the decade.⁴⁸ During the 1870s, heavy, unsized American fabrics enjoyed a greater measure of success in Chinese markets but still failed to displace native handwoven materials.⁴⁹

The relative scarcity of indigenous cotton between 1869 and 1872 resulted in a temporary spike in European imports, and sales of T-cloths rose by a disproportionate degree because they bore the closest resemblance to Chinese products. An official at the IMCS stated that "this article was the one above all others among foreign piece goods that imitated the product of native manufacture and sought to compete with it most directly."⁵⁰ Similar in thread count to Chinese fabrics, the T-cloth sold in bolts twice the width of indigenous textiles. Chinese consumers unable to afford silks made long coats and outer garments from these European fabrics after dyeing them a preferred color. As a result of poor cotton harvests, imports of T-cloths rose from 730,604 pieces in 1867 to 4,167,103 in

1871.⁵¹ Yet the recovery of Chinese cotton production in 1873 ended the growth of this variety of textile, and imports returned to historic levels by the middle of the decade.

In contrast, sales of European and South Asian yarn began to climb as early 1878, and the aggregate value of these imports exceeded finished textile products by 1898.⁵² Demand for Indian yarns alone expanded tenfold during the 1880s, and by 1911 they represented 60 percent of total Chinese imports of this item.⁵³ Coarser varieties of eight-, ten-, twelve-, and twenty-thread counts predominated, while Lancashire continued to supply finer and more expensive threads.⁵⁴ Japanese yarns reached an annual value of 6 million taels during the 1890s, and by the 1910s they held the second-largest market share at 21 percent of the total.⁵⁵ Consumers in Jiangnan at first preferred fine yarns rather than the cruder Indian article, but by 1895 the region absorbed a substantial volume of foreign imports from both regions.⁵⁶ Demand fell in the late 1910s after the construction of textile factories in Shanghai, but during its heyday yarn eclipsed sheetings, drills, jeans, and shirtings in importance.⁵⁷

The cultural neutrality of “semi-manufactures” like yarn minimized Chinese resistance to these consumer goods, but they failed to displace the native article. A customs official investigating Chinese demand for foreign yarn after 1885 argued that

what the Chinese wanted from foreigners was not so much completely finished manufactured articles, as commodities of a nature that may best be described as semi-raw materials. The leading example is cotton yarn, from which the Chinese could weave their own native cloth; but consideration . . . reveals the same attribute among all of them, namely the capability of being further turned into shapes and forms, or put to final uses, that might be purely Chinese and not in the least foreign.⁵⁸

Yarn carried none of the cultural baggage of finished piece goods, permitting consumers to fashion clothing, wall hangings, banners, and other decorative articles in keeping with Chinese tastes. Most patterns of material consumption in China remained unchanged between the Opium Wars of the mid-nineteenth century and the opening decades of the twentieth.

THE MEDIATED ECONOMY

During this period, European firms in China encountered an economy mediated by influential merchant guilds and cross-cultural brokers known as compradores.⁵⁹ Indigenous wholesalers controlled distribution networks in inland districts and thwarted the efforts of Western tea and silk dealers to establish a system of upcountry purchase. This dense web of mercantile relationships regulated the production, transport, and sale of commodities and also tempered the disruptive economic effects of European products like opium. In short, the adaptability, cohesion, and vitality of the Chinese trading community prevented most forms of European commercial penetration in the second half of the nineteenth century.

Merchant guilds in the lower Yangzi delta dominated the region's trade by purchasing tax farming privileges from government officials in Jiangsu and Zhejiang provinces.⁶⁰ They paid a fixed annual sum in return for the power to manipulate local markets, setting commodity prices and eliminating competitors to enhance their own profit margin.⁶¹ For example, the Foreign Piece Goods Guild of Shanghai paid 7,150 taels in transit fees on local sales of European textiles and another 12,000 Hong Kong dollars on exports to the city of Suzhou.⁶² Individual firms joined the organization by paying a yearly subscription based on their estimated sales. This fee typically ranged from 30 taels for small shops to 200 taels for large dealers.⁶³ Violating the guild's regulations could result in heavy fines, and repeat offenders faced a graduated scale of penalties that included expulsion and permanent boycott.⁶⁴ Mercantile organizations relied on these coercive methods to establish a local monopoly over a given commodity, including the principal items of the Chinese export and import trades.⁶⁵

Chinese guilds constrained the activities of foreign firms in the treaty ports through the same set of business practices. Unless they received the prior consent of local merchants, European dealers attempting to expand their operations in other cities met with immediate resistance in the form of boycotts. For instance, the Swatow (Shantou) Opium Guild used this strategy to inflict heavy financial losses on a foreign company that tried to enter the Hankou market.⁶⁶ In the end, it had little choice but to abandon plans to establish a branch office in that city. Guilds in Shanghai engaged "a staff of spies and private police" to enforce price regulations and harass

independent enterprises willing to sell to Western firms.⁶⁷ Victims of these tactics could not appeal to the local authorities because officials maintained close political and financial relationships with mercantile organizations. Faced with the “prohibitive exactions” of the guild, indigenous traders either submitted to its authority or in time went bankrupt.⁶⁸ Members of commercial syndicates “even ha[d] the audacity to pack auction sales” of foreign textile imports to reduce wholesale prices and enhance the guild’s profits.⁶⁹ Western trading houses could move their business operations to a different treaty port, but they then faced a similar system of fixed prices and interlocking commercial relationships.

A series of intermediate brokers controlled internal marketing structures in China, and their influence stretched from the rural centers of tea and silk production to the urban markets of Shanghai. Prior to 1900, Chinese merchants dominated every single link in their country’s supply and distribution chains. They added foreign firms on to the end of these existing structures rather than setting up new networks for the export and import trades. This arrangement prevented trading houses like Jardine Matheson from establishing direct contacts with primary producers and consumers in hinterland regions. The historian Fan Weiguo observes that the Chinese merchants involved in this relay trade

constituted an individual marketing conduit. In general, the marketing channel for foreign goods [imported into] Shanghai was as follows: a Western firm’s compradore in Shanghai; a compradore from another port or a foreign goods wholesaler; a wholesaler or retailer in an inland city; a retail merchant in a rural village. In addition, merchants from inland areas came to Shanghai, set up establishments, and used compradores, brokers, or large-scale wholesale merchants to purchase foreign products for resale upcountry. In general, the circulation of silk, tea, and other export commodities was as follows: a silk or tea merchant in the place of production; a silk or tea hong [wholesaler] in an urban center; silk or tea merchants in a coastal port; a European firm’s compradore.⁷⁰

Fan’s analysis suggests that native mercantile networks continued to direct the flow of export commodities to China’s treaty ports after the opening

of interior districts to foreign commerce.⁷¹ For example, local merchants (小零头 *xiaolingtou*) purchased the output of individual sericultural households in cities like Wuxi and then resold their goods to rural silk hong (乡丝行 *xiangsihang*) in nearby towns. These small partnerships then transported their goods to higher-level marking centers, where they dealt with large silk hong (丝行 *sibang*). These well-capitalized firms, in turn, forged close commercial connections with wholesale merchants (丝号 *sibao* or 丝栈 *sizhan*), who extended short-term credit and provided warehousing facilities in China's major ports.⁷² Agents of the silk hong trimmed, dressed, and repacked their wares in the brokerage's "go-downs," and one of the firm's partners then arranged their sale to a Western company through their compradore. Local guilds regulated all these commercial transactions by setting minimum prices for silk products and collecting duties, fees, and taxes for the Qing state.

Brokerage houses in Shanghai specialized in the white silks (白丝 *baisi*) popular with foreign consumers, but after 1895 they also dealt in high-quality machine-reeled varieties (缠丝 *chansi*).⁷³ By 1931 Zhejiang and Jiangsu provinces claimed more than 185 silk-weaving factories, and these businesses tended to hold capital assets of 100,000 Chinese dollars or more.⁷⁴ Steam filatures began to replace traditional techniques of production in the Republican period, but Chinese wholesalers continued to play an important role in supplying Western exporters. As late as the 1930s, one observer counted twenty silk brokerage firms in Shanghai and estimated that over half dealt in fabrics processed in local factories.⁷⁵ China's early industrialization may have transformed the methods of silk manufacture, but it appears to have had a much smaller impact on the nature of the country's supply chains.

European trading houses relied on a similar system of wholesale brokerage to purchase green and black teas from areas such as Fujian and Anhui provinces.⁷⁶ During the late spring and summer months, tea growers in these inland areas supplied leaves to local hong merchants (茶号 *chabao*) in regional marketing towns. These dealers then resold their merchandise to larger firms (茶栈 *chazhan*) that sorted, fired, and packed the leaves for shipment to treaty ports like Shanghai and Hankou. An agent of these tea brokerages then identified a foreign buyer and sold their goods through a compradore merchant. In short, multiple layers of commercial intermediaries separated

primary producers of tea leaves in the interior from foreign merchants in China's treaty ports.

By the end of the 1850s, European traders began to place advance orders with tea wholesalers to stabilize commodity prices in markets like Shanghai. Western interests like Jardine Matheson extended credit in March or April for upcountry purchases, and Chinese wholesalers then provided the house's tea taster with an early sample to guarantee the crop's quality. If a European merchant rejected a given consignment, the Chinese wholesaler had the right to sell these goods to another firm of his choice. Western trading houses obtained only a small fraction of their stock through contract purchases in the 1860s, but this practice assumed a growing importance in following decades.⁷⁷

During the late 1870s and early 1880s, increasing competition from Indian and Japanese teas weakened China's hold on global markets, and the country's exports of this commodity began to decline. British consumers developed a taste for stronger South Asian varieties such as Darjeeling, and Western companies grew dissatisfied with the uneven quality of Chinese leaves. Despite the demand for brick tea in Russia as late as the 1910s, by 1900 India and Japan supplanted China as the world's most important tea producers.

Chinese merchants established a similar system of relays to transport and sell foreign imports in the country's interior.⁷⁸ After the development of the Imperial Telegraph Administration in the 1880s, cotton cloth wholesalers in Shanghai placed advance orders with Western traders before offering their merchandise to local guilds. A member of the Blackburn Chamber of Commerce delegation complained that "the whole distributive trade of the country is in the hands of [the] Chinese. Our merchants . . . are rapidly being reduced to the mere position of commission agents, doing an indent business."⁷⁹ On occasion, merchant guilds might establish direct contacts with a foreign company's *compradore*, but this was the exception rather than the rule. A firm belonging to the guild resold its goods to a wholesale merchant in a regional marketing center, who in turn supplied small-scale retailers in the surrounding towns, villages, and hamlets. A single white sheeting might change hands four or more times before reaching a Chinese consumer in an inland district.

During the nineteenth and early twentieth centuries, cross-cultural brokers fluent in pidgin English provided European merchants with access to the indigenous economy.⁸⁰ These compradore merchants supervised the Chinese staff at Western firms, arranged commercial transactions with indigenous buyers, and served as purchasing agents in other cities and up-country venues. A compradore's business network connected his Western employer to domestic marketing mechanisms beyond the geographic limits of the treaty ports. Foreigners began to acquire proficiency in Chinese in increasing numbers after 1895, but most businesses continued to hire compradores because they could draw on this unique set of relationships.⁸¹ When death or retirement ended the career of a chief compradore, British trading houses such as Jardine Matheson often hired his close relative to maintain their commercial contacts. The loss of such a network could interfere with business operations because Western managers needed these brokers to locate Chinese buyers and guarantee their reliability. The European merchant, complained a British visitor to China in the 1890s, "is no longer a merchant but simply an agent for the compradore, the latter doing all the work—finding customers, selling to them, and guaranteeing the accounts."⁸²

Western companies recognized that their profit margins depended on the integrity and business acumen of these cross-cultural brokers, and their managers grumbled about the potential for abuse inherent in the system. A member of the Blackburn Chamber of Commerce delegation complained in 1896:

The want of personal intercourse with one's clients is only playing into the hands of the compradore, whose grasping at power needs no encouragement, for it is no exaggeration to say that he and his allies, the native merchants and traders, have the whole internal trade of the country in their clutches, and are leagued together in masterly combination which might be admired if it were not that the foreigner pays the price.⁸³

Compradores also acted as independent wholesale merchants and in many instances dealt in the same goods as their European employers. Their

membership in local guilds provided additional opportunities to sell at inflated prices to European buyers and drive potential competitors from the market. On occasion, an individual compradore achieved a temporary local monopoly in a given commodity and then resold these goods to himself in his capacity as purchasing agent for a Western company.⁸⁴ More commonly, compradores purchased export goods from their relatives or friends in exchange for a commission, which typically ranged from 0.25 to 0.5 percent of the total value of the transaction. Figures like Jardine's Tong Kingsing (Tang Tingshu) also invested in joint business ventures with their British employers, serving as important sources of capital as well as knowledge of market conditions in China.

In most instances, compradore merchants relied on oral agreements rather than written contracts, revealing the extent to which traditional Chinese business practices governed Sino-foreign trade in the late 1800s. Europeans chafed under these constraints but recognized that compradore merchants made a seminal contribution to their commercial success. In the late 1890s, one observer remarked that "all business carried on in that most peculiar country must be conducted on Chinese methods or not at all."⁸⁵ In sum, foreign firms encountered a "mediated economy" in China prior to 1900, enjoying few opportunities to buy, sell, or transport their wares without the participation of indigenous brokers.

THE QING STATE AND SINO-FOREIGN TRADE

In theory the unequal treaties guaranteed European, American, and later Japanese nationals a wide range of trading privileges in China. Yet in practice provincial and local officials disregarded these rights whenever circumstances permitted. During the course of 1850s and 1860s, authorities erected tax barriers on roads, canals, and rivers throughout China and began to collect an ad valorem tax on the domestic transport and sale of goods. These transit fees soon evolved into an important source of provincial revenue in a time of rising expenditures. The cumulative character of these duties ensured that goods became more expensive the farther they moved from their point of origin, conferring an eventual advantage on local products. The consular representatives of the European powers soon recognized that transit fees inhibited the flow of commodities to and from

upcountry venues. In 1858 they compelled the imperial court to accept a transit pass system that exempted Western traders from paying these charges. Article 28 of the Treaty of Tianjin entitled foreign nationals to an official certificate (三联单 *sanliandan*) waiving all duties except the 5 percent customs tariff and an additional “half-tax” (子口半税 *zikou banshui*) of 2.5 percent. Western businesses were required to report the destination, quantity, and value of their goods to customs officials before applying for a transit pass. They then presented this document at each transit fee barrier as they traveled inland, in principle enjoying immunity from further taxation. When exporting goods, they had to submit their merchandise for inspection at the first tax station they encountered and then sign a document describing the nature of their cargo. After foreign merchants reached the coast, they declared their goods to representatives of the IMCS and paid the prescribed dues of 7.5 percent ad valorem. In 1876 the Chefoo Convention extended these privileges to Chinese merchants transporting import or export commodities to market but barred the sale of these goods while in transit.⁸⁶

In contrast to the EEIC’s abuse of its seal in Bengal, official obstruction prevented Western merchants from opening China’s interior to foreign commerce through the use of transit passes. Provincial authorities “at once assumed a hostile attitude, and determined . . . to make the treaty regarding the commutation of inland taxation by payment of a transit pass duty, a dead letter. It must be acknowledged that their success has been almost complete.”⁸⁷ In 1899 Lord Beresford pronounced the system “an utter failure,” telling his readers in Britain that “in many parts of China transit passes are altogether ignored, and in others, where they are nominally recognized, taxes are levied on transit-pass goods . . . at destination on imports and place of origin on exports.”⁸⁸ In 1896 transit passes issued in Shanghai covered less than 5 percent of foreign imports destined for inland markets. If Chinese dealers availed themselves of the treaty privileges, they could expect retribution from local guilds and a hostile attitude from officialdom.⁸⁹ For instance, the records of the IMCS indicate that in 1895 Shanghai merchants sent less than 4,600 pieces of gray shirtings to hinterland areas using transit certificates.⁹⁰ Instead the more distant port of Zhenjiang supplied this article to districts north of the Yangzi River near Tongzhou. Local officials refused to honor transit passes in most cases, and

lijin duties reached 11 taels per piece in the region. The cumulative character of these fees ensured that prices increased 5 percent every 20 miles, and goods became prohibitively expensive after they had traveled a certain distance.⁹¹

European military power insulated foreign trading houses from the worst forms of harassment, but Chinese merchants enjoyed no such protections. “There was one point that the Chinese officials would never admit,” insisted a contemporary observer, “and this was that Chinese subjects could avail themselves of the treaty concessions, and take goods up country under transit pass.”⁹² In Bengal, the indigenous ruler proved incapable of preventing the misuse of the EEIC’s seal by native merchants and the “private English,” much less revoking the EEIC’s legal trading rights. In contrast, the vulnerability of compradores and Chinese wholesalers invited systematic abuse at the hands of local officials, tax collectors, and petty functionaries. Chinese dealers unwilling to pay these duties faced long delays at transit barriers, temporary detention, and heavy fines imposed by local guilds. If merchandise were lost or stolen, government clerks accused the merchant of illegal sale while in transit and seized the rest of their goods as compensation. On occasion, local officials even arranged for the theft of commodities shipped under transit pass or confiscated part of the cargo as a “voluntary” contribution (捐 *juan*).⁹³

In practice, Chinese merchants tended to purchase degrees from the state to enhance their status and bargaining power with officialdom rather than use transit certificates. In many instances, they obtained expectant or alternate (候补 *houbu*) degrees rather than those conferred through the regular civil service examinations. Prominent compradores such as Tong Kingsing (Tang Tingshu), Xu Ren, and Zheng Guanying adopted this strategy, reducing *lijin* expenses by as much as 30 percent by cultivating close ties with government bureaucrats.⁹⁴ In sum, indigenous traders relied on their social position and personal network rather than abstract legal rights to keep business expenses to a minimum, retaining their earlier professional practices even in the era of unequal treaties.

European diplomatic pressure resulted in the nominal reform of the transit pass system after 1895, but terminal fees soon came to replace *lijin* duties. “On the whole,” argued A. J. Sargent in 1907, “subtlety takes the place of more frank and forcible methods. Thus while transit passes are

formally respected in many districts, exaction of . . . dues from the goods *in transitu*” gave way to “the imposition of a terminal tax.”⁹⁵ The court maintained that the Treaty of Tianjin provided for the waiver of taxes on goods in transit but that merchandise became Chinese property when it reached its destination. In consequence, local officials had a legal right to levy duties on these cargoes because domestic transactions lay outside the scope of the unequal treaties. Some foreign observers recognized the importance of transit fees to government finance and maintained a skeptical attitude about promises of reform.⁹⁶ Although Sino-Western trade provided no more than 10 percent of total *lijin* revenues, regional officials repeatedly rebuffed British, French, and American demands that they abandon this source of funds.⁹⁷

The Qing government not only interfered with the operation of the transit pass system but attempted to undermine other Western privileges whenever the opportunity arose. For example, the Treaty of Tianjin legalized the sale of opium, but in 1876 Beijing persuaded the great powers to prohibit foreign merchants from participating in the drug trade in inland districts. Foreign diplomatic representatives also agreed to raise import duties on opium to 25 percent ad valorem, a measure that enhanced the competitive edge of the indigenous drug. In addition, the court rejected Western requests to extend the right of residence and property ownership to China’s vast continental hinterlands. “Without residence,” remarked one foreign traveler to China, “the main object of the whole treaty, the penetration of foreign goods into the interior and the purchase of Chinese produce by foreigners at the place of growth . . . is altogether nullified.”⁹⁸ A short stay in a city, town, or village rarely provided enough time to develop meaningful connections with local merchants and establish a permanent commercial presence. Leading Chinese statesmen understood this fact and adopted an appropriate diplomatic stance throughout the late nineteenth and early twentieth centuries.

Lord Beresford described the freedom of inland navigation by foreign vessels as “practically valueless” without the ability to construct upcountry depots owned or leased by foreign nationals.⁹⁹ In the absence of adequate storage facilities and a permanent representative on site, Western trading firms had little hope of gaining a foothold in the interior. Diplomatic agreements allowed ocean-going cargo ships to travel between the country’s

treaty ports, in essence participating in China's indigenous coastal trade. Until the end of the 1890s, however, inland steamers were prohibited from carrying merchandise or passengers beyond their port of registry.¹⁰⁰ After 1898 many provincial authorities reduced transit fees and import duties on goods transported on Chinese junks to enable indigenous merchants to better compete with foreign shippers.¹⁰¹ This affected the Jiangnan region less than the Xi River basin in south China, but officials in both areas waged a quiet campaign against the provisions of the unequal treaties. Unlike Bengal, then, government action at the local level interfered with upcountry purchases in China and prevented the illegal trading activities pursued by the EEIC's servants.

Without question, the desire for additional tax revenues constrained European business activities in hinterland regions, but authorities in China also pursued a conscious strategy of obstructionism. They recognized that the unequal treaties violated their country's sovereignty and adopted appropriate countermeasures whenever circumstances permitted. Chapters 6 and 7 present extensive case studies of the intellectual foundations of modern Chinese statecraft, but it is important to discuss the impact of commercial issues on the development of these new concepts as well.

Problems with transit passes and customs tariffs forced officials to apply abstract ideas like sovereignty to a specific administrative problem, in the process helping to define the meaning and content of these terms. In 1879 Bi Fucheng, a specialist in foreign policy, worried about potential western control of the opium trade in an essay titled "The Right to Profits." He insisted:

We cannot allow foreigners to interfere with our sovereignty. If China corrects the problems with *lijin* and severely cracks down on corruption, this will enable the [indigenous] merchants' trade in opium [to flourish]. It is not permissible to give Westerners the power of a monopoly. . . . *The Elements of International Law* states that if the desire to expand trade and increase annual taxes results in harm to another country's independence [自立自主 *zili zizhu*], then based on [the doctrine of] primary rights [原权 *yuankuan*] that other country can block these [actions] to protect itself. [This text] also states that this is not permissible if it harms another country's sovereignty, tax collection, population, or domestic politics. Now every country accedes

to [their] merchants' limitless requests, desiring to interfere with China. Their twisted reasoning is obvious without further explanation.¹⁰²

Readers will recall from the introduction to this book that William A. P. Martin's *The Elements of International Law* introduced the neologism for "sovereignty" (自主之权 *zizhuzhiquan*) to the Chinese language in 1863. Bi's remarks suggest that in subsequent years policy makers used this text as a practical guide to statecraft, including matters related to the country's foreign trade. He believed that international law provided a basis for criticizing the commercial privileges of the treaty signatories, and he also desired to protect the business interests of Chinese merchants. More importantly, Bi drew on a new political vocabulary to express his concerns, referring to sovereignty, rights, independence, and international law (万国公法 *wanguo gongfa*) in the space of seven sentences. None of these words existed in Chinese half a century earlier, much less influenced the political discourse of members of the imperial bureaucracy. Although these ideas transformed Chinese statecraft, their content remained fluid at the time of Bi's writing. As suggested in the introduction to the book, these changes had a transformative impact on China but unfolded only over time.

During the century after the Opium Wars, prominent bureaucrats, merchants, and philosophers called for a revision of the unequal treaties and the restoration of China's sovereignty. They articulated these political, diplomatic, and legal objectives in the same terminology developed by Martin and his team at the School of Combined Learning in the early 1860s. In the 1890s the noted thinker Zheng Guanying complained about the effects of the transit pass system in Hong Kong and Guangzhou, asserting that it conferred unfair advantages on European merchants. Western firms in Hong Kong used these certificates to ship indigenous goods without paying *lijin*, while their Chinese competitors faced these duties on both foreign and domestic products. In response, Zheng argued:

The current approach is not as good as eliminating *lijin* and increasing the customs tariff. [We] will collect a half tax on those transshipping [goods] to another port. It will be collected from Chinese and Westerners alike, and Westerners will have no excuse [for not paying it] and will not force Chinese merchants into a corner. This appears to be an important way of recovering the right to profits [收回利权

shoubui liquan]. Some believe that Westerners will not consent, asking to wait until the year of treaty revision for an initial discussion [of these issues]. If [these practices] harm our people's profits and impede our country's sovereignty, [we] ought to be permitted to implement changes ourselves at any time.¹⁰³

Like many of his contemporaries, Zheng overestimated the probability of political concessions in the near term, but he understood the nature of the foreign economic challenge. He contended that China had lost not only business earnings to its Western rivals but also the sovereign right to profits within its borders. In his view, this situation violated the international norms that the great powers claimed to uphold.

Zheng's remarks also point to a mercantilist conception of commercial activity, implying that Western gains inflicted a proportional loss on indigenous merchants. Modern economists would also ask whether European firms passed along their tax savings to Chinese consumers in the form of lower prices for their products. If so, then both parties benefited from the transaction rather than just Western trading houses based in Hong Kong. This type of zero-sum thinking may have also informed the understanding of sovereignty in the late 1800s, which authorities often saw as a set of powers that China either continued to retain or had already lost to the treaty signatories. For example, European governments acquired the right of extraterritoriality in 1842, but this concession cost China much of its legal and judicial sovereignty. This likely contributed to the idiosyncratic understanding of sovereignty in many historical documents prior to 1900, which tend to describe it as a form of totalizing control rather than the final authority of the state. Nevertheless, the problems of international trade helped figures like Bi Fucheng to formulate, apply, and refine new concepts of statecraft in late nineteenth-century China.

THE IMPERIAL MARITIME CUSTOMS SERVICE AND CHINA'S FOREIGN TRADE

In contrast to India, the establishment of the IMCS in the 1850s provided China with an important source of additional revenue to invest in state-building projects.¹⁰⁴ This new fiscal bureaucracy employed a joint Sino-

Western staff and achieved high levels of efficiency, professionalism, and functional specialization during the nineteenth and twentieth centuries. Despite its ad hoc creation, the IMCS evolved into an important component of the military-fiscal state in modern China. Its development also constituted a significant part of a gradual administrative expansion. In short, prominent officials not only adopted a strategy of subtle resistance to the unequal treaties but determined to profit from Sino-foreign trade whenever the opportunity arose. Far from disrupting indigenous patterns of political economy, international trade in areas like the lower Yangzi delta strengthened the financial foundations of Qing rule in important ways.

During the 1850s, the largest civil wars in human history to that point erupted in central China, and the messianic figure of Hong Xiuquan proclaimed the beginning of a Heavenly Kingdom of Great Peace (太平天国 *Taiping Tianguo*). Political and social chaos spread to the southeast after his Taiping rebels seized the secondary capital of Nanjing in March 1853, and in September of that year members of a millenarian rebel group, the Small Sword Society (小刀会 *Xiaodaobui*), expelled Chinese authorities from Shanghai. In response, the British and American consuls agreed to collect customs duties from foreign nationals on behalf of the Qing government until the restoration of civil order. With the approval of the regional Chinese governor-general, European and American diplomats created a board of inspectors at Shanghai and appointed Thomas Wade, Lewis Carr, and Arthur Smith to head the new organization. Beijing maintained these administrative arrangements after the suppression of the rebellion and then extended the IMCS beyond the lower Yangzi delta.

During the 1860s, the Briton Robert Hart transformed the IMCS into a professional bureaucracy, with customs stations at each of China's treaty ports. Although diplomatic agreements awarded the inspector generalship to a foreign national, the IMCS remained an agency of the Qing government and its European managers employees of the imperial court. In contrast to the Ottoman empire's Public Debt Administration, Beijing retained control of customs receipts and reserved the right to dismiss inspectors accused of corruption or misconduct. Hart and his successors required Western personnel to acquire proficiency in Chinese beginning in 1864 and demanded high standards of personal integrity and professional competence. By 1875 over three hundred Europeans and Americans served in

the IMCS, and it continued to expand as China opened additional treaty ports.

Although foreign trade represented only a small fraction of China's GDP during the nineteenth and early twentieth centuries, several factors magnified the relative importance of tariff returns to the political center. The IMCS provided Beijing with a large, direct, and reliable source of revenue in a period of substantial provincial autonomy, and its personnel did not engage in the embezzlement typical of the salt and grain transport administrations. In addition to an emphasis on professional standards, the structure of the organization presented local intermediaries with little opportunity to divert funds from their proper channels. The court invested a disproportionate volume of the IMCS's receipts in state-building projects to defend the country's sovereignty. Native merchants involved in the domestic relay trade linked Western firms to a resilient indigenous economy, and in a similar way leading officials grafted the new fiscal bureaucracy of the IMCS onto the late imperial state.

European merchants expressed frustration at their inability to capture the China market during the late 1800s, a failure that reflected the vigor, dynamism, and complexity of indigenous marketing structures. Intense competition from native products such as hand-woven fabrics and the limited purchasing power of Chinese consumers constrained sales of imported textiles and narcotics. The strength of traditional cultural preferences ensured that few new commodities aside from kerosene, cigarettes, and matches appealed to the Chinese, and native growers indigenized the production of opium on a large scale by the third quarter of the nineteenth century. For the most part, Chinese patterns of consumption remained intact even as goods such as tea, sugar, coffee, and cocoa triggered important changes in the diet and social rituals of Europeans. Western trading firms also encountered an economy mediated by brokers, guilds, and compradore agents, which raised important structural impediments to business operations in the country's hinterlands. Mercantile networks moved China's principal import and export commodities by means of a relay trade stretching from treaty ports like Shanghai to rural villages in inland districts. The interference of the Qing state and its Republican era (1911–1949) successors also obstructed direct contacts with primary producers and consumers. Local and provincial authorities undermined the transit pass

system through the imposition of illegal *lijin* duties and later responded to consular pressure for reform with terminal fees and other irregular exactions. As A. J. Sargent remarked, the Chinese had discovered means other than “riot and open opposition” to limit European commercial power under the unequal treaties.¹⁰⁵

Marketing structures in China remained resilient throughout the late nineteenth and early twentieth centuries, the period of the second Industrial Revolution in Europe and the United States. As a result, efforts to expand the foreign commercial presence in the country’s interior failed, and, in most instances, Chinese merchants met indigenous demand with native products. In contrast, the EEIC established an effective system of upcountry purchase in Bengal during the first half of the eighteenth century, and private traders engaged in smuggling and used the EEIC’s seal to avoid customs duties. The abuse of British commercial privileges reduced the revenues of the nawab’s government, resulting in a fiscal crisis, warfare, and conquest by Western arms. In southeastern China, official harassment and mediating structures like guilds prevented Western merchants from extending their commercial reach into the interior. Qing officials adhered to narrow interpretations of the treaty provisions and neglected European legal and commercial rights whenever circumstances permitted. In short, porous economic structures helped to set parts of South Asia on a trajectory of formal colonization, while China remained an independent country during the height of European imperialism.

Regional officials and tax officers ignored transit passes not only to increase revenues but to prevent the further loss of China’s sovereignty to the great powers. As figures like Bi Fucheng wrestled with the problems of international trade, they began to employ a new political vocabulary to outline political choices and express strategic goals. Terms such as sovereignty, rights, and independence appeared in their routine bureaucratic correspondence on a regular basis, and at times they consulted the diplomatic and legal works translated by the School of Combined Learning. None of these concepts had a fixed meaning in the late 1800s, but authorities refined and revised their content as they dealt with everyday issues. In short, economic affairs as well as international diplomacy encouraged policy makers to lay a new intellectual foundation for Chinese statecraft in the late nineteenth and early twentieth centuries.

In an indirect way, Sino-foreign trade also stimulated the development of a crucial component of the military-fiscal state in modern China. In the decades after 1850, the new IMCS provided authorities with a growing volume of revenues, and reformist officials like Li Hongzhang used these resources to reorganize the armed forces, build ironclad warships, and found modern ordnance factories. The establishment of the IMCS with Western assistance reflected a degree of latent institutional creativity at odds with the received narrative of dynastic decline and foreshadowed the rapid expansion of government bureaucracy after 1900. Leading statesmen transformed a significant strategic vulnerability into a source of power, an accomplishment they often repeated between 1850 and 1949. Western arms forced the ruling Qing dynasty to open its ports to international commerce in the mid-1800s, and foreign firms from Europe, Japan, and the United States continue to conduct business in the country today. Yet, to a surprising degree, China determined how it would interact with the international economy, and this pattern of independence has persisted into the twenty-first century.

3 MONEY

Warfare shaped the evolution of the modern state on a global basis, posing a common set of administrative challenges in different political, cultural, and ideological settings. The writings of Charles Tilly, Patrick O'Brien, and John Brewer suggest that large-scale military conflict imposed unprecedented burdens on Western governments after 1600. Over time, new bureaucratic structures emerged to mobilize a resource at least as important as guns, soldiers, and warships.¹ Money made and unmade states in the predatory international environment of early modern Europe, and countries such as Britain survived by generating new revenues through public borrowing and commercial taxes.

At first, the Westphalian system of competing states extended no farther than the geographic boundaries of Europe. By the eighteenth and nineteenth centuries, however, the great powers had begun to develop extensive overseas empires. Societies in Southwest, South, and East Asia soon confronted a new international order that operated on principles established in the West. In the 1850s and 1860s, China faced a dual crisis. Foreign imperialism threatened the country's sovereignty, while the largest civil wars in human history engulfed over a dozen of its provinces.

This deteriorating security environment transformed patterns of taxation, resource distribution, and government spending, changes that constituted a key element of the military-fiscal state in modern China.

Prior to the mid-nineteenth century, Chinese statecraft sought to create a stable agrarian order throughout the empire. Authorities shifted resources from more prosperous regions to the empire's western peripheries, subsidizing the military establishment and government agencies in these areas through interprovincial aid.² During the first two centuries of Qing rule, public finance relied in large part on a system of direct agricultural taxation. As a result, government income grew slowly after the Kangxi emperor froze tax rates in the early 1700s as an expression of imperial benevolence.³ Yet the internal rebellions of the mid-1800s deprived the empire of its revenue base in the lower Yangtze region while generating the largest military expenditures in the dynasty's history.⁴

Officials responded with a series of fiscal innovations to resolve this domestic crisis, but the foreign threat ensured that these changes remained permanent after the 1860s. As the late imperial state prepared for a future conflict with the great powers, its extractive capacity grew by a significant margin. Aggregate revenues tripled in inflation-adjusted terms from 42 million silver taels in 1842 to more than 120 million in 1911.⁵ Much of this growth occurred in two sudden spurts, the first caused by the internal convulsions of the 1850s and the second by a reform program known as the New Policies (新政 *Xinzheng*, 1901–1910). In addition, per capita taxation increased in this period, and by the early twentieth century, the government appropriated at least 5–10 percent of total economic output.⁶ At the same time, officials imposed new forms of indirect commercial duties such as international customs tariffs (海关 *haiguan*) and transit fees (厘金 *lijin*). This expanded the government's source of revenue beyond an inelastic agrarian base and its monopolies on commodities such as salt. Yet authorities did not channel these new resources to the empire's north and west as in previous periods. Instead, they invested this money in the military defense of coastal areas and, after 1895, used it to make foreign indemnity payments as well.⁷ In sum, the security crises of the late nineteenth century encouraged the development of a new conception of statecraft in China, and this framework focused on amassing the sinews of power to protect the empire's sovereignty.⁸

China laid the financial foundation for state power in the late nineteenth century, but this process reached a conclusion only with the country's emergence as a leading international actor after 1949. Without question, the influence of the imperial court declined after the mid-1800s, and the ruling house never regained its political dynamism of the eighteenth century. However, the creation of a new system of public revenue during the Taiping Rebellion (1850–1864) and the Second Opium War (1858–1860) appears to contradict the narrative of dynastic decline.⁹ In fact, provincial officials of Han origin developed these additional sources of public revenue and often sponsored reformist policies that strengthened the empire as whole. Readers should recall the paradox described in the introduction to this book; in late imperial China, successful state-making took place within a context of partial political decentralization. Important institutional changes occurred even during the last decade of Qing rule (1901–1911), and subsequent regimes inherited such innovations as centralized cabinet ministries.¹⁰ Few failed states have tripled their real income in six decades and then used these funds to develop military infrastructure in regions of strategic importance.

Although China never became a facsimile of Hanoverian Britain or Bourbon France, the nature of the international order compelled it to replicate certain features of the European state. A limited number of strategies ensured survival in a hostile geopolitical environment, and governments either imitated their competitors or arrived at similar solutions through trial and error. Military-fiscal states represented variations on a common global theme rather than a universal Western model that erased cultural, political, and geographic differences. Institutional arrangements and constitutional forms varied even within a European context, and expanding the scope of inquiry to East Asia reveals a further degree of diversity within this shared framework.

PATTERNS OF TAXATION AND PUBLIC FINANCE IN THE QING EMPIRE BEFORE 1850

Prior to 1850, agriculture dominated the Chinese economy, but commerce, industry, and services had achieved an unusual degree of vitality and sophistication. Practitioners of traditional statecraft encouraged the reproduction

of a stable agrarian order throughout the empire but acknowledged the importance of the secondary and tertiary sectors.¹¹ Over time, parts of the Qing empire experienced a pattern of rapid growth, and these core areas tended to accumulate material resources, sustain dense populations, and produce a disproportionate number of degree holders.

Officials came to recognize these disparities in wealth, and during the reign of the Yongzheng emperor (1723–1735) they designated each of China's provinces as a self-sufficient, revenue-deficit, or revenue-surplus region.¹² In addition to transferring a fixed percentage of tax proceeds to Beijing (京饷 *jingxiang*), the imperial court redistributed resources from more prosperous areas to impoverished districts in the north and west. This interprovincial assistance (协饷 *xiexiang*) flowed to places like Xinjiang, Gansu, Yunnan, and Guizhou because they lacked the tax base to cover their military expenditures.¹³ Before 1850, geographic proximity determined the source of funds for a recipient province. For example, Shaanxi and Gansu received the bulk of their assistance from neighboring Henan and Shanxi provinces, while more distant Shandong and Zhili (now Hebei) served as secondary donors.¹⁴ Interprovincial assistance constituted less a form of development aid than a tax transfer to consolidate military and administrative power in the empire's peripheral regions. Under certain circumstances, however, these funds had an indirect impact on local economic development. For example, soldiers stationed in Xinjiang created large state farms (屯田 *tuntian*) to cultivate cereal crops, and military units often helped to build and repair hydraulic infrastructure such as canals and irrigation works. More importantly, interprovincial assistance revealed the government's strategic priorities because it diverted resources to areas where it either perceived a military threat or sought to expand and consolidate its influence.

Prior to the Taiping rebellion, the fertile agricultural lands of the middle and lower Yangzi valley served as the empire's fiscal base, and the Jiangnan region near the mouth of the river faced particularly high rates of taxation. A prefectural gazetteer noted in 1884 that the state's "regional tax [base lay] in the southeast. [Its] prosperity was the greatest of all under heaven, and [its] tax burden was also the heaviest of all under heaven. Compared with all other provinces, [tax rates there] were as much as ten or twenty times higher."¹⁵ In addition to the land-poll tax (地丁税 *didingshui*),

Jiangsu's annual contribution of tribute grain (漕粮 *caoliang*) exceeded 1.2 million piculs in the early nineteenth century.¹⁶ Neighboring Zhejiang provided 630,000 piculs each year, a levy drawn disproportionately from its northeastern counties. Together, these provinces accounted for 75 percent of all tribute grain payments, and two prefectures alone provided 20 percent of the imperial total of 4 million piculs.¹⁷ Until the 1820s, the Grain Transport Administration used the Grand Canal to transport these taxes-in-kind to the capital and then delivered them to the metropolitan military garrison and the imperial court. In short, the system of water transport in southeastern China not only encouraged commerce but served as an important component of the state's fiscal infrastructure.

Direct agrarian taxes supplied more than three-fourths of government income until the mid-nineteenth century, but the state supplemented these revenues with a salt monopoly (盐税 *yanshui*), brokerage taxes (牙税 *yashui*), internal or "native" customs (常关税 *changguanshui*), and "contributions" (捐 *juan*) from the sale of offices.¹⁸ The Board of Revenues obtained part of China's agricultural surpluses through tax quotas, assigning provincial and county governments a certain figure based on their productivity. During the early 1700s, the Kangxi emperor placed a cap on the base rate of the land-poll tax, but over time officials imposed various extralegal surcharges to meet the needs of local finance. The *Qing caizheng kaolie*, or *A Brief Outline of Qing Financial Administration*, records modest growth in receipts during the high Qing period, indicating that in nominal terms aggregate revenues rose from 32.46 million silver taels in 1722 to 43.59 million in 1792.¹⁹ Unlike the case with tribute grain, the state demanded payment of the land-poll tax in silver specie and attempted to manipulate the exchange rate with copper coins to increase its returns. Commercial taxation remained light by contemporary European standards, generating between 20 and 25 percent of official receipts prior to 1850. Like the rulers of Bengal, the Chinese government also maintained a lucrative monopoly on the sale of salt for much of the imperial period. By 1840 this source of revenue generated annual earnings of 5.75 million silver taels, or 13.7 percent of the court's total takings.²⁰ The same year, "native" customs provided 12.92 percent of imperial income, netting the central treasury more than 5.4 million taels in spite of modest tax rates and a limited number of barriers.²¹ Finally, the Board of Revenues sold status awards, promotions, and offices

to raise additional funds, earning several million taels a year from this source during the early 1800s.²²

For the first century and a half of the Qing period, this system of direct agrarian taxes met most needs of the ruling dynasty. Officials avoided deficit spending whenever possible, accumulated funds in peacetime, supplied interprovincial aid to western China, and in theory retained the agrarian tax rates established by the Kangxi emperor. During the early part of the reign of the Qianlong emperor (1735–1799), the imperial treasury continued to enjoy a surplus of 78 million silver taels, but over time the empire's fiscal position deteriorated.²³ Qianlong spent enormous sums on the conquest of Xinjiang in Central Asia, maintained a lavish court, and in his later years fell victim to the corruption of the imperial favorite Heshen. In addition, the suppression of the White Lotus Rebellion (1796–1804), a millenarian uprising in north-central China, cost 200 million taels and left the finances of the government in disarray.²⁴ Fiscal deficits, bureaucratic embezzlement, and tax resistance became increasingly common in the first half of the nineteenth century. To complicate the economic situation, China also suffered a period of deflation as silver flowed out of the country in the 1820s and 1830s. At the same time, the Board of Revenue expanded the sale of offices after 1800, and provincial authorities soon began to exploit this source of revenue as well.²⁵ These problems placed a severe strain on the existing framework of public finance and would have led to important structural changes over the medium to long term. Before this scenario unfolded, however, the Qing dynasty faced a crisis that altered patterns of taxation, resource allocation, and government spending in the course of a few short years.

INTERNAL REBELLION AND THE CRISIS IN PUBLIC FINANCE, 1850–1865

During the early 1850s, the largest civil wars in human history to that date threatened to sweep the Qing dynasty from power. In the span of four years, the rebel armies of the Taiping Heavenly Kingdom wrested portions of twelve provinces from the government's control. In addition, the mounted Nian (捻) bandits ravaged large parts of eastern China, and a series of Muslim uprisings disturbed the west. In regions like the lower

Yangzi valley, physical infrastructure suffered extensive damage, the population fell prey to rape, murder, and disease, and agricultural production ground to a halt. A prefectural gazetteer from Jiangnan observed:

[Official reports] say that the common people in these places [are suffering] cruelty and torture at the hands of the bandits [Taiping rebels]. For several hundred years, no department or county [in the Yangzi delta] has had any cultivable lands lying idle. [Now] famous towns have become scorched earth. Although poor hamlets and isolated villages again have human settlements, there are few [areas] where rice fields continually adjoin one another [without] a segment of bramble thickets [in between]. Among the inhabitants, there is suffering and poverty, and children are being abandoned.²⁶

The Taiping rebellion produced social chaos and drove hundreds of thousands or perhaps even millions of people in southeastern China from their homes. In consequence, the population of southern Jiangsu province may have declined by as much as 60 percent by the mid-1860s.²⁷ As indicated in Table 3.1, Suzhou, Changzhou, and Zhenjiang prefectures experienced higher losses because of their proximity to the frontlines. Eastern Jiangnan escaped a comparable level of devastation, but even in Qingpu county the male population fell from 332,000 in the 1820s to 208,000 in 1865.²⁸

This demographic catastrophe and the resulting decline in economic activity had a severe impact on revenue-surplus regions in southeastern China. As a result of these disasters, government income fell to 40 percent

TABLE 3.1. Population losses in Jiangnan region during the Taiping rebellion (figures in 000s)

Prefecture	1851 population	1865 population	Loss	Percent lost
Suzhou	6,543	2,290	4,253	65.0
Songjiang	2,915	2,630	285	9.8
Changzhou	4,409	1,196	3,213	72.9
Zhenjiang	2,484	522	1,962	79.0
Jiaxing	3,090	1,091	1,999	64.7
Taicang	1,971	1,447	524	26.6

Source: Ni, *Qingdai caoliang baiyun*, 180.

of pre-Taiping levels between 1850 and 1853.²⁹ In addition, rebel troops seized the important city of Yangzhou, located at the junction of the Grand Canal and the Yangzi River. This interrupted the flow of tribute rice to northern China and impeded the state's ability to redistribute resources throughout the empire. An official writing in 1863 stated:

Since Suzhou and Hangzhou were occupied, grain transport has completely stopped. Although Songjiang and Taicang have been retaken, surpluses have been consumed. The people are poor and public finances exhausted. Even if [the entire region] were recaptured, refugees would still have to be resettled and vitality nourished. The quantity of tribute grain cannot satisfy the amount [needed by the imperial court].³⁰

A local gazetteer recorded that two-thirds of Lou county's farmlands remained untilled, and a Chinese historian estimates that the empire's total cultivated acreage decreased from 7.915 million *qing* in 1812 to 7.563 million in the early 1850s.³¹ Even if crop yields in the southeast had not fallen, rebel armies had destroyed most of the region's household and tax registers.³² For more than a decade, rebel troops severed the court in Beijing from its agrarian tax base in Jiangnan, and the region's economy required many years to recover after the victory of loyalist forces.

Defeating the Taiping required a massive mobilization of resources, and the Board of Revenues soon exhausted the funds in its treasury. The *Qing caizheng kaolie* asserted:

In the early Tongzhi reign (1861–1875), military affairs were pressing and military expenditures extremely heavy. . . . Gradually they came to resemble those of an entire dynasty. . . . [Officials] asked to spend a total of more than 30 million taels on the Hunan Army and on military expenditures to suppress the Nian rebels. This was the amount spent on Zeng [Guofan]'s troops. In total more than 17 million taels were spent on [the recovery of] eastern Jiangsu province and the Huai Army's western campaign. This was the amount spent on Li [Hongzhang]'s troops. In total, [officials] requested more than 48 million taels for the western campaigns of Zuo [Zongtang]'s troops. . . .

Tallying the amount for every province, [the total] must certainly come to more than several hundred million taels.³³

By 1853 Qing armies in Jiangsu province had grown to several hundred thousand troops and required 500,000 taels per month for provisions, equipment, and salaries. In addition, the neighboring province of Zhejiang supplied 300,000 taels to support militias in Anhui and Henan provinces.³⁴ During the late 1850s, it cost 5.7 taels to sustain a single member of the Hunan Army (湘军 *Xiangjun*) in the field for thirty days. Per capita expenditures for soldiers in provincial militias and the Green Standard Army (绿营兵 *Lüyingbing*), a Han Chinese force established in the seventeenth century, amounted to 6 and 7 taels per month, respectively.³⁵ Victory over the Taiping required at least 170 million silver taels, but by June 1853 the Board of Revenues had no more than 227,000 taels on hand.³⁶

The system of direct agrarian taxes had limited flexibility, and authorities relied instead on two methods to raise funds for the war effort. First, provincial governments expanded the sale of public offices in the 1850s, accelerating a process that had begun after the White Lotus Rebellion half a century earlier. After 1867 the court even permitted war-ravaged areas to establish “contributions bureaus” in other provinces as well as within their own administrative jurisdictions.³⁷ For example, officials from Guizhou began to offer degrees, titles, and promotions in its donor provinces of Sichuan, Hunan, Hubei, and Guangdong, an arrangement that revived the practice of redistributing resources from wealthy to poor regions.³⁸ Yet flooding the market with these symbols of social status caused prices to fall at a rapid rate, and it soon became apparent that dynastic survival depended on finding additional sources of income. Selling offices could not cover deficits that amounted to several hundred million silver taels.

As a result, authorities at the local and provincial levels began to impose new duties on the movement and sale of commodities in China. In the summer of 1853, Lei Yixian, a censor with the Board of Punishments (刑部 *Xing Bu*), established physical barriers near Yangzhou and began to collect duties on the transport of rice.³⁹ By September of that year, tax receipts exceeded 20,000 strings of copper cash. In 1854 the Board of Revenues endorsed his proposal to increase the number of tax stations and assess transit fees on a wide variety of commercial goods. This duty soon

spread throughout Jiangsu province, and in August 1855 Zeng Guofan, the commander of the provincial Hunan Army, imposed *lijin* in nearby Jiangxi province as well. By the end of the year, revenues from commercial taxes paid for local military forces in much of southern and central China. “Afterward every province followed suit,” creating transit fee bureaus in 1856–1860 “to support military operations.”⁴⁰ Fragmentary data prevents an estimate of returns in the 1850s, but by the mid-1860s transit fees, international customs, the salt monopoly, and miscellaneous taxes may have accounted for 60 percent to 70 percent of total military spending.⁴¹

New administrative structures emerged during the 1850s and 1860s to collect these commercial taxes, suggesting an institutional creativity at odds with the narrative of dynastic decline. Susan Mann acknowledges the inefficiency of the typical *lijin* bureau but characterizes it as a “transitional bureaucracy” that helped to underwrite growing state power.⁴² Provincial governments retained most transit fees within their borders but spent these revenues in ways that served the broader interests of the empire. In contrast, the Imperial Maritime Customs Service (IMCS) embodied the Weberian ideals of rational administration and functional specificity. The Small Sword Society occupied the Chinese parts of Shanghai in the mid-1850s, and foreigners then supervised the collection of tariffs on imported goods.⁴³ From these beginnings, the IMCS evolved into an organ of the Qing state under the Zongli Yamen. In sum, when faced with the prospect of dynastic collapse, Qing officials turned to an underutilized commercial base for new tax revenues. At first, these funds supported Chinese armies fighting the Taiping, Nian, and Muslim rebels, but they later financed state-building efforts directed at the foreign threat.

FROM AGRICULTURE TO COMMERCE: GROWTH OF THE STATE’S EXTRACTIVE CAPACITY

Before turning to changes in taxation, resource distribution, and spending after 1850, it is necessary to describe the sources used for the following three sections. Readers should not assume that the Chinese bureaucracy produced hard economic data but, instead, recognize that quantitative evidence from the late nineteenth and early twentieth century varies in quality. The IMCS implemented modern accounting methods and a rig-

orous code of professional conduct, ensuring a high degree of accuracy in its statistical records. I frequently cite the work of the Chinese scholar Tang Xianglong, who collected revenue figures for all of China's customs houses between 1861 and 1910. He not only lists aggregate receipts for every treaty port but details the way that the government spent these resources. During this period, officials earmarked tariff returns for imperial (国用 *guoyong*), provincial (省用 *shengyong*), or IMCS (关用 *guanyong*) use, further dividing these categories into a number of different items. Imperial expenditures included border defense, naval construction, military provisions, arsenals, military equipment, coastal defense, interprovincial aid, indemnities and loans, embassies and consular offices, the commissioners for northern and southern ports, and the imperial household. Customs officers also remitted funds to Beijing for the discretionary use of the Board of Revenues, which played a diminished role in public finance after 1850. Only a minority of customs houses disbursed money to their host provinces, but these expenses fell under the two general headings of military and civil administration. Tang's research not only furnishes precise statistical information but helps historians to understand the imperial bureaucracy's fiscal categories in the late 1800s.

Lijin officials kept much less systematic records and also tended to lack the professionalism, personal probity, and sense of mission of most customs inspectors. Scholars possess only fragmentary data from 1853 to 1865, and in later decades several peripheral provinces failed to submit financial statements on a regular basis. In certain instances, local transit fee bureaus may also have underreported total receipts by as much as 25 percent because of corruption among officials, clerks, and runners. Yet most provinces sent their accounts to the Board of Revenues every six to twelve months, and these documents present a reasonably accurate portrait of the ways that authorities spent *reported* income. The historian Luo Yudong used these sources to compile a statistical series of *lijin* revenues and disbursements for fifteen provinces during the period from 1869 to 1908. Transit fee bureaus categorized expenditures in much the same way as the IMCS, listing items such as coastal defense, naval construction, interprovincial aid, the imperial household, railroads, indemnities and loans, imperial administration, provincial military forces, provincial administration, and remittances to the Board of Revenues. In sum, *lijin* income likely

exceeded Luo's figures by perhaps one-fourth, but his work provides reliable evidence on provincial spending patterns in the late 1800s.

In 1914 the scholar-official Wu Tingxié published the *Qing caizheng kaolüe*, the first systematic study of public finance in China from 1644 to 1911. As a contributor to the *Qingshi gao* (清史稿 *Draft History of the Qing Dynasty*), he received privileged access to the holdings of the imperial archives. Wu organized his text by reign but also added appendices detailing tribute grain payments and national budgets from the first decade of the twentieth century. His figures from the reign periods of the Guangxu and Xuantong emperors (1875–1911) withstand close scrutiny, while at a minimum his quantitative data on earlier eras demand careful consideration. His writings incorporated detailed research from the most important Qing repository and should serve as a point of departure for any student of late imperial finance.

Historian Wang Yeh-chien has assembled a statistical series of rice prices in the lower Yangzi delta from 1638 to 1935, and these figures serve as the basis for the inflation index in this chapter.⁴⁴ His data for the period from 1740 to 1910 comes from Suzhou prefecture in southeastern China, which served as the country's most important grain market. As a result, the cost of rice in this region reflected "national" patterns of supply and demand rather than local economic conditions. Officials in Suzhou submitted monthly price reports to Beijing, and Wang collected 1,632 of these documents to trace the secular trends in grain prices over the course of 170 years. He then compared his findings with three shorter statistical series and found a high degree of correlation with his data. While imperfect, the figures in Wang's article provide scholars with an important tool for calculating the level of inflation in late imperial China.

After restoring civil order in much of the empire in the 1860s, authorities began to call for the elimination of indirect commercial taxes like *lijin*. Yet such an outcome became increasingly unlikely because of the growing foreign threat. As mentioned earlier, revenues increased at a slow pace in the high Qing period because of moderate inflation, a balanced budget, and the effective redistribution of resources through interprovincial aid.⁴⁵ Historical sources indicate that government income totaled 41.3 million taels in 1813 and 37.14 million in 1842, but in nominal terms that figure had risen eightfold to 296.96 million by 1911.⁴⁶ Using secular trends in rice prices to

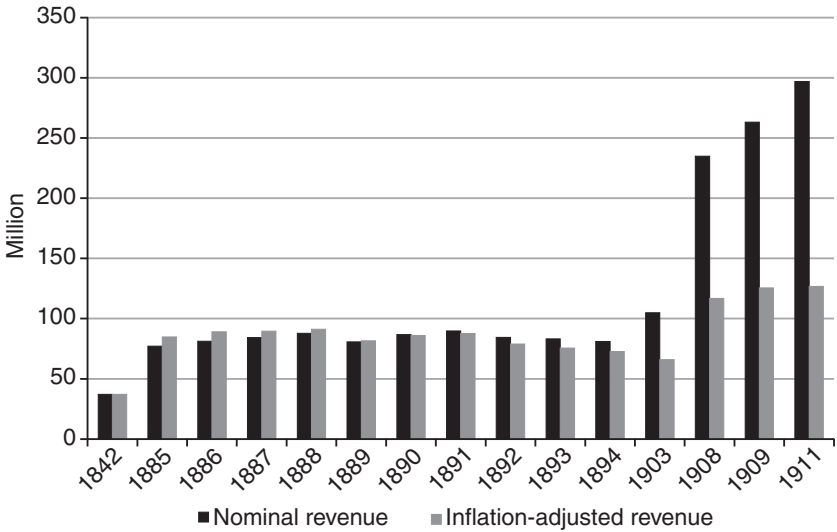


FIGURE 3.1. Government income in taels, 1842–1911. (Sources: Hamashita, *Keizaishi kenkyū*, 46, 66, 79; Shen, *Wanqing caizheng zhibu*, 31; Wang, “Secular Trends,” 40–47; Wu, *Qing caizheng kaolue*, 13, 15, 27–29; Zhao, *Qingshi gao*, 457–462.)

adjust for inflation, the data shows that real tax revenues tripled in this period to reach 126.69 million taels by 1911. Figure 3.1 reveals that tax receipts nearly doubled between 1842 and 1850–1861, when civil war and foreign aggression posed an immediate threat to the survival of the dynasty. Revenues remained stable at this higher level prior to 1895, but returns spiked again during the last fifteen years of the imperial era. During this period, China found itself at war with the imperial powers and also implemented a series of New Policies after 1901. These reforms attempted to enhance state power through the creation of modern schools, police forces, chambers of commerce, a centralized New Army, and cabinet ministries based on the European model.⁴⁷ If calculations include this second surge in tax revenues, real government income grew by 300 percent from 1850 to 1911.⁴⁸

At the same time, per capita taxation in China rose during the last six decades of Qing rule, and by 1911 the state appropriated between 5 percent and 10 percent of total economic production.⁴⁹ It is important to caution the reader that the following numbers represent a rough approximation rather than statistical proof. Using 1840 as a base year, Figure 3.2 suggests

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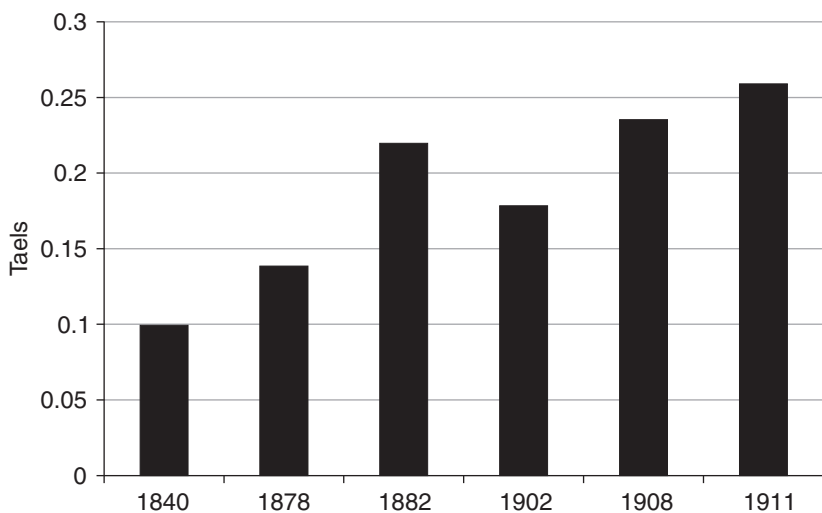


FIGURE 3.2. Rise in per capita taxation, 1840–1911. (Sources: population data, Lee and Wang, *One Quarter of Humanity*, 28; revenue data, see sources for Figure 3.1.)

that taxation per person more than doubled from 0.099 silver taels to 0.259 in 1911. This calculation assumes that during this period China's population increased from 420.25 million to 498.62 million and real government revenues from 42 million taels to 129.16. Yet population estimates for both dates vary to a significant extent, and demographers have suggested a range of 412 to 430 million for 1840 and 408 to 500 million for 1911.⁵⁰ If China's population grew by 88 million in this period and the figure of 129.16 million taels overestimates real government revenues by 15 percent, then per capita taxation still doubled from 0.102 to 0.219 silver taels.⁵¹ Conversely, if China's population decreased by 4 million people and the figure of 129.16 million taels underestimates real revenues by 15 percent, then taxation per person more than tripled from 0.0977 taels to 0.364 taels. The most probable numbers lie in the middle of this range, but each scenario suggests that ordinary people faced a higher tax burden by the early twentieth century. Given a smaller population in the mid-eighteenth century, it seems likely that per capita taxation declined to its lowest point in the reign period of the Daoguang emperor (1820–1850), rebounded after 1850, and then rose sharply in the early 1900s.

Although Wang's classic study claims that tax revenues amounted to only 2.4 percent of China's GDP in 1908, more recent work places the figure at

5–10 percent of total output.⁵² By comparison, federal taxes in the United States reached 5.2 percent of GDP only in the mid-1930s, when the New Deal altered the social compact and transformed state-market relations.⁵³ If China's economy grew at a slow or even a moderate pace, then the government appropriated an increasing share of the country's wealth in the late imperial period. During this era, the state's extractive capacity grew because officials established new fiscal bureaucracies to collect commercial taxes like customs duties and transit fees.

The security crises of the mid-nineteenth century transformed the structure of public finance in China, and these changes mirrored the experience of early modern Britain during the Stuart and Hanoverian eras. During the decades after 1850, indirect commercial duties replaced the system of direct agricultural taxes established in the early Qing period. Earlier patterns of resource extraction persisted until the Daoguang reign, and as late as 1849 tribute grain and the land-poll tax provided 77 percent of government income.⁵⁴ Yet returns from agrarian taxes declined by one-third during the midcentury rebellions, and the state later reduced tribute grain quotas by as much as 30 percent in the lower Yangzi area. Authorities believed that these tax cuts would promote economic recovery and also regain the allegiance of local elites in southeastern China.⁵⁵ At the same time, the state acquired a growing ability to intervene in local markets through fiscal bureaucracies like the *lijin* administration. In 1880 Wang Xianqian, a scholar at the Hanlin Academy in Beijing, discussed these changes in public finance, observing that "older revenues such as the land-poll tax, miscellaneous taxes, the salt monopoly, miscellaneous contributions, and the like used to total 40 million taels. Now only 27.8 million taels are received [from these sources]. New revenues such as maritime customs [provide] 12 million taels, salt *lijin* 3 million, and commodity *lijin* 15 million."⁵⁶ Tax relief after the midcentury rebellions stimulated agricultural production in Jiangnan, and crop yields attained pre-Taiping levels by the last quarter of the nineteenth century. By the early 1880s, nominal tax revenues from the primary sector of the economy surpassed returns from the Daoguang reign.⁵⁷ Yet the proportion of government income derived from agriculture decreased steadily in the late nineteenth century. By 1885 commerce accounted for 51 percent of total revenues and miscellaneous duties another 9 percent.⁵⁸

The structure of public revenue changed further during the last three decades of Qing rule. Nominal returns from land taxes grew from 30 million taels in the mid-1880s to more than 49 million by the end of the dynasty.⁵⁹ During this quarter-century, however, transit fees tripled to reach 43 million taels, and by 1911 international customs had grown by 240 percent in nominal terms since 1890.⁶⁰ In the final year of the Qing dynasty, commercial taxes provided 69 percent of imperial income, the land-poll tax 16 percent, and miscellaneous duties another 15 percent. Although agricultural taxes grew in absolute terms in the early Republican period, their relative share of official income fell as low as 14.79 percent in 1913.⁶¹

The vitality of China's commercial economy enabled the government to expand its resource base after 1850, and maritime customs and transit fees generated the largest share of these additional revenues. By 1911 the system of unequal treaties guaranteed foreign firms such as Jardine Matheson, Butterfield and Swire, and British American Tobacco the right to trade in forty-seven Chinese ports. In addition, Western companies began to operate steamships on inland waters after 1898, a privilege that further expanded China's export and import businesses. Although international commerce represented a small fraction of the country's total economic activity, customs receipts grew in tandem with the overall volume of trade. Global economic conditions account for variations in tariff returns from year to year, but in a broader sense China's integration into the international system produced these new revenues. Paradoxically, strategic vulnerability led to the growth of foreign trade and the creation of the IMCS in the mid-1800s; but this institution then provided an enormous amount of funds for the country's defense spending. Figure 3.3 traces the rise in customs tariffs during the second half of the nineteenth century. In nominal terms, revenues increased from 4.9 million taels in 1861 to 20.5 million in 1887 and more than 35 million in 1911.⁶² Adjusting for inflation, maritime customs quadrupled between 1860 and 1890 and then stabilized at approximately 18 million taels per year after the First Sino-Japanese War.⁶³ By the end of the dynasty, customs receipts generated at least 12 percent of total income, and they continued to provide a large share of revenue for warlord governments and the Nationalist regime after 1927.⁶⁴ Despite the shift from agrarian to commercial forms of taxation after 1850,

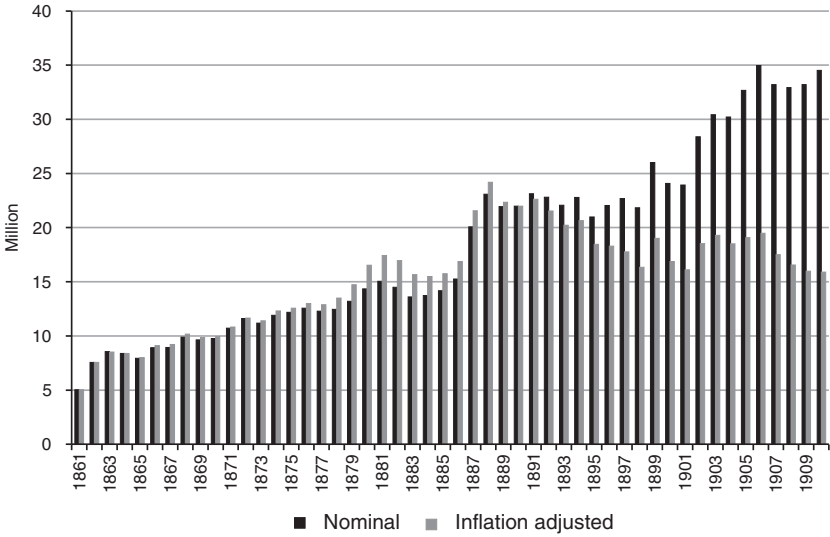


FIGURE 3.3. Growth in customs revenues, 1861–1910. (Sources: Tang, *Zhongguo jindai haiguan*, 269–273. See also Hamashita, *Keizaishi kenkyū*, 456.)

the prosperous southeast continued to serve as the state’s fiscal base. Treaty ports in the lower Yangzi region produced a disproportionate volume of tariff returns, and Shanghai alone accounted for one-third of annual proceeds between 1861 and 1910.⁶⁵ As early as the 1860s, the city began to eclipse older entrepôts like Guangzhou in southern China. By 1906 it produced 12.8 million taels in nominal revenues each year, accounting for perhaps 4–5 percent of total government income.⁶⁶ Customs barriers in nearby Suzhou, Zhenjiang, Nanjing, and Hangzhou added to these receipts, and the IMCS decided to establish its headquarters in Shanghai because of the city’s commercial importance.

Provincial officials in Jiangnan imposed the empire’s highest *lijin* duties because of the vigor, density, and sophistication of trading networks in the area. Throughout the late Qing and Republican periods, Jiangsu as a whole provided a larger quantity of transit fees than any other province.⁶⁷ The cumulative character of *lijin* taxes increased commodity prices in certain instances by as much as 15 percent to 20 percent, a premium that China’s lower classes could ill afford. Water barriers proliferated on the region’s numerous canals and rivers, and by the mid-1860s local merchants complained that they encountered a tax station on average every 13 miles.⁶⁸ At

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each *lijin* depot, officials inspected merchandise, recorded its value, and assessed a fee of 5 percent ad valorem. Neighboring Zhejiang province adopted a base rate of 10 percent, but differences in the method of collection reduced the costs to Chinese consumers there. Merchants paid a duty of 3 percent when they reached the first and third barriers, 1.5 percent at the second and fourth, and two surcharges of 0.5 percent.

Much as Shanghai generated the largest share of customs tariffs in China, the surrounding region of Jiangnan produced the empire's greatest volume of *lijin* duties. The four southeastern provinces of Jiangsu, Zhejiang, Fujian, and Guangdong together accounted for more than 50 percent of all transit fees, while the middle Yangzi region of Jiangxi, Hubei, and Hunan each yielded more than 1 million taels in annual revenues.⁶⁹ By the end of the 1800s, nominal returns in Jiangsu alone had grown to more than 3.5 million taels. In fact, in 1895 this single province may have furnished as much as 18 percent of the empire's total *lijin* income.⁷⁰

The trade in commodities such as rice, silk, cotton, lumber, tea, and opium sustained high returns in this area, which has served as the fiscal base of most regimes since the Southern Song dynasty (1127–1279). During the late nineteenth century, official regulations divided commercial goods in Jiangsu into twenty-five distinct categories. Provincial documents listed 1,241 individual items and included finished products like cloth fabrics and paper, semi-manufactured goods such as yarn, and raw materials like silk cocoons and copper ore.⁷¹ After the mid-1860s, officials also imposed special *lijin* duties on salt and imported opium, but these imposts never generated more than 10 percent of total transit fees.⁷²

Together with customs tariffs, *lijin* helped to expand the government's revenue base by a significant degree in the late imperial era. Officials did not keep accurate records during the midcentury rebellions, but by the late 1860s the income from transit fees averaged 15 million taels per year.⁷³ Table 3.2 suggests that nominal *lijin* receipts remained stable until 1895 and thereafter grew at a rapid pace, but local tax bureaus tended to underreport returns prior to the early 1900s. The *Qing caizheng kaolue* records:

Although [officials] viewed many standardized [account] books, they did not present genuine figures. From the 34th year [of the reign of

TABLE 3.2. Growth in nominal transit-fee returns during the late imperial era

Period/year	Average <i>lijin</i> income per year
1861–1875	15+ million taels
1875–1895	14 million taels
1908	20 million taels
1911	43 million taels

Sources: Luo, *Zhongguo lijin shi*, 1: 188; Zheng, *Zhongguo fuyi zhidu shi*, 647.

the Guangxu emperor, or 1909, officials] memorialized asking to reform public finance. [Authorities were to] make a clean breast of everything, and past conditions were not to be censured. Every province was to have annual, quarterly, and daily [financial] reports. As the total [amount of] stolen funds was surrendered, the [severity of the] abuse of speculation became apparent. Even trifling amounts were to be reported in official documents [in the future].⁷⁴

Nominal *lijin* income did, in fact, rise during the period of the New Policies even if the figures from earlier periods warrant a certain degree of skepticism. At that time, the imperial court demanded greater information about provincial finance, reducing the opportunities for graft by local officials, tax collectors, and petty functionaries. In addition, the spike in returns in the early 1900s reflected high rates of inflation, a problem triggered by practices such as seigniorage and the issuance of paper currency without specie backing.⁷⁵ Finally, the IMCS assumed responsibility for *lijin* collection in several provinces because a portion of these revenues served as collateral for foreign loans.

In short, transit fees probably grew at a steady pace in the three decades after the Taiping rebellion but increased at a faster rate after the First Sino-Japanese War of 1894–1895. Using 1861 as a base year, *lijin* rose 25 percent by the end of the dynasty to reach a real value of 19.79 million taels. In addition, it accounted for 14.5 percent of total revenue in the 1911 imperial budget, or 42 million taels in nominal terms.⁷⁶ Although forced to “compromise with local constituencies,” the transit fee administration provided provincial officials with a new source of funds to support reform initiatives in the late 1800s.⁷⁷

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During the period of the New Policies, authorities began to impose land tax surcharges of up to 20 percent, levied miscellaneous duties on shops, carts, brothels, boats, and stamps, and experimented with consumption taxes on tobacco, alcohol, and livestock.⁷⁸ Yet maritime customs and transit fees continued to provide a large share of government income in the early Republican era. Plans to eliminate *lijin* made little headway prior to 1929, when the Nationalist government abolished these duties to regain the country's tariff autonomy. At that time, officials studied public finance in Europe and the United States in greater detail, but new taxes on personal income, inheritances, and corporate profits yielded limited returns during the 1930s. Reform measures enjoyed a degree of success only after the Japanese invasion of 1937, which inspired support for Chiang Kaishek's government.⁷⁹

The three-stage progression from direct agrarian taxes to indirect commercial levies to modern taxes paralleled the experience of early modern Britain.⁸⁰ During the eighteenth century, customs tariffs and excise duties began to eclipse land and hearth taxes in overall importance. As the geopolitical rivalry with France intensified during the Napoleonic Wars (1803–1815), the government of William Pitt the Younger implemented the country's first income tax. Yet this measure encountered less public opposition than expected because of the rise of popular nationalism in wartime. The historical evidence suggests that this pattern repeated itself to a significant extent in China during the Second Sino-Japanese War of 1937–1945.

PATTERNS OF RESOURCE DISTRIBUTION: ABANDONING THE EMPIRE'S WESTERN PERIPHERIES

Recent studies argue that the central government regained much of its ability to redistribute resources across provincial boundaries after the Taiping rebellion.⁸¹ Regular remittances to Beijing resumed by the late 1860s, and the court developed a new fund called “central special expenditures” (中央专项经费 *zhongyang zhuanxiang jingfei*) to underwrite projects linked to state-making.⁸² At first, interprovincial assistance flowed into China's impoverished western provinces, where loyalist armies continued to battle Muslim insurgents in the early 1870s. In contrast to the eighteenth

century, the court relied on ad hoc arrangements to mobilize these resources, abandoning earlier donor-recipient relationships based on geographic proximity.⁸³ For example, Jiangsu province in southeastern China supported military campaigns against Muslim rebels in the northwest and the Miao minority in far south.

After the pacification of these regions in the 1870s, officials channeled fewer revenues to the empire's peripheries. During this period, traditional patterns of resource distribution gave way to a new set of political priorities, particularly the preservation of China's sovereignty. During the second half of the nineteenth century, policy makers embarked on a quest for wealth and power, hoping to ensure China's survival in a predatory international environment. As the focus of state-building efforts shifted to developed coastal areas in eastern China, interprovincial aid to western regions declined.⁸⁴ Kenneth Pomeranz argues that these new forms of government spending reflected a gradual shift in the conceptual basis of Chinese statecraft. Over time, officials developed a neo-mercantilist philosophy of governance and abandoned their earlier commitment to maintaining a stable agrarian order throughout the empire.⁸⁵

Without question, provincial authorities exercised greater control over financial resources within their jurisdictions after the midcentury rebellions. Yet maritime customs records suggest that officials reduced interprovincial aid because of changing strategic priorities rather than the central government's loss of power. The IMCS transferred tariff receipts directly to Beijing, enabling the court to shape the ways these funds were spent. Figure 3.4 reveals that interprovincial assistance declined as a percentage of maritime customs expenditures in the 1870s, when loyalist forces suppressed Muslim revolts in the western provinces of Gansu, Xinjiang, Qinghai, and Yunnan. During that decade, Beijing invested more than 20 percent of customs returns in military campaigns in these regions, but these payments had fallen to 11.65 percent of the total in 1886 and less than 5 percent by the end of the century. Although real maritime customs earnings quadrupled between 1861 and 1911, in inflation-adjusted terms interprovincial aid decreased from an annual average of more than 2.6 million taels in the 1870s to a low of 606,000 in 1902.⁸⁶

Records indicate that the wealthy regions of southeastern China replicated these broad patterns of resource allocation on a smaller scale.

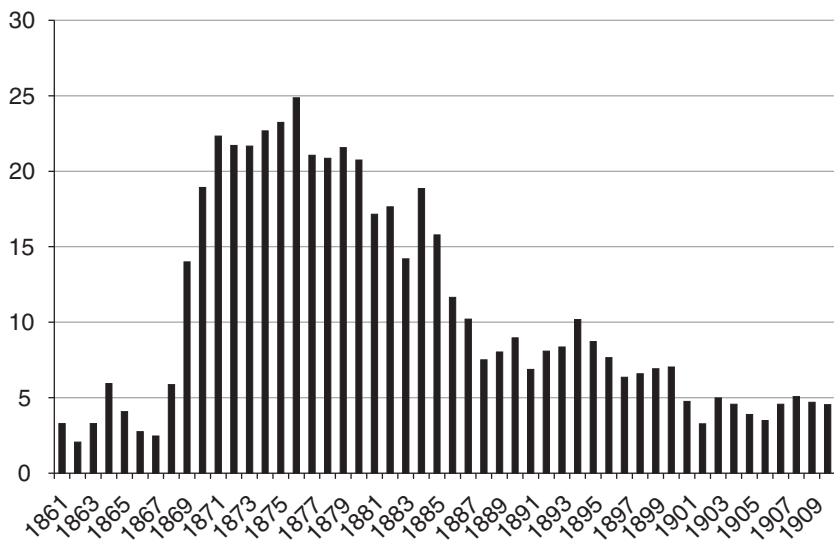


FIGURE 3.4. Percent of maritime customs revenues spent on interprovincial aid.
(Source: Tang, *Zhongguo jindai baiguan*, 63–66, 184–188.)

Interprovincial assistance claimed more than 35 percent of Shanghai customs returns from 1872 to 1877 and accounted for more than one-fourth of total spending as late as 1884. By the second half of the decade, however, this number had decreased to 12 percent and fell to 7 percent at the end of nineteenth century.⁸⁷ Using 1861 as a base year, the real value of Shanghai customs climbed from 2 million silver taels to 4.9 million in 1910; but aid to poorer provinces fell from a high of 1.36 million taels in 1877 to 394,000 in 1911.⁸⁸

Transit fees in the lower Yangzi region supported the western provinces of Yunnan, Guizhou, and Gansu, and after 1896 they also financed the defense of the dynasty's Manchurian homelands. This provincial tax served the interests of the empire as a whole, a conclusion that has escaped the notice of most commentators. Yet after the reconquest of western China, the portion of Jiangsu *lijin* devoted to interprovincial aid declined from 28.58 percent in 1879 to less than 10 percent in 1896.⁸⁹ The Shimonoseki and Boxer indemnities placed important constraints on public finance at the turn of the century, and interprovincial aid from the lower Yangzi region never exceeded 4 percent of total spending after 1900.⁹⁰

Officials throughout the empire began to reduce the proportion of transit fees used for interprovincial aid in the late 1870s. The scholar Luo

Yudong estimates that, in nominal terms, China's poorer regions absorbed more than 1.5 million silver taels in subsidies in 1874, but this figure decreased to 1.2 million silver taels in 1883 and 386,000 in 1891.⁹¹ Real spending declined at an even faster pace during these fifteen years because of the effects of inflation. It seems likely that aggregate interprovincial aid dwindled even further after the First Sino-Japanese War and the Boxer Uprising in 1900.⁹²

During the eighteenth century, authorities directed a significant volume of resources to China's far west, supporting the military establishment in these impoverished regions through interprovincial assistance.⁹³ Yet Kenneth Pomeranz argues that, after 1850, the central government decreased aid to these revenue-deficit areas for strategic reasons.⁹⁴ During the late imperial era, the state lost much of its ability to shape the environment in the periphery while tightening its hold on littoral districts and Zhili province, home to the capital city of Beijing. In sum, quantitative evidence indicates that the court valued the western third of the empire enough to finance its reconquest in the 1870s. Afterward, however, officials directed a much smaller percentage of revenues from the new commercial taxes to these regions.

DEFENDING IMPERIAL SOVEREIGNTY: THE PURSUIT OF WEALTH AND POWER IN EASTERN CHINA

During the late nineteenth and early twentieth centuries, defense spending in areas like the lower Yangzi delta rose because of the danger of European imperialism. Authorities invested in military industries, equipment, personnel, and logistical capabilities to strengthen the country's coastal regions against potential foreign aggression. Southeastern China emerged as an important locus of state-building efforts in the 1860s because of its developmental potential and the severity of the European threat to the region. The government had recovered its fiscal base from the Taiping rebels at great cost, but the Western presence in Shanghai then posed a new risk to its control of Jiangnan. At the same time, the Yangzi River provided an easy invasion route to inland provinces such as Hubei, which served as the country's breadbasket in the 1800s. The Qing government recognized Jiangnan's strategic significance, and as a result it used customs and *lijin* revenues to enhance its military and political control over the

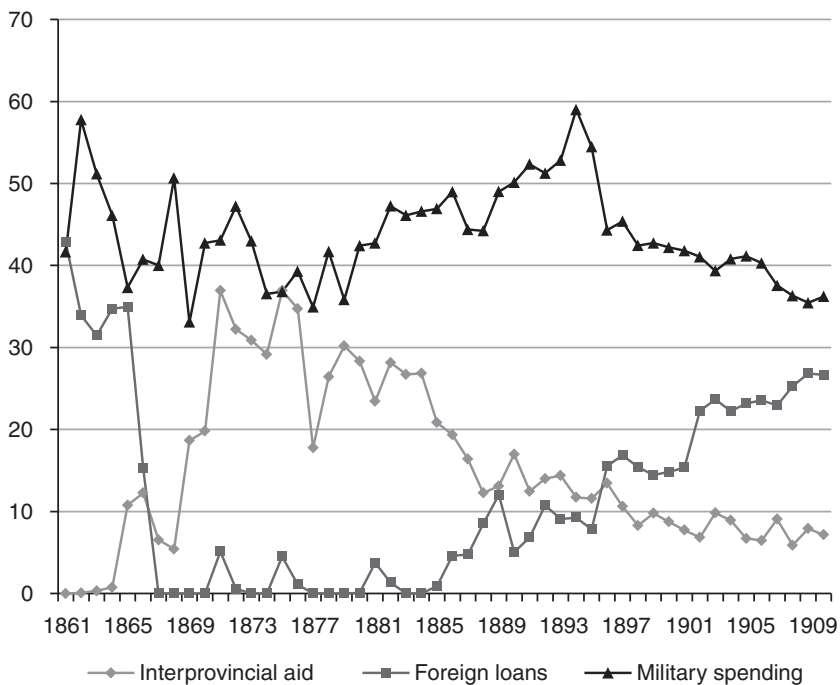


FIGURE 3.5. Percent of Shanghai customs spending by category. (Source: Tang, *Zhongguo jindai baiguan*, 274–292.)

region. In addition, officials reduced tribute grain quotas in the 1860s to stimulate agricultural recovery in the area and regain the loyalty of the local population.⁹⁵ In sum, the ruling dynasty earmarked its new resources for defense programs against external enemies after defeating domestic insurgents in the 1860s. During the early 1900s, these revenues also served as collateral against foreign loans and funded the administrative expansion of the New Policies.

Although military costs absorbed the largest share of customs returns throughout China, records from Shanghai illustrate the changing patterns of government spending with particular clarity.⁹⁶ Figure 3.5 indicates that between 1861 and 1901 imperial defense accounted for 40–60 percent of total expenditures, but outlays began to decline in the early years of the twentieth century.

After the First Sino-Japanese War, foreign debts reduced the funds available for the military, and by 1910 the repayment of loans and indemnities

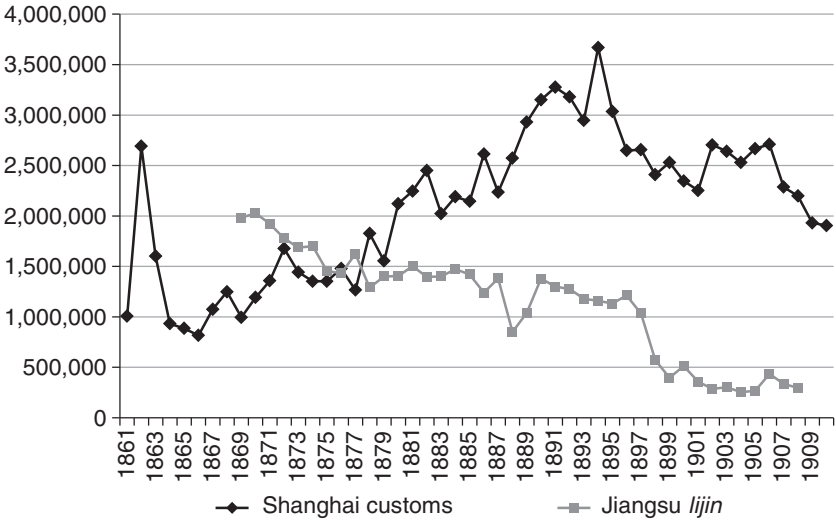


FIGURE 3.6. Real military spending, Shanghai customs, and Jiangsu *lijin*. (Sources: Luo, *Zhongguo lijin shi*, 1: 215; Tang, *Zhongguo jindai haiguan*, 274–292.)

consumed more than 25 percent of Shanghai customs revenues. The *Qing caizheng kaolüe* noted that the peace settlement of 1895 “stipulated that funds would be borrowed from Russia, France, Britain, and Germany to pay for Japan’s military expenditures. Twelve million taels in customs revenues were apportioned to [China’s] provinces to facilitate the repayment of principal and interest.”⁹⁷ Figure 3.6 shows that real defense spending from Shanghai customs grew from 1 million silver taels in the late 1860s to 3.6 million silver taels in 1894; but it then decreased to an annual average of 2.5 million after 1895.⁹⁸ Most of these appropriations financed army units, naval forces, and military infrastructure in China’s coastal regions, but a small percentage began to support border defense in Manchuria in the 1890s.

Historians cannot analyze *lijin* spending throughout the entire Qing empire because financial records for the late 1800s are incomplete. Yet fragmentary data from eleven provinces indicates that military expenditures accounted for 50–75 percent of total outlays between 1874 and 1905.⁹⁹ In addition, statistics from the transit fee administration in Jiangsu province provide impressionistic evidence of broader trends in China. As authorities suppressed rebel armies in southeastern China during the mid-1860s,

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annual military expenses reached 2 million silver taels in real terms.¹⁰⁰ Defense spending then stabilized from 1875 to 1895, averaging 1.2 to 1.4 million taels per year and accounting for more than 50 percent of the province's total expenditures.¹⁰¹ This figure declined to less than 40 percent after the First Sino-Japanese War, and inflation-adjusted disbursements amounted to less than 300,000 taels by 1908.¹⁰²

Although the Qing government restored order in the late 1860s, European imperialism prevented military costs from returning to the levels of the Daoguang reign. Customs and *lijin* figures point to a continued growth in defense spending in real terms until 1895, but the Shimonoseki and Boxer indemnities reduced the state's discretionary income after that time. Without question, these foreign debts claimed a significant percentage of total revenues during the last fifteen years of Qing rule. Did they bankrupt the government, handicap state-building efforts, or result in the imposition of unpopular taxes? After 1895 China serviced its debts without danger of default, and in the early 1900s the imperial court implemented a series of ambitious reforms known as the New Policies. In fact, officials created the most powerful army in modern Chinese history to that time *after* the imposition of heavy foreign indemnities.¹⁰³ They would have welcomed additional resources but still found the money to found modern schools, rewrite the legal code, reorganize the central government, and establish chambers of commerce and provincial assemblies. New consumption taxes triggered protests in certain rural communities during the first decade of the twentieth century, but authorities suppressed these uncoordinated uprisings with brutal efficiency.¹⁰⁴ In sum, foreign debts may have interfered with state-making to a certain extent, but bureaucrats found ways to fund important projects, especially in the realm of defense.

Officials directed a disproportionate share of income from the new commercial taxes to southeastern China, using these funds to underwrite militia forces, coastal defenses, and naval construction in the decades after 1870. Transit fees and customs returns supported elements of Li Hongzhang's Huai Army (淮军 *Huaijun*) stationed in Jiangsu province as well as civil defense troops, remnants of the Manchu-Mongol-Han Eight Banner (八旗 *Baqi*) and Green Standard armies, and the New Army (新军 *Xinjun*) of the early 1900s.¹⁰⁵ In nominal terms, military pay, provisions, and equipment absorbed 1.5 million taels in *lijin* income a year during the

early 1870s, but this figure fell to 800,000 taels by the late 1880s and 500,000 in the early twentieth century.¹⁰⁶ Using 1861 as a base year, real expenditures amounted to 1.55 million taels while the Qing continued to combat insurgents in western China. However, this figure decreased to 900,000 taels in the 1880s and declined further to 325,000 after 1900. In short, provincial spending on the militia stabilized after the midcentury rebellions but dwindled after 1895 because of rapid inflation and foreign indemnities.

Shanghai customs also financed military units in the lower Yangzi delta, but these expenditures never represented more than 50 percent of the total after the early 1870s.¹⁰⁷ The nominal value of these appropriations decreased from a peak of 2.6 million silver taels in 1862 to an average of 300,000 taels in the decade after 1872. Although they then climbed to 926,000 taels in 1908, inflation offset most of this growth in the early twentieth century.¹⁰⁸ These figures suggest that spending on militia forces in southeastern China reached an apogee during the military campaigns of the 1860s, remained high for the next three decades, and diminished after 1895. They also indicate that Jiangsu province bore the primary fiscal responsibility for maintaining military units within its borders, using transit fees to cover the costs of billeting, arming, and paying its troops. Although defense spending also absorbed the largest share of customs returns, the court used these funds to construct arsenals, shipyards, and coastal defenses.

After the state reasserted control over western China in the 1870s, policy makers allocated more resources for the defense of littoral regions in eastern China. Protecting wealthy coastal areas became increasingly important as traditional threats receded and European warships began to menace China's coastal territories. The Opium Wars revealed the vulnerability of the lower Yangzi valley and the Tianjin-Beijing corridor, and the unequal treaties then permitted a substantial Western presence to develop in both regions. As a result, defense planning in Jiangnan reached a new level of sophistication, the government accelerated purchases of cannon and heavy armaments, and engineers created additional artillery emplacements along the coast.

Tariff returns and transit fees supported the creation of this military infrastructure in eastern China after the mid-1870s. Yet defense spending

from both sources of revenue fell in real terms during the last fifteen years of Qing rule because of inflation and foreign indemnities. In real terms, customs spending on coastal defense and naval construction rose from 647,000 silver taels in 1875 to 3.23 million in 1891. However, annual funding averaged only 1.25 million taels during the decade and a half after 1895.¹⁰⁹ Fragmentary evidence from eleven provinces suggests that coastal defense accounted for 6–9 percent of total *lijin* spending in the decade after 1875 and 10–15 percent during the first half of the 1890s.¹¹⁰ This number fell to less than 5 percent in the early 1900s because the Shimonoseki and Boxer peace settlements placed new fiscal constraints on the Qing state.

The use of *lijin* income for coastal defense illustrates an important point: officials often invested provincial revenues in projects that enhanced the security of the empire as a whole.¹¹¹ Why didn't they pocket these tax proceeds or use them for more parochial ends? The political interests of the center and the provinces overlapped to a significant extent, including the defense of China's sovereignty from foreign aggression. For example, the Huai Army bolstered Li Hongzhang's personal position and provided the court with an important source of military power. In addition, recent research indicates that in the late 1800s the throne acted as an arbiter in regional disputes over resources, a role that enabled it to limit the fiscal independence of the provinces.¹¹² Despite the new influence of Han officials, the different parts of the empire remained "interdependent, linked by a variety of obligations of mutual support."¹¹³ The ruling house policed this system of responsibilities with considerable success, in part because it controlled official appointments and promotions. The Qing dynasty also retained its legitimacy in the eyes of the imperial bureaucracy and the gentry elite, two crucial foundations of its authority. Although the Board of Revenues declined in importance during the 1850s, the throne continued to shape the allocation of revenues under provincial and local control.

In the decades after the Taiping rebellion, authorities in eastern China strengthened defensive fortifications on land and expanded the state's ability to project power in China's coastal waters. Customs receipts underwrote an ambitious program of naval expansion in the mid-1870s, when Japan threatened to invade the island of Taiwan. At that time, officials ordered the construction of warships in imperial shipyards and purchased ironclads from firms in Britain and Germany. During the 1870s, the court

organized these vessels into Northern (北洋 *Beiyang*) and Southern (南洋 *Nanyang*) Fleets and created auxiliary units in Fujian and Guangdong provinces. In real terms, customs spending on ship-building rose from 400,000 silver taels per year in 1867 to 1.34 million in 1875, remaining at this level until the last five years of the Qing dynasty.¹¹⁴

Tariff returns paid for modern warships, while transit fees subsidized traditional naval units on China's inland waters. Data indicates that naval expenses consumed 6–7 percent of *lijin* income between 1875 and 1895, but appropriations decreased to less than 3 percent during the early twentieth century.¹¹⁵ In southeastern China, these warships not only patrolled the Yangzi and Huai river estuaries but the waters of Taihu, an enormous freshwater lake 50 miles west of Shanghai. Real annual expenditures on these ships reached 400,000–500,000 silver taels during the early 1870s but declined to 300,000 after the dynasty consolidated its hold on the region.¹¹⁶ In sum, the dominant patterns of resource allocation changed during the second half of the nineteenth century, focusing above all on the creation of military infrastructure in China's littoral regions.

The New Policies of the early 1900s modified these spending priorities to a certain extent, but imperial defense continued to consume the largest volume of total revenues. Although budgetary figures remain incomplete, the *Qing caizheng kaolüe* provides impressionistic evidence of the amount of spending on public services, such as education.¹¹⁷ According to this document, spending on modern schools exceeded 13 million silver taels in the first year of the reign of the Xuantong emperor (1909), while the military absorbed 72.7 million taels and administration (行政 *xingzheng*), civil administration (民政 *minzheng*), and public finance (财政 *caizheng*) together claimed 61.97 million taels. Administrative expenditures covered the costs of the statutory bureaucracy at the provincial and local levels, including official salaries, living allowances, office space, and support staff. In contrast, civil administration referred to social services such as policing, public health, and sanitation but excluded education. The budget for China's fiscal bureaucracies fell under the heading of public finance, and authorities allocated smaller sums for foreign affairs, communication, public works, justice, industry, and court ceremonies and rites. These statistics point to three important changes in government finance during the last decade of Qing rule: the use of more rigorous accounting methods, the creation of

new categories of expenditure linked to public services, and a growth in the overall size and cost of the bureaucracy. Policy makers continued to expand the scope of reform efforts in the early 1900s, seeking additional ways to achieve wealth and power in China.

MONEY AND THE MILITARY-FISCAL STATE IN CHINA

The transformation of public finance in the late 1800s helped lay the foundation of the military-fiscal state in modern China. Prior to 1850, Chinese statecraft sought to establish a stable agrarian order through low rates of taxation, investment in hydraulic infrastructure, and the redistribution of resources across provincial boundaries. During the mid-1800s, a series of internal rebellions erupted in central and southern China, and the ruling dynasty faced unprecedented military expenditures. Loyalist armies restored civil order in the late 1860s, but the threat of foreign imperialism prevented officials from reducing defense spending in later years. Instead preserving the country's sovereignty became the central aim of Chinese statecraft in the modern period.

These novel patterns of taxation, resource distribution, and government spending in China became permanent over the course of the late 1800s. Aggregate government income tripled in inflation-adjusted terms between 1850 and 1911, rising sharply during the midcentury rebellions and again during the period of the New Policies. Evidence also suggests that taxes absorbed as much as 5–10 percent of total economic output, a level reached in the United States only during the New Deal in the 1930s.¹¹⁸ At the same time, indirect commercial levies replaced the system of direct agrarian taxes established in the early Qing period. Maritime customs, transit fees, and miscellaneous duties came to provide an increasing portion of total revenues in the late nineteenth century. Few of these new financial resources flowed into the empire's peripheries after the pacification of western China in the 1870s. Rather, they tended to underwrite the creation of military infrastructure in coastal regions, the repayment of loans and indemnities after 1895, and the expansion of government bureaucracies during the early 1900s.

Changes in the structure of public finance reveal the priorities of the new statecraft with greater clarity than many reform proposals and philosophical discussions. Like individuals, governments invest their money in

ways that reflect important values, concerns, and preoccupations, and in late imperial China state-building projects dominated the country's spending. These patterns of resource allocation point to the aggressive pursuit of military, political, economic, and technological power, a goal that officials believed would strengthen their country's international position. Although meanings of the term "sovereignty" remained fluid during the second half of the nineteenth century, the concept came to galvanize the actions of reformers like Li Hongzhang. Over time, this novel idea made its effects felt as much in the realm of public finance as diplomacy, warfare, commerce, and law.

Why did similar linkages between warfare and taxation appear in a European and a Chinese setting? States in different regions confronted a shared set of challenges, including an international system that tended to destroy its weakest members. Survival required guns, and guns cost money. Only a limited number of strategies could broaden a country's resource base, and regimes either imitated one another or arrived at comparable results through independent trial and error. As a result, political structures in different parts of the world converged *to a certain degree* during the course of the nineteenth and early twentieth centuries. Yet readers should keep two important facts in mind. First, this process was contingent rather than teleological in character; "History" did not preordain the triumph of a certain type of state based on the experience of Western Europe. Many countries failed to adapt to these new international conditions and collapsed under the growing political and economic pressures of the imperial powers. Governments like the Ottoman empire and the sultanate of Mysore adopted the correct policies, but reforms came too late or lacked the necessary breadth. Second, although many European states had a common cultural, linguistic, or constitutional heritage, they did not develop identical institutional arrangements in the modern period. In a similar way, China did not become a facsimile of Western polities like Britain or France, rather military-fiscal states represented local variations of a global phenomenon. Careful analysis reveals substantial diversity with a shared framework rather than structural uniformity and political homogeneity.

For example, a market in public securities enabled the British state to support deficit spending in wartime during the early modern era. Aided by a commercialized economy and sophisticated credit institutions, the

Hanoverian kings established a permanent national debt in the 1700s. In addition, new customs and excise taxes enabled the Department of the Exchequer to make regular interest payments on the government's bond issues. By borrowing money, the government shifted the costs of war forward in time and expanded its revenue base far beyond the funds on hand in its treasury. British leaders had discovered that under the proper circumstances debt can strengthen the power of the state and even ensure its survival in times of crisis.

In contrast, public borrowing did not become an important tool of statecraft in China until the Republican period in the twentieth century. In fact, foreign debts weakened Beijing's capacity to compete with geopolitical rivals after the First Sino-Japanese War and the Boxer Uprising. These international loans carried high rates of interest, and the great powers mandated that China use this money for reparations payments rather than its own discretionary purposes. Treaty obligations prevented officials from spending these funds on warships, armies, or railroads in an effort to amass the sinews of power. Most commentators have assumed that the issue of national debt reveals the intrinsic weakness of the Qing dynasty and the failure of its reform programs. This chapter has cast doubt on that conclusion by demonstrating the importance, creativity, and scope of reforms to the country's system of public finance after 1850. In reality, China took the first step toward the creation of a military-fiscal state in the late imperial period. Officials laid a second cornerstone of this political structure by establishing new bureaucracies in the late nineteenth and especially the early twentieth centuries.

4

BUREAUCRACY

The rulers of military-fiscal states required not only money and guns but administrative structures to mobilize resources, deploy men and matériel, and maintain social control. In early modern Europe, they built new tax bureaucracies to pay for war but, over time, also altered the basic organization of government. These reforms included the creation of foreign ministries to manage relations with other states and professional police forces to discipline their own population. In Britain, for example, authorities tripled the size of the country's revenue departments in the 1700s, established a Foreign Office in 1782, and deployed the world's first modern constabulary in the 1820s.¹ As the great powers extended their competitive international system to East Asia in the 1800s, China replicated the institutional features of its foreign rivals *on a selective basis*. Tax bureaucracies and police forces played a crucial part in the formation of the military-fiscal state in China. During the late nineteenth and especially the early twentieth century, provincial and local governments extended their administrative reach to an unprecedented degree. Over time, the relative balance between regime and society changed, and a more ubiquitous, intrusive, and managerial state emerged in modern China.

Prior to 1850, officials tended to exercise only indirect control over most aspects of village life in China. County magistrates developed strategies of informal governance because of their limited resources, relying on gentry elites, merchant guilds, and clerks and runners to help carry out their duties.² In the mid-nineteenth century, internal rebellions placed an intense financial strain on the Qing dynasty, and the government continued to require vast sums for defense spending in later decades. With the aid of Western consular officials in Shanghai, the court established the Imperial Maritime Customs Service (IMCS) during the course of the 1850s. This new organization channeled a large flow of revenues toward state-building projects in the late nineteenth and early twentieth centuries. In addition, provincial authorities created an extensive network of barriers to collect transit fees, or *lijin*, on the circulation and sale of goods in domestic markets. By the early 1900s, more than two hundred tax stations had appeared in the lower Yangzi region alone. Unlike the IMCS, this “transitional bureaucracy” suffered from a degree of inefficiency and corruption, and most commentators have dismissed it as a sign of weakness and dynastic decline.³ However, the *lijin* administration was an important step toward the development of formal government structures in the early 1900s. On the one hand, clerks and runners (差役 *chaiyi*) staffed the lower tiers of the *lijin* system, an arrangement with clear links to China’s past; on the other, a group of officials (候补员 *houbuyuan*) with purchased degrees held most of the managerial positions. The presence of even one or two of these bureaucrats doubled or tripled the representation of the state in a given county. During this period, provincial governments throughout China created transit fee bureaus (厘金局 *lijinju*), which grew in size with the tacit approval of the court in Beijing. In addition, the *lijin* administration placed an enormous volume of resources in the hands of reform-minded statesmen like Li Hongzhang. After the suppression of the midcentury rebellions, they began to invest these funds in ways that protected China’s sovereignty. In sum, the transit fee bureaucracy reflected important institutional continuities with the past, but over time it came to serve a very new set of conceptual purposes.

During the mid-1800s, the ruling dynasty also founded new institutions at the level of the central government, including a de facto Foreign Ministry (总理各国事物衙门 *Zongli geguo shiwu yamen*, hereafter Zongli Yamen), but rapid administrative growth came only in the first decade of the twen-

tieth century.⁴ The imperial court implemented a series of New Policies (新政 *Xinzheng*) after the Boxer Uprising in 1900, establishing police forces, a New Army, chambers of commerce, a modern educational system, provincial assemblies, and cabinet ministries based on the European model.⁵ These reforms enabled authorities to provide new public services in regions of strategic significance and enhanced the state's coercive power over its own population.

The development of modern policing helped officials to maintain social control and prevent anti-foreign incidents in late imperial China. This function had broad political implications because internal disorder often led to European intervention in Asia and Africa.⁶ Authorities first created a professional constabulary in Beijing in 1901, but over the next several years major cities like Shanghai and Chengdu followed its example. Police officers received instruction at new academies (警察学堂 *jingcha xuetang*) and training centers (教练所 *jiadoliansuo*), and this education distinguished them from both common soldiers and the neighborhood watch. The government also provided constables with regular salaries, hoping to encourage honesty and avoid the popular resentment caused by fee-taking. At the same time, authorities founded new bureaucracies after 1900 to supervise the country's internal security apparatus. These structures replicated the hierarchical Japanese model and consisted of police districts, wards, precincts, and pillboxes in China's urban areas. Within a decade, tens of thousands of new constables maintained civil order in the country. In 1850 ordinary Chinese interacted with officialdom only on rare occasions, but by 1911 urban residents encountered "the state" on a daily basis in the form of the beat cop.

Authorities began to lay the intellectual foundations of modern Chinese statecraft as early as the 1860s and 1870s, but policing provided an opportunity to refine the meaning of basic concepts and to adopt new ideas. Teaching materials from the early 1900s explained the role of the constabulary to new recruits, emphasizing its connection with the issue of sovereignty. A late imperial primer noted that

Policing is a form of state power [国权 *guoquan*]. State power is exercised through the country's institutions, and one way of exercising state power is through policing institutions. . . . High-ranking officials in each province must [supervise] policing institutions as the head of

general affairs [in their administrative jurisdiction]. Institutions are dependent on action. Action is nothing more than the so-called acting out of sovereignty [主权 *zhuquan*]. It is simply an expression of the meaning of sovereignty.⁷

In the reformist atmosphere of the early 1900s, officials also discussed the relationship between policing and freedom (自由 *ziyou*), rights (权利 *quanli*), and the constitution (宪法 *xianfa*). During the early twentieth century, the coercive power of the state grew in China, and contemporaries struggled to understand its broader political and philosophical implications.

Over time, population growth and economic change would have altered the balance between state and society in late imperial China. However, the foreign threat accelerated this process and shaped it in important ways. Officials created institutions like the IMCS and the *lijin* administration at an early stage because they needed additional money for defense spending. Similarly, China's immediate survival depended on the Zongli Yamen's ability to negotiate with foreign powers and protect the country's sovereignty.⁸ In contrast, modern schools and chambers of commerce followed half a century later because they made at best an indirect contribution to the growth of military-fiscal power. Yet international events also influenced the timing of the New Policies in the early twentieth century. In 1900 the Boxer disorder spread throughout the metropolitan province of Zhili, and eight foreign powers occupied the capital to restore order. Authorities saw police forces as a means of preserving internal security and denying the West a pretext for future intervention in China.

This institutional creativity casts doubt on the narrative of dynastic decline developed in much of the secondary literature. Few failed states have created a comparable series of bureaucratic structures in a time of domestic and international crisis. However, readers should remember three important points. First, although these new administrative agencies achieved many of their goals, they also suffered from genuine weaknesses. Second, provincial and local officials built these new institutions as often as the central government in Beijing, relying to a certain extent on the assistance of gentry and merchants. Third, bureaucratic power grew over the course of many decades in China, taking the form of a gradual transformation rather than a sudden revolution. These changes were important but tended less toward the dramatic than the mundane.

PATTERNS OF LOCAL GOVERNANCE IN CHINA BEFORE 1850

The following account describes general patterns of local governance in China before 1850 rather than a universal model. Specific practices varied from place to place, but most areas of the country shared a number of administrative features. As in most regimes, officials in China controlled local society through a flexible combination of persuasion, co-optation, and coercion.⁹ For example, members of the gentry class created a system of public lectures in their home towns, urging ordinary people to behave with propriety, pay their taxes on time, and report misconduct to village elders.¹⁰ In reality, those in authority emphasized obedience, filiality, and social discipline because it served their own political and economic interests. It also suggests that many Chinese tended to lack these behavioral traits in the late imperial era; otherwise, the government would not have felt the need to repeat this dull rhetoric on a continual basis. These morality lectures may have achieved questionable results, and they reflected genuine limitations on the state's coercive power at the local level.

Persuasion could assume more effective forms. The government worked to improve the material welfare of its subjects by regulating food prices, distributing relief during natural disasters, and providing tax incentives to farm new lands.¹¹ Authorities identified a link between prosperity and political stability, attempting to stabilize the cost of grain in times of scarcity. They also took important steps to prevent famine because they recognized its potential for causing violence and social unrest. These strategies of governance reflected severe limitations on the personnel, funding, and information available to the state, particularly at the county level. Whenever possible, members of the imperial bureaucracy also eschewed the use of disciplinary power to avoid alienating the population. Coercion carried greater risks than persuasion or co-optation, which enabled officials to cut costs, share burdens, and conserve existing resources.

Under normal circumstances, the county magistrate (知县 *zhixian*) served as the state's only formal representative within their administrative jurisdiction.¹² They governed tens or hundreds of thousands of people dispersed among dozens of cities, towns, villages, and hamlets.¹³ The lowest tier of the bureaucracy in Jiangsu province included about sixty such officials prior to the rebellions of the mid-nineteenth century. China's

population doubled in the 1700s, but the size of the county bureaucracy remained unchanged during this period. Since magistrates received only nominal salaries, they lacked the funds to challenge the political prerogatives of the imperial court. Yet this arrangement also restricted the range of public services they could provide to the local community. Historian He Lie remarks that

official salaries during the Qing dynasty [were] based on a system established in the fourth year of the reign of the Shunzhi emperor [1647]. Governors-general, the highest-ranking officials outside the capital, drew salaries and [subsidies for] miscellaneous items that totaled just over 700 taels per year. The expenditures for a prefect's salary and miscellaneous expenses was limited to a total of 200 taels, and county magistrates [received] about 120 taels. [Their] income was already meager and was later reduced [still further].¹⁴

Since magistrates throughout China encountered these constraints, they turned to fee-taking (陋规 *lougui*), land tax surcharges (地丁税的加税 *diding shuide jiashui*), and “voluntary” contributions (捐 *juan*) to cover the costs of local administration.¹⁵ County finance also suffered from irregularities because officials failed to draw a clear distinction between public and private funds. A reform program in the 1720s known as “returning the meltage fees to the public coffers” (火豪归公 *huohao guigong*) proved only a temporary solution to these problems. In short, a magistrate's budget in 1850 did not reflect the fact that the population had tripled since 1644 or that China faced an unprecedented security crisis.

Informal brokers assumed many of the administrative responsibilities that modern municipal governments assign to salaried employees. Despite their low social status, sub-bureaucratic agents exercised a range of fiscal, legal, and political powers in late imperial China.¹⁶ A host of clerks and petty functionaries known as yamen runners collected taxes, dunned tenant farmers for their rents, and helped to mobilize corvée labor for public works projects.¹⁷ In addition, they performed important judicial functions, supervising the magistrate's legal docket and arresting criminal suspects in cooperation with the neighborhood watch.¹⁸

Officials tended to hire clerks and runners as needed rather than create their positions through legal statute. County magistrates paid a few of these

agents a small salary, but these revenues came from their own purse rather than the public treasury.¹⁹ In most instances, clerks and yamen runners earned their income through extralegal fees and surcharges, a system that encouraged extortion, bribery, and speculation. Despite periodic calls to end these abuses, officials lacked the means and the will to subject these personnel to closer scrutiny. The social position of the gentry insulated them from the worst forms of harassment, but ordinary people had little recourse except to reach an accommodation with these sub-bureaucratic agents. In practice, almost all Chinese resented the behavior of clerks and runners, accusing them of exercising coercive power on an arbitrary basis. Historians have described this system as a form of corruption, but the term implies a departure from established norms. Instead clerks and yamen runners played a crucial role in the patterns of informal governance in late imperial China.²⁰

In addition, trade associations (会馆 *huiguan* or 同业会 *tongyehui*) helped to regulate commercial activities at the local level, collecting taxes and disciplining their members for the state.²¹ Every year, guild officers purchased the right to collect these revenues for the provincial government within a given geographic area. These tax-farming privileges enabled mercantile organizations to eliminate potential competitors and to control the local market in certain commodities. The state endorsed this system of self-policing because it lacked the personnel to monitor commercial transactions and, before 1850, derived most of its revenues from agriculture. In short, this form of co-optation served the political and economic interests of both parties.

In the absence of a large county bureaucracy, members of the gentry class assumed important leadership roles. They had political clout because of their literacy, wealth, and administrative experience, and magistrates sought to enlist their support with local governance. Statutory law prohibited the literati from collecting taxes, but they provided the guidance and funds for public works projects, such as canals, dikes, roads, and irrigation systems. They used their social standing to mobilize the population behind important goals, compensating for the county magistrate's insufficient resources, personnel, and local knowledge. In addition, the gentry distributed famine relief, endowed lineage and temple organizations, patronized schools, and mediated disputes. The gentry class shared an important set of interests with the late imperial state, and each party worked to legitimate

the power of its partner. By participating in local governance, the literati consolidated their social position and helped to shape the magistrate's administrative priorities. In return, officials received local authorization for their policies and won access to a broader resource base. The government co-opted the natural leadership of Chinese society in order to reduce administrative costs and deny magistrates an independent base of power.

In many locations, a neighborhood watch (保甲 *baojia*) provided security in late imperial China. Rather than training police forces, the state encouraged the inhabitants of a given area to engage in mutual surveillance and report any criminal activity to the county magistrate. Authorities used a system of household registration to monitor the size, movement, and activities of the population. For example, they affixed a sign to the main gate of family compounds, indicating the owners' surname and the total number of residents. The position of *baojia* headman rotated between local elders on a periodic basis, but most people sought to avoid these duties whenever possible. A group of ten families constituted the basic organizational unit within this system, and this in turn fit into higher-order structures of a hundred and a thousand households under an overseer. In certain regions, an officer known as a *xiangbao* (乡保) oversaw approximately twenty villages and served as a quasi-formal intermediary between state and society.²²

The neighborhood watch never functioned as well in practice as in theory, in part because headmen had limited social status and remained subject to corporal punishment by the county magistrate. In fact, the system had fallen into decline in most areas of China by the mid-nineteenth century. In urban centers like Shanghai, officials responded by assigning troops from the local garrison to maintain public order in the city.²³ In 1860 the Circuit Intendant (道台 *daotai*) transferred soldiers to a new Baojia Patrol Bureau (巡防保甲局 *Xunfang baojiaju*) under the direction of a chief officer.²⁴ Other regions of the empire improvised as best they could. In short, the imperial court relied on the regular army in combination with *baojia* personnel to provide internal security. These patterns of governance began to change in the mid-nineteenth century because of population growth, economic change, and an unexpected security crisis.

THE CREATION OF NEW FISCAL BUREAUCRACIES AFTER 1850

The rebellions of the mid-1800s placed an unprecedented financial strain on the ruling dynasty, and the Board of Revenue emptied its coffers to pay for the costs of war. In response, authorities at the provincial level created a new network of tax barriers to raise additional income. An important documentary source records:

Early in the reign period of the Xianfeng emperor [1850–1861], the Taiping rebellion began and . . . a limitless amount of funds were used [for military purposes]. In the third year [1853], Jinling [Nanjing] was lost, the north was invaded, and military expenditures [became even] heavier. [After] military hostilities [began], over 27 million taels were spent in three years. The imperial court then debated [how to] increase the [amount of] funds raised. . . . Only two main sources could be relied upon to purchase military provisions and pacify the rebels: contributions and *lijin*. . . . [Officials] began [to collect] *lijin* in the third year of the Xianfeng reign, and [this new tax] was imposed by [the censor] Lei Yixian in Jiangsu. Afterward, every province followed [his example], and those who supplied the troops tended to obtain all [of these funds].²⁵

By the mid-1850s, members of the gentry class began to supervise a new series of Commissaries and Provision Procurement Bureaus. These organizations remitted *lijin* to the quartermasters of provincial militias like the Hunan Army (湘军 *Xiangjun*).²⁶ This arrangement linked local elites to the new regional armies but bypassed the regular system of financial reporting to Beijing. It also violated laws that prohibited the literati from collecting taxes, but under the circumstances the imperial court had few grounds for objecting.

After the victory of loyalist forces in the late 1860s, many officials called for the abolition of transit fees. Yet government expenditures remained high because of the need to rebuild devastated areas and defend China against potential foreign aggression. A source dating from the early 1900s remarked:

The area [Jiangnan] was destroyed, and [officials] were unable to restore the people's livelihood. Every place needed funds. After the chaos [of the midcentury rebellions], the population was left destitute. Quite a significant number [of people] had fled, and [those still living there] could not pay taxes on farmland. [The government] could not avoid continuing to collect [*lijin*] in order to nourish [the people's] vitality again.²⁷

Despite these dislocations, commerce and agriculture revived in southeastern China by the mid-1870s. As the economy recovered, *lijin* income came to support new defense spending aimed at China's foreign rivals. Authorities invested most of these funds in military infrastructure in areas of strategic significance. Few parts of the empire appeared more vulnerable to policy makers than the lower Yangzi delta and the metropolitan province of Zhili. As a result, between 52 and 76 percent of transit fees underwrote military spending at the provincial level during the late imperial period.²⁸

In the 1860s, a civilian bureaucracy replaced the Commissaries and Procurement Bureaus that collected transit fees during the Taiping rebellion. Officials in Jiangsu province created a four-tiered administrative structure, extending the state's regulatory and extractive powers to local markets for the first time. In 1861 authorities founded a Lijin Headquarters Bureau (总厘金局 *Zong lijinjū*) in Shanghai with authority over Songjiang prefecture and Taicang department. By 1864 similar organizations had appeared in the important commercial centers of Suzhou and Nanjing.²⁹ The provincial government established three different headquarters bureaus in Jiangsu because of the region's dense mercantile networks and heavy concentration of wealth. In contrast, officials in less prosperous areas tended to create a single directorate in the provincial capital. Often located in prefectural seats, second-tier *lijin* bureaus managed the collection, reporting, and remission of transit duties for perhaps half a dozen counties. They in turn oversaw *lijin* depots, or branch bureaus (分局 *fenjū*) and inspection stations (分巡 *fenxun*) on China's canals, rivers, roads, and market streets. Depot personnel levied transit fees, recorded the content, value, and destination of cargoes, and pursued smugglers and thieves. High rates of commercialization led officials in Jiangsu to add a fourth layer to this structure, but administrative practices varied elsewhere in China.

The creation of *lijin* bureaus in the mid-nineteenth century enhanced the state's capacity to tax commerce at the local level. Yet these new offices fell under the control of the provincial administration rather than county magistrates or the Board of Revenue in Beijing. The lieutenant governor exercised general oversight of the transit fee bureaucracy but in practice delegated most responsibilities to the director (总办 *zongban*) of the Lijin Headquarters Bureau. In addition, the provincial governor selected the candidates for most key positions and, in consultation with the throne, decided how to spend these tax returns. Every six months, he submitted a financial report on *lijin* income to the Board of Revenue, but this agency declined in importance after the rebellions of the mid-nineteenth century.

Provincial authorities also tended to establish *lijin* bureaus in prefectural seats because they could keep a closer watch on the activities of tax personnel.³⁰ These cities already had a significant administrative presence, which tended to deter the worst forms of corruption and bribery. In addition, prefectures in wealthy core regions had supplied the largest share of government income since the early years of the Qing dynasty. As a result, provincial officials expanded the fiscal bureaucracy in areas with a proven capacity to provide material resources.³¹

Chinese merchants encountered an extensive network of depots and inspection stations on rivers, canals, roadways, and, later, rail lines. In most instances, officials created transit fee barriers at transportation nodes such as bridges, canal locks, wharfs, city gates, and railroad stations. Inspectors patrolled the surrounding areas to prevent smuggling and tax evasion, enjoying their greatest success in locations with some form of geographic bottleneck. At first, merchants chafed under this new system of taxation, which from their perspective had appeared almost overnight. Even officials complained about the number of transit fee depots throughout the empire. In 1857 Cheng Hongzhao discovered that within 60 miles "of Suzhou and Changzhou prefectures, barriers have been established at dozens and dozens of places."³² Despite efforts to eliminate depots in the 1860s, 164 tax stations operated within the jurisdiction of the Suzhou Headquarters Bureau as late as 1911. As seen in Table 4.1, thirteen transit fee bureaus collected taxes on the region's major waterways, including those in important commercial centers such as Yixing.

In contrast, stations at Wuxing, Changzhou, Danyang, Zhenjiang, and the Suzhou Railroad Station assessed *lijin* on commodities transported on

TABLE 4.1. Bureaus, barriers, and inspection stations under the Suzhou *lijin* headquarters bureau

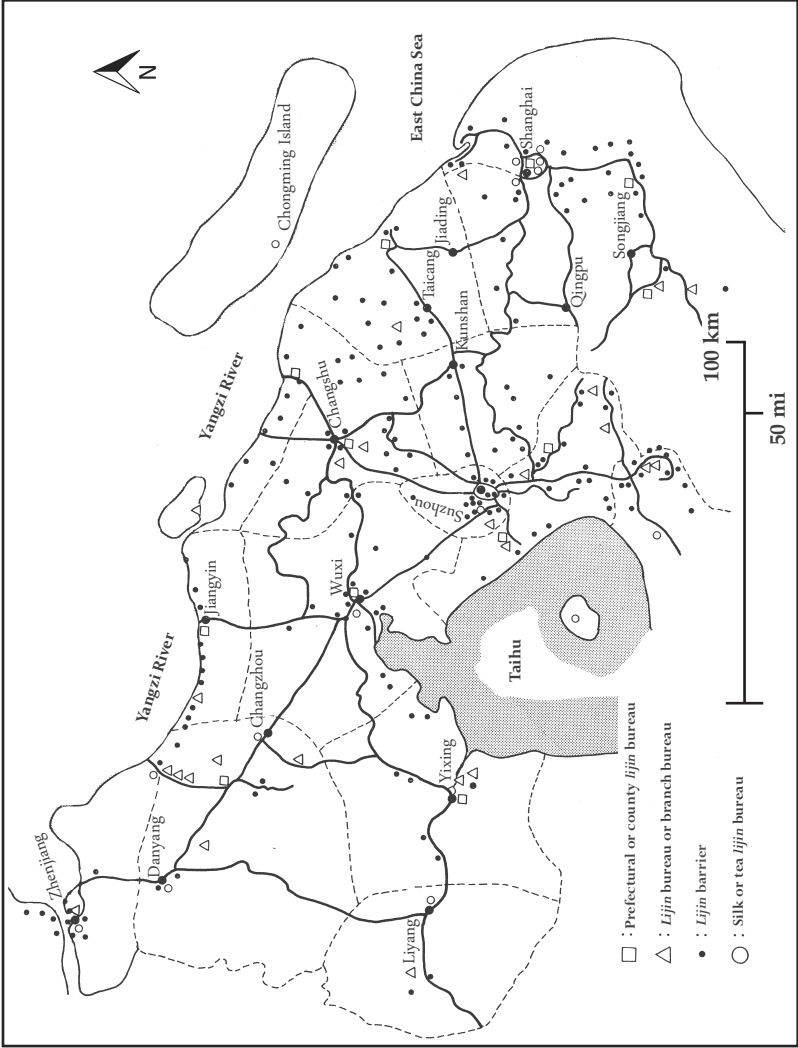
Bureau name	No. of depots and inspection stations
Suzhou city <i>lijin</i> bureau	16
Mudu <i>lijin</i> bureau	5
Chefang <i>lijin</i> bureau	10
Shengze <i>lijin</i> bureau	14
Changzhao Haikou <i>lijin</i> bureau	8
Tongli <i>lijin</i> bureau	17
Changzhao Neihe <i>lijin</i> bureau	23
Xingjin <i>lijin</i> bureau	16
Benniu <i>lijin</i> bureau	15
Yixing <i>lijin</i> bureau	13
Jiangyin <i>lijin</i> bureau	9
Nandu <i>lijin</i> bureau	2
Xiayou <i>lijin</i> bureau	12
Suzhou Railroad <i>lijin</i> bureau	4
<i>Total</i>	164

Sources: "Sushu caizheng shuoming shu," Shanghai Library, Ancient Documents Room, Doc. 478909, 52; Yang, *Jiangsu caizheng shiliao congshu: Qing dai*, 3: 549–552; 4: 283–286.

overland routes. In Suzhou, merchants paid transit duties after crossing the moat and then terminal taxes (落地捐 *luodijuan*) after reaching the city's market streets.

Neighboring Songjiang prefecture maintained fifty-three barriers during the late 1800s and in the early twentieth century officials added depots on the Shanghai-Nanjing and Shanghai-Jiaxing railway lines. The number and functional specialization of *lijin* bureaus in Shanghai reflected the city's growing commercial ascendance in the late nineteenth century. For example, provincial officials established a Lumber Contributions Bureau in the treaty port despite the absence of woodlands in southeastern China. The flourishing trade in timber instead indicates that Shanghai had become an important point for the transshipment of bulk commodities in China. At the same time, this treaty port maintained transit fee bureaus to tax goods destined for foreign markets, including rolls of silk from nearby Zhejiang province.

During the late imperial era, officials created 254 barriers on the rail lines, roads, and waterways of the lower Yangzi delta.³³ Map 4.1 illustrates the location, number, and density of *lijin* bureaus in Jiangnan during the



MAP 4.1. Transit fee bureaus in Jiangnan, 1902.

early years of the twentieth century. Despite calls for the abolition of transit fees, these depots and inspection stations continued to operate under a different name after the 1911 Revolution. In the early Republican period, Jiangsu province maintained 210 barriers within its administrative boundaries, and 18 Commodity Tax Headquarters Offices replaced the *lijin* bureaus of the Qing era.³⁴

Historians have complete statistics on the *lijin* administration for only eighteen provinces, but these records provide an accurate impression of its overall size. They list a total of 790 transit fee bureaus and 1,446 depots, barriers, and inspection stations in China during the first decade of the twentieth century.³⁵ The figure for 1900 would likely reach 2,500 if estimates include the six provinces with fragmentary data. Prior to the administrative consolidation of the late 1860s, China may have had almost 3,000 barriers scattered throughout its vast territory.³⁶

As the transit fee administration took shape in the mid-nineteenth century, provincial governments added 800 new officials to the imperial bureaucracy. Managerial personnel held “alternate” or “expectant” (候补 *houbu*) status because many had purchased their degrees rather than taking the civil service examinations.³⁷ Authorities also created 200 positions at the circuit level, assigning these individuals to supervisory positions in the twenty-three provincial headquarters bureaus. As many as 25,000 clerks and yamen runners staffed the lower tiers of this system, but, like their counterparts in county government, they lacked formal bureaucratic status.³⁸

During the late 1800s, this number included 1,496 sub-bureaucratic agents in the Jiangnan region. In addition, provincial officials dispatched seventy new deputies (委员 *weiyuan*) to the area to oversee the assessment, collection, and remittance of transit fees. If the analysis also incorporates the neighboring jurisdiction of Nanjing, these totals increase to 2,000 and 100, respectively. The latter figure appears far more impressive when placed in a comparative context.³⁹ Recall that as late as 1850 Jiangsu province had about 60 county magistrates and China as a whole no more than 1,300 such officials.

With the approval of the throne, the provincial governor selected a general director (总办 *zongban* or 督办 *duban*) to supervise the *lijin* headquarters bureau. In many instances, this appointee came from a mercantile

background and had purchased the rank of alternate circuit intendant (候补道台 *boubu daotai*).⁴⁰ General directors served a fixed term in office, an arrangement that discouraged them from developing a proprietary interest in the *lijin* bureaucracy. An alternate prefect (候补知府 *boubu zhibu*) assisted him with most managerial tasks, while a chief inspector reviewed the job performance of subordinate personnel. In addition, an alternate magistrate (候补知县 *boubu zhixian*) controlled the bureau's treasury, paying employee salaries, tabulating tax returns, and remitting funds to the provincial coffers. A host of clerks, copyists, and accountants conducted departmental correspondence, issued tax stamps, and recorded official payments and disbursements. In theory, provincial authorities chose "trustworthy" commoners of good character and "relatively high" social standing to fill lower-level positions at the headquarters bureau. In practice, most yamen runners remained illiterate, and many committed the same abuses as their counterparts serving county magistrates.⁴¹ Table 4.2 lists the number and

TABLE 4.2. Songhu (Shanghai) *lijin* headquarters bureau salaries and staff numbers

Title	Monthly salary/taels	Number
Superintendent (alternate circuit intendant)	150–200	1
Manager (alternate prefect)	N/A	1
General inspector (alternate prefect)	N/A	1
Treasurer (alternate magistrate)	N/A	1
Deliverer of funds (alternate official)	N/A	1
Fund supervisor (alternate official)	N/A	3
Manager of <i>lijin</i> tax stamps	40–80	1
Inspector of <i>lijin</i> tax stamps	40–80	1
Copyists	30–40	4
Chief clerk	40+	1
Accountant	12–18	2
Cashiers	12–18	2
<i>Lijin</i> tax stamp writers	12–18	2
Supervisor of tax collection	40+	1
General supervisor of clerical affairs	40+	1
Clerks	30–40	12
Yamen runners and petty functionaries	4–7	20
<i>Total</i>		55

Sources: Shen, *Licai bianlan*, 60; "Sushu caizheng shuoming shu," Shanghai Library, Ancient Documents Room, Doc. 478909, 52.

N/A: data not available.

administrative rank of employees at the Songhu *lijin* headquarters bureau. During the last quarter of the nineteenth century, this office had forty-three staff members, including eight alternate officials in managerial positions. The neighboring jurisdiction of Suzhou handled a smaller volume of tax returns, and as a result its headquarters bureau employed only thirty-nine people.⁴²

The structure of second-tier offices followed the same pattern, but their staff included a larger proportion of clerks and runners. As Table 4.3 indicates, an alternate prefect served as the *lijin* bureau's general manager. At important locations, one or more assistant deputies helped to supervise several dozen inspectors, runners, guards, and clerical personnel. On occasion, authorities dispatched an alternate magistrate to oversee a profitable *lijin* depot, but clerks ran these barriers in most instances. These petty functionaries performed a wide range of tasks, transcribing official documents, maintaining account books, assaying precious metals, and writing receipts for tax payments.⁴³ They also inspected the cargo that passed through their station and estimated its total market value. Like excise officials in Britain, clerks took detailed measurements of a ship's hold to calculate the volume of merchandise it carried. This operation required at least rudimentary mathematical skills and a basic knowledge of geometry. Two yamen runners assisted a clerk in cataloguing the contents of a large junk, while he relied on a single helper for smaller vessels.⁴⁴ Many of these runners had served in China's regional armies during the midcentury rebellions but joined the *lijin* administration after the demobilization of their units.⁴⁵

During the eighteenth and nineteenth centuries, the division between the literati and commercial classes began to break down, and gentry-merchants (绅商 *shenshang*) played an increasingly important role in Chinese society. In many instances, they purchased a degree from the state rather than sitting for the regular civil service examinations (科举 *keju*). This practice generated additional revenues and offered the wealthy a means of translating their capital into legal, social, and political privilege. It also qualified them for a number of minor bureaucratic posts, including those staffed by alternate, or expectant, officials.

Members of the gentry class sought positions in the *lijin* administration because of the numerous opportunities for personal profit. Without question, this transitional bureaucracy suffered from a significant degree of

TABLE 4.3. List of major *lijin* bureaus in Jiangnan

Bureau/Barrier	Number
<i>Shanghai public bureau of commodity contributions</i>	
Deputy serving as general manager (alternate prefect)	1
Assistant deputies (alternate magistrate)	1
Assistant supervisors (secondary assistant)	12
Clerks	30
Inspectors or yamen runners (<i>xunding</i>)	24
Officers in charge of official documents	8
<i>Total</i>	76
<i>Wusongjiang lijn barrier</i>	
Assistant deputies (alternate magistrate)	3
Clerks	17
Inspectors	12
Clerks at ten branch barriers	20
Inspectors at ten branch barriers	20
<i>Total</i>	72
<i>Yanjiaqiao lijn barrier</i>	
Assistant deputies (alternate magistrate)	1
Clerks	12
Inspectors	8
Clerks at eight branch barriers	16
Inspectors at eight branch barriers	16
<i>Total</i>	53
<i>Wuku lijn barrier</i>	
Assistant deputies (alternate magistrate)	1
Clerks	12
Inspectors	8
Clerks at six branch barriers	12
Inspectors at six branch barriers	12
<i>Total</i>	45
<i>Minhang lijn barrier</i>	
Assistant deputies (alternate magistrate)	1
Clerks	18
Inspectors	12
Clerks at nine branch barriers	18
Inspectors at nine branch barriers	18
<i>Total</i>	67
<i>Liube lijn bureau</i>	
Deputy serving as general manager (alternate prefect)	1
Assistant deputy (alternate magistrate)	1
Clerks	20
Inspectors	4
Clerks at seventeen branch offices	51
Inspectors at seventeen branch offices	34
<i>Total</i>	121

Source: Luo, *Zhongguo lijn shi*, 1: 80.

internal corruption, and it never achieved the same level of efficiency as the excise department in eighteenth-century Britain. A contemporary observer lamented:

Although commercial affairs flourish more and more each day, the enforcement of the law also seems increasingly confused. Deputies and sub-bureaucratic agents look upon [their work] as [an opportunity for] profit. They conspicuously pursue personal advantage and lightly [regard] matters related to taxation. . . . [They] do not divide matters into public and personal interests. Their salaries are given with reluctance and are not sufficient to cultivate honesty. In essence, [they] use their personal position without scruple. How can [we avoid] graft while trying to support their financial livelihood? [This problem] has caused *lijin* barriers to become marketplaces. Merchants look upon these [practices] as extortionate collection [of taxes], and they hate deputies and sub-bureaucratic agents. [This situation] hurts the reputation of *lijin*, and as a result the situation daily becomes more ruinous. Yet these shortcomings lie not with *lijin* itself but with the failures of those who control *lijin* [collection].⁴⁶

In Jiangsu province authorities allocated 9 percent of *lijin* receipts for wages and operating costs, and these annual expenditures fluctuated between 180,000 and 270,000 silver taels.⁴⁷ Yet wages remained inadequate, and staff at the second, third, and fourth tiers of the organization may have appropriated as much as 25 percent of total proceeds.⁴⁸ Although the state provided higher pay to officials at headquarters bureaus, the income for most positions fell short of that required by an average male householder in China.⁴⁹

Clerks and yamen runners played an integral role in the transit fee administration into the twentieth century, and they tended to support themselves through fees rather than formal salaries. Most commentators cite these practices as further evidence of dynastic decline, but in fact they reflect the “transitional” nature of the *lijin* system. Viewed from a different perspective, the late imperial state attempted to pursue two incompatible goals at the same time. On the one hand, the government desired to maximize tax revenues to support increased defense spending. On the other, it

also sought to exercise closer supervision of its own agents and independent economic actors like merchant guilds. The state could enhance its regulatory powers by appointing new officials, but this measure also raised the overall costs of governance. In contrast, relying on clerks and yamen runners limited expenditures, but it also reduced control over tax collection. As a result of these tensions, both the formal and informal components of the fiscal bureaucracy expanded at the same time. Critics refer to the incomplete bureaucratization of the *lijin* system, noting that these arrangements reduced its efficiency and resulted in lost tax revenues. Yet authorities had taken an important first step toward the development of modern administrative structures in the early twentieth century. Provincial governments used sub-bureaucratic agents to collect transit fees, but they also employed a larger number of gentry elites with degrees. Like Britain's Excise Department, the *lijin* bureaucracy also provided an enormous volume of new resources to invest in state-building projects after 1850. In sum, the transit fee administration incorporated a number of earlier institutional practices, but it served the new purpose of protecting China's sovereignty within a predatory international order.

SOVEREIGNTY AND THE DEVELOPMENT OF MODERN POLICING IN CHINA

During the second half of the 1800s, progressive officials created a range of new institutions to enhance the state's diplomatic, military, and fiscal power. However, rapid administrative expansion only came in the early years of the twentieth century. In 1900 the Boxer Uprising spread throughout Zhili, and a coalition of foreign powers invaded China to suppress this violent anti-foreign movement. Enemy soldiers seized the Tianjin-Beijing corridor, the imperial family fled to Xi'an, and the subsequent peace settlement imposed a heavy indemnity on China. After the restoration of order, the central government launched a series of reform initiatives known as the New Policies (1901–1910). The dynasty sought to consolidate its grip on power and expand the influence of the government to new economic, cultural, and political spheres. For the first time, authorities in China attempted to establish a direct and unmediated relationship with individual members of society. They pursued this objective by eliminating informal

agents or regularizing their relationship with the local bureaucracy.⁵⁰ In addition, officials revised the legal code, set up a system of modern schools, introduced professional police forces, and encouraged the development of chambers of commerce in urban areas. In Beijing a series of centralized cabinet ministries based on the Western model replaced the traditional Six Boards (六部 *Liu Bu*). Elected provincial assemblies followed several years later, and in 1908 the court promised to adopt a written constitution in the future. Almost all of these measures replicated select features of the state in Europe, Japan, and the United States, encouraging a further convergence of political structures between China and its foreign rivals.

Modern police forces enhanced the government's coercive power at the local level, especially in cities. Internal unrest invited European intervention, conquest, and colonization in parts of Asia such as Malaya and Burma (Myanmar). Domestic disorder could have resulted in China's formal partition among the great powers in the years before World War I, yet that never happened. Instead a modern constabulary helped the state to maintain a higher degree of social control, which in turn strengthened the country's international position in the early 1900s.

During the first decade of the twentieth century, progressive officials came to view police forces as a means of preventing anti-foreign incidents. With less realism, they argued that these reforms might persuade the treaty signatories to relinquish their legal, diplomatic, and commercial privileges in the near future. In 1911 Shan Qi, the secretary of the Ministry of Civil Affairs (民政部 *Minzheng Bu*), asserted:

Since our country is now giving priority to the creation of police forces, jurisdiction over policing in the foreign concessions naturally ought revert to China. Capable police officials and high-level officers [should] manage [these affairs] themselves, bearing the responsibility to protect [goods and people there]. This is in order to pursue the public interest and to *restore sovereignty*. . . . Obtaining the full power to protect [the people] is . . . *a harbinger of the recovery of the rights of extraterritoriality* whether in the foreign concessions or outside them.⁵¹

Shan overestimated the prospects for immediate change, but he understood that the great powers would consider treaty revision only if China guar-

anteed the security of foreign nationals within its borders. If internal unrest tended to encourage Western intervention in Asia and Africa, then it followed that good governance could halt or even reverse this trend. The foreign powers occupied parts of Zhili province after the Boxer Uprising, but they withdrew most of their troops as soon as Beijing demonstrated its ability to protect civil order. Chinese officials also knew that Japan had freed itself from unequal treaties through domestic reform, including the creation of police forces and a legal code based on European models. Tokyo eliminated extraterritoriality through negotiations with Britain in 1899 and regained its tariff autonomy twelve years later. Without question, Shan Qi sought to emulate the Japanese example and restore China to a condition of full sovereignty within the international community.

As officials developed modern police forces in the early twentieth century, they had to apply the concepts of sovereignty, extraterritoriality, and rights to a set of concrete problems. In the process, they further refined the meaning and content of these terms. A primer on policing provided a sophisticated explanation of sovereignty, commenting

State power is exercised through a country's institutions, and a portion of these institutions are [devoted to] policing. These are [called] the country's institutions and its policing institutions. But if institutions do not submit to the sovereign power, then sovereignty itself is divided and it cannot be vested in these institutions. These institutions will certainly not function.⁵²

This source from 1911 described sovereignty as a form of indivisible final authority, an understanding shared by most leaders in Europe and the Americas. The government might exercise its sovereign powers through different administrative organs, but they remained subordinate agencies subject to its control. If these institutions refused to submit to the ruler, then the entire system became unworkable. Since police forces possessed a range of coercive powers, they might threaten a state's sovereignty from within if left unsupervised.

More commonly, Chinese officials saw sovereignty as a type of totalizing or absolute control, particularly during the second half of the nineteenth century. Chapters 6 and 7 will trace this idiosyncratic definition to

mercantilist perceptions of international rivalry, including a zero-sum competition for economic profits. For the moment, readers should remember two important points. First, these inconsistencies illustrate the fluidity of words like sovereignty in the late nineteenth century. Chinese statecraft began to operate on a new conceptual basis during this period, but these changes occurred over the course of many decades. Second, the document suggests that, by 1911, the Chinese understanding of sovereignty resembled the standard definition in Europe, the United States, and Japan. Over time, the definition of this term in Chinese crystallized into a more familiar form, reaching a mature state by the end of the imperial era. This occurred for three reasons. Officials developed a clearer idea of sovereignty as they applied it to real problems in the realm of foreign policy, commerce, and policing. In addition, the Chinese translated a large number of texts from Japanese and European languages after 1895, and these works enriched their knowledge of Western political philosophy, diplomatic practices, and international law. Finally, a two-character compound (主权 *zhuquan*) for the word sovereignty began to supplant the longer phrase (自主之权 *zizhu-zhiquan*) coined by William A. P. Martin in the 1860s. Changing language reflected a more precise understanding of this new political, diplomatic, and juridical concept.

As authorities established modern police forces in China, they also grappled with the problem of balancing security and freedom. The New Policies called for future constitutional reform, and officials tended to link the two issues in many historical documents. One commentator remarked

The system of policing is rooted in the constitution. The constitution protects the people's right to freedom [人民之自由权利 *renmin zhi ziyou quanli*], but the system of policing also places limits on the people's freedom. Unless [we] rely on a constitution to establish [police forces], then it cannot be done. Otherwise it is inevitable that they will take on the repressive powers of the Russian [tsarist] police, wanting to protect the peace but instead giving rise to disorder.⁵³

Successive political regimes failed to adopt these liberal principles in practice, but modern policing forced policy makers to at least consider their significance. Moreover, terms like “rights” and “freedom” took on more nuanced meanings as a result of these discussions. For example, readers

may recall that officials lamented China's loss of the "right to profits" under the unequal treaties. In contrast, the policing manual indicates that individuals as well as states possess rights and then implies that, under certain conditions, the two may conflict. The writer suggested that a written constitution could harmonize different interests and place constraints on the exercise of arbitrary power. In its absence, he believed, police forces would abuse their powers and generate civil disorder by alienating the population. This outcome would defeat their purpose and replicate the dangerous situation in tsarist Russia, home to a wide range of radical political movements that challenged dynastic power. Although China has yet to resolve these issues in the twenty-first century, professional policing helped late imperial officials to consolidate a new political vocabulary centered on the idea of sovereignty.

Westerners supported the establishment of modern police forces in China because they promoted social stability and protected foreign lives and property. The historian Wei Yanlong comments with nationalistic fervor

The Qing dynasty introduced police forces under the pressure of the leading powers of the East and the West. They [wanted] to ensure that the Chinese put into practice the privileges of imperialism [under the unequal treaties]. . . . The imperialists also insisted that the Qing implement necessary reforms in their system of control and advanced many concrete demands. This served the purpose of enhancing their [own] power over the masters of this "Western dynasty." . . . [In addition], the imperialists required the Qing government to retool its administrative system, guaranteeing the foreigners' economic and political privileges and their personal safety in China. Article 10 of the Boxer Protocol of 1901 stipulated that "each province's governor, high-ranking civil and military officials, and judicial officers bear the responsibility for ensuring civil order within their [administrative] boundaries."⁵⁴

In the absence of a modern constabulary, the great powers might have assumed the financial and administrative burdens of governing the indigenous population. At the same time, Western diplomats asserted that Chinese police helped to discourage attacks on foreign missionaries. With

little evidence, they believed that these officers could restrain hostile members of the gentry class and limit the social disruptions caused by foreign religions such as Christianity.

Officials experimented with policing in Hunan province in 1898, but modern forces first emerged in the capital region three years later. The governor-general of Zhili, Yuan Shikai, sought to restore law and order to the province after the disorders of the Boxer Uprising. He believed that the great powers would withdraw their troops from Beijing and Tianjin if he created a new constabulary based on Japanese and European models. In May 1902 he retrained five hundred soldiers from the Beiyang Army (北洋军 *Beiyang jun*) to serve as police officers in the provincial capital of Baoding. As predicted, foreign soldiers evacuated the treaty port of Tianjin in September, and he began to transfer many of these new constables to that city.⁵⁵ The following winter, Yuan recruited an additional thousand men, and by 1904 Tianjin maintained a large police force and a new training academy. During Yuan's tenure as governor-general, magistrates in Zhili province also established county constabularies, but these rural reforms depended in part on gentry support.

By 1905 modern policing had taken root in Shanghai and then spread to smaller cities and rural areas in China's prosperous coastal provinces. One scholar argues that the people and customs of the lower Yangzi delta "were progressive. As a result, the establishment and development of policing was earlier [there] than in other areas, and there were relatively significant successes."⁵⁶ Officials in these areas used police forces in Zhili as a template, and they also began to send promising cadets to the academy founded by Yuan Shikai. Over time professional police forces appeared in inland cities like Chengdu and Wuhan, and by 1911 even districts in China's remote northwest had implemented reforms.

Sources comment on the uneven development of policing in the early 1900s, but in fact it followed a familiar geographic pattern.⁵⁷ A modern constabulary first emerged in regions of strategic significance in eastern China, such as Zhili and the lower Yangzi delta. These areas offered leading statesmen a broad array of resources, and they chose to build on an existing developmental base whenever possible. In addition, these parts of China faced the most severe threat from the great powers and hosted the largest numbers of foreign missionaries, diplomats, teachers, businessmen, and adventurers.

By 1910 authorities had created a four-tiered police bureaucracy in major urban centers such as Shanghai, Beijing, Tianjin, Wuhan, and Chengdu. This administrative structure consisted of a hierarchy of wards, precincts, and pillboxes, and it enabled the state to exercise an unprecedented level of control over its subjects in these areas.⁵⁸ These institutions developed in less than a decade, suggesting a degree of creativity at odds with the image of bureaucratic paralysis.

In 1905 Yuan Shuxun, a circuit intendant in Shanghai, abolished the city's system of neighborhood watches, and a new constabulary soon began to patrol the streets. The county magistrate and five gentry managers (绅董 *shendong*) exercised general oversight of police affairs in the Chinese parts of the city. In contrast, the great powers relied on their right of extraterritoriality to create separate forces in the foreign concessions. Qing officials entrusted the day-to-day management of their department to a new chief of Chinese police, appointing an alternate circuit intendant to this post.⁵⁹ He divided the southern parts of the city (南市 *Nanshi*) into four sectors and established a police headquarters in the Changping Granary. At the ward level, public buildings like the Water Fairy Temple housed the city's police stations. Following the current practice in Japan, the department also set up pillboxes at the intersection of major streets.⁶⁰

In 1906 the Liangjiang governor-general disbursed funds to create a similar organization in Shanghai's northern Zhabei (闸北) district. The following year, he assigned a circuit intendant to oversee these new forces and changed their name to the Shanghai General Patrol Bureau.⁶¹ These reforms consolidated state power in the city's northern quarter at a time when Western diplomats demanded the further expansion of the foreign concessions. A Chinese official linked Shanghai's police forces to the issue of sovereignty, asserting

In the area where Shanghai and Jinshan share a common border, living space in the city became more cramped by the day. In the Pudong region, the number of thieves increased daily. At that time, foreigners desired to expand the foreign concessions because their greed flourished. To protect merchants and *prevent the loss of economic rights to foreigners*, Liangjiang Governor-General Duan Fang expanded the Shanghai police forces by recruiting an additional 2,000 officers.⁶²

Without question, these measures extended the administrative reach of the state into individual neighborhoods for the first time. Yet the county magistrate could have increased the effectiveness of the city's police by combining the operations of the Nanshi and Zhabei bureaus.

These administrative divisions persisted into the early Republican period, but in 1914 the provincial government created a new Songhu Police Prefecture. This entity maintained jurisdiction over the entire Chinese city as well as outlying suburbs like Pudong and Xuhui.⁶³ The metropolitan area consisted of six individual police wards, and employees at these offices coordinated large-scale investigations, reviewed workers' job performance, and maintained criminal records. Each ward, in turn, oversaw three to four precinct houses, where police officers interrogated suspects, detained prisoners, and mediated local disputes. In addition, provincial authorities created a network of forty-four pillboxes based on the example of Tokyo. They ensured an immediate police presence throughout Shanghai and increased the level of interaction with the residents of every neighborhood.⁶⁴ Cities such as Suzhou and Nanjing established similar bureaucracies after 1903, and in these urban centers informal governance gave way to new forms of state-society relations.⁶⁵

The process of administrative expansion affected rural areas of south-eastern China as well, but change in the countryside moved at a slower pace. As early as 1903, magistrates in certain parts of Jiangsu province introduced professional constabularies within their jurisdictions. During the next seven years, twenty-two counties adopted important reform measures, and by 1910 modern policing had emerged in embryonic form throughout the region.⁶⁶ After the 1911 Revolution, provincial authorities rationalized the structure of new Police Affairs Offices and placed them under the control of county governments. In 1913 Jiangsu officials also developed a pro-rated schedule of personnel requirements and spending for county police forces. Using census data, they divided the province's administrative jurisdictions into three categories. These regulations required magistrates in densely populated areas to deploy a minimum of 160 police officers. In contrast, second- and third-rank counties maintained forces of 130 and 100 men, respectively.⁶⁷ A special detachment of police constables patrolled the county seat and guarded prisoners in its jail, while the magistrate assigned other officers to important towns and villages.⁶⁸ The success of rural

policing varied from region to region, but in wealthy coastal provinces, these new departments increased the power of county administration.⁶⁹

The number of government employees rose dramatically after the court's adoption of the New Policies in the early twentieth century. By 1907 authorities in Zhili province alone had recruited 15,390 police officers, and three years later this figure exceeded 30,000.⁷⁰ Bureaucratic structures grew at a similar pace, including a new network of 972 ward and precinct stations in the province.⁷¹ This era witnessed similar changes in wealthy parts of southeastern China, such as the lower Yangzi delta. By 1910 the three cities of Shanghai, Suzhou, and Nanjing together deployed more than 4,430 officers.⁷² From 1903 to 1908, county police departments in Jiangsu employed an additional 2,100 men, and the provincial total might have surpassed 8,500 if estimates include the river patrol.⁷³ As Table 4.4 demonstrates, professional constabularies continued to grow in this region during the early Republican era. By 1925, 5,282 police officers maintained public order in the province's three largest cities, and a further 6,890 men patrolled Jiangsu's extensive system of waterways. If county police departments averaged 100 men, then the provincial total reached 18,172 by the mid-1920s.⁷⁴

During the early twentieth century, the state began to establish a clear distinction between the regular army and professional police forces. In 1901 Beijing issued an edict that abolished the Green Standard Army (绿营兵 *Lüyingbing*) and directed authorities to retrain these troops at police

TABLE 4.4. Police forces in major Jiangnan cities in 1925

	Nanjing	Shanghai	Suzhou
Area in square <i>li</i> *	171	895	88
No. of households	74,277	159,188	54,643
No. of police wards	6	6	5
No. of police precincts	38	19	39
No. of police pill-boxes	87	39	0
No. of police officials	157	57	54
No. of sergeants	234	173	120
No. of officers	2,340	1,742	1,200
Total no. of police	2,731	1,972	1,374
No. police per square <i>li</i>	15.97	2.20	15.61

Source: *Jiangsu Sheng Zhengzhi Nianjian*, 137–138.

* One square *li* (*fangli*) equals approximately 250,000 square meters.

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academies and training centers. In the treaty port of Shanghai, officials selected veterans from a nearby military garrison to serve as constables. They attracted additional recruits through the city's gentry elite, asking them to recommend men with a "sturdy physique, strong moral fortitude, and upstanding character."⁷⁵ Cadets received their training at new police academies, and these skills enabled them to perform a range of administrative duties. They not only served as the guardians of public safety but mediated local disputes, enforced sanitary and hygienic standards, organized fire brigades, swept the city's streets, and provided vocational instruction to the unemployed.

New recruits enrolled in a three-month program that combined intense physical drill with classroom instruction.⁷⁶ After arriving at county training centers, they studied the use of firearms, learned various self-defense techniques, and memorized basic police procedures. The academic curriculum consisted of courses in ethics, law, and public health, but teachers also emphasized proper personal comportment and the respectful treatment of foreigners.⁷⁷ Promising cadets went on to attend police academies in the provincial capital, completing two to three years of coursework in preparation for administrative responsibilities. Their program of study included first aid, geography, accounting, prison management, and the criminal and constitutional law of Japan. Many recruits also acquired proficiency in one or more foreign languages, in most cases preferring English, Japanese, or German.⁷⁸ The state spent a great deal of money to train these new police officers, and for the most part their teachers imparted high professional standards.⁷⁹ The historian Wang Jiajian attests to the quality of these institutions, commenting that

the greatest difference between modern police and traditional sub-bureaucratic agents is that the former received excellent training and education compared to the latter. When the Qing dynasty first began experimenting with policing on a trial basis, [it] viewed the establishment of police academies as [a matter of] great importance. . . . This type of guiding principle, which viewed schooling as the foundation of policing, can indeed be called correct.⁸⁰

During the early 1900s, education began to transform illiterate soldiers into modern police officers, particularly in urban centers and littoral regions.

Unlike sub-bureaucratic agents, police officers received a regular salary from the government rather than taking fees. Despite instances of corruption, they demonstrated greater probity and professionalism than traditional yamen runners and members of the neighborhood watch. On occasion, recruits won scholarships for advanced study in Nanjing, Tianjin, or Tokyo, and they often became members of China's official class in later years.⁸¹ While somewhat low, wages compared favorably with those of the Green Standard Army, and constables enjoyed regular opportunities for promotion.⁸² Annual compensation increased more than 23 percent as police officers in Baoding climbed through the ranks.⁸³ Pay in Hulan prefecture, Heilongjiang province, rose less significantly with promotion but went much further because of lower costs of living there. In general, police officers in major metropolitan centers earned more than county constables, but income differed from region to region even in the Republican period.⁸⁴ As long as they remained in good standing, even the lowest-ranking patrolman had a guaranteed source of income for life. At least in theory, police could also exercise authority over individuals of higher social status because they embodied the sovereign power of the state.

Provincial spending in the early years of the twentieth century reflected the new emphasis on policing in China. Authorities in Jiangsu directed a growing volume of resources to police forces in the early 1900s, allocating 260,000 taels per year to Nanjing alone. After the government eliminated units of the Green Standard Army, it used most of these funds to support the city's new constabulary.⁸⁵ Yet budgetary shortfalls prompted provincial officials to turn to local sources of revenue, including brokerage fees, property taxes, and maritime customs returns.⁸⁶ Reform in rural areas continued to depend on elite cooperation because of these basic financial realities. In the absence of strong gentry support, the agenda of a progressive county magistrate could make little headway in the late imperial and early Republican periods. In contrast, authorities in an urban center like Shanghai could act with greater autonomy because they controlled a rich resource base. By 1912 the cost of municipal policing in this treaty port reached 530,968 yuan, a new unit of currency introduced in 1903, while expenditures in Suzhou and Nanjing increased to 263,974 yuan and 523,843 yuan, respectively.⁸⁷ At the same time, the lieutenant governor appropriated more than 1.8 million yuan to support the operations of the province's river patrol. Nominal spending on police forces in Jiangsu remained constant

from 1914 to 1924 but still accounted for more than 50 percent of the province's expenditures on internal affairs (内务 *neiwu*).⁸⁸

Like Britain in the 1820s, China developed modern police forces to improve its level of domestic social control. In contrast, a professional constabulary also strengthened Beijing's international position because it discouraged anti-foreign incidents such as the Boxer Uprising. Leading statesmen argued that China could best protect its sovereignty by denying the foreign powers a pretext for future intervention. Unable to overturn the unequal treaties by force, the country tried to undermine foreign influence by enforcing their terms with due diligence.

BUREAUCRACY AND THE MILITARY-FISCAL STATE IN CHINA

Bureaucracy, surveillance, and coercive power have come to define the state in the minds of many commentators. Prior to the modern period, however, many rulers exercised little direct control over everyday life. These limitations encouraged the development of informal governance in many parts of the world, and authorities often delegated their administrative responsibilities to unofficial brokers and natural social units like the village. In China, for example, 1,300 county magistrates confronted the impossible task of governing 430 million people in the early 1800s. As a result, they relied on gentry elites, merchant guilds, and clerks and runners to help perform the basic functions of government. The imperial court maintained small county bureaucracies because it feared that magistrates might establish an independent power base and challenge its prerogatives.

As a competitive international order emerged after 1648, the internal structures of many governments in the West began to change. European rulers expanded state power through the creation of new bureaucracies and limited the autonomy of political actors like the nobility and clergy. In eighteenth-century Britain, administrative institutions grew at a rapid pace, and the revenue departments alone tripled in size between 1688 and 1783. Much of this initial growth occurred in the realm of public finance because of the growing costs of war. In time, however, the British state also developed professional police forces to exercise social control and protect lives and property. Persuasion remained an important element of

the country's political culture, but the government also developed a greater capacity to monitor, discipline, and coerce its subjects.

Population growth and economic change would have altered the balance between state and society in China over the long term, but the foreign threat catalyzed this process beginning in the nineteenth century. During the 1850s, defense spending rose to an unprecedented level, and Qing officials created two new institutions to collect indirect taxes on commerce. The IMCS achieved a high degree of professionalism, efficiency, and esprit de corps with the help of foreign nationals like Robert Hart. In contrast, the *lijin* administration represented a transitional form of bureaucracy because it employed not only new alternate officials but a large number of clerks and yamen runners. Commentators have cited these facts as evidence of dynastic decline, weakness, and failure in the late nineteenth century. Instead the *lijin* system represented an intermediate bureaucratic form, replicating certain institutional arrangements from the past but also anticipating the formalized structures of the early 1900s. They have also ignored the crucial contribution of transit fees to state-building projects, supposing that provincial revenues must have served parochial interests rather than the empire as a whole. In reality, authorities invested *lijin* in ways that strengthened the country's sovereignty, a goal that marked an important conceptual departure from earlier statecraft practices.

Early administrative growth occurred in the realms of finance and diplomacy because of their importance to the defense of China's independence. In contrast, rapid government expansion at the local level began with the New Policies of the early twentieth century and continued into the Republican and communist eras. The intervention of the great powers in 1900 triggered a series of important reforms sponsored by the imperial court. Officials created professional police forces, chambers of commerce, a system of modern schools, a new law code, provincial assemblies, and cabinet ministries modeled on foreign examples. They sought to establish an unmediated relationship between government and individual, eliminating the influence of informal brokers whenever possible. At a minimum, authorities attempted to formalize links between the lowest tier of the state bureaucracy and social actors, such as gentry organizations and merchant guilds. The 1911 Revolution has led many historians to declare the New Policies a failure, but many of these reforms took root and flourished in later periods.

For example, the system of centralized government ministries remains in place more than a century later, even if many agencies bear a different name.

Internal disorder invited European conquest and colonization in many regions of the world. Officials worried that anti-foreign sentiment in China might result in a repetition of the Boxer debacle, and they needed a better means of controlling the population. Ordinary people came into greater contact with the state after the establishment of a professional constabulary in China. Viewed from another perspective, the state enhanced its capacity to intervene in the everyday lives of its subjects, especially in prosperous coastal regions and urban areas. In cities like Shanghai, a multitiered police bureaucracy extended the reach of the government at the local level, and in less than a decade many provinces deployed tens of thousands of officers. Education at academies and training centers transformed former soldiers and members of the neighborhood watch into an effective constabulary after 1901. While relatively low, their salaries encouraged personal probity and eliminated the need to impose customary fees. Although the government continued to rely on persuasion and co-optation in the early twentieth century, police forces provided an important new source of coercive power. In the Republican era, normative forms of control declined in many rural areas, leading the state to increasingly turn to the use of brute force.

Policing also helped authorities to consolidate the intellectual foundations of Chinese statecraft in the early 1900s. They increasingly spoke in the political language of sovereignty, using this term to describe contemporary problems, define policy choices, and articulate strategic goals. The content of ideas like rights, freedom, and sovereignty remained fluid in the late 1800s, but by 1911 they had taken on more fixed meanings in Chinese. These concepts retained their importance during the subsequent Republican era and continue to shape Chinese political discourse in the twenty-first century.

The institutional creativity described here calls into question the image of a sclerotic and tradition bound empire in much of the secondary literature. However, we should remember that provincial officials created the *lijin* administration, and many elements of the New Policies required the cooperation of local authorities, gentry elites, and mercantile organi-

zations. A full century of political experimentation preceded the development of a strong central government in China after 1949. Yet successive regimes built on the bureaucratic foundations laid in the late imperial era, and the institutional innovations of that period continue to shape government administration in China today. Leading statesmen set a third component of the military-fiscal state in place with the introduction of modern armies in China after 1850.

5 GUNS

Warfare has remained a persistent feature of human life throughout recorded history, but it reached a new level of sophistication, lethality, and intensity after the Peace of Westphalia in 1648. Rival states not only created fiscal bureaucracies to raise new tax revenues but began an open-ended arms race to acquire the most advanced weapons. Like money, guns determined the fate of kings, dynasties, and empires in the hostile geopolitical environment of early modern Europe, and rulers could ill afford to fall behind in the quest for the latest military technologies. In Britain, the armed forces tripled in size during the long series of conflicts with France in the eighteenth century, and by 1783 London had mobilized 190,000 men in theaters of war from North America to South Asia.¹ Logistical infrastructure grew at an even faster pace during this period, and a new network of shipyards, commissaries, munitions factories, and victuallers met the rising demand for matériel and provisions. By the early nineteenth century, Britain had become the strongest state in Europe even if it continued to face political and economic challenges from the continental powers such as France.

In contrast, the Qing dynasty achieved primacy in northeast Asia by the early eighteenth century, and its position remained secure until the mid-1800s. At that time, the West transplanted its conception of international order to East Asia through military, diplomatic, economic, and legal means. As China confronted growing pressures along its maritime frontiers, officials worked to amass the sinews of military power through independent experimentation and conscious borrowing from Europe and Japan. These reforms did not transform China into a great power in a few decades, but they enhanced the country's strategic capabilities beyond the minimal threshold to retain its independence. They also laid a third cornerstone of the military-fiscal state in modern China, and this new form of political organization enabled the country to reemerge as a leading international actor in the early 1950s.

During the eighteenth century, China's continental frontiers remained the primary focus of official concern, and large numbers of troops guarded the invasion routes north and west of the Great Wall. In the 1700s the Qing dynasty transformed China into a Central Asian power through its conquest of western Mongolia and Xinjiang. The empire's Manchu rulers remained acutely aware of the dangers of the steppe because of their own historical origins in the northeast. In contrast, coastal defense (海防 *hai-fang*) and naval construction received less attention after the late 1600s, when the ruling house completed the conquest of Taiwan and eliminated the last vestiges of Ming loyalist forces. Yet this situation gradually began to change in the nineteenth century. Over time, prominent officials concluded that the greatest threat to China's sovereignty came not from the land but the sea, and they transferred resources and personnel to vulnerable areas in the east. They often linked these decisions to the quest for wealth and power (富强 *fuqiang*), a concept that played an integral role in the new statecraft. Guns protected the resources, territory, and populations of prosperous coastal areas, but this money in turn financed the expansion of the military establishment. In short, European imperialism triggered a gradual shift in China's strategic orientation from Inner Asia to its maritime frontiers.

Like the *lijin* administration, military reforms at first grew out of efforts to defeat rebel armies in southern and central China and prevent the

collapse of the ruling dynasty. Local militias coalesced around natural social units like the village, and provincial officials like Zeng Guofan and Li Hongzhang welded these groups into cohesive organizations based on personal networks. Li's Huai Army (淮军 *Huaijun*) adopted European drill, tactics, and weapons technology, enabling it to help defeat the Taiping rebels in less than three years. By 1868 his soldiers had also suppressed the mounted Nian (捻) rebels as well, pacifying all of eastern China. Aided by units of "trained troops" (练军 *lianjun*), Li's military machine maintained political stability in China's littoral provinces until his fall from power in 1895. During the period of the New Policies (1901–1910), authorities also created a New Army (新军 *Xinjun*) modeled on the German and Japanese militaries, and this force garnered wide praise from foreign observers for its training, discipline, and professionalism.

These forces not only guarded the country's frontiers against external invasion but also helped to preserve civil order within the Qing empire. This function had important diplomatic and political implications for the imperial government. By enhancing China's internal security, these military institutions strengthened its position in the competitive international order of the late nineteenth and early twentieth centuries. As noted earlier, the great powers tended to intervene when indigenous regimes failed to protect foreign nationals and their property. For example, the British invaded and annexed Lower (Outer) Burma in 1851 because the ruling dynasty had permitted persistent attacks on Western merchants. To avoid formal colonization, authorities in China needed to quell the midcentury rebellions and prevent similar disorders in the future whenever possible. With the partial exception of the Boxer Uprising, they achieved these goals for the remainder of the late imperial era.

During the second half of the nineteenth century, provincial officials also developed a modern ordnance industry centered in the lower Yangzi area. The Jiangnan, Nanjing, and Tianjin arsenals provided weapons and ammunition for the new regional armies, limiting China's reliance on foreign purchases to a significant extent. These state-owned enterprises far eclipsed private ventures in the scale of their physical plant, number of employees, and level of capital investment, and they also introduced steam-powered machinery and mass production techniques to China for the first time. By 1891, the site of the Jiangnan Arsenal (江南制造局 *Jiangnan*

zhizaoju) had expanded to 2.6 million square feet. A staff of 3,592 people worked at its dockyard facilities, steel refinery, metal-working and carpentry shops, and ammunition and powder plants.² Although foreign procurements continued to supply a portion of Chinese arms in the late nineteenth and early twentieth centuries, the quality of indigenous weapons compared well with European and American models. The improvement of gun and artillery designs provided these armies with an insurmountable advantage in firepower over rebels, bandits, and filibusterers and helped to narrow the technological gap with Europe by the early 1900s.

These new military industries not only included arsenals and munitions plants but shipyards to strengthen the country's coastal defenses. The British brought a rapid conclusion to the First Opium War (1839–1842) by seizing the lower reaches of the Yangzi River, and twenty years later they forced the Qing to capitulate by landing troops at Tianjin and occupying the capital. In response, provincial officials surveyed the topography of the lower Yangzi delta and ordered the construction of artillery batteries on bluffs overlooking the river's shipping channel. An extensive network of fortifications, earthworks, barracks, and gun emplacements took shape in the region over the course of the late 1800s and early 1900s. After Japan's punitive expedition against Taiwan in 1874, authorities also implemented an ambitious program of naval construction at the Fuzhou (福州) and Jiangnan dockyards (江南造船厂 *Jiangnan zaochuanchang*) and purchased a number of ironclad warships from British and German firms. By 1889, twenty-two steam-powered vessels patrolled the country's northern coastal waters, and a smaller fleet guarded the Yangzi estuary in southeastern China. The creation of an ironclad navy in three decades represented an impressive technical accomplishment, but throughout the modern period China's naval development has lagged behind its power on land.

Many historians have dismissed these efforts to strengthen China's armed forces as a failure, citing Tokyo's triumph in the First Sino-Japanese War (1894–1895) as additional evidence of dynastic decline.³ As noted in the introduction to this book, the outcome of the conflict illustrates little beyond Tokyo's greater military power in the mid-1890s and offers limited insight into the long-term results of reform. Mere survival attracts less attention than dramatic victories, and China inflicted few strategic defeats on its foreign opponents until the Korean War (1950–1953). Critical

accounts also ignore the seminal contributions of these military forces to preserving civil order in China and solving domestic political problems.⁴ Analysts must compare them to their internal rivals as well as the modern armies of Britain, France, and Japan.⁵ In sum, China faced intense pressures from Western countries during the late imperial era, but it developed sufficient military strength to prevent formal colonization and retain its independence. Over time, it also acquired the ability to extract a progressively higher price for acts of foreign aggression. Great power status would come later.

MILITARY AFFAIRS IN CHINA BEFORE 1850

The conquest of Xinjiang during the first half of the eighteenth century extended Qing power deep into Central Asia. Inner Asian defense (赛防 *saifang*) had occupied an important position in strategic thought for centuries, but the Manchu rulers began to think about frontier policy in a more systematic way in the late 1700s.⁶ Military planners believed that the security of the capital region required control of the Mongolian steppes, and they assigned Eight Banner (八旗 *Baqi*) and Green Standard Army (绿营兵 *Lüyingbing*) troops to patrol regions near the Great Wall.⁷ Prior to 1850 interprovincial aid underwrote a substantial portion of military expenditures in western China, and a system of military farms (屯田 *tuntian*) in the region increased the local production of food. During the eighteenth and early nineteenth centuries, the court used a flexible combination of coercive force, political alliances, trade, and patronage to consolidate its control of these regions. Although the ruling dynasty established military garrisons throughout the empire, it maintained a basic strategic orientation toward Central Asia.

Before the mid-1800s, legal regulations prohibited the close association of civil and military power in China. As a result, officials often struggled to mobilize the human and material resources to handle security crises. In theory, provincial governors and governors-general commanded the armed forces within their administrative jurisdictions. Yet a short tenure in office afforded them little opportunity to interact with high-ranking officers or train and discipline their troops. In addition, the Board of War in Beijing held the power of appointment, and the military authority of the

governor and provincial commander-in-chief (提督 *tidu*) overlapped by deliberate design.⁸ Within the Eight Banner and Green Standard organizations, frequent personnel transfers also prevented the formation of personal loyalties between officers and men.⁹ Instead the dynasty relied on fixed rules and hierarchical authority to ensure the integrity of command structures in its military forces. As in the modern armies of the West, the system as a whole stressed the interchangeability of its parts.¹⁰ Prior to 1850, the Qing military shared the bureaucratic character of the civilian administration, and a similar set of internal checks and balances discouraged challenges to the court's power.

Traditional military structures and patterns of warfare remained unchanged as late as 1800, but by the turn of the century the Eight Banner and Green Standard armies had begun to lose their effectiveness. By the time of the Taiping, Nian, and Muslim rebellions, their power had declined even further because of insufficient funds and limited training. Officers continued to use methods of drill, discipline, and tactical deployment developed in the seventeenth and eighteenth centuries, and weapons technology lagged behind the most recent European innovations by as much as two hundred years. Army units included large contingents of sword- and spearmen, but the dynasty also armed a smaller number of troops with fowling pieces (鸟枪 *niaoqiang*), gingalls (抬枪 *taiqiang*), and "mountain-shattering cannon" (壁山炮 *bishanpao*). The range, accuracy, and lethality of contemporary European muskets far exceeded these types of ordnance. In addition, Chinese artillery pieces continued to fire solid shot rather than the explosive shells commonly used in Western warfare during this period.

Before the third quarter of the nineteenth century, China lacked the ability to project power on the high seas through the use of modern gunboats.¹¹ The country had a rich maritime tradition, and the imperial court had placed great emphasis on coastal defense in the second half of the seventeenth century. At that time, a series of expeditions led by Shi Lang quashed resistance on the island of Taiwan, helping the new Qing dynasty to consolidate its authority over southeastern China. Strategic attention shifted to Inner Asia in the 1700s, though authorities continued to position traditional naval vessels and Green Standard troops along the empire's coastal perimeter. Commanders had hundreds of ships at their disposal,

but they “scattered them like stars in the sky” to intercept smugglers and pirates rather than concentrating their forces for battle.¹² These craft patrolled China’s rivers and shallow coastal waters with ease, but by the 1700s they lacked the firepower and operational range of most European ships-of-the-line. Authorities reinforced these naval forces with artillery emplacements along China’s maritime frontiers, particularly after piracy began to increase in the early decades of the nineteenth century. Yet none of these weapons proved a match for Western naval power during the Opium Wars of 1839–1842 and 1858–1860.

Although strategic planning emphasized the importance of the empire’s northern and western borders, in Jiangsu province small numbers of Eight Banner soldiers garrisoned the cities of Nanjing and Zhenjiang.¹³ Larger contingents of Green Standard troops defended sites such as Chongming Island, Suzhou, Wusong, Changshu, and Xuzhou, but these numbers fell from 55,000 during the reign of the Qianlong emperor (1735–1796) to perhaps half that by 1850.¹⁴ During this period, many soldiers migrated to frontier regions or became bandits because of inadequate pay, provisions, and living quarters. Few received the necessary arms and training to perform their duties, and most units lacked a strong sense of identity and purpose.¹⁵

In short, the first half of the nineteenth century marked a steady decline in the strength of the armed forces, and the imperial court lost its ability to maintain civil order in parts of China. The largest civil wars in human history to that date erupted in 1850, and three years later resistance in the Jiangnan area collapsed. Rebel forces of the Taiping Heavenly Kingdom launched a large-scale offensive from Anhui province, occupied the secondary capital of Nanjing, and extended their control eastward to the outskirts of Shanghai. These insurgents not only posed a severe threat to the dynasty’s survival in their own right but raised the specter of foreign invasion, occupation, and colonization.

CREATING NEW ARMIES

As turmoil spread throughout the middle and lower Yangzi valley in the 1850s, local elites founded militia organizations based on natural social units like the village. Dynastic fortunes reached their nadir in 1853, but provincial

officials like Zeng Guofan soon integrated these units into unified military structures. In contrast to the Eight Banner and Green Standard organizations, in these regional armies personal ties reinforced the chain of command.¹⁶ Officers selected their subordinates on the basis of personal loyalty, relying on traditional social bonds, such as discipleship, lineage, and fictive kinship to ensure the obedience of their troops.¹⁷ The official Li Hongzhang founded a regional force known as the Huai Army, insisting on extensive training and strict discipline among his troops. These regional armies blurred the distinction between civil and military authority in China and also eroded the political prerogatives of the central government in Beijing. The internal equilibrium of the Qing state shifted in the mid-1800s, and provincial officials of Han ethnic origin began to enjoy a wide range of new powers.¹⁸

Yet the establishment of these new armies also reflected the latent institutional creativity of Chinese society in the late imperial era. Authorities like Zeng Guofan and Li Hongzhang constructed a multitiered military bureaucracy, controlling these new institutions through a transparent system of command. Li's officers recruited a force of 60,000 men in the three years after 1862, a remarkable achievement given the circumstances.¹⁹ Small groups of soldiers trained together to build personal connections, but this approach prevented the formation of the larger regimental and divisional units of the German, French, British, and Japanese militaries. Instead the battalion (营 *yíng*) served as the basic organizational element of Li's Huai Army. At full strength, it consisted of 504 troops divided between four companies (哨 *shào*) and a special contingent of bodyguards (亲兵 *qīnbīng*). Each company consisted of eight platoons (队 *duì*) of ten to twelve soldiers carrying identical weapons. Officers also appointed cooks, porters, and laborers to each detachment to prepare food, set up camp, and transport matériel, provisions, and weapons.²⁰ Li demanded uniformity within each battalion, ensuring that each unit maintained the same complement of men and arms. At first these weapons included swords, spears, and gingalls as well as muskets and artillery. Over time, however, the relative balance changed as Li eliminated obsolete weapons and adopted new technologies from Europe. Common soldiers identified most closely with their battalion, but their officers reported to a commander in charge of 1,000 to 6,000 soldiers. He, in turn, answered to Li or one of his chief

lieutenants, an arrangement that violated the law by uniting military and civil authority in a single official.

The Hunan Army (湘军 *Xiangjun*) continued to carry outmoded Chinese weapons because of Zeng Guofan's antipathy to most forms of foreign technology aside from the steamship. Yet Li's army and his rebel opponents both procured European ordnance through trading firms in the treaty ports.²¹ Several months after his arrival in Shanghai in 1862, Li introduced European musketry to his growing forces. By the end of 1864, more than two-thirds of his 60,000 troops possessed Western arms, though they did not yet carry modern rifles.²² In early 1863 he also purchased mobile artillery pieces that fired explosive shells (开花炮 *kaihuapao*), reduced the use of "mountain-shattering cannon," and eliminated many units of sword- and spear-men. During its early years, his infantry corps often used 11mm Mausers modeled on British and American designs of the 1830s and 1840s. Although these guns lacked rifled barrels, they had much greater range, reliability, and lethality than gingalls or fowling pieces.²³

By 1864 Li's forces commanded far more firepower than those of his opponents, and most of his troops had also received training in European methods of warfare. He hired a number of foreign military consultants in Shanghai and purchased large quantities of imported weapons and munitions in this treaty port. These advisors instructed his soldiers in the use of artillery and firearms, established new systems of signaling and communication, and introduced Western forms of tactical deployment like volley firing.²⁴ At the same time, Li encouraged his officers to emulate the Ever-Victorious Army, a small Sino-Western unit organized by members of the Shanghai gentry to protect the city. He deployed this mixed force as an auxiliary to his own troops during his campaigns against the Taiping rebels. Although the Ever-Victorious Army won several important victories on the battlefield, it served primarily as a template for the larger Huai Army. By 1865 Li's use of European drill, military tactics, and weapons gave him a decisive advantage over rebel troops.

Although Zeng Guofan thwarted the Taiping invasion of northern China, the military situation reached a stalemate in the early 1860s. Enemy forces continued to fight despite the siege of their capital at Nanjing, and as a result the morale of Zeng's Hunan Army began to wane.²⁵ Within eighteen months of Li's arrival in Shanghai in 1862, his troops had re-

claimed most of southeastern China from Taiping control. Organized resistance to loyalist armies throughout the region ended in July 1864. Although attrition and factionalism had also weakened their opponents, Li's army brought the largest civil war in human history to that date to an end within three and a half years.

He achieved this through a methodical military campaign as well as the use of European weapons technology and organization. In 1862 Li secured Songjiang prefecture and reinforced garrisons in the cities of Shanghai and Zhenjiang. Units of the Huai Army commanded by Liu Mingchuan and Cheng Xueqi then retook Jinshan, Jinzhanwei, Fengxian, and Baoshan from enemy hands, safeguarding the coastal regions of eastern Jiangnan.²⁶ During the second phase of Li's campaign, his army assaulted Taiping strongholds north and west of Shanghai. In December 1863 he captured the provincial capital of Suzhou and the important commercial center of Wuxi north of Lake Tai. Li secured his southern flank by occupying northern Zhejiang province in the winter of 1864, and by early spring rebels held only two important places in the lower Yangzi delta. With the assistance of the Ever-Victorious Army, Huai artillery units razed the walls of the city of Changzhou in May 1864. Isolated and surrounded, the Taiping garrison in Nanjing then fell two months later to Zeng's Hunan Army. As Li later acknowledged, foreign weaponry, drill, and training enabled his Huai Army to defeat insurgent forces in a relatively short time. In contrast, Zeng Guofan failed to achieve a decisive victory after more than a decade of warfare.²⁷

Li had eliminated the principal threat to the dynasty, but the mounted Nian rebels continued to ravage much of eastern China. In 1865 Zeng Guofan led elements of Li's Huai Army north in an effort to end the fifteen-year conflict. During his eighteen months in command, Zeng made significant changes in the composition of these forces. A recruiting drive in the Xuzhou area of northern Jiangsu added large numbers of troops and also helped to transform the regional character of the Huai Army. These men ate both rice and wheat products on a regular basis, enabling them to operate outside the provinces of southeastern China.²⁸ This may seem insignificant, but Napoleon himself remarked that an army marches on its stomach. During this period, Zeng also integrated cavalry units into these forces, and by 1868 the Huai Army included 28 to 29 battalions of mounted

soldiers and 7,000 horses.²⁹ He modeled the new cavalry corps on the infantry, with the exception that a “middle company” (中哨 *zhongshao*) replaced the contingent of bodyguards. Yet only Li could command his own troops in an effective way. As a result, the court reassigned Zeng Guofan to the civilian position of governor-general and entrusted the military campaign to his protégé Li Hongzhang.

Li immediately began to develop a strategy to defeat the roving Nian bands, working to isolate and encircle their geographic centers of strength. In 1866 he blocked their escape routes and established an effective cordon around enemy territory. During the following year and a half, his forces prevented the Nian cavalry from dispersing among the civilian population in the countryside. Instead, Li pressed them into two large concentrations and severed their external lines of communication and supply.³⁰ Li then inserted his own troops between these two groups of insurgents, cutting off their access to additional manpower, provisions, and weapons.³¹ He took advantage of the same superiority in training and firepower used to defeat the Taiping, bringing the fifteen-year Nian rebellion to an end in three years. In short, domestic insurgents in eastern and central China suffered a decisive loss, and authorities had also demonstrated their capacity to restore order to the great powers.

As the danger of dynastic collapse receded, high-ranking officials began to describe these new armies as part of a broader search for wealth and power (富强 *fuqiang*). Ding Richang, the governor of Jiangsu province, observed:

Although the Taiping and Nian have already been quashed and the central plains have gradually become quiescent, the Muslim rebels in Gansu have not been pacified and rebel elements still exist in Yunnan and Guizhou. Moreover, the Westerners' long voyages [to China] daily become more numerous, and it is indeed difficult to close the frontiers and cut off [contacts]. Since the beginning, Sino-foreign relations have rested not on reason but on power. When our power exceeds theirs, it is reasonable to extend our existing power even further. When we are weaker than them, it is reasonable to retreat because we lack power. This, then, is today's approach. If pacifying the people and scrutinizing officials is not taken as the substance [体 *ti*] of self-

strengthening; and if a rich country and strong army [富国强兵 *fuguo qiangbing*] are not taken as the application [用 *yong*] of self-strengthening, then not only are [future problems] a certainty, but it will indeed be difficult to relieve their [rebels' and foreigners'] pressures in the future.³²

Like many of his contemporaries, Ding recognized the interdependence of military and economic power and attempted to articulate a future strategic role for forces like the Huai Army. He believed that these soldiers protected China's people, property, and territory from the growing foreign threat, particularly in wealthy coastal regions like the lower Yangzi delta. These areas, in turn, provided the material resources to acquire new weapons technology, construct ships, build transportation and communications infrastructure, and establish modern arsenals.

Ding's comments also incorporated the *ti-yong* (体用) formula, which called on reformers to retain a core of Chinese traditions but to apply Western learning to the country's practical problems. Wealth and power, he implied, would enable the state to preserve Chinese culture in the modern era, insulating the country from the normative values of Europe and the United States. China would maintain its distinctiveness while adopting the Western technologies that it needed to survive in a hostile geopolitical environment. In contrast, indiscriminate borrowing from foreign sources might create confusion and endanger the "unchanging essence" of Chinese civilization.

Ding also believed that if these state-making projects succeeded, they would enable China to alter the terms of its political relationship with foreign countries like Britain, France, and Russia. In practice, most officials envisioned a renegotiation of the unequal treaties rather than an end to international contacts. Like Ding, they suspected that Europeans understood power alone and worried about China's ability to speak that particular language in a convincing way. As a result, policy makers pursued money and guns with relentless tenacity in the century after 1850 even if they disagreed about the proper tactics, agents, and beneficiaries. In sum, authorities developed the intellectual foundations of the new statecraft primarily in the diplomatic, legal, and commercial realms, but even military affairs provided an opportunity to define the content of these new ideas.

In subsequent years, units of the Huai Army quelled the Muslim insurrections mentioned by Ding and served as a limited deterrent against foreign aggression. During what came to be called the Tianjin Massacre, for example, Li's troops discouraged a French invasion of China and prevented a further loss of the country's sovereignty. In the summer of 1870, an angry mob murdered a number of French missionaries and diplomatic personnel in the northern treaty port of Tianjin. The French government decided to use these events to extract political concessions from China, perhaps in the form of additional unequal treaties.³³ France dispatched troops and gunboats to the Tianjin-Beijing corridor in northern China and intensified diplomatic pressure on the imperial court. When efforts at conciliation failed, panicked officials ordered Li to march north with the strongest units of the Huai Army and prepare for a war with the French. One prominent commentator suggests:

The arrival of Li and his troops on the borders of Chihli [Zhili] possibly caused the French to accept Tseng's [Zeng Guofan's] settlement more readily. They had seen in the Tientsin case an easy opportunity to exact concessions from the Chinese with little risk. The approach of the *Huai-chun* [Huai Army], prepared to fight, gave the French cause to reconsider their position in China.³⁴

Defeating the Chinese would have required a substantial investment of manpower, and in 1870 France faced a more serious European crisis because of Bismarck's efforts to unify Germany. Without question, a large French expeditionary force would have beaten Li's army but not without some cost in blood and treasure.

Assisted by "trained troops" in each province, the Huai Army maintained political stability in the empire's coastal regions until its demobilization in 1895. Li Hongzhang dispersed his best soldiers in a wide arc extending from Zhili to the mouth of the Yangzi River. After 1884 he also began to move elements of his forces to the Liaodong peninsula and to garrisons in Manchuria. During this period, China's strongest forces defended the approaches to the capital and the wealthy lower Yangzi region, and the ruling dynasty faced few indigenous challenges outside the far west. In 1871, 16 battalions of Li's soldiers protected Jiangsu province from

attack, but this number rose to 13,000 during confrontations with Japan in 1874 and France in 1884–1885.³⁵ Li stationed a large cavalry detachment in the city of Xuzhou and infantry units at strategic points along the lower Yangzi River. The presence of these troops pacified the former heartlands of the Taiping rebellion, helping to promote economic recovery in the empire's wealthiest region.³⁶ After Li fell from power in 1895, officials reduced Huai forces in Jiangsu province to eight battalions, and contingents of the centralized New Army took their place in the early 1900s.³⁷

In the spring of 1869, Jiangsu Governor Ding Richang began to instruct Green Standard Army soldiers in the use of European weapons, and by the mid-1870s these “trained troops” played an important military role in the lower Yangzi area.³⁸ Authorities established garrisons in Fushan, Langshan, Xuzhou, Huaiyang, and Nanjing, distributing as many as thirty battalions among these sites in the mid-1880s.³⁹ Western drill and weaponry enhanced their value, but these units lacked the cohesion and strong leadership of the Huai Army. In addition, they rarely possessed the most advanced armaments. In fact, some “trained troops” continued to carry muzzle loading guns as late as the mid-1880s.⁴⁰ Despite these weaknesses, they achieved a number of successes when fighting French forces in Vietnam in 1884–1885.⁴¹ In 1892 Liangjiang Governor-General Zhang Zhidong improved the weapons of “trained troops” in the lower Yangzi region, and 4,000 to 6,000 soldiers protected the region from attack in 1900.⁴²

In the decade after 1895, leading statesmen began to organize the Self-Strengthening (自强军 *Ziqiangjun*) and New Armies, forces that won widespread praise from foreign military observers in China. Within the Beiyang (北洋), or northern, divisions of the New Army, regular bureaucratic authority began to replace the personal networks of the earlier regional armies.⁴³ Many officers received training at China's new military academies, and education increasingly served as an important criterion for promotion.⁴⁴ Strict discipline reinforced the chain of command, and by 1903 Yuan Shikai introduced a graduated system of punishments and rewards to shape the behavior of his troops. In 1896 he wrote:

If military regulations are not clear, then rewards and punishments will place emphasis on the wrong points. Discipline will then become lax. Thus the commanding general must make the explanation of

military regulations his number one goal. Based on existing military laws and regulations, it is highly appropriate to revise and simplify these rules, publishing them and then sending them to each battalion. [We] can then order all troops to repeatedly chant [these regulations aloud], and [an individual] can be selected and dispatched to enforce the law. According to official procedures, the Battalion Affairs Office will investigate anyone who [displays] partiality. Common soldiers will know the rules thoroughly and will be strong when obeying orders.⁴⁵

Stringent physical requirements improved the quality of enlisted personnel in these forces. Yuan demanded that new recruits be at least 5'6" tall, have a strong and healthy physique, and refrain from smoking opium. They also had to pass a fitness test, running 6.66 miles in an hour and lifting at least 133 pounds.⁴⁶ Foreign military advisors imposed a rigorous regimen of weapons training, exercise, and drill, ensuring that their men achieved a far greater mastery of European tactics than their nineteenth-century predecessors. Yuan Shikai observed:

The important task of training troops naturally includes [teaching the] methods of . . . tactical deployment, drill, and the use of the hands [in combat and in handling weapons]. What is especially important is listening to commands; smoothly dispersing and re-forming [military formations]; knowing geographic conditions and methods of using firearms and artillery; and [understanding] changes in the offensive and defensive [deployments] of an army on the march. In the spring and fall of each year, an army must march several hundred *li* [approximately 100 miles] or confront other troops [in military exercises] at an appointed time. If [they] encounter the enemy, then the officers and men will know how to make war and will already be inured to hard work.⁴⁷

The Beiyang divisions of the New Army provided decent salaries, and the state provided veterans with three years of retirement pay while they served in reserve units (续备军 *xubeijun*).⁴⁸

During the period of the New Policies, officials created not only new schools and government ministries but an elaborate military bureaucracy

as well. By 1905 the New Army had grown to 60,000 men in Zhili and perhaps 15,000 in southeastern China.⁴⁹ Authorities used the Japanese military as an organizational model, a decision that promoted centralization and structural uniformity within the new forces. In addition, most non-commissioned officers could read standard documents and write basic reports in Chinese. Many officers received training at one of the country's new military academies, and the most promising recruits studied military affairs in Japan.⁵⁰

A divisional (鎮 *zhen*) system replaced the small groups of the Huai and Hunan armies, weakening personal ties with individual officers and encouraging a higher degree of professionalism. At full strength, each division in the New Army consisted of 10,000 men distributed among infantry, artillery, cavalry, engineering, and transportation corps. Army Headquarters also provided copyists, clerks, porters, cooks, and buglers to assist regular troops with communications and logistics.⁵¹ A small number of doctors and medics offered health care to the troops, while grooms and veterinarians attended to the special needs of mounted units. Brigade (协 *xie*) commanders supervised 3,000 soldiers divided into two regiments (标 *biao*), and each of them in turn controlled 3 battalions of 500 men. Although the smaller units of the New Army bore the same names as those in the Huai and Hunan armies, the new bureaucratic spirit even reached down to the company and platoon levels.

As early as 1895, Governor General Zhang Zhidong established units of self-strengthening troops in southeastern China. His officers decided to recruit new personnel in Anhui and Jiangsu provinces rather than retrain existing militia forces.⁵² At the same time, a staff of twenty-five German advisors served as temporary battalion commanders and instructed these new soldiers in Western drill, tactics, and weaponry. By 1896 the Self-Strengthening Army had grown to 13 battalions and 2,860 men, but the following year the court transferred these units to Yuan Shikai's jurisdiction in Shandong province.⁵³

Officials implemented additional military reforms in the lower Yangzi region in 1904–1905, when Beijing granted permission to create a Ninth Division of the New Army. In less than a year, 9,044 new troops guarded western and central Jiangnan against a potential foreign invasion.⁵⁴ Soldiers of the Seventeenth Brigade protected Nanjing, the empire's secondary

capital, on the Yangzi River, while other units defended the port of Zhenjiang 60 miles downstream. In 1905 government authorities abandoned plans to station the Twelfth Division in the city of Suzhou and instead assigned the smaller Twenty-Third Brigade to the area.⁵⁵ The Jiangsu provincial governor also founded a large garrison on the Grand Canal north of the Yangzi River. After 1906, this Thirteenth Brigade grew from 2,857 men to a total of more than 6,500, and more than 16,000 guarded Jiangsu as a whole at that time.⁵⁶ Recruitment in the northern part of the province infused additional rural stock into these new forces. Officers tended to target young farmworkers because of their supposed physical strength and obedience to orthodox forms of authority. In sum, substantial investment in the New Army enhanced China's military power in regions of strategic significance, and by 1911 littoral areas received 41.66 percent of total government spending on land forces.⁵⁷

The discipline and professionalism of the New Army left a deep impression on European observers in the early twentieth century. As a result, these units may have played a significant role in deterring foreign aggression against Chinese territory. In 1905 the court invited diplomatic personnel in Beijing to attend a series of military exercises near the capital. The British minister cautioned London against armed intervention in the future, observing that the allied victory in the Boxer campaign of 1900 would now come at a higher price.⁵⁸ Ralph Powell watched the Beiyang divisions of the New Army on maneuvers in southern Zhili, noting:

The enlisted men were a better type than the old-style soldiers. They were excellent physical specimens, tough, well-fed, and healthy. The discipline was outstanding and, despite some desertions, the morale of the men appeared to be high. Within the units, there were signs of developing esprit de corps and attempts were being made to stimulate patriotism. From a political and social standpoint, the maneuvers had the result of presenting to the common people a disciplined army far different from the hordes of uniformed bandits with whom they were familiar. In the presence of these well-behaved troops, the local populace soon lost their fear and became curious about the neat and orderly soldiers. The people were finally being shown that the military profession could be respectable.⁵⁹

The newspaper *Wanguo Gongbao* (万国公报) echoed these sentiments, reporting that Chinese and foreign commentators agreed that these soldiers were “disciplined, nimble, quick; virile, brave, and fierce. There are no other troops [in China] that resemble them.”⁶⁰ The New Army reshaped European perceptions of Chinese military power to a certain extent and may also have tempered the most aggressive inclinations of the West.

In Shandong province, for example, the deployment of the New Army hindered German efforts to extend their influence from the port of Qingdao to hinterland regions. Attacks on the Protestant Steyl Mission provided an initial pretext for intervention in this area, and unrest along the route of the Jinan railway threatened to draw German forces farther into the interior.⁶¹ In response, Yuan Shikai positioned elements of the New Army at 5- to 10-mile intervals along the proposed line to prevent anti-foreign incidents.⁶² Maintaining civil order deprived Berlin of the grounds to demand political concessions from the Qing government. At the same time, authorities like Admiral Alfred von Tirpitz noted the concentration of modern troops in Shandong, concluding that the risk of war with China outweighed its potential benefits.⁶³ A contemporary source explained the premises of Qing strategy in Shandong, remarking that missionary incidents often developed “from a religious matter without cause . . . [into an excuse] for mobilizing troops. . . . If there is not a single missionary case under heaven, then China and foreign countries will never have a cause to fight.”⁶⁴ In sum, the ability to maintain internal security strengthened China’s international position, and by the early twentieth century the country could also begin to impose somewhat greater penalties against foreign aggressors.

MILITARY INDUSTRIES IN CHINA AFTER 1850

During the midcentury rebellions, loyalist armies required an enormous supply of arms and ammunition, and this new demand led to the development of a modern military industry in China. Yet weapons production soon played an important role in the country’s struggle to retain its independence and territorial integrity. Officials maintained that “arsenals are a valuable resource for guarding against the insults of foreign powers and also serve as the basis of self-strengthening.”⁶⁵ As Western pressure increased

in the late 1800s, technology improved, production and physical plant expanded, and spending continued to rise. Munitions plants in Shanghai and Nanjing supplied high-quality ordnance to the new regional armies, and Li Hongzhang introduced an efficient distribution system to prevent shortages of weapons and matériel.⁶⁶ Building military industries near the treaty ports made it easier to procure European firearms, equipment, and technical expertise but also exposed these sites to foreign attack. These new arsenals and shipyards introduced steam-powered manufacturing in China for the first time, though these innovations had little immediate impact on other sectors of the economy. Li recognized the relationship between technology and military strength, writing:

Our ways no longer suit the times. . . . [W]hat is used is not studied, and what is studied is not used. When [there is] no emergency, Western tools are ridiculed as clever and deceptive gadgetry, and people maintain that [they] need not be studied. When there is an emergency, Western tools are marveled at as an extraordinary wonder, and people argue that it is impossible to study them. It is not known that Westerners have viewed modern weaponry as the essence, the very body and soul, of study for several hundred years. . . . I contend that if China desires to strengthen itself, then there is nothing better than to study foreign tools. If [we] want to study foreign tools, then there is nothing better than to acquire machines that make [other] machines. . . . If [we] desire to acquire machines and the people who make machines, then [we] will likely have to establish a special agency and obtain talented people for government service.⁶⁷

Although munitions plants like the Jiangnan Arsenal experienced supply problems from time to time, they achieved considerable success in the quality of their manufactures. They also completed a rapid process of technology transfer and established efficient managerial and organizational structures. In short, these industries helped to lay the technological foundations of China's military power in the late 1800s. As in early modern Britain, war-making required not only guns, ships, and men but extensive logistical infrastructure as well.

INFRASTRUCTURE

These state-owned enterprises far surpassed private businesses in the scale of their physical plant, overhead costs, and labor force. In mid-1865 Qing authorities purchased a shipyard in the Hongkou (Hongkew) district of Shanghai, but the European consular establishment complained about its proximity to the treaty port's foreign concessions. As a result, officials instead decided to build the new Jiangnan Arsenal in an isolated area south of the city. In 1867 this compound occupied 462,000 square feet, but by 1891 it had increased sixfold in size through the acquisition of adjacent lands.⁶⁸ A separate factory outside Shanghai sat on more than 1.7 million square feet of land, and in the late 1800s authorities bought an additional property to construct a rocket plant.⁶⁹ At Li's instruction, provincial officials allocated 20 percent of Shanghai's annual customs returns to support the arsenal. These funds paid not only for machinery and materials but the wages of its growing workforce as well. By 1890 the arsenal employed 2,913 people and had set up 1,974 separate workrooms. If these figures also include managerial, clerical, and security personnel, then the arsenal's staff totaled almost 3,600.⁷⁰ In contrast, the largest civilian firms in China hired perhaps 2,000 laborers, but the salt mines in Sichuan province lacked the intensive capital investment and advanced machine technologies of military industries.⁷¹

The Jiangnan Arsenal began to manufacture weapons, equipment, and steamships in late 1867, and the complex soon included machine, carpentry, boiler, wrought iron, metal, and small arms shops.⁷² Over the next several years, the director of the plant erected warehouse facilities, coal bins, and living quarters for Chinese workers and foreign advisors. In addition, administrative buildings housed accounting and clerical departments, a gunnery school, and an engineering office.⁷³ In 1872 arsenal personnel also opened a steam hammer shop and a dry dock to repair the gunboats in China's planned naval fleet. During this period, factory employees operated 662 lathes, planers, and drills, used 31 gas furnaces to refine and cast metals, and relied on 362 steam engines to power their machinery.⁷⁴ A contemporary commentator described production techniques in the arsenal's foundry in the early 1870s, noting that blacksmiths read a number of

manuals with illustrations. Using the methods of mechanical drawing, they [mastered] the level and straight use of squares and circles. To draw an analogy, the Western machines in the factory were like a mother giving birth to a child. More than thirty large and small pieces of machinery were used to cast artillery pieces. The furnace was 30 feet tall, and its circumference exceeded 10 feet around. Air was used to continually fan an intensely hot fire. Dross was eliminated, [the piece] was placed in water, and the casting [process] completed without interruption.⁷⁵

By the mid-1870s, officials had constructed twelve large buildings for the plant's industrial equipment, but designers could have better positioned these structures to facilitate the production process.⁷⁶

The arsenal began to manufacture black powder after it acquired a site in Longhua in 1874, and within several years annual output rose to more than 300,000 pounds.⁷⁷ Provincial authorities stockpiled this substance along with percussion caps, fuses, bullets, and gunpowder at the nearby Songjiang Magazine.⁷⁸ Administrators transferred 5 tons of powder per month until the depository's stores reached 200,000 pounds, and military officers assigned a local militia battalion to guard these munitions.⁷⁹ Yet the demand for black powder fell after 1890 because China began to arm its forces with more advanced ordnance. The slower and more efficient burn pattern of prismatic powder extended the range, power, and accuracy of a gun, prompting authorities to buy the machinery to manufacture this chemical.⁸⁰ The Jiangnan Arsenal supplied 1.15 million pounds of this reddish-brown compound in the decade after 1895. Contemporary evidence suggests that the quality of these munitions compared well with those procured through foreign firms in the treaty ports.⁸¹ Shortly afterward, the government introduced rapid-action artillery pieces, and Governor-General Liu Kunyi invested in the technology to make smokeless powder in substantial quantities. This chemical ignited at a lower temperature than the prismatic and black powders used in older weaponry, preventing ordnance from overheating and permitting gunners to fire at a faster rate. Provincial authorities agreed to allocate 100,000 taels to import the necessary machinery from Europe. With the assistance of German engineers,

the Jiangnan Arsenal began to produce more than 20 tons of smokeless powder a year after 1896.⁸²

Government administrators also acquired additional equipment to improve production at the main factory site south of Shanghai. Arsenal director Liu Qixing believed that buying raw materials from foreign firms exposed China's military industries to unnecessary danger, and he reduced purchases of iron ore and steel ingots from Europe and the United States.⁸³ He warned that "once there is an incident at sea, the ocean routes will be blocked and steamships will not be able to reach port. [Since] there is no place to procure [metal ores] domestically, work would certainly stop while waiting for materials."⁸⁴ In 1891 Liu constructed a steel refinery with the aid of Western technicians, and over time daily output grew to 18 tons. Liu drew on existing funds to meet these costs, which reached into the tens of thousands of taels.⁸⁵ Workers molded processed steel into a wide range of shapes and sizes, using the tempered metal in artillery pieces, shell casings, armor plating, precision gun components, and rifle barrels. As the nineteenth century drew to a close, the arsenal obtained an increasing amount of its iron ore from Chinese mines, but provincial officials continued to buy significant quantities from international suppliers.

WEAPONS PRODUCTION

In 1870 Li Hongzhang complained that "China's military equipment is greatly inferior to that of Westerners."⁸⁶ During the course of the late nineteenth and early twentieth centuries, officials reduced this technological gap with the great powers as much as possible. As noted earlier, 11mm Mauser muskets replaced obsolescent gingalls and fowling pieces during the mid-1860s. By 1871 technicians at the Jiangnan Arsenal had begun to manufacture the first in a series of more advanced weapons. Modeled on a contemporary American design, the Remington breech-loading rifle increased the range and accuracy of Chinese arms by a substantial margin. During the following decade, workers in the main plant produced at least 25,000 of these guns.⁸⁷ By 1875 annual output exceeded 3,500 pieces, and the Remington proved a safe and reliable weapon even if it lacked interchangeable parts.⁸⁸ In 1884 officials modified the specifications of these

rifles, reducing the bore diameter to increase the speed of the bullet after firing. They also introduced a new firing mechanism that struck the center of the cartridge rather than the rim, an innovation that reduced the odds of a misfire.⁸⁹ This “rolling block” prototype integrated recent changes in European arms, and the arsenal began large-scale production in spite of problems with breech discharges in some pieces.⁹⁰ For a short time after 1890, the more powerful Lee rifle replaced the Remington, but it soon fell out of favor. Within two years, plant administrators began to manufacture an 8.8mm magazine rifle based on the new Austrian Mannlicher. A clip of five rounds enhanced the firepower of these weapons, and testing indicated that this gun could reach a target at 2,000 yards and penetrate a steel plate at 200.⁹¹ Although only China’s best troops carried advanced weaponry, foreign purchases relieved the occasional shortfalls in the arsenal’s output.

For much of its first decade of operation, the Jiangnan Arsenal produced smooth-bore cannon cast in bronze (开花炮 *kaihuapao*). Although these weapons used explosive shells rather than solid shot, European armies had abandoned similar designs several decades earlier. In 1878 technicians constructed the first rifled artillery piece using the British Armstrong gun as a template. In subsequent years, authorities invested an enormous amount of resources in heavy ordnance, deploying these cannon in coastal defense. Wrought iron reinforced the steel barrels of these muzzle-loading weapons, and most fired 40-, 80-, 120-, or 180-pound projectiles.⁹² The size and power of the arsenal’s Armstrong guns gradually increased after 1886. In 1890 the main factory fabricated its first 800-pounder cast in steel, and over time the plant’s metallurgists discontinued the use of wrought iron. Artillery pieces in China’s coastal fortifications were 35 feet long, had a bore diameter of 12 inches, and weighed approximately 50 tons.⁹³ After 1890 advanced breech-loading ordnance displaced older weapons, and by 1897 the arsenal had begun to craft rapid-action guns (快炮 *kuaiipao*) in the 2-, 3-, 6-, 12-, 40-, and 100-pound class.⁹⁴ A contemporary observer admired the ability of these new artillery pieces to “rapidly fire several dozen shots. While in use, they do not overheat, and [after] a few moments one can continue to use the gun. . . . The chamber can [quickly] be returned to the firing position, the ammunition is convenient, and the speed is extraordinary.”⁹⁵

Although the Jiangnan Arsenal grew rapidly after 1865, government officials also developed a smaller armaments factory in Nanjing. In 1866–1867 Li Hongzhang appointed an Englishman to oversee operations and began to coordinate the production schedules of the two munitions plants. By 1870 facilities at the main compound in Nanjing included a brick kiln, carpentry and small arms shops, a boiler house, and an iron smelter. As in Shanghai, laborers manufactured rockets at a separate complex located some distance away.⁹⁶ In its early years, the Nanjing arsenal supplied Li's armies with small arms, gingalls, gun carriages, percussion caps, fuses, ammunition, and artillery pieces, but the limited size of the workspace prevented the extensive use of machines.⁹⁷ These buildings at the armory's primary site underwent extensive renovations only in the mid-1880s. The purchase of additional equipment in 1886–1887 transformed production techniques and boosted the output of firearms, ammunition, powder, land and marine mines, and Gatling guns.⁹⁸ Yet the Nanjing Arsenal remained a medium-size facility, supplementing much larger factories in Shanghai and the northern treaty port of Tianjin.

Like the New Armies, China's armaments plants won praise from foreign military observers in the late nineteenth and early twentieth centuries.⁹⁹ The historian Thomas Kennedy offers a judgment of China's arsenals at odds with the much of the secondary scholarship, asserting:

The record of achievement and institutional progress in the ordnance industry suggests a degree of resilience and a viability which not all writers have found in nineteenth century China. Guided by realism, practicality, and open-mindedness on the part of its leaders, the industry not only opened the era of modernized ordnance production, but it also stimulated change in education, in the economy, and, most important, in official attitudes. . . . Modernization in the ordnance industry by 1895 can be likened to a glass partially filled with water—or is it partially empty? What has been seen by some as woefully inadequate when measured against the norms of European and American counterparts reflects remarkable progress and accomplishment when measured against the baseline of traditional ordnance production that had prevailed only thirty-five years before.¹⁰⁰

Chinese statesmen created these military industries in the mid-1800s not only to safeguard the country's sovereignty but also to participate in an early incarnation of the arms race.

BUILDING COASTAL DEFENSES IN CHINA

The Opium Wars of 1839–1842 and 1858–1860 revealed the vulnerability of the Tianjin–Beijing corridor and the Yangzi River to attack by foreign gunboats. After the suppression of the midcentury rebellions, provincial officials allocated an increasing volume of revenues for coastal defense in these regions. Britain's seizure of the lower Yangzi delta during the first conflict threatened the state's revenue base and severed transportation and communication links between north and south China. In addition, European control of the waterway disrupted the flow of commerce, and the river's many tributaries offered an expeditionary force access to inland provinces.¹⁰¹ Two decades later, allied British and French troops seized the capital of Beijing, assuring a rapid surrender and capitulation to Western demands. In subsequent years, officials called for the concentration of military strength at defensible points along the coast and warned against dispersing land forces over a large geographic area.¹⁰² One commentator described these changes in strategic perspective during the late 1800s, arguing:

[We] must choose especially important places [for coastal defenses]. For example, Zhili's Dagu, Beitang, and Shanhaiguan areas are the strategic gateway to the capital. These are the most important [places]. The region in Jiangsu from Wusong to Jiangyin is the strategic gateway to the Yangzi River. This is the second most important place. The capital region is the foundation of all under heaven; the Yangzi River [area] is the [primary] source of finance and taxation. But if the two most important locations are to be defended, the ports and [territorial] borders of all the [other] provinces are [mere] decoration. If [we] lose control [of these areas], it is no great impediment to the overall situation. If [we] want to consolidate [our] defense, [we] must prepare to strengthen and expand all of [our] armies, gun emplacements, armaments, and military supplies as well as the Board of Works'

material resources and reserves. . . . Those people [foreigners] are indeed able to spy out our key strategic points and sever our lifeline. In addition, we meet with accidents because of the slow and disorganized search for a method [to defend the empire]. [We] aid both east and west and do not concentrate all of our power in a few important places.¹⁰³

The reformist official Guo Songtao echoed much of this logic but also linked coastal defense to the new concept of wealth and power. He remarked with considerable pessimism:

These days [an army can] control an entire province [through] its strategic locations, for example Yantai in Shandong, Shanghai in Jiangsu, Zhaobaoshan in Zhejiang, Xiamen in Fujian, Hong Kong in Guangdong, and Guangzhou. [Unfortunately], Westerners have already monopolized the benefits of those places. The spirit of the people [living in] coastal regions differs in strength [from place to place] and cannot be harmonized. In summary, the province of Guangdong can be strengthened and enriched. Jiangsu can be enriched but not strengthened. Shengjing, Shandong, and Zhili can be strengthened but not enriched. Some provinces have a coastline of several hundred *li*, while others have a coastline of several thousand. Concerning the matter of preventive defense . . . one technique cannot be applied everywhere.¹⁰⁴

In Guo's mind, wealth and power took on a specific geographic expression, with China's provinces playing distinctive roles based on their unique demographic, economic, and topographical characteristics. Certain regions provided the state with material resources, while others contributed to the country's safety by serving as bastions of military strength. An effective coastal defense would extend to both areas, but authorities would need to tailor their strategies to reflect important local differences. Over time, reforms would also ensure that strong provinces became even stronger and rich provinces richer. High-ranking officials did not accept all of Guo's recommendations, but they recognized the need for detailed local knowledge and agreed with his call for a defensive military posture. Authorities

understood that they lacked the ability to project power through a large navy, but they planned to deny foreign opponents control of China's key political and economic regions in future conflicts.

Regional officials conducted extensive geographic surveys of the lower Yangzi delta in the late 1860s, charting the width and depth of rivers, measuring tidal flows and seasonal variations in water levels, and assessing the suitability of the topography for military defenses.¹⁰⁵ Engineers built a series of artillery batteries on the bluffs overlooking the main navigation channel, and a broad network of fortifications, earthworks, and barracks emerged after 1874. During that year, the Japanese threatened to invade the island of Taiwan, leading to renewed concerns about the safety of the lower Yangzi delta. In response, the government decided to reinforce garrisons at the strategic points of Wusongkou, Jiangyin, Zhenjiang, and Nanjing. The Yangzi narrows to less than 2 miles at these sites, rendering naval vessels vulnerable to artillery bombardment from the river's banks.

Engineers constructed each artillery battery's foundations of stone and wood, sinking support pillars deep into the loose sandy soil to ensure the structure's cohesion and strength.¹⁰⁶ "In places where the precipice [above the river] was steep, the mountain was cut away and the rock chiseled to serve as the foundation. Mortar was used all around the gun emplacements" and the walls built with "extreme precision and sturdiness. Those who applied the mortar mixed lime, the juice of glutinous polished rice, lime obtained from burned seashells, ox hairs, and other things, and placed it in the earth."¹⁰⁷ Steel plating protected gunners from ground fire in front of the emplacements, and by the 1890s metal armor or vaulted stone enclosed most batteries from above.¹⁰⁸ Thick walls of tamped earth surrounded the entire compound and extended for almost half a mile at certain sites. The designers of these fortifications shielded ammunition and powder storehouses from enemy shells by laying a soil and gravel mixture several feet thick. Rooms beneath the gun emplacements served as living quarters for the officers and men assigned to the garrison. At larger installations, underground passages connected different buildings within the complex, providing troops with additional cover in the event of an attack.

Artillery batteries at Wusongkou guarded the mouth of the Yangzi River before the midcentury rebellions, but regional officials continued to im-

prove the garrison's ordnance throughout the late 1800s and early 1900s. Authorities erected more than a third of a mile of earthworks to protect the twenty-eight guns in southern Baoshan county. In 1874–1877 the provincial governor also created a set of twelve emplacements farther north to defend the point where the Huangpu River empties into Yangzi.¹⁰⁹ Engineers installed high-quality artillery pieces manufactured by the Armstrong and Krupp firms, later constructing troop barracks, powder and ammunition magazines, and a reservoir at this site. During the next decade, they also built eight gun emplacements near Shizilin to support the two existing batteries. In 1899 the Qing government added more heavy ordnance and a number of rapid-action guns to these batteries to prevent encirclement attacks from the rear. Supported by infantry and marine mine units, thirty-four modern artillery pieces stood guard over the lower reaches of the Yangzi River by 1905.¹¹⁰

Foreign vessels that overpowered the Qing defenses at Wusongkou would encounter a second series of artillery batteries near the port of Jiangyin on the Yangzi. Strategic planners chose this location because the river narrows to less than 3 miles in width there. The site's strategic value grew after 1850 because of improvements in ordnance design, and by 1884 twelve battalions of soldiers guarded the 800-pound guns installed by army engineers.¹¹¹ Provincial authorities continued to increase the number and caliber of artillery pieces in following years, expanding gun emplacements on both banks of the river to a total of fifty-seven by 1905.¹¹² Aside from a few obsolete weapons, the Jiangyin batteries consisted of high-quality modern ordnance, and three companies of marine mine specialists bolstered the area's defenses.¹¹³

A third cluster of fortifications protected “heaven's strategic pass” near the city of Zhenjiang, the single narrowest point on the lower reaches of the river.¹¹⁴ In 1874–1875 Governor-General Li Zongxi began work on gun emplacements in the area, and by the late 1890s twenty-one artillery pieces protected the Yangzi's main navigation channel there. Ships traveling upstream passed within range of three additional batteries to the west, where high bluffs on both banks offered an open field of fire. Engineers installed eighteen guns at Xiangshan and nine at Tiandu Temple. They also placed heavy ordnance on an island in the middle of the river to enable gunners

to lay overlapping fire. In 1881 provincial officials assigned 350 troops to the Tiandu Temple garrison, but by the end of the 1890s nine battalions of soldiers stood watch over Zhenjiang's artillery emplacements.¹¹⁵

More than fifty guns commanded the approaches to Nanjing in the second half of the nineteenth century. After 1850, engineers constructed three batteries within the city's walls and four more in the surrounding area.¹¹⁶ In 1874 Li Zongxi created a set of artillery emplacements 14 miles east of Nanjing, while additional fortifications guarded against an assault from the north. The placement of artillery and infantry garrisons on mountainous terrain reduced the risk of an attack by enemy ground forces. In addition, engineers in many locations paired guns on opposite banks of the river to reinforce the lines of fire. A number of artillery pieces also sat atop Nanjing's enormous gates, while engineers integrated smaller batteries into the city's thick stone walls. In sum, provincial authorities constructed a coherent system of coastal defenses in the late nineteenth and early twentieth centuries to protect the empire's fiscal base in southeastern China.

The growing maritime threat also led Qing officials to acquire modern warships, and by the early 1880s several fleets patrolled the country's coastal waters.¹¹⁷ In 1875 the official Zuo Zongtang wrote:

From Guangdong to Shengjing, the great sea surrounds [China] on three sides. Beyond the rivers, the many waters return to their origins. In times of peace, the grain transport trade provides business for the people and pacifies the multitude. In times of war, troops are dispatched [by sea] to prevent defeat, and [we] establish defenses to [control strategic] routes. . . . Since the military operations at sea [during the Opium Wars], Western countries have sent their steam-powered warships directly to Tianjin. The line of defense ultimately came to exist in name only. As a result, [we] must reform our naval forces. [If] naval forces are to be reformed, [we] must build steamships ourselves.¹¹⁸

China's defeat in the Opium Wars stimulated an interest in European gunboats, and the court approved the creation of dockyard facilities at Shanghai and Fuzhou after the Taiping rebellion. With the assistance of

Western advisors, engineers mastered the technique of constructing steamships by the end of the 1860s. Yet authorities implemented an ambitious program of naval expansion only after the Japanese threatened the island of Taiwan in 1874. Chinese shipyards produced a number of ironclad and wooden vessels during this period, but their high cost prompted officials like Li Hongzhang to purchase ships from British and German firms.

During the late 1800s, officials considered naval construction as well as armies and coastal defenses an integral component of the country's quest for wealth and power. The famed translator and naval officer Yan Fu stated:

Since the easing of maritime restrictions, the people's strength and property has been mobilized many times [and for many reasons. These include] the Zongli Yamen; the School of Combined Learning; ships; the Bureau of Foreign Study; the China Merchants Steam Navigation Company; arsenals; the navy; the Naval Affairs Bureau; Western military drill; schools; diplomatic representation abroad; mining; posts and communications; and railroads. . . . The West has taken most of these as the foundation of wealth and power [富强 *fuqiang*]. . . . If our people sometimes remember [to pursue these projects] and sometimes forget, then it will not be possible to truly benefit from their impact. Then what can be done?¹¹⁹

Four of these fourteen important reform measures involved either modern ships or the managerial infrastructure to oversee their operation in Chinese waters. Without question, Yan Fu's personal background influenced the composition of this list, but few of his contemporaries disputed the military or commercial significance of steamships. By the 1890s, many Chinese thinkers began to recognize that Britain's great power status depended on its naval strength, including the ability to protect its overseas trading networks.¹²⁰ During that period, they studied the British example in considerable detail, pondering the relationship between warships, commerce, and successful statecraft.

Despite the growth of China's navy after 1874, military planners adopted a defensive strategy of protecting key locations in China's coastal regions. They acknowledged that "when any of the maritime countries make war, the best plan for guarding their [own] coasts is to dispatch the entire fleet

to blockade the enemy's ports. [By taking these steps, they do] not permit his ships to enter or exit [his ports]." Yet only powerful states "with many ships are able to do this. Next best are the methods of self-defense."¹²¹ Officials such as Li Hongzhang envisioned a coordinated response to foreign aggression and built a multilayered "maritime shield" during the 1870s and 1880s. In their view, the country's naval forces constituted an outer perimeter around ports and harbors on China's eastern seaboard. Should an opponent breach this defensive line, mobile infantry units would reinforce the network of coastal fortifications, marine mines, and artillery batteries along the Yangzi.¹²² This concentration of force increased the firepower of coastal defenses and would permit shore batteries to protect Qing warships during engagements with enemy gunboats. In short, this strategy sought to prevent an amphibious landing of European troops on Chinese soil rather than destroy a foreign fleet on the high seas.¹²³

In 1875 the court created a sectoral defense system that divided China's coastline into northern (北洋 *Beiyang*) and southern (南洋 *Nanyang*) zones under separate military commands. The imperial court entrusted strategic planning and naval affairs in each region to the commissioners of trade for foreign ports, positions held at this time by Li Hongzhang and his protégé Shen Baozhen. Until 1878 they concentrated on the construction of a northern fleet to protect the capital, acquiring a number of British- and German-built gunboats to supplement those built at indigenous shipyards. Officials purchased most of China's larger vessels from foreign firms, investing in the ironclads that served as a benchmark of maritime power in the late nineteenth century. As Table 5.1 indicates, China added two battleships of 7,335 tons and several light cruisers to the northern fleet during the 1880s, and by the end of the decade two dozen steamships guarded the waters of north China.

In 1888 the court approved large-scale naval exercises in the Gulf of Bohai, and several speedboats sustained a velocity of 18 knots during these maneuvers.¹²⁴ At this time, more than 4,000 officers and men served aboard vessels assigned to the northern sector of China's coast. The court maintained naval bases at Weihaiwei, Dagu, and Port Arthur, where workers serviced and repaired ships returning from patrols of the surrounding seas.¹²⁵

The development of the southern navy began in earnest only after 1878, when Shen Baozhen no longer remitted annual allocations for the southern

zone to his patron Li. As late as 1875, the defense of the lower Yangzi delta rested with three wooden steamships constructed at Chinese dockyards. Authorities added three modern gunboats in 1879 and further augmented the southern fleet with six light cruisers during the mid-1880s. In addition, they purchased four “mosquito boats” from Great Britain to patrol shallow waters inaccessible to vessels with a deep draft. By 1886 sixteen steamships protected the invasion routes used by the British during the first Opium War. Several years later Governor-General Liu Kunyi also assigned three older craft to the area to participate in training exercises and assume transport duties.¹²⁶ In the early 1880s, provincial officials stationed three vessels at Nanjing and three at the mouth of the Yangzi River, repositioning elements of this fleet as its composition changed in the following decade.¹²⁷ Ten years later, two cruisers and two mosquito boats secured the port of Jiangyin, and a gunboat guarded the Huangpu River near Shanghai. In addition, three cruisers and two mosquito boats defended the entrance to the Yangzi from foreign invasion.¹²⁸ During this period, 2,700 sailors manned the warships of the southern navy, and thousands more worked at the dockyard facilities responsible for cleaning, provisioning, and repairing these steamships.¹²⁹ By 1903 many of these vessels had become obsolete, but in the early Republican era the government established major naval bases at Shanghai and Nanjing.¹³⁰

The construction of steam-powered naval vessels at sites like the Jiangnan Arsenal revealed an impressive ability to adopt new technologies, but during the modern period China’s power at sea has never matched the strength of its armies. During a conflict over Vietnam in 1884–1885, a French fleet destroyed much of the southern navy in the harbor of Fuzhou and then bombarded the port’s arsenal and shipyards (福州造船厂 *Fuzhou zaochuanchang*). Paris sent eight ironclad warships and two torpedo boats to East Asian waters, battering the Chinese vessels into submission with their heavy guns and inflicting over five hundred casualties. The strongest elements of the Qing navy remained in north China, but they would have fared little better against the French. More importantly, the loss of Fuzhou’s ship-building facilities handicapped future construction for the southern fleet, and authorities had to rely on other Chinese shipyards as well as make foreign purchases.

Ten years later, Japanese ships sank much of the northern fleet during the First Sino-Japanese War, a fact that historians have used to label the

TABLE 5.1. The Qing Navy, 1889

Ship name	Type of vessel	Tonnage	Horsepower	Speed (knots)	Place of manufacture	Crew	Construction materials	Year built/fleet
Pingyuan	Cruiser	2,200	2,300	14.5	Fuzhou	145	Steel	1889, N
Laiyuan	Ironclad	2,900	5,000	15.5	Britain	202	Steel	1887, N
Jingyuan	Ironclad	2,900	5,500	18	Britain	202	Steel	1887, N
Zhiyuan	Cruiser	2,300	5,500	18	Britain	202	Steel	1886, N
Jiyuan	Cruiser	2,300	5,500	18	Germany	204	Steel	1883, N
Zhenyuan	Battleship	7,335	6,000	14.5	Germany	331	Steel	1883, N
Dingyuan	Battleship	7,335	6,000	14.5	Germany	331	Steel	1882, N
Chaoyong	Cruiser	1,350	2,400	15	Britain	137	Iron hull	1881, N
Yangwei	Cruiser	1,350	2,400	15	Britain	137	Iron hull	1881, N
Weiyuan	Gunboat	1,268	750	12	Fuzhou	124	Iron frame	1877, N
Kangji	Transport, training	1,310	750	12	Fuzhou	124	Iron frame, wooden skin	1879, N
Haijing	Transport	1,358	580	10	Fuzhou	59	Wood	1874, N
Zhendong	Gunboat	440	389	8	Britain	55	Steel	1879, N
Zhenxi	Gunboat	440	389	8	Britain	55	Steel	1879, N
Zhennan	Gunboat	440	389	8	Britain	55	Steel	1879, N
Zhenbei	Gunboat	440	389	8	Britain	55	Steel	1879, N
Zhenzhong	Gunboat	440	389	8	Britain	55	Steel	1881, N
Zhenbian	Gunboat	440	389	8	Britain	55	Steel	1881, N
Caojiang	Gunboat	640	425	9	Jiangnan	91	Wood	1869, N
Zhenhai	Gunboat	572	350	9	Fuzhou	100	Wood	1872, N
Taian	Gunboat	1,258	580	10	Fuzhou	180	Wood	1877, N
Meiyu	Gunboat	550	320	9	Fuzhou	79	Wood	1870, N

Huantai	Cruiser	2,700	2,400	15	Fuzhou	213	Iron frame, wooden skin	1886, S
Jingqing	Cruiser	2,700	2,400	15	Fuzhou	213	Iron frame, wooden skin	1884, S
Kaji	Cruiser	2,200	2,400	15	Fuzhou	260	Iron frame, wooden skin	1883, S
Nanchen	Cruiser	2,200	2,800	15	Germany	250	Steel	1884, S
Nanrui	Cruiser	2,200	2,800	15	Germany	250	Steel	1884, S
Baomin	Cruiser	1,477	2,400	10	N/A	280	Iron	1884, S
Yuyuan	Gunboat	2,800	1,800	12	Jiangnan	297	Wood	1876, S
Dengqing	Gunboat/ training	1,268	750	12	Fuzhou	98	Iron frame, wooden skin	1880, S
Dengyingzhou	Gunboat	1,258	600	10	Fuzhou	158	Wood	1876, S
Weijing	Gunboat	1,000	605	10	Jiangnan	145	Wood	1870, S
Cehai	Gunboat	700	431	9	Jiangnan	117	Wood	1869, S
Jingyuan	Gunboat	578	480	9	Fuzhou	118	Wood	1872, S
Jinou	Gunboat	195	200	12.5	Jiangnan	53	Ironclad	1876, S
Longxiang	Gunboat	330	310	11	Britain	60	Iron	1876, S
Huwei	Gunboat	330	310	11	Britain	60	Iron	1876, S
Feting	Gunboat	440	310	9	Britain	61	Iron	1876, S
Cedian	Gunboat	440	310	9	Britain	61	Iron	1876, S

Sources: Fan, *Qingjide yangwu xinzheng*, 2: 1021; Si, *Zhongguo lidai junshi zhanlue*, 2: 844, 886, 888; Spector, *Li Hung-chang and the Huai Army*, 193; Wang, *Wanqing haijiang*, 199; Yang, *Qingjide yangwu xinzheng*, 2: 1017.

N/A: date not available; N: northern fleet; S: southern fleet.

entire self-strengthening movement a failure. As noted in the introduction to this book, this outcome points to little more than Tokyo's superior power in the 1890s and says next to nothing about the long-term results of reform policies in either country. It also ignores the fact that clever tactics, better seamanship, and a more cohesive command structure led to Japan's victory, rather than differences in the quality of weapons systems. In the 1700s Britain achieved military and political primacy through its navy, while after 1850 China amassed the sinews of power almost exclusively on land.

GUNS AND THE MILITARY-FISCAL STATE IN CHINA

Warfare may have predated the use of spoken language in human evolution, and organized violence remains an important feature of life in the early decades of the twenty-first century. Military conflict also played a key role in shaping the contours of the modern state, and providing security for the population ranks among the most significant functions of government. The popular imagination may associate the arms race with the geopolitical rivalries before World War I or during the Cold War, but rulers in Europe have engaged in a constant and continual pursuit of more advanced weapons technologies for many centuries.

During the eighteenth century, Britain's military forces tripled in size to combat Bourbon France, and London began to deploy its arms, ships, and men in almost every part of the world. At the same time, it created a new logistical infrastructure to support war-making activities on an unprecedented scale. Authorities founded industries in fields like shipbuilding to meet the growing demand for weapons, provisions, and naval vessels. Together, these changes transformed Britain into the most powerful country in Europe over the course of 125 years.

China did not achieve a similar position of ascendance between 1850 and 1950, but it escaped the danger of foreign partition to become a major international actor. During this period, leading statesmen set in place a third foundation of the military-fiscal state, pursuing better guns with the same energy as money and bureaucracy. In the short term, these efforts resulted in little more than survival in the harsh geopolitical climate of

the late nineteenth and early twentieth centuries. New armies helped to prevent the country's internal fragmentation during the midcentury rebellions and later served as a limited deterrent against foreign aggression, especially after 1900. They also enabled officials to further develop the intellectual foundations of Chinese statecraft, particularly the concept of wealth and power. These new forces protected China's resources as well as its territory and population, but this money in turn paid for the country's guns.

A longer historical view also suggests that military reforms contributed to China's rapid resurgence after 1949. The country accumulated military power in an incremental fashion, narrowing the gap with Europe and Japan over many decades rather than in a few short years. In 1840 the Qing dynasty still maintained an early modern army that lagged several centuries behind its Western counterparts in its weaponry, tactics, and organization. This situation changed dramatically over the following seven decades. In the late imperial era, authorities established the foundation for future progress, and no successive Chinese regime has faced as extreme a disparity in military capabilities with its rivals.

During the eighteenth century, authorities worried primarily about the security of northern and western China, devoting fewer resources to the defense of the empire's extensive coastline. Soldiers in the Eight Banner and Green Standard armies continued to carry obsolete weapons, and Beijing lacked even a single steam-powered warship. Yet in the early 1850s the largest civil wars in human history to that date erupted in southern and eastern China, and powerful foreign gunboats began to appear in China's coastal and riverine waters. During the next half-century, the military orientation of the state shifted from Central Asia to its maritime frontiers in the east. An increasing volume of resources flowed into these regions after 1850 to create new military infrastructure and preserve the country's sovereignty.

The defeat of loyalist soldiers during the midcentury rebellions led gentry elites to form local militias, and officials like Zeng Guofan and Li Hongzhang forged these organizations into powerful regional armies. These forces soon replaced the earlier Eight Banner and Green Standard troops, serving as the core of the empire's military establishment until the

advent of the New Army after 1900. The Huai Army never attained the standards of British, French, or German soldiers, but it decimated domestic rivals like the Taiping and helped to resolve the empire's internal political problems. Commentators who dismiss these forces as a failure overlook their crucial contribution to the cohesion, peace, and good order of the state, instead measuring their value against only external benchmarks.

The restoration of internal security in the 1860s also bolstered China's international position, depriving European countries of a legitimate pretext for establishing a formal colonial administration in the nineteenth century. The great powers did not need to assume direct control of China to protect their political, commercial, and legal rights because the existing government guaranteed the terms of the unequal treaties. This situation stands in marked contrast to areas like Bengal, where the English East India Company intervened to ensure the security of its people, property, and prerogatives. As authorities continued to improve military organization, training, and armaments, China could also force foreign opponents to pay an increasingly high price for aggression. After 1949 this cost appeared prohibitive in the eyes of the great powers, but even in earlier decades China's armies had the capacity to inflict significant damage on an invading force. For example, the Japanese suffered significant casualties during their campaign to capture Shanghai in 1937.

The rising demand for material and weapons also encouraged the development of modern military industries, and facilities like the Jiangnan and Tianjin Arsenal began to supply high-quality munitions after 1865. These state-owned enterprises introduced advanced machine technologies in China for the first time, and they exceeded even the salt mines of Sichuan in the scale of their physical plant, labor requirements, and level of capital investment. In 1850 Qing soldiers still carried swords, spears, fowling pieces, and blunderbusses, but authorities narrowed the technological gap with Europe in subsequent decades. By 1900 elite military units in China used magazine rifles, rapid-action guns, and advanced artillery pieces.

These war industries also included a series of shipyards to support the empire's coastal defense programs. By the late 1880s, a fleet of forty modern steamships protected the vulnerable maritime routes to Zhili and the estuary of the Yangzi River. Provincial officials also erected an extensive net-

work of artillery batteries, earthworks, and fortifications in southeastern China after 1874, and infantry garrisons guarded each of these new installations. China's naval expansion in the late nineteenth century demonstrated an impressive capacity for technological adaptation, but reforms in this sphere enjoyed less success than the reorganization of land forces. In our own time, China's maritime capabilities have also lagged behind those of its armies. Readers might recall that the acquisition of the country's first aircraft carrier came a full half-century after it tested nuclear weapons.

Commentators have debated whether the regional militias of the nineteenth century evolved into the warlord armies of the Republican era (1911–1949) or served only as an important template.¹³¹ The evidence points to the latter conclusion. Local commanders disbanded most of their units after the suppression of the midcentury rebellions, and over time the composition, deployment, and funding of Li Hongzhang's Huai Army took on a broader imperial character. He drew recruits from both northern and southern China, stationed his soldiers in multiple provinces along the coast, and received financial support from several different regions. In the early 1900s, authorities worked to centralize the structures of the New Army with considerable success, winning acclaim even from skeptical foreign observers. Without question, the official Yuan Shikai co-opted this force to secure his own position in 1911, but it fragmented into its constituent elements only after his death in 1916. Warlord armies traced their lineage at best indirectly to the regional militias of the mid-nineteenth century, but the effort to protect the country's sovereignty through better guns continued without interruption during this period. Authorities further strengthened the military-fiscal state in modern China by creating new transportation and communications infrastructures in the late 1800s.

6 **TRANSPORTATION**

The military-fiscal state rested on a foundation of money, bureaucracy, and guns, but in the early 1870s reformist officials in China began to understand the importance of economic development as well. During the late nineteenth century, provincial authorities founded a series of state-sponsored enterprises to stimulate modern industry, broaden the government's revenue base, and compete with foreign firms in the treaty ports. In 1872 Chinese officials created a modern steamship line, and this business venture evolved into a critical component of the state's transportation infrastructure. The firm's ships linked north and south China after the Grand Canal fell into disuse, a role they continued to play until the establishment of a national railway system in the 1900s. At the same time, a new telegraph company transformed the system of official communication and helped to reshape the information order in late imperial China. The managers of these joint-stock companies worked to earn profits for their shareholders, but they also served the broader reform agenda of figures like Li Hongzhang. They had to apply concepts like sovereignty and rights to solve concrete problems, leaving voluminous records of their activities,

decisions, frustrations, and impressions. In consequence, the steamship and telegraph businesses offer an opportunity to study the intellectual foundations of Chinese statecraft as well as two important elements of the military-fiscal state.

Historians first told the story of the China Merchants Steam Navigation Company (中国招商局 *Zhongguo zhaoshangju*, CMSNC) in English during the late 1950s. The work of Albert Feuerwerker assessed industrialization efforts in the late nineteenth century, a project that still seemed incomplete in the early Maoist period. He depicted officially supervised merchant-managed firms (官督商办 *guandu shangban*) as ineffective, arguing that they lacked the “rationalized organization, functional specialization, and impersonal discipline associated with the development of modern industry in the West.”¹ Although one recent treatment of the CMSNC affirms Feuerwerker’s conclusions, China’s impressive economic growth has caused scholars to question Feuerwerker’s claims.² These accounts have abandoned the idea of modernization on a Western model and, instead, link their analysis to issues such as European imperialism and technology transfer. Over the past decade, specialists have reached balanced conclusions about these state-sponsored enterprises, but older understandings continue to dominate the field as a whole. In an influential survey of Qing history, William Rowe argues that historians still tend to ask why self-strengthening initiatives like the steamship line failed rather than whether they succeeded.³

During the late 1800s, officials created state-sponsored enterprises to recover China’s “right to profits” (利权 *liquan*) from foreign merchants and defend the country’s “sovereignty” (自主之权 *zizhuzhiquan*).⁴ William A. P. Martin introduced this expression to the Chinese language in his 1863 translation of *The Elements of International Law*, and it gained wide currency by the early 1870s. The School of Combined Learning (同文馆 *Tongwen-guan*) circulated his text throughout the imperial bureaucracy, providing authorities with a practical guide to statecraft. Over time, officials like Li Hongzhang began to articulate political problems, policy choices, and strategic goals in this new vocabulary of sovereignty.⁵ Li and his contemporaries often understood the word to mean “absolute control” rather than the ultimate authority of the state, but its definition remained fluid prior

to the early 1900s. It required decades to work out the precise connotation of phrases like sovereignty, rights (权利 *quanli*), independence (自主 *zizhu*), and the right to profits (自有之利权 *zìyǒu zhī lìquān*).⁶

Translators also developed new terms to explain mercantilist theory, a set of ideas that envisioned economic activity as a zero-sum game. By the 1890s, a number of Chinese officials viewed the CMSNC as a weapon for conducting commercial warfare (商战 *shangzhan*) against the European powers.⁷ Authorities believed that every financial gain inflicted a proportional loss on their rivals, an assumption that led rulers in early modern Europe to organize royal chartered companies. In a similar way, the state-sponsored steamship line enabled China to break the Western monopoly on modern transportation in its coastal waters. Most European countries had embraced the principle of free trade by the late 1800s, but the commercial logic of the seventeenth century continued to resonate in China during this period.

The Chinese steamship line operated in a different cultural, legal, and commercial milieu from that of Western enterprises. For example, the historian David Faure underscores the importance of ritual and patronage to Chinese business practices in the nineteenth and twentieth centuries. In addition, he argues that private firms could not have led industrialization efforts in China because the country lacked sophisticated capital markets.⁸ Instead, the state took the initiative in the late 1800s, compensating the best it could for the absence of a public stock exchange.⁹ In addition, the CMSNC vested accountability in the Qing government through its official patron, while Western corporations entrusted similar powers to a group of shareholder-owners. The managers of the steamship line also raised capital through their personal networks in commerce and government, rather than selling shares on the open market. Over time, state and merchant established a symbiotic relationship, enabling the steamship line to achieve a significant degree of financial, organizational, and strategic success in the late nineteenth century. Yet these institutional arrangements also rendered the firm vulnerable to a changing political environment after 1895.¹⁰

This chapter illustrates important changes in the intellectual framework of Chinese statecraft, including a new political vocabulary centered on the concept of sovereignty. It contributes to the theory of the Chinese firm, examining the problems of separating ownership from accountability and

raising capital without public credit markets. Finally, it casts doubt on the claim that state-sponsored enterprises failed in the late 1800s, a perception that continues to characterize the field as a whole. Without doubt, the Chinese steamship line lost market share after 1900, but critics should also remember its impressive range of accomplishments. In the decades after 1872, the CMSNC broke the Western monopoly on modern shipping in China; stabilized the food supply in Beijing; helped finance the development of the communications, mining, and banking industries; functioned as a primary transportation link between north and south China; and transformed China's shipping business by integrating insurance, storage, and sales. Despite the CMSNC's organizational differences from its Western counterparts, it served as an effective instrument of mercantilist policy in the late nineteenth century. Until officials constructed a national railway grid in the Republican and communist eras, the firm also provided the military-fiscal state with a reliable and efficient transportation infrastructure.

STEAM TRANSPORT BEFORE 1872

The unequal treaty system opened a series of Chinese ports to foreign commerce, and by the mid-1860s several British and American steamship firms were operating in the country's coastal waters and the Yangzi River.¹¹ These companies attracted an increasing volume of indigenous cargo because they offered rapid transport and the option of purchasing freight insurance. In response, Chinese junk owners withdrew from direct competition with foreign steamers on the Yangzi River. As businesses like Russell and Company expanded, they developed an extensive network of wharves, piers, and warehouse facilities in Shanghai, Tianjin, Hankou, and Guangzhou. In addition, foreign firms specializing in ship repair and construction began to operate in China's treaty ports. By the end of the 1860s, the larger shipping companies had diversified their operations to include finance, storage, and insurance as well as transport.¹² Superior technology, capital, and organizational skill gave these businesses a competitive advantage, and foreign steamships soon dominated one of the empire's primary transportation routes.

During the early 1860s, British and American lines engaged in an intense rivalry, and freight prices fell dramatically as transport companies

attempted to underbid their opponents.¹³ By 1867 Russell and Company's Shanghai Steam Navigation Company (旗昌 *Qichang*) forced the firms of Dent Limited and Augustine Heard from the market. This American-owned business undercut its competitors by providing customer rebates, reducing shipping rates, and offering cheap storage fees. By 1872 Russell had purchased 19 steamships and held 3.32 million silver taels in assets, including substantial real estate holdings in China's port cities.¹⁴ Although the British firms Jardine Matheson (怡和 *Yihe*) and Butterfield and Swire (太古 *Taigu*) established steamship lines in the early 1870s, Russell controlled the largest share of shipping on the Yangzi and maintained a strong presence in China's coastal waters.¹⁵

Yet these foreign shippers drew much of their capital from the sale of stock to indigenous merchants. An official at Maritime Customs estimated that in the 1880s Chinese investors held at least 40 percent of the shares of certain companies.¹⁶ In addition, these Western firms depended on Chinese office managers, or compradores, to provide linguistic expertise, personal contacts, and knowledge of local market conditions.¹⁷ In practice, indigenous merchants helped to finance and manage Western steamship ventures during the 1860s, and these figures later came to provide a pool of talent for the CMSNC.

Although the Chinese continued to control shipping in waters closed to international commerce, junk traffic on the lower Yangzi declined sharply in the mid-1860s. Contemporary commentators feared that this would lead to unrest among boatpeople, a group suspect in official circles because of their mobility and rootlessness.¹⁸ After 1850 authorities also lacked sufficient ships to transport tribute grain from Shanghai to the northern entrepôt of Tianjin.¹⁹ As China's strategic priorities shifted after the midcentury rebellions, hydraulic infrastructure such as the Grand Canal fell even further into disrepair.²⁰ During this period, canal transport was "possible only in circumstances when the level of water entering the canal is unusual[ly high]. The transport routes often become obstructed [with sediment], and sailing ships [carrying] the grain appear to have no smooth channel."²¹ As early as the 1820s, it had become almost impossible to ship agrarian taxes paid in kind from southeastern China to Beijing over the empire's artificial waterways.

The problem of supplying the metropolitan military garrison became even more acute in the 1860s, when Euro-American steamship lines drove junk owners from the north-south coastal trade. An observer noted that “Shanghai junks travel to and from the northern seas especially for the business of shipping oil and selling bean cake. In the reign of the Daoguang emperor [1820–1850], there were more than several thousand ships, but . . . merchant shippers are exhausted, and now there are only three to four hundred ships.”²² Although the government reduced transit duties by 20 percent and offered a bounty of 0.58 taels per picul of rice, it could not maintain adequate grain reserves in Beijing.²³ Chen Lanbin, an official in southeastern China, understood the strategic implications of relying on foreign steamships to transport tribute rice. He argued:

In the places where Western ships travel, anti-Western incidents are increasingly frequent. [Foreigners] receive the benefits [of trade], but we suffer its disruptions. If by chance there is an incident on the maritime frontiers, they will withdraw their steamships. Transporting the people’s merchandise and the military’s provisions will be relatively difficult, and there will assuredly be no escape from the problem. In [doing] this, they can both seize our sources of profit and exploit our strategic vulnerabilities.²⁴

Qing law prohibited Western companies from shipping strategic commodities such as oil, timber, copper cash, and iron, but Chen recognized that grain played an even more crucial role in the political economy of the empire.²⁵ During a crisis, food could become a weapon in the hands of the treaty signatories, leaving the central government with a choice of capitulation or starvation. This dilemma called for a solution that broke the foreign monopoly on steamship technology and provided a new transportation infrastructure to replace the Grand Canal.

THE CREATION OF THE CMSNC, 1872–1873

In 1872–1873, Li Hongzhang asked junior officials and treaty port merchants to organize an indigenous steamship company on joint-stock lines.

Several years after establishing the CMSNC, he recalled that he had taken this step:

Because the profits from China's riverine and coastal waters had been *illegally seized* in their entirety by foreign merchant steamers. As a result, [we] found a method to collect Chinese stock subscriptions to create this company. This was in order to counterbalance Western merchants and in the hope of gradually recovering the right to profits [*liquan*]. Its relationship to the country's political situation and the Chinese people's livelihood [民生 *minsheng*] is extremely great.²⁶

His economic advisor, Expectant Circuit Intendant Sheng Xuanhuai, agreed that "it is better to [erect] a barrier to protect ourselves than to allow China's control of profits [*liquan*] to pass completely to foreigners."²⁷ The term *liquan* predated the translation of Martin's *The Elements of International Law* in the 1860s, but it began to take on new meanings as the School of Combined Learning circulated this text in subsequent years. In the excerpt above, Sheng used the word as a separable compound, conceiving of the company's role as returning profits (利 *li*) to merchants and control (权 *quan*) to the state. Although Li's comments drew on existing concepts of statecraft like the people's livelihood, the context suggests that he had begun to associate *liquan* with the idea of "rights." He also described foreign actions as "illegal" (违法 *weifā*), implying that China had lost regulatory powers guaranteed by international law and diplomatic custom.²⁸ By definition, sovereign entities had the right to forbid foreign firms to operate in inland waters such as rivers, lakes, and coastal estuaries. Finally, Li identified the steamship line as part of a larger effort to promote the empire's economic health and political stability in the late nineteenth century.²⁹ In short, it advanced China's goals of wealth and power.

Li served as the firm's official patron for the next three decades, affirming his commitment to its success through a personal investment of 50,000 silver taels. He also secured legal privileges and government loans for the steamship line and worked to ensure that it served his broader strategic purposes. Like the royal chartered companies of early modern Europe, the CMSNC held monopoly rights within Chinese waters. In 1872 the firm also received an official loan of 200,000 strings of copper cash at 7 percent

interest. The CMSNC's managers used this money to purchase its first four steamships, acquire warehouses and docks in the treaty ports, and stockpile necessary fuel and provisions.³⁰ The government provided part of the company's start-up capital, but Li also demanded that the CMSNC repay these funds over a fixed period. In the absence of a stock exchange in late imperial China, these measures proved a reasonably effective means of generating corporate financing.

Official support helped the firm survive during its first few years, but over the long term it increased its capital by selling stock to Chinese investors. Li set the initial price at 100 silver taels per share and demanded that each of the company's managers invest at least 30,000 taels in the business.³¹ The CMSNC's by-laws prohibited the transfer of shares to foreigners under any conditions, a regulation that reflected the mercantilist character of state-sponsored enterprises in late imperial China. To attract additional investment, the company's charter also mandated a guaranteed dividend payment of 10 percent per year. Japanese steamship companies like the Nippon Yusen Kaisha (日本郵船株式会社), or NYK line, adopted similar measures to build the confidence of their investors.³² By the end of 1873, the CMSNC's total capitalization had risen to 476,000 taels, and treaty port merchants specializing in shipping and international trade held the bulk of the firm's stock. Private networks played the role of public capital markets in the West, but this approach could not have succeeded without state support.

Li Hongzhang also persuaded the imperial court to grant the CMSNC a franchise to transport tribute rice to the northern port of Tianjin. In response, provincial officials in Jiangsu and Zhejiang made arrangements to deliver grain to the firm's warehouses. A document from the fall of 1872 ordered them to "set aside 200,000 piculs of tribute grain for transport by sea in the company's steamships."³³ During the mid-1870s, the CMSNC's bottoms carried one-fifth of these provinces' tribute rice to north China, but this amount grew as the speed and reliability of steam transport became apparent.³⁴ The state continued to pay a premium for this service throughout the late nineteenth and early twentieth centuries; freight rates of 0.562 taels per picul of grain may have exceeded market prices by 30 percent or more.³⁵ In addition, legal regulations required provincial authorities to move government property, materials, and merchandise in the

CMSNC's ships when naval vessels were unavailable.³⁶ Both of these practices constituted a form of official subsidy, but they generated only a fraction of the firm's income after the mid-1870s.

Li Hongzhang appointed several prominent treaty port merchants to manage the new steamship line, selecting these men because of their professional experience, familiarity with Western forms of business organization, and ability to raise capital through personal networks. In June 1873 he dismissed Zhejiang Expectant Circuit Intendant Zhu Qi'ang as general director (总办 *zongban*) because the company suffered significant losses during its first six months of operation. He instead turned for leadership to two successful businessmen, Tang Tingshu (Tong Kingsing) and Xu Run.³⁷ Li later noted that he appointed Tang as general manager to

resist the Western merchants and recover China's right to profits [*liquan*]. . . [Tang] is familiar with Western affairs and could dampen the jealous suspicions of Western merchants. He was learned in trade, and Chinese merchants could [climb] the ladder of development through him. He solicited investors widely and was able to unite their will and spirit.³⁸

Tang's proficiency in English earned him a position in the Shanghai Inspectorate of Customs, and he served as chief comprador in the trading house of Jardine Matheson during the 1860s. His success at this British firm allowed him to buy and operate two steamships on the lower Yangzi River, and over time he amassed a considerable personal fortune. His colleague Xu Run followed a similar career path, acting as Dent and Company's (宝顺 *Baoshun*) Chinese office manager for a number of years. Both men achieved the status of gentry-merchants (绅商 *shenshang*) by purchasing degrees, a social distinction that permitted them to interact with government officials as peers.

In contrast to Western firms, the CMSNC separated accountability from ownership, vesting ultimate control of the business in an official patron rather than its shareholders. An assistant manager (助办 *zhuban*) observed:

The pivotal point in the overall situation is to see clearly that official supervision and merchant management are indeed two dif-

ferent things, which can neither be completely combined or strictly separated. . . . Only merchants can manage, and only officials supervise. If merchants take the place of officials, then they will supervise [other] merchants, which will result in collusion. If officials take the place of merchants, then they will supervise [other] officials, and exercising control will be difficult.³⁹

In practice, this meant that the quality of oversight depended on the conscientiousness, intentions, and priorities of the firm's patron. As noted earlier, Li's interests transcended the profit motive. He also sought to weaken foreign businesses in China, broaden the network of state-sponsored enterprises, enhance his personal power, and strengthen the country's geopolitical position. Like the royal chartered companies of early modern Europe, the CMSNC's managers served a mercantilist agenda that went beyond maximizing the returns of their shareholders.

UNEXPECTED SUCCESS, 1873–1878

The CMSNC began business operations on January 4, 1873. Almost at once the company adopted a strategy of aggressive expansion, seeking to capture market share from its foreign opponents. The size of the CMSNC's fleet grew to six steamships by 1874, and three years later the firm possessed eleven bottoms operating in China's coastal and riverine waters.⁴⁰ Cargoes consisted of products like rice, wheat, beans, tea, sugar, cotton, tobacco, timber, cloth, yarn, kerosene, silk, metals, and paper. In addition, the company's steamers could accommodate several hundred passengers seated in a number of different class cabins.⁴¹ During this period, total tonnage increased almost fivefold if figures include several privately owned steamers attached to the company. The firm also began to establish a significant presence in treaty ports such as Shanghai, Tianjin, Hankou, Guangzhou, Ningbo, Fuzhou, and Shantou.⁴²

The company's activities centered on the Shanghai-Tianjin coastal route and the lower reaches of the Yangzi because its patron wanted to mount a direct challenge to its Western rivals. In general, ships sailing upriver from Shanghai stopped at Zhenjiang and Jiujiang before continuing to the important commercial entrepôt of Hankou. As the CMSNC opened branch

offices in these cities, it acquired real estate in the form of wharves, piers, and warehouses. For the first time in Chinese history, an indigenous firm began to integrate transport with storage and marketing. Intent on expanding its business, the company offered customers the use of its go-downs and helped them to locate buyers at their destination.

During this period, the company offered rigorous competition to foreign steamship lines, and in 1877 the American firm of Russell and Company decided to sell its transport business (the Shanghai Steam Navigation Company). As early as March 1874, the CMSNC reduced freight rates on the Yangzi River by 30 percent to acquire a larger share of the carrying trade.⁴³ The CMSNC's tactics undermined a price-fixing agreement among its Western competitors and inaugurated a long-term struggle for commercial primacy in Chinese waters. Shipping costs decreased sharply over the next five years because steamship lines offered rebates and inexpensive storage to their customers. Annual returns from Jardine Matheson's China Coast Steam Navigation Company fell from 19.7 percent in 1874 to 8.9 percent two years later. During the same period, its stock plummeted from 100 taels per share to 56 taels, a decline of 44 percent.⁴⁴ Russell had sustained growth rates of 53.6 percent in 1867 and 28 percent in 1871, but it suffered losses of 8.8 percent in 1873 and 4.3 percent the following year. As a result, this American business drew heavily on its reserve funds to cover routine expenditures such as maintenance to its steamers.⁴⁵ Within five years of the CMSNC's founding, Russell had lost its dominant position in the transport business and faced serious financial difficulties.

In 1877 Russell's managers opened negotiations with representatives of the CMSNC in Shanghai to arrange the sale of its steamship line. Figures like Tong and Xu saw an opportunity to eliminate their primary competitor and urged the court to help them purchase Russell's fleet.⁴⁶ They won the support of provincial officials such as Chen Lanbin, who asserted:

The China Merchants Steam Navigation Company is the first example of official-merchant cooperation and also serves as a means of secretly controlling Westerners. . . . The capital of the American firm Russell and Company is the greatest of all Western shippers in China. [Russell's] losses are overwhelming because of the creation of the China Merchants Steam Navigation Company, and they desire . . . to

sell [their business]. Our company was established only three years ago, and the very strongest of the Western merchants has already drawn back and retreated. This is truly a pivotal moment in the overall situation of Sino-foreign [relations] and a timely [opportunity] that cannot be lost.⁴⁷

At the same time, the CMSNC's managers warned of "disastrous consequences" if the firm failed to take advantage of favorable circumstances, claiming that "a small mistake" could lead to the "nullification of all previous efforts."⁴⁸ In martial language, they noted:

Russell and Company is willing to sell. If we disregard this [opportunity] and Butterfield and Swire, Jardine Matheson, or other Western merchants acquire [their fleet], then they will have a powerful new force with which to oppose us. As the years pass, [we will] not be able to prevail over them, but [instead] they will certainly prevail over us. . . . It is not possible to think of a means to reverse the damage if [we] do not buy [this company].⁴⁹

Sheng Xuanhuai claimed that Butterfield and Swire and Jardine Matheson would soon have to sell their businesses if the CMSNC bought Russell's fleet. "After this [we] can negotiate new treaties based on international law with every nation, and foreigners' steamships will not be permitted to enter the interior of our country."⁵⁰ Li Hongzhang maintained a more realistic attitude toward China's diplomatic prospects but, like Sheng, linked the expansion of the company to broader strategic goals. Acquiring Russell's fleet would strengthen efforts to "recover the right to profits" and help China to achieve wealth and power (富强 *fuqiang*).⁵¹ Li implied that China's status as a sovereign state entitled it to certain rights, which on occasion the government might have to defend through force. These negotiations required officials like Li to apply the concepts of the new statecraft to concrete problems, *gradually* refining their meaning and usage over the second half of the nineteenth century.

The court approved the purchase of Russell and Company for 2.2 million silver taels, permitting the CMSNC to borrow 45 percent of the needed funds with interest.⁵² With the addition of sixteen vessels to its fleet,

the CMSNC became the largest steamship firm in China in 1877–1878. At the same time, it extended its network of wharves, warehouses, ship basins, and office buildings in the treaty ports. Eight of the company's new vessels serviced ports on the Yangzi River, while its managers assigned the remainder of Russell's ships to the Xiamen-Guangzhou-Singapore and Shanghai-Tianjin routes. Five years after its creation, the CMSNC controlled 36.7 percent of the total tonnage in Chinese waters and the largest share of the transport trade on the Yangzi (see Table 6.1).⁵³

The company dislodged Russell from a dominant commercial position because of consistent government support, an aggressive business strategy, and rational administrative structures. Its by-laws created a multidivisional firm that consisted of shipping, finance, and secretarial sections, and all employees carried out a set of functionally specific responsibilities.⁵⁴ The shipping office oversaw the operation of the company's steamers and superintended the transport of freight on China's coastal and river routes. Staff members scheduled the regular inspection and repair of ships, purchased coal supplies, and procured cargoes in China's treaty ports.⁵⁵ The fiscal department kept the firm's books, and the secretariat managed the flow of paperwork, including the translation of contracts, letters, and reports into English and Chinese. The heads of these three departments held the title of merchant supervisors (商董 *shangdong*), a distinction they

TABLE 6.1. Size and distribution of steamship fleets operating in Chinese waters, 1877

Route	Jardine Matheson	Butterfield Swire	CMSNC
Yangzi River	0	3	10
Shanghai-Yantai-Tianjin	4	0	11
Shanghai-Ningbo	1	1	3
Shanghai-Fuzhou	1	0	1
Shanghai-Guangzhou-Hong Kong	0	0	1
Shantou-Shanghai-Niuzhuang	0	4	0
Shanghai-Xiamen-Shantou	0	0	2
Shanghai-Yantai-Niuzhuang	0	0	1
Xiamen-Guangzhou-Singapore	0	0	1
<i>Total</i>	6	8	30

Source: Hao, *Commercial Revolution*, 206.

CMSNC = China Merchants Steam Navigation Company.

shared with the directors of the firm's branch offices (分行 *fenhang*) in cities like Tianjin, Hankou, and Guangzhou.⁵⁶

In addition, the company's revised charter set annual salaries for managerial personnel and outlined standardized operating procedures on board ship. Sheng Xuanhuai observed that "although everyone knows about self-interest, relying on it is absolutely not a sustainable path over the long-term. . . . It hardly seems convenient to order the merchant managers to do their duty on empty stomachs [i.e., without drawing a regular salary]." ⁵⁷ He attempted to distinguish between the role of employee and owner-investor, foreshadowing the professionalization of business management in China in the twentieth century.⁵⁸

Another set of regulations governed the activities of the ship's crew, prescribing the proper methods for handling cargo, reporting fuel consumption, and maintaining safety standards.⁵⁹ These written rules "imitated the pattern of Western firms" and specified most details of on-board operations, including appropriate areas for eating, smoking, and sleeping.⁶⁰ In addition, the financial division drafted an annual business report on the company's profits and losses, forwarding copies to its shareholders as well as government authorities. During this period, the firm also began to adopt Western concepts such as capital depreciation to calculate its assets, liabilities, and net worth. In contrast to Western businesses, however, it began to use standard double-entry bookkeeping techniques only after 1911.⁶¹

Tang Tingshu and Xu Run recognized the need for an indigenous insurance company as early as 1873, but the CMSNC at first turned to European and American firms for coverage.⁶² Trading houses like Jardine Matheson initially refused to issue policies for the company's steamers but later changed tactics by demanding high annual premiums.⁶³ To wean the CMSNC from these relationships, its directors "proposed that this company itself provide insurance" through a subsidiary joint-stock corporation.⁶⁴ This step promised to "open up a new source of profits" and prevent insurance premiums from falling under "the control of Western merchants."⁶⁵

By 1877 stock subscriptions in the Renhe Marine Insurance Company (仁和保險公司 *Renhe baoxian gongsi*) rose to 500,000 taels, and the CMSNC began to eliminate its policies with Western providers.⁶⁶ Tang Tingshu and Xu Run founded a second insurance company in 1878 but later merged

these two subsidiaries in 1886. In both instances, the company's managers relied on private mercantile networks to raise funds because China did not have the sophisticated capital markets of western Europe. Despite this problem, the CMSNC extended its activities far beyond the scope of traditional shipping firms in China through its involvement in storage, insurance, and marketing in the late 1800s.

During its first five years, the CMSNC achieved a second strategic success by stabilizing the food supply of the imperial court and the metropolitan military garrison. Li Hongzhang valued the speed, efficiency, and security of steamship transport, and in the mid-1870s he asked Beijing to increase the amount of tribute grain shipped in the company's bottoms. He suggested that the throne order

the Jiangsu and Zhejiang provincial governors to set aside 40 to 50 percent of the tribute grain sent by sea for [transport] in the company's ships. Transport by steamship must not be reduced. In addition, the tribute rice selected and purchased by Jiangxi and Hubei [officials] will be transported in the company's ships to Tianjin based on [existing] regulations. . . . If the transport of tribute grain increases, it will both be easy to fill [granaries in the capital of Beijing], and the company will also benefit from these hidden profits.⁶⁷

The court approved this proposal because of its anxieties about the decline of the north-south junk trade and the CMSNC's financial position in its early years of operation. Li viewed the tribute grain franchise as a "life-line" that enabled the company to expand its operations in spite of intense competition from foreign firms.⁶⁸ The company's bottoms shipped more than 4.8 million piculs of rice between 1873 and 1883, earning a total of 2,710,917 taels in supplemental income.⁶⁹ The tribute grain franchise permitted the CMSNC to cover its losses during the freight wars from 1873 to 1876, and later it helped the company repay the 1.928-million-tael loan to purchase Russell's fleet.⁷⁰ Although the firm's profitability no longer depended on government assistance by the late 1870s, its importance as a food supplier persisted into the early twentieth century. Without the CMSNC, the imperial court and the metropolitan military garrison could not maintain an adequate supply of grain. As the Grand Canal fell further

into disrepair after 1850, the CMSNC and the Imperial Telegraph Administration (电报局 *Dianbaoju*) maintained the linkage between northern and southern China. After the firm's decline as a business enterprise in the early 1900s, it continued to serve as a key component of the state's transportation and communications infrastructure.

THE COMPANY'S ACHIEVEMENTS, 1878–1895

During the company's "golden age" between 1878 and 1895, its managers and official patron used the new vocabulary of sovereignty to define its political role. This section examines these conceptual changes before turning to the firm's commercial and organizational accomplishments in this period.⁷¹ After the purchase of Russell and Company, individuals like Sheng continued to assert that the steamship line helped to defend China's legal rights. In 1882 he observed:

Based on international law, all business profits on internal rivers belong exclusively to that country's nationals. In Europe, each country must establish shipping firms on [its section] of the Rhine and Danube Rivers, and [profits] belong to each individual country. On America's Mississippi River, regulations do not permit the ships of other countries to operate, and profits belong exclusively to one country. But after China was opened to foreign trade, Western ships come and go in [our] rivers and coastal waters.⁷²

He also restated his 1877 argument that foreign shippers might voluntarily withdraw from Chinese waters if the company sustained a sufficient level of financial pressure. This, in turn, would enable the Zongli Yamen to renegotiate the unequal treaties and restore at least part of the country's sovereignty.⁷³ In sum, he contended that the great powers would surrender their commercial privileges in China if it became clear that they conferred few practical benefits.

Sheng based his claims on international law and diplomatic customs, which provided many of the central concepts of the new statecraft. As noted earlier, William A. P. Martin introduced the word "sovereignty" into the Chinese language in his 1863 translation of *Wanguo Gongfa* (万国公法 *The*

Elements of International Law). The School of Combined Learning also published a Chinese edition of Karl Von Marten's *Manuel Diplomatique* in 1876 and Johann Bluntschli's *Das Moderne Völkerrecht* in 1880.⁷⁴ Diplomats like Zeng Jize used these works as a practical guide to statecraft and began to employ terms like independence (*zizhu*), rights (*quanli*), and territorial sovereignty (自主土地之权 *zhizhu tudi zhi quan*) in routine bureaucratic communications.⁷⁵ These foundational texts reshaped the Chinese understanding of law, foreign affairs, and world order after 1850, losing their importance only after the adoption of additional loanwords from Japanese after 1895.⁷⁶

By the 1870s, Li Hongzhang was increasingly relying on the idea of sovereignty to conceptualize strategic problems, weigh policy options, and articulate political goals. He believed that the CMSNC “solidified our line of defense” against foreign aggression, describing its role with exclamatory emphasis (哉 *zai*) as “safeguarding our sovereignty [*zizhubuquan*].”⁷⁷ Although meanings of the word evolved over time, Chinese officials often interpreted sovereignty as a form of totalizing control rather than the final authority of the state. This idiosyncratic definition may have arisen from their understanding of foreign affairs, which they tended to see as a zero-sum competition between China and the great powers. For example, they believed that when the Qing dynasty lost its tariff autonomy under the unequal treaties, foreign states reaped a reciprocal commercial benefit. Conversely, when Westerners gained rights of extraterritoriality in 1842, China suffered a proportional loss of its legal sovereignty. As noted in an earlier chapter, Qing authorities had adopted the standard usage in Europe, the United States, and Japan by the end of the imperial era in 1911.

Li Hongzhang viewed the rivalry with foreign shipping firms through a mercantilist lens, using the phrases “independence” (*zizhu*) and “sovereign rights” (自有之权利 *ziyou zhi quanli*) with great regularity in the 1870s and 1880s.⁷⁸ At the same time, officials came to interpret the word *liquan* (利权) as “the sovereign right to profits” in the late nineteenth century. It already existed prior to Martin's translation work in the 1860s, but its constituent parts referred only to “profit” (*li*) and “control” (*quan*) in earlier periods. After *quan* (权) took on the meaning of “rights,” however, *liquan* no longer functioned as a separable compound in standard usage.⁷⁹ Over

time, authorities also recognized that sovereignty, rights, and freedom could assume a variety of different forms. It followed that the government could not protect China's political, territorial, and legal rights without defending its economic sovereignty as well.

Zheng Guanying, an assistant manager at the CMSNC, gave these mercantilist assumptions their most forceful and explicit expression in the early 1890s. He recognized the need to establish a material basis for military power but went further than many of his contemporaries in advocating commercial warfare (*shangzhan*) against the treaty signatories. In his *Shengshi Weiyen* (盛世危言 *Warning for a Seemingly Prosperous Age*), Zheng asserted:

The harm to the people [caused by] the annexations and seizures of soldiers is easily felt, but merchants attacking and overcoming our country is invisible. Day by day our commercial affairs become less prosperous, and day by day their plan to impoverish [us] continues. . . . When coming [to China, Westerners are] bestirred [with hunger]; when leaving they are fully satiated. Who understands [this]? What can be done about it? I am able to judge this in a single sentence, saying that it is better to study commercial warfare than military warfare.⁸⁰

Zheng underscored the interdependence of wealth and power in his writings, asserting that Europeans used "commerce to enrich the country" and their militaries to protect important trading relationships.⁸¹ State-sponsored enterprises like the steamship company represented such a potent weapon against imperialism because they threatened the economic foundations of Western strength in China. In addition, they provided the government with a small but reliable source of tax revenues to invest in state-making projects. In practice, this meant that China needed to "protect commerce, causing the foreigners who come to compete for profits to instead suffer losses and withdraw from the transport [business]. . . . Then the profits from China's steamships will entirely fall into our [own] hands." In the future, indigenous firms would "monopolize" business "on the Yangzi River" in the same way that American companies controlled shipping on the Mississippi or Brazilian lines on the Amazon.⁸² Zheng's writings discussed the mercantilist elements of Chinese statecraft in great

depth, including commercial warfare, zero-sum competition, monopoly chartered companies, and trade balances.⁸³ By the time he published the *Warning for a Seemingly Prosperous Age* in the 1890s, authorities had already adopted the pursuit of wealth and power as a seminal political goal.⁸⁴ Zheng codified, systematized, and elaborated on existing ideas rather than developing a new agenda for the late imperial state.

Zheng's colleagues at the CMSNC lacked his rhetorical flair and philosophical bent, but these new concepts guided many of their decisions between 1878 and 1895. Although the company's market share declined slightly by the 1890s, pricing agreements with rival lines consolidated most of its gains. In the summer of 1877, Jardine Matheson and Butterfield and Swire responded to the CMSNC's expansion by launching another freight war on the Yangzi River. The cost of transporting tea leaves from Hankou to Shanghai fell to 0.5 taels per ton, while the prevailing prices for general cargo declined by more than 80 percent in a few months.⁸⁵ As a result, Butterfield and Swire sustained significant short-term losses and decided to open negotiations with the CMSNC. In September 1877 the British firm's founder traveled from London to Shanghai to meet with Tang Tingshu and Xu Run. The final settlement assigned the Chinese company 55 percent of the shipping trade on the Yangzi River and permitted it to operate a maximum of six steamers on the Shanghai-Zhenjiang-Jiujiang-Hankou route.⁸⁶ In contrast, Butterfield and Swire received a 45 percent share of the Yangzi market and agreed to postpone its plans to offer service to Ningbo for one year.⁸⁷ In addition, the two firms charged identical prices according to a fixed schedule of shipping rates. For example, they decided to set the cost of carrying tea leaves at 3 taels per ton and high-quality paper at 2.25 taels per ton.⁸⁸ The agreement produced substantial profits for the CMSNC between 1878 and 1880, and Li Hongzhang reported with satisfaction that "business is smooth and expenditures have fortuitously been reduced."⁸⁹

The end of this arrangement in 1880 inaugurated three years of vigorous competition between the company and its British rivals. During this period, Butterfield and Swire challenged the CMSNC on the north-south coastal route by expanding their business operations in the port of Tianjin. Jardine Matheson soon followed with its own aggressive move, increasing the number of steamers that serviced the lower Yangzi region by a signifi-

cant margin. Despite the sharp drop in freight prices, the Chinese line's annual earnings continued to exceed 2 million silver taels, and its financial position remained sound in the early 1880s.⁹⁰ As a result, its British rivals decided to seek a second agreement in 1883 rather than risk further losses. Zheng Guanying, an assistant manager, reported:

Yesterday [representatives of the two British firms] . . . Butterfield and Swire and Jardine Matheson reached an agreement [with us]. Freightage will be apportioned based on the number of ships [each] of the three firms has sailing to and from Shanghai, Tianjin, Yantai, and various places on the Yangzi River. This company obtained the largest share [of the freight business]. There was no need for every firm to slash prices, and as a result this company's stock values are rising greatly. In this way, freight prices will also be uniform.⁹¹

The terms of the settlement entitled the CMSNC to 44 percent of the profits on the Shanghai-Tianjin coastal route, while each of its British rivals received 28 percent.⁹² In addition, the Chinese company retained its predominant position on the Yangzi, holding a plurality rather than an absolute majority of the transport trade on the river after 1884.⁹³ The CMSNC and Butterfield and Swire received equal shares of the freight business in Ningbo, but the Chinese continued to exercise monopoly privileges in the treaty port of Wenzhou.⁹⁴

Yet Zheng had misgivings about this agreement, arguing that "foreigners are acquiring our country's right to economic profits [*ziyou zhi liquan*]."⁹⁵ He suggested that the court "imitate Japan by establishing regulations to encourage [the improvement] of commercial conditions" and expand the CMSNC's operations "not only to all of China's ports but to entrepôts in the South Seas."⁹⁶ At the same time, he insisted on the need to establish a favorable balance of trade, a central component of the mercantilist statecraft of early modern Europe. Zheng remarked that the Chinese must "ourselves manage the transport of all merchandise from abroad. We Chinese will also manage indigenous merchandise by ourselves. [If we] *take exclusive possession of the venues where profits accumulate, Western imports will decline by the day*, but every day Chinese [merchants] will journey overseas [to enhance our] prosperity."⁹⁷ Zheng's more ambitious proposals fell on

deaf ears, but his comments illustrate an important historical process. The CMSNC's managers applied new concepts like sovereignty in their negotiations with Western firms, gradually refining their meanings by grappling with a specific set of problems.

This second agreement remained in effect for six years, but in the spring of 1890 these three rivals began to reduce their fees and provide customer rebates. The cost of transporting Western cloth from Shanghai to Tianjin declined by two-thirds over the next three years, and prices for general cargo fell from 10.5 taels to 8.8 taels per ton.⁹⁸ Freight rates for opium dropped even more sharply during this period, falling from 2 Western silver dollars per chest in 1890 to as little as 25 cents in 1892.⁹⁹

The CMSNC continued to earn profits during this time, but in 1893 the three firms again negotiated a pricing settlement to boost their income. Under the agreement, freight rates "increased two- to threefold" almost overnight and soon reached pre-1890 levels. For example, the cost of shipping raw cotton doubled from 12.5 cents to 25 cents per bale in Western silver dollars, and the price of transporting other commodities jumped even further.¹⁰⁰ The Chinese company and Butterfield and Swire received equal shares of the Yangzi transport trade, while Jardine Matheson obtained the right to 25 percent of total profits on this route.¹⁰¹ The CMSNC also retained the largest percentage of the Shanghai-Tianjin shipping business, but its British opponents obtained slightly more of this market than in 1883-1884.¹⁰² Although the 1893 pact expired after five years, the three steamship lines continued to abide by many of its terms until the end of the decade.

The CMSNC not only recaptured a significant portion of the shipping business from foreign control but generated large returns for its shareholders. Table 6.2 indicates that the firm sustained annual growth rates of 10.21 percent in the fifteen years after 1878, and its net income rose more than tenfold from 1873 to 1893.¹⁰³ Profits rose as the CMSNC expanded the scale of its business activities, but these figures also reflect significant gains in efficiency. Historians calculate this measure of business performance by dividing a company's operating costs by its gross earnings.¹⁰⁴

Despite the absence of a public stock exchange, the CMSNC attracted additional investment from treaty port merchants after 1878. In 1876-1877 its total capitalization stood at 425,000 silver taels, but this number rose to

TABLE 6.2. The China Merchants Steam Navigation Company's balance sheet, 1873–1893 (figures in silver taels)

Year	Capital	Profit	% return	Net income	Depreciation
1873–1874	599,023	81,608	13.62	81,608	—
1874–1875	1,251,995	156,144	12.47	156,744	—
1875–1876	2,123,457	161,384	7.60	161,384	—
1876–1877	3,964,288	359,162	9.06	359,162	—
1877–1878	4,570,702	442,418	9.68	442,418	—
1878–1879	3,936,545	353,545	8.98	782,126	428,581
1879–1880	3,887,046	268,751	6.91	673,138	404,387
1880–1881	3,620,529	292,799	8.09	744,794	451,995
1881–1882	4,537,512	347,757	7.66	604,606	256,849
1882–1883	5,334,637	308,095	5.78	464,374	156,279
1883–1884	4,270,852	155,002	3.63	912,086	757,084
1884–1885*	—	—	—	—	—
1886	4,169,690	306,882	7.36	464,856	157,974
1887	3,882,232	464,389	11.96	669,560	205,171
1888	3,418,016	537,043	15.71	835,785	298,742
1889	3,260,535	442,890	13.58	745,581	302,691
1890	2,750,559	252,669	9.19	257,155	4,486
1891	2,685,490	277,011	10.32	516,945	239,934
1892	2,664,825	298,804	11.21	567,190	268,386
1893	2,345,735	529,973	22.59	843,501	313,528

Source: Jiang, *Changjiang baiyun shi*, 157–158.

*Sino-French War.

8.4 million by 1913.¹⁰⁵ In addition, the company's share price doubled by 1882, and its managers decided to sell more stock certificates to expand its resource base. In later years, they also “split” its stock on a number of occasions to enhance the steamship line's liquidity.¹⁰⁶ The CMSNC's aggregate assets also grew at a rapid rate in the late nineteenth and early twentieth centuries, rising from 5,145,039 taels in 1887 to 15,495,498 taels in 1914.¹⁰⁷ This figure includes the company's steamers, auxiliary ships, real estate holdings, capital reserves, insurance subsidiaries, and investments in other state-sponsored enterprises.

How did the individual stockholder fare? An investor who purchased 100 shares in 1873 and another 100 in 1882 would have realized a fivefold capital gain by 1914.¹⁰⁸ The value of the stock would have risen from 20,000 taels to 120,000 taels, and their shares would have generated an additional 116,000 taels in dividend payments. Despite the novelty of steamship

technology, the CMSNC provided higher returns on investment than the land holdings of the gentry class.

In 1879 Sheng Xuanhuai remarked that “the China Merchants Steam Navigation Company is China’s pioneering business enterprise. Once this [period of] volatility has ended, broader policies for wealth and power [*fuyang*] can be proposed and initiated in rapid sequence.”¹⁰⁹ During the 1880s and 1890s, the CMSNC diversified its holdings by buying stock in several other state-sponsored enterprises under Sheng’s direction. By 1909 its investments and loans to these companies totaled 4.42 million silver taels.¹¹⁰ These organizational ties allowed the CMSNC to achieve a degree of vertical integration and to assist in the development of China’s mining, banking, and textile industries.

During the 1880s, the firm invested 500,000 silver taels in the Kaiping Coal Mines (开平煤矿 *Kaiping meikuang*) and another 290,000 in the Jingmen (荆门) and Guichi (贵池) Mines in Anhui province.¹¹¹ The Kaiping complex in northern China made extensive use of steam-driven machinery, and by 1886 the firm’s annual output had risen to 190,000 tons. Over time, the Kaiping mines allowed the CMSNC to wean itself off expensive coal imports and generated substantial capital gains for the steamship line.¹¹²

During the late nineteenth and early twentieth centuries, the CMSNC invested large sums in other modern industries in China. For example, in 1891 Li Hongzhang permitted the company to lend 100,000 taels in start-up capital to the Huasheng Cotton Mill (华盛纺织总厂 *Huasheng fangzhi zongguang*).¹¹³ In 1896 the company’s managers invested 800,000 taels in the Imperial Bank of China (中国通商银行 *Zhongguo tongshang yinhang*), and two years later they helped to finance the Pingxiang Mines in Jiangxi province.¹¹⁴ By 1906 the CMSNC had purchased 381,400 taels of Pingxiang stock, and its holdings totaled 1,019,000 taels after the mine’s integration with the Hanyeping Coal and Iron Corporation in 1908.¹¹⁵ In addition to generating revenue, these joint-stock ventures encouraged a modest degree of vertical integration in China’s modern sector. By the early 1890s, the CMSNC could send a fuel order to the Kaiping Mines via the Imperial Telegraph Administration and then transport these coal supplies in its own ships.¹¹⁶ Sheng Xuanhuai held managerial positions in all these firms, an arrangement that facilitated close cooperation whenever possible.

Critics argue that the CMSNC failed to expand after acquiring Russell and Company in 1877–1878, instead investing its assets in other industries and returning profits to shareholders in the form of dividend payments. A more successful enterprise, they claim, would have eliminated its competitors and established an effective monopoly over the transport business. Sheng Xuanhuai anticipated these charges more than a century ago, remarking,

Before the China Merchants Company was founded, Western merchants controlled all of the profits from steamships on [China's] rivers and oceans. . . . It is indeed difficult to force well-entrenched Western firms to leave [China] in a short time. But Western firms that arrived later and *have already been suppressed* will not be able to come to China again.¹¹⁷

Their critique also ignores the problem of sustaining investor confidence in a new type of business enterprise, particularly given the practice of transferring surplus capital into land holdings. More importantly, they neglect the CMSNC's role in financing the larger network of companies under Li and Sheng's control. The steamship line served as the linchpin of China's modern sector enterprises, and broader strategic considerations outweighed the need to further expand the firm's market share.

In addition to supplying the capital with grain, the company's steamers provided logistical support to China's naval forces during the late nineteenth century. As early as 1876, the official Chen Lanbin recognized the strategic potential of the CMSNC's fleet. He believed that it should supplement the system of military transport established by Li Hongzhang, contending that

When transporting provisions and moving troops, [the company's steamships] are able to arrive within a fixed period of time. Last year when there was an alarm over Taiwan, the Huai Army was far away at Yangzhou. By relying on the China Merchants Steam Navigation Company's ships, all the soldiers had crossed over [to Taiwan] in a few months. The second advantage [of steamships] is the speed and convenience of transport. When foreign countries make war, military

ships will meet them in battle, while commercial ships will be used for transport. In peacetime, there will be no expenditures to support [commercial] ships, [but we will] reap their benefit when facing a crisis.¹¹⁸

In 1882 Li Hongzhang transported part of his army to Seoul in the company's steamers, delaying Japan's effort to colonize Korea by more than a decade. Twelve years later, he again called on the company to move troops to the Korean peninsula, but this time he encountered a foreign opponent intent on war. Japan defeated China in the ensuing conflict, and as a result Li lost much of his influence at court in 1895.¹¹⁹

PATTERNS OF BUSINESS ORGANIZATION AFTER THE LOSS OF THE CMSNC'S PATRON, 1895–1915

Without question, the CMSNC declined *as a business enterprise* after Li's political disgrace in 1895. Before addressing this topic, however, it is necessary to ask whether the CMSNC "failed" in a broader sense after the First Sino-Japanese War. The previous section described its role in financing modern sector industries in China, an accomplishment that followed the conflict with Tokyo in 1894–1895. Under the treaty settlement, the government had to use a significant portion of its discretionary funds to make reparations payments, but the CMSNC provided an alternative source of capital for projects like the Imperial Bank of China. Despite the company's loss of market share to British and Japanese lines, it prevented foreign firms from monopolizing steamship transport after 1898. It ensured that a significant portion of the shipping business remained in Chinese hands and also served as a crucial component of the state's transportation infrastructure into the 1900s. The CMNSC's bottoms supplied part of the capital's grain reserves, carried government property and troops, and delivered official correspondence. In short, the steamship line helped to knit this vast country together in the late nineteenth and early twentieth centuries, replacing the Grand Canal as the primary transportation link between north and south China. The CNMSC continued to play this strategic role until the development of a national railroad system under the Republican and communist regimes.

Yet the Chinese steamship line earned fewer profits after 1895, lost part of its business to foreign competitors, and suffered a series of organizational problems. Political conditions began to change during the closing years of the nineteenth century, revealing in a vivid way the dangers of separating ownership and accountability. Li Hongzhang's eclipse deprived the firm of its official patron, and his successor as commissioner for northern ports, Yuan Shikai, demonstrated little interest in its future development. Despite protests from major shareholders, he dismissed the company's director, Sheng Xuanhuai, to consolidate his own control over the steamship line. Yuan not only coveted the CMSNC's material resources but wanted to fill its managerial positions with his own subordinates. As long as the company's original sponsor remained in power, vesting accountability in the state resulted in few difficulties. In contrast, it proved almost impossible to "transfer" patronage to another high-ranking official, resulting instead in conflict and declining profitability in the early 1900s.¹²⁰

Yuan's own dismissal from office in 1908 led to further changes in the firm's organization. The following year the court assigned administrative oversight of the CMSNC to the Ministry of Posts and Communications (邮传部 *Youchuan Bu*), a government agency created during the period of the New Policies.¹²¹ The company's board of directors began to choose its business managers, while the central government exercised a form of general supervision over the steamship line. These administrative arrangements also proved short-lived, and after the 1911 Revolution shareholders and government officials agreed to privatize the CMSNC. Under the 1904 Company Law, it continued to register its transportation routes with the Ministry of Agriculture, Industry, and Commerce and also submitted an annual financial report to the state. The firm survived both the political and physical death of its patron Li Hongzhang, but it required extensive reorganization in the early 1900s.

The CMSNC's problems in the twentieth century arose only in part from Li's fall from power. During this period, the state also adopted a new strategy to compete with Western shippers operating in Chinese waters. The Treaty of Shimonoseki empowered foreign nationals to open factories in China, and government authorities encouraged indigenous private sector initiatives to limit the impact of these new privileges.¹²² In April 1898 the imperial court opened the empire's inland waters to steam navigation

and at the same time revoked the monopoly rights of the CMSNC. Small Chinese steamers tended to dominate shallow tributary waters, but British, Japanese, and German firms mounted a more intense challenge on the Yangzi and Tianjin-Shanghai routes.¹²³ In Jiangnan, shallow draft vessels sailed the region's extensive canal network, visiting the new treaty ports of Suzhou and Hangzhou on their way to Shanghai. Yet these ships tended to fill a niche market in southeastern China, offering only indirect competition with foreign shippers.

The number of private shipping firms increased at a rapid pace after 1895, suggesting that the court should have permitted the CMSNC to service all the country's inland waters rather than just the treaty ports. Chinese entrepreneurs recognized the commercial potential of this modern technology, and no fewer than ninety-four new ventures appeared between 1895 and 1900.¹²⁴ Many of these enterprises transported freight on China's rivers and coastal routes, but 440 indigenous steamers also ferried passengers.¹²⁵ The CMSNC lost part of its commercial importance in the early 1900s, but independent companies such as the Ningbo-Shaoxing (宁绍轮船公司 *Ningshao lunchuan gongsi*) and Dada (大达轮埠公司 *Dada lunbu gongsi*) steamship lines offered a new source of competition to foreign steamship lines.¹²⁶

TRANSPORTATION, STATECRAFT, AND THE MILITARY-FISCAL STATE

The military-fiscal state evolved in modern China through a series of linkages between warfare, taxation, and bureaucratic growth. Yet by the third quarter of the nineteenth century, authorities began to understand the material basis of diplomatic and political power. During this period, the scope of the self-strengthening movement expanded beyond guns, diplomats, and machines to include economic development. Figures like Li Hongzhang established a small but important modern sector in China, organizing a loose network of state-sponsored enterprises in the fields of shipping, telegraphy, and mining. These new ventures issued stock subscriptions to Chinese investors but departed from the Western model by combining private capital with official patronage. The steamship line provided a mechanized system of transport under indigenous control, meeting an important strategic need after the decline of the Grand Canal.

Given the limitations of the unequal treaty system, the CMSNC served as an effective tool for mercantilist statecraft in the late nineteenth century. The firm not only broke the Western monopoly on modern shipping but stabilized the food supply to the imperial court and the metropolitan military garrison. In addition, it served as a ready source of capital for the broader network of state-sponsored enterprises, including the communications, mining, and banking industries. The CMSNC also developed a new business paradigm for the Chinese shipping trade, integrating insurance, storage, and sales into its business operations. Finally, the company's ships linked the political center in the north with China's economic base in the south, a role they filled until policy makers created a national railway system in the twentieth century. The CMSNC's income as a business enterprise fell after 1895, but even then the firm did not so much fail as achieve fewer of its goals. Transportation infrastructure does not disappear when it no longer turns a large profit.

Li and Sheng faced significant constraints when they founded joint-stock companies in China, including the absence of sophisticated capital markets and a commercial code. Under the circumstances, they organized these state-sponsored enterprises with imagination, skill, and courage. State and merchant established a symbiotic rather than a predatory relationship, cooperating to pursue a compatible set of economic and political interests. Unlike its Western competitors, the CMSNC vested accountability in an official patron rather than a group of owner-shareholders. These arrangements attempted to compensate for the lack of a stock exchange and the novelty of steamship technology in late imperial China. At the same time, the firm's managers used their personal networks to raise capital, a less efficient approach than selling shares in public capital markets. Both of these practices served the company reasonably well for several decades, but patronage proved difficult to "transfer" to another official after Li's political disgrace. New commercial laws in the early 1900s attempted to unite ownership and accountability in Chinese business firms, but this process remains incomplete in the twenty-first century. The problem continues to lie in the nebulous distinction between public and private, conceptual categories initially as alien to late imperial China as commercial warfare.¹²⁷ Despite these weaknesses, Li and Sheng made the company work and introduced industrial enterprises to a country with no modern sector at all a few years earlier.

The CMSNC's managers relied on mercantilist ideas on a regular basis, seeing the steamship line as a means of resisting Western commercial influence in China. Their writings invoked the concept of commercial warfare, a practice familiar to the royal chartered companies of early modern Europe. Over time, authorities began to use the vocabulary of sovereignty to describe strategic problems, outline political choices, and communicate fundamental aims. As noted earlier, William A. P. Martin coined the Chinese neologism for this word in 1863, and the School of Combined Learning circulated his text throughout the imperial bureaucracy in subsequent years. Officials like Li Hongzhang recognized that the Qing dynasty had lost important political, economic, and legal powers to foreign countries, and he linked the CMSNC to the preservation of his country's sovereignty. Like many of his contemporaries, he tended to define the term as a form of totalizing control rather than the final authority of the state. Evidence suggests that Li may have viewed international competition through the same mercantilist lens as the economy, assuming that every political gain inflicted a comparable loss on China's opponents. Ironically, European statesmen would have rejected this sweeping interpretation of sovereignty and the attendant effort to exclude foreign commercial influence from their country. In addition, Chinese officials introduced a cluster of related concepts to the political discourse of the late 1800s, including rights, independence, and international law. The term *liquan* predated the late nineteenth century, but over time its meaning evolved into the "sovereign right to economic profits." Its history in the 1800s might serve as a metaphor for Chinese statecraft as a whole; its definition during this period underwent gradual but transformative change. The content of these words remained fluid in this period, but they gained greater precision every time the Chinese faced foreign diplomats, soldiers, and businessmen in negotiations. By 1911 their meanings tended to resemble the standard usage in the West, particularly the notion of sovereignty.

The CMSNC enhanced the power of the military-fiscal state and helped to define the intellectual foundations of the new statecraft. Yet it did not accomplish this alone. Its younger sibling, the Imperial Telegraph Administration, enabled authorities to consolidate their control over the information order in late imperial China.

7 COMMUNICATION

The development of the military-fiscal state depended not only on tangible forms of power like guns and warships but on rapid access to information. Governments had to gather, organize, and circulate strategic knowledge as quickly as their foreign rivals in order to survive. China enhanced its system of communications by creating a modern steamship line in 1872, but it operated only on domestic maritime routes. Prominent officials like Li Hongzhang recognized the need for a better alternative, suggesting that the country adopt a new form of technology from the West. In 1882 he established the Imperial Telegraph Administration (中国电报局 *Zhongguo dianbaoju*) under the direction of Sheng Xuanhuai, and this joint-stock company transformed the information order in late imperial China.¹ Over time, the telegraph improved the Qing empire's ability to compete in a predatory international order, enabling its people to negotiate, fight, and trade with greater insight and skill.

Prior to the mid-1800s, an efficient courier system facilitated the flow of political information between the center and the periphery in China. Regional officials communicated with the throne through court memorials, a confidential reporting system that bypassed much of the regular

bureaucracy in Beijing. The rebellions of the nineteenth century damaged roads, canals, and postal stations, and the court lacked the funds to repair basic infrastructure in subsequent years. At first, the de facto Ministry of Foreign Affairs, or Zongli Yamen, dismissed the telegraph as “most inconvenient” (诸多不变 *zhuduo bubian*) because officials feared foreign political penetration, popular opposition, and the disruption of the natural environment.²

Authorities reexamined this stance in 1874, when Japan threatened to invade Taiwan in retaliation for a maritime incident involving shipwrecked sailors from the Ryūkyū Islands. They then reversed their position in the early 1880s because of a second diplomatic crisis in a distant frontier region.³ Within five years, telegraph lines linked the capital of Beijing to all major ports on the Yangzi River and the east coast of China (see Table 7.1). By 1908 the ITA had laid 41,417 *li* (14,000 miles) of cables and built almost 400 telegraph offices in the Qing empire.⁴ Sheng Xuanhuai remarked in 1885:

Personnel given the task [of establishing telegraph lines have] demonstrated ability in a thing never before undertaken, racking their

TABLE 7.1. Expansion of China’s telegraph network, 1881–1900

Year	Telegraph line or extension
1881	Tianjin-Shanghai line
1882	Tianjin-Tongzhou extension line; cables set up in Jiangsu and Shandong provinces
1883	Eastern coastal line (Jiangsu-Zhejiang-Fujian-Guangdong); Yangzi River cable
1884	Beijing connected; line extension in Anhui, Jiangxi, Hubei, and Guangdong provinces
1885	Shandong line (Jinan-Yantai-Weihai/Liugong Island)
1886	Fengtian line (Jilin-Hunchun); Sichuan and Yunnan lines
1887	Guizhou and Taiwan lines
1888	Henan line; Chinese and French lines connected at Vietnam-Yunnan border
1890	Shanxi-Shaanxi-Gansu extension line
1892	Chinese and Russian lines connected
1893	Gansu line extended to Xinjiang
1894	Chinese and British lines connected at Burma (Myanmar)-Yunnan border
1896	Tibet line
1897	Mongolia line
1899	Rehe (Jehol) line

Source: “Dianxian sheli qingxing,” in Xia, *Sheng Xuanhuai nianpu*, 2: 767–768.

brains and developing calluses on their hands and feet as they devised a method to quickly create [a telegraph network]. Some personally supervised technicians as they explored the route, setting up [telegraph] poles and laying cable. They spent the entire year on the road, frequently experiencing danger. Others delivered urgent military telegrams from dawn to dusk, eating and sleeping erratically, and even falling sick from persistent overwork. Still others [crossed] the oceans to safeguard the transport of materials, passing through great storms [on the way].⁵

Despite their hyperbole, Sheng and Li could take pride in the company's political, military, and economic contributions during the last quarter of the nineteenth century.

Telegraphy strengthened China in the competition for strategic information and helped officials to protect the country's sovereignty (自主之权 *zizhuzhiquan*). Li often used this term to describe the role of the ITA, refining the intellectual foundations of Chinese statecraft as he grappled with everyday problems.⁶ During this period, officials relied on this new technology to gather military, diplomatic, and political intelligence but also understood its commercial utility. They encouraged Chinese merchants to recover the country's sovereign right to profits (自有之利权 *ziyou zhi liquan*) and to conduct commercial warfare (商战 *shangzhan*) against their Western rivals.⁷ In addition, the telegraph enhanced the importance of the Zongli Yamen within the imperial bureaucracy, transforming it into a center for receiving, processing, and disseminating strategic knowledge. Finally, skillful diplomacy enabled China to enter the global information order on its own terms rather than those set by the West.

The state attempted to monopolize the new medium, but members of the gentry class began to use the circular, or public, telegram to express their political views in the late 1890s.⁸ *Shen Bao* (申报), a commercial newspaper based in Shanghai, published these messages for an urban Chinese readership, often mobilizing elites in China's treaty ports behind a common agenda. For example, when the Empress Dowager Cixi attempted to depose her nephew, the Guangxu emperor, in 1900, circular telegrams aroused widespread opposition and forced her to abandon this plan. Although the telegraph augmented the power of the state, it also created a sphere of political discussion beyond official control.

What is the broader significance of this argument? First, the political, financial, and organizational achievements of the ITA cast doubt on the narrative of dynastic decline presented in much of the secondary literature. Albert Feuerwerker not only offered a critical assessment of the telegraph company but dismissed the entire economic component of the self-strengthening movement as a failure.⁹ Although recent commentators have arrived at more balanced assessments, this chapter emphasizes the firm's success in clear and unequivocal terms.¹⁰ In addition, the telegraph company provides an additional opportunity for examining the conceptual foundations of the new statecraft. After authorities introduced this new system of communications, they wrestled with problems such as foreign political penetration, technology transfer, and international burden sharing. They drew on the familiar vocabulary of sovereignty, commercial warfare, and the right to profits to address these important political issues. Qing officials like Li developed a mercantilist understanding of the economy, and they applied these ideas to routine business decisions in the late 1800s.¹¹ Finally, the chapter "globalizes" C. A. Bayly's concept of the information order, using it to explain changes in a cultural setting far different from the British raj. In practice, imperial regimes throughout Eurasia worked to control strategic knowledge because they recognized it as a key to their continued existence. In the hostile geopolitical climate of the late 1800s, knowledge was power, and power ensured survival.

THE POSTAL COURIER SYSTEM AND ITS DECLINE

During the second half of the 1600s, the Qing court revived the system of communications used in previous dynasties.¹² Four centuries earlier, the Yuan dynasty (1279–1368) had established a large network of postal stations (驿站 *yizhan*) to transmit edicts, reports, and orders from the capital. Couriers carried travel passes to guarantee their safe passage and changed to fresh mounts at regular intervals along their route. Riders received food, water, and lodging at postal depots, at times covering more than one hundred miles in a twenty-four hour period. Their speed depended on the urgency of the message, but even standard documents traveled between 20 and 40 miles per day. The Bureau of Communications (车驾司 *Chejiasi*) under the Board of War (兵部 *Bing Bu*) supervised the postal system and

supplied its riders, grooms, clerks, guards, and horses with necessary provisions.¹³ In addition, the imperial court appointed a provincial surveillance commissioner (按查使 *anchashi*) to oversee postal stations at the regional level. It also enacted a series of legal regulations to penalize breaches of secrecy, delays in delivery, and the loss of official papers.¹⁴

During the 1720s, the Qing dynasty began to use the courier system to transmit a new form of confidential communication. Known as a palace memorial (奏折 *zouzhe*), this type of message facilitated private dialogue between the throne and the upper levels of the field administration.¹⁵ A new organ, the Grand Council (军机处 *Junjichu*), helped the emperor to process this correspondence, while the regular bureaucracy dealt with routine memorials (题本 *tiben* and 奏本 *zouben*). As late as 1800, the government gathered strategic information more rapidly than any of its potential rivals.

During the first half of the nineteenth century, corruption and inefficiency began to weaken the state's communications infrastructure. In the 1850s, the largest civil wars in human history to that time decimated much of China, including the empire's important transportation routes. In later decades, the imperial court lacked the resources to purchase a new stock of horses, rebuild courier stations, and provide supplies for men and animals. At the same time, petty functionaries embezzled funds from the postal system, pilfering grain, fodder, and money and maintaining fewer mounts than required by law.¹⁶ The reformer Feng Guifen complained:

Over a long time corruption grew, and [the courier system] finally became a wellspring of graft for local officials. . . . It seems that many of the horses raised at the courier stations are old, weak, sick, and fatigued. Moreover, those who supervise the stables maintain a staff and servants and continually withhold a portion of their dry grain provisions and other items. When [provisions finally] reach the grooms, these limited amounts dwindle [even further], reducing [the animals'] fodder and causing them to go hungry.¹⁷

Provincial officials also abused the system by demanding bribes, sending private letters via high speed courier, and insisting on lavish treatment when they lodged overnight at a postal station.¹⁸ As a result, the average

time to deliver a palace memorial from Guangzhou in the far south to Beijing increased from thirty-three days in 1838 to fifty-five in 1861. Official correspondence from the city of Guiyang took 117 days to reach the court and more than seven and a half months to receive a reply.¹⁹ Feng complained that “documents sent only a few hundred *li* [a hundred miles] arrive only after . . . more than ten days.”²⁰ Insecurity, delays, and graft undermined the postal relay system at the moment when the Qing dynasty faced the most serious military challenges in its history.

EARLY OPPOSITION TO THE TELEGRAPH IN CHINA

The government rejected the telegraph as “inconvenient” during the 1860s and 1870s, fearing that it would foster foreign political and economic penetration of China.²¹ “If Westerners are given an inch,” cautioned one official, “they will advance by that inch. [They are] extremely cunning.” Telegraph cables might “expand from the oceans into the great rivers, from the great rivers to their tributaries, and from the tributaries onto land, rapidly entering the interior” of the country.²² As early as 1861, the Russian ambassador asked the Zongli Yamen for permission to lay cables between Beijing and the town of Kiakhta in Siberia. The court declined the request, but British and Danish firms later demanded the right to extend international lines to China.²³ In 1865 a British merchant even began to install telegraph poles in the Pudong district of Shanghai, abandoning the project only because of popular opposition.²⁴ Five years later, the Danish company Great Northern completed an illegal line between Wusongkou and Shanghai despite repeated protests by regional officials.²⁵ These activities violated the country’s sovereignty and threatened the state’s control of the information order within its boundaries. Shen Baozhen, governor of Shanxi province, reported that “foreign steamships are speedier than China’s courier post. . . . If [foreigners] are now permitted to establish telegraph cables, information could circulate the distance of a thousand *li*. It will become even more difficult to guard against [sensational stories] . . . in the newspapers generating rumors.”²⁶ Shen foresaw the connection between telegraphy and print journalism, warning that this combination might challenge state power in the future.

The court rebuffed foreign efforts to build telegraph lines in China, emphasizing popular opposition to the new technology and its disruptive impact on the natural environment. In reality, these remained secondary concerns during the 1860s and 1870s. County magistrates often orchestrated attacks on foreign businesses in order to discourage illegal construction. They dressed members of the militia in civilian clothing and instructed them to steal equipment and construction materials like timber and copper wire.²⁷ However, local officials stopped short of physical violence, fearing that assault or murder would “provide the reason for stirring up an [international] fight.”²⁸ Events in 1874–1875 illustrated the dangers of losing control of a large mob. In Fujian province, employees of Great Northern suffered severe beatings during an encounter with angry local residents. Beijing escaped serious consequences only because Copenhagen lacked the power to impose a punitive legal settlement. When China constructed the first indigenous telegraph line in 1881, however, Li Hongzhang reported “no disturbances whatsoever” along its 700-mile route.²⁹

During the 1860s and 1870s, the Zongli Yamen also argued that the telegraph threatened the integrity of traditional cultural beliefs in China. Telegraph poles defaced the natural environment, interrupted the flow of spiritual energy through the landscape, and desecrated sacred sites like shrines and cemeteries. One official stated:

The harm caused by copper [telegraph] cables is limitless. . . . Heaven has ordained that the customs of Chinese and Westerners are different. Westerners know the Lord of Heaven and Jesus, but they do not know the [way of the] ancestors. Consequently, all who join their religion must first destroy their family’s wooden [ancestral] tablets. In China the dead are no different than the living, and this [view] has not changed since time immemorial. . . . When telegraph cables are laid, they deeply penetrate the earth, causing disturbances to the left and right even though they pierce [the ground] in a straight line. They extend everywhere and sever the veins of the earth, which disrupts the *fengshui*.³⁰

Normative values shape the process of technology transfer in all societies, but the Chinese overstated the importance of these “ancient customs” for

foreign audiences. After elite opinion shifted in the early 1880s, this excuse disappeared from official discourse almost overnight. In practice, surveyors, engineers, and laborers took care to avoid trespassing in “graveyards, groves of trees, private homesteads,” and farmers’ fields.³¹

GEOPOLITICS AND THE TELEGRAPH, 1874–1881

During the 1870s and early 1880s, a series of border crises eroded official opposition to the telegraph in China. In 1874 Japan sent a punitive expedition to Taiwan after the island’s aboriginal population murdered several sailors from the Ryūkyū archipelago. As a result, Qing authorities faced the prospect of a military conflict thousands of miles from the political center of Beijing. The court appointed Shen Baozhen as an imperial commissioner to resolve this crisis, but he found it impossible to communicate in real time across the Taiwan strait. He had no means of coordinating military preparations from his office in Fuzhou, the capital of Fujian province. As a result, Shen abandoned his earlier suspicion of the telegraph, remarking that “Westerners all have [submarine cables] from Tianjin to Shanghai to Guangdong, but we have none. It may be acceptable for foreign countries to possess knowledge that China lacks. Yet foreign countries possess knowledge about China which we ourselves lack. Is this permissible?”³² Shen asked for permission to connect his headquarters in Fuzhou to shipyards on the coast and then to lay underwater cables to Taiwan. He proposed that the imperial court sign a contract with Great Northern because China lacked the technological expertise to complete the project.³³

A diplomatic settlement with Japan ended the emergency, but by then the Danes had completed the short section of telegraph line on land. They suggested that Shen use surplus building materials to link Fuzhou to the treaty port of Xiamen (Amoy).³⁴ The court approved the construction of the Fuzhou-Xiamen cable in 1875, but Great Northern later cancelled the project because of “popular” opposition. Local officials and gentry organized attacks on the company’s property, but this violence soon spiraled out of control. Great Northern’s managers decided that the risks had become too serious to continue and instead asked their government to file a formal protest with the imperial court.³⁵ Beijing made amends by offering

the firm the full purchase price of the line, but it stopped construction of the Fuzhou-Xiamen line. Instead Fujian governor Ding Richang used these cables, timber, and equipment to establish a small telegraph network in Taiwan in 1877.³⁶

A second border dispute in 1879–1881 illustrated the value of this technology in even clearer terms. During the rebellions of the mid-nineteenth century, Russian troops occupied the territory of Yili (伊犁) in Xinjiang. Russia described these soldiers as a peacekeeping force but refused to evacuate the region after the Qing restored order in the 1870s. Anxious to avoid war, the Qing minister to St. Petersburg made sweeping concessions without the knowledge of the throne. Li Hongzhang excoriated Chong Hou, commenting:

It appears that Russia can [receive] information with great speed via marine cables to Shanghai or land cables to Kiakhta. If [Chong Hou's replacement] Zeng Jize sends a telegram from Russia to Shanghai, it requires only one day. [But] it still takes six or seven days to reach the capital of Beijing via steamship from Shanghai. If [the vessel] encounters impassable sea lanes, [it] takes ten days [to reach the capital] by courier. Beijing is only two thousand and several hundred *li* [800 miles] from Shanghai, compared with tens of thousands of *li* [several thousand miles] from Russia to Shanghai. Information [sent] back [to Zeng] is ten times slower. If [we] face a military emergency, the communications of foreign countries will be faster than China's, and [their relative] advantages will become very [significant]. . . . This is why the telegraph is indeed an . . . absolute necessity for defense affairs.³⁷

Li also told the court that China needed a rapid system of military reporting to defend itself against naval attack. Telegraphic communication would “facilitate the flow of information” within China and help to coordinate the movement of men, matériel, and weapons to regions threatened by foreign invasion.³⁸ Yet he also saw the telegraph as a dual-use technology, arguing that in peacetime it would stimulate commerce, increase the country's wealth, and evolve into a profitable business in its own right.³⁹ Beijing recovered most of the Yili valley through negotiations with Russia in 1881,

and in the same year the throne endorsed the proposal to create a modern communication system in China.

CONSTRUCTION AND ADMINISTRATION OF THE TELEGRAPH NETWORK

With the assistance of Danish engineers, surveyors, and technicians, Li Hongzhang completed the Tianjin-Shanghai telegraph line in 1882. By the early twentieth century, more than 14,000 miles of cables linked center, province, and periphery in China.⁴⁰ The network first connected major port cities along the east coast, expanded to Beijing and inland along the Yangzi River, and finally reached border regions, such as Yunnan, Guizhou, Xinjiang, Mongolia, Tibet, and Manchuria. By the end of the nineteenth century, the ITA maintained nearly 400 offices in China and employed a staff of thousands.⁴¹

In 1881–1882 Li signed a contract with Great Northern to build the Tianjin-Shanghai line “because Denmark is a small country [and] its people can be easily controlled and . . . put to our use.”⁴² The Qing government retained control of the cables within its borders, limiting the role of the Danes to purchasing equipment, training Chinese operators, and providing technical advice.⁴³ In addition, authorities created telegraph schools in Tianjin, Shanghai, Nanjing, and Guangzhou and implemented a curriculum in mathematics, science, electrical engineering, and foreign languages.⁴⁴ Li commented that although “we employ Westerners to teach Chinese students . . . we ourselves supervise [these schools]. [Since] almost all powers remain in our hands, they will never cause harm.”⁴⁵ A group of thirty-two students graduated in time to operate the first cables in early 1882. A year later, Sheng Xuanhuai sent another cohort of forty to fifty recruits to staff offices along the Shanghai-Guangzhou line.⁴⁶ The ITA published its textbooks in Chinese and in time began to reduce the number of Danish instructors in its employ.⁴⁷ During the 1880s, it ended its dependence on this foreign firm and lowered costs by eliminating the high salaries of foreign teachers, engineers, and advisors. Li and Sheng managed the process of technology transfer with skill and imagination, opening a new range of possibilities in long-distance communication in the late imperial era. Moreover, they achieved these important strategic goals without

compromising the country's sovereignty or permitting foreign businesses to expand their operations to Chinese soil.

Li Hongzhang used the steamship line as a template for the telegraph administration but modified several important features. He divided the ITA into an official telegraph bureau (官电局 *guandianju*) supported by the state and a business enterprise (商电局 *shangdianju*) organized along joint-stock lines. Li informed the court that "some lines are created by the government and some by merchants. All [lines] related to national political affairs are laid by the government, and [telegraph] offices are government run. In places with high levels of commercial activity, merchants establish [the telegraph lines]."⁴⁸

The commercial section controlled the core of the network in eastern China because of the high volume of private traffic between Tianjin, Shanghai, and Guangzhou. Li appointed Sheng Xuanhuai to serve as general director (总办 *zongban*), and at times they transferred personnel between different state-sponsored enterprises. Like the steamship line, this element of the ITA financed its operations through private investment and attempted to maximize profits for its shareholders.⁴⁹ The company's charter stated that "merchant capital of 100,000 silver taels will be divided into 1,000 shares of stock, with [the price of] each share [set at] 100 taels. [We have] weighed and considered offering a guaranteed dividend of 10 percent per year [to sustain investor confidence]."⁵⁰ By the early years of the twentieth century, the ITA had attracted 2.2 million Mexican silver dollars (洋元 *yangyuan*) in paid-up share capital. A group of 500 investors purchased the firm's stock certificates, including the ITA's official patron and a number of treaty port merchants.⁵¹

Li Hongzhang appointed businessmen to most executive positions in the company because of their managerial experience, access to capital, and personal networks.⁵² Figures like Zheng Guanying served as compradores for Western ventures in the treaty ports before working for the steamship line and the telegraph administration. Jing Yuanshan, the director of the Shanghai branch office, amassed a fortune in his family's banking business and then won acclaim for his philanthropic activities in the 1870s.⁵³ These individuals provided strong leadership, and the ITA began to generate substantial returns for its investors by the mid-1880s. In addition, the company repaid a series of start-up loans to the government, sending

official telegrams free of charge until 1887 and thereafter providing a 50 percent discount.⁵⁴ The ITA's earnings rose from 61,664 silver dollars during its first year of operation to more than 2 million in 1906. By the early twentieth century, the firm's annual profits reached 200,000 silver dollars, or 10 percent of its total capitalization, and its annual earnings more than 1.6 million silver dollars.⁵⁵

The official telegraph network connected the center and the periphery in China and consisted of lines that served military, diplomatic, and strategic purposes. The same personnel staffed both branches of the telegraph administration, but the government created and maintained the cables in remote border regions. Sheng Xuanhuai exercised general oversight of the ITA's commercial operations and official duties, reporting to Li Hongzhang until his patron's death in 1901.⁵⁶ In 1908 Beijing nationalized the entire system, but it established an effective monopoly of this new technology from its inception in the 1880s.⁵⁷

TELEGRAPHY AND THE NEW LANGUAGE OF STATECRAFT

During the mid-1880s, the ITA concluded agreements with Great Northern and the British firm Eastern Extension to link China to the international network. These contract negotiations required officials to apply the concepts of the new statecraft to a set of concrete political and economic problems. Authorities refined their understanding of rights, sovereignty, independence, and international law every time they held talks with European companies. The final settlement integrated China into the global information order of the late nineteenth century but protected the country's wealth and territorial integrity. In the end, all three parties could claim victory but only after a long series of disputes.

In 1870 Eastern Extension demanded the right to lay submarine cables from the British colony of Hong Kong to Shanghai. Its managers wanted to extend their business operations to China, opening a telegraph office in the International Settlement and then expanding to other treaty ports.⁵⁸ Yet the Zongli Yamen rejected their plan because the proposed line violated the country's maritime boundaries. Instead it allowed the British company to moor a barge in the city's harbor and bring the submarine cables on board to send and receive messages. Authorities stated that "they

are permitted to anchor [the ship with telegraph cables] in coastal ports near the ocean but away from the piers where Western vessels dock. This is in order to demonstrate limits [限制 *xianzhi*].”⁵⁹ This arrangement drew a clear distinction between land and sea, and it served as a model for China’s future incorporation into the international grid. European companies would have to accept the Zongli Yamen’s regulations or abandon their efforts to operate in China. For example, Beijing later refused to permit Eastern Extension to lay cables between Hong Kong island, Kowloon, and Guangzhou for similar reasons. Li Hongzhang remarked in a memorial to the court that

Hong Kong is British territory, and the oceans are a public [公共] place [shared by] every country. If [the British] desire to lay additional submarine cables, naturally we have no grounds to advise against it. Concerning [the extension of their lines] onto land in Guangdong province, the Zongli Yamen and the governor of Guangdong ought to take charge of an *internal political matter*. . . . Telegraph lines on land must be created by China itself. No matter what country, it absolutely cannot trespass [on Chinese territory even] by a single inch.⁶⁰

In this document, Li distinguished between the public space of the world’s oceans and China’s exclusive right to control its own territory. He then went on to describe the country’s telegraph system as a tool “to enhance communications and extend [伸 *shen*] our sovereignty.”⁶¹

In the 1880s and 1890s, Qing officials agreed to connect the telegraph network to international cables but took great pains to protect their country’s strategic interests. They signed a series of contracts with foreign firms to regulate traffic over the wires, establish a schedule of fixed prices, and arrange the distribution of profits.⁶² Jing Yuanshan, the director of the ITA’s Shanghai office, suggested that they use the steamship line’s agreements with British shippers as a template for these negotiations.⁶³ The three companies reached an understanding in 1887, guaranteeing the ITA 10 percent of profits from international telegrams in Shanghai, Fuzhou, and Xiamen. In addition, Eastern Extension and Great Northern agreed to send encrypted official messages free of charge, including cables to and from Qing embassies abroad.⁶⁴ In 1896 Sheng Xuanhuai altered the terms

of the contract, insisting on an equal division of income from international traffic for the next fifteen years.⁶⁵ These arrangements placed China on an even symbolic footing with European countries in the nascent global information order of the late 1800s.

Authorities also used a new political vocabulary to describe illegal foreign actions on Chinese territory. During the 1860s and 1870s, European companies attempted to lay land cables in China in spite of repeated objections by the Zongli Yamen. In 1875–1876, Li Henian, the governor of Fujian province, opposed the Fuzhou-Xiamen line on the grounds that it endangered the country's sovereignty. He urged Beijing to “reassert sovereign control” (权由中国自主 *quan you Zhongguo zizhu*) over the project lest the great powers exploit this political opening.⁶⁶ References to this concept appeared in Li and Sheng's correspondence on a regular basis, suggesting that they tied China's telegraph network to broader strategic goals.⁶⁷ In his most direct statement on the subject, Li noted that “telegraph affairs relate to a country's sovereignty [国家自主之权利 *guojia zizhu zhi quanli*]. Therefore [if] a group of merchants is responsible for telegraph lines, the country absolutely must maintain and protect [them].”⁶⁸

Over time Qing officials recognized that a country's sovereignty extended to its resources, people, and land, assuming different forms based on the specific context. In 1887–1888, debates raged over Chinese accession to the International Telegraph Convention of 1865, and the ITA's managers voiced their opinions in this new political language. One commentator first remarked that the United States forbade foreign telegraph companies from operating on its soil. He then asserted that “[we] must rely on China's territorial sovereignty [自主土地之权 *zizhu tudi zhi quan*], and only then will [we] be able to restrain their [foreigners'] actions.”⁶⁹ In contrast, a proponent of the treaty argued that the country could enhance its prestige (国体 *guoti*) by adhering to international legal norms. If China rejected membership in the world community, the great powers would instead view it as a pariah state (疏远之邦 *shuyuan zhi bang*).⁷⁰ “This will certainly prevent information from circulating,” an ominous prospect in a world where ignorance threatened a regime's survival.⁷¹

During this period, mercantile elites began to make exclusive claim to the profits within China's borders. Figures like Zheng Guanying applied the idea of commercial warfare (商战 *shangzhan*) to the ITA, comparing its

role to that of the China Merchants Steam Navigation Company in the field of modern shipping.⁷² Western telegraph companies not only posed a strategic danger to China but might also drain the country of its wealth. Li warned of disastrous consequences if China lost its sovereign rights (自有之权利 *ziyou zhi quanli*), while Sheng contended that “every country across the Western and Eastern oceans exerts its utmost strength to protect and support commerce.”⁷³ Despite the ITA’s agreements with foreign firms, its managers envisioned economic competition with the great powers as a zero-sum game.⁷⁴ Qing officials again defined sovereignty as a form of totalizing power, moving away from this definition only after 1900. If China failed to control the profits from its telegraph network, then Western companies would seize them at the first opportunity. Such a situation was intolerable from a strategic as well as an economic perspective.

INTELLIGENCE, ECONOMY, AND BUREAUCRACY

By the mid-1880s, the telegraph began to have an important impact on military intelligence, the economy, and the imperial bureaucracy in China. Authorities used the new communications technology to gather strategic information about foreign adversaries and domestic rivals such as bandits and heterodox religious sects. At the same time, they offered merchants access to the telegraph network, hoping to promote the important goal of economic development. Finally, the Zongli Yamen evolved into the informational nexus of the state bureaucracy because it received, organized, and circulated political knowledge in China. Although the government continued to maintain the courier system in the late 1800s, officials increasingly turned to the telegraph to communicate important facts, ideas, and opinions.⁷⁵

During confrontations with foreign powers, the new technology facilitated the movement of men, matériel, and weapons to critical regions. In 1882 Japan attempted to establish a sphere of influence in Korea, and the Qing government responded by mobilizing its military resources for war. “When trouble arose,” commented Li Hongzhang, “[we] acted with alacrity, truly relying on the power of the telegraph. The effective results are already apparent, and [we] need no unnecessary words.”⁷⁶ The court resolved the crisis through diplomatic negotiations but approved Li’s

proposal to extend telegraph lines from Shenyang (Mukden) to the Korean cities of Seoul and Incheon.⁷⁷ Li argued that this measure would prevent the Japanese from laying cables northward from Pusan, “facilitating the circulation of information” and “protecting that country’s [Korea’s] sovereign rights.”⁷⁸

Two years later, Beijing declared war on France to protect the traditional tributary state of Vietnam. The imperial court soon discovered that it lacked an effective means of communicating with its field commanders in southern China. As a result, provincial officials constructed telegraph lines from Guangzhou to China’s border with Vietnam, eliminating the need to send dispatches by postal courier over difficult terrain.⁷⁹ Qing and Vietnamese troops won a series of battles on land, but China suffered a decisive naval defeat at the hands of the French. Despite this outcome, Sheng Xuanhuai later commented that “the court directed military affairs from 10,000 *li* [3,000 miles] away as if they were only in the courtyard of one’s home. No opportunities were lost, and knowledgeable people all say that the telegraph made a great contribution.”⁸⁰ Journalists also used the telegraph to file reports about the war in real time, publishing their stories for Chinese audiences in newspapers like *Shen Bao*. At the time, few commentators in China recognized the potential connection between telegraphy, print journalism, and elite political expression, but this potent combination made its influence felt after 1900.⁸¹

The ITA also provided intelligence about the internal political environment in China, helping authorities to maintain a higher degree of social control. In 1892 Sheng Xuanhuai explained:

This past winter religious rebels from Chaoyang [in Fengtian province in Manchuria] began rioting. The matter arose suddenly, and the military situation became urgent. The two provinces of Fengtian and Zhili relied on the speed of the telegraph to dispatch defense battalions. Officials gave instructions to all officers and men to take action and exterminate the rebels. They could respond to one another instantly, and [they] soon reported a great success by court memorial. China has never deployed troops with such wondrous speed ever before.⁸²

The telegraph served as an early instrument of domestic surveillance in China, in a sense complementing the growth of new military and police forces in the late imperial era. In short, the ITA enhanced the power of the military-fiscal state during the late 1800s, and officials began to mobilize strategic resources with greater speed and efficiency.

During the late nineteenth and early twentieth century, Chinese merchants relied on the telegraph to communicate important economic information. Authorities encouraged these efforts because they recognized the need to defend the country's right to profits from foreign firms.⁸³ The ITA's earliest lines linked major marketing centers in eastern China, and indigenous companies used this new technology to acquire price information, send remittances, supervise branch offices, and engage in long-distance trade.⁸⁴ Zheng Guanying stated that "businessmen depend on the telegraph to communicate market prices. Consequently, those without [this information] typically lose, while those with it typically win. Building the foundations of wealth and power lies in [acquiring] this [knowledge]."⁸⁵ After mercantile elites understood the value of the telegraph, they petitioned government officials to extend the network to cities throughout the empire. In 1882–1883 silk traders in Zhejiang province asked the court to build a branch line to their production centers in Hangzhou, Jiaking, Huzhou, and Shaoxing prefectures. At the same time, tea dealers in Hankou demanded a Yangzi River line because it would enable companies in the treaty ports to place advance orders.⁸⁶ Members of this tea guild came from "everywhere throughout five provinces" and established a "ubiquitous" presence in southeastern China.⁸⁷ The telegraph permitted commercial associations to coordinate their activities and also promoted regional economic integration by shortening the time for communications and overcoming the constraints of distance.

The ITA not only encouraged the growth of inter-regional trade in China but offered the government two additional benefits. During the early 1900s, the company made regular tax payments to Beijing and generated capital to invest in Li Hongzhang's broader network of state-sponsored enterprises. In 1899 the telegraph company began to "repay the imperial munificence [报销 *baoxiao*]" through annual contributions of 40,000 silver taels. This sum represented 20 percent of the ITA's profits

but still permitted telegraph managers to make large dividend payments to shareholders.⁸⁸ These tax assessments persisted for at least the next four years and likely continued until the ITA was nationalized in 1908. At a time when the court faced heavy foreign indemnities, these additional revenues provided a welcome source of discretionary funds.⁸⁹ Sheng Xuanhuai also transferred capital from the ITA to other modern-style businesses in need of start-up funds. He commented in 1899:

I concurrently oversee the Shanghai Cotton Mill, the Hanyang Ironworks, the Pingxiang Coal Mines, and the stock subscriptions collected [to found] a commercial bank. Chinese merchants rely on two firms, the CMSNC and the ITA, to make up for deficits elsewhere. [They] consider balancing surpluses and shortages [because these firms are] *linked together into a coherent whole*, striving for [growth] and assisting [one another].⁹⁰

For example, in 1896 the ITA invested 200,000 silver taels in the Imperial Bank of China, illustrating Sheng's strategy of mutual financial support within his network of companies.⁹¹ Yet the most important contribution of the telegraph lay in its ability to circulate political information among decision makers.

After the creation of the ITA in the early 1880s, the Zongli Yamen emerged as the focal point of the imperial communications system in China. Bureaucratic interests at first blocked the extension of the Tianjin-Shanghai line to Beijing. Instead, provincial officials had to transmit messages to a telegraph station in the city's suburbs, and a postal courier or agent of the IMCS then delivered it by hand.⁹² In 1884 Li Hongzhang finally overcame resistance to the new technology, winning the court's approval to connect the inner city to China's telegraph grid.⁹³ "When land lines were extended to Tongzhou," he remarked, "they were just a mere fraction of an inch from the gates of the capital. . . . [Now] the delivery [of official documents] will be especially rapid and direct."⁹⁴

The Board of War continued to circulate official documents in paper form, but the Foreign Ministry controlled information transmitted over the telegraph wires. This office received and processed all incoming traffic from the provincial bureaucracy, representatives of foreign governments,

and Qing diplomatic missions in Europe, Japan, and the United States. Clerks examined each message to determine its importance and then decided whether it required further action by the Grand Council.⁹⁵ In addition, the Zongli Yamen handled outgoing correspondence from all officials serving in the central government, and these bureaucrats also had to rely on the telegraph to communicate with their subordinates in the provinces in real time. In 1884 staff members began to store documents sent and received by telegraph, but the Grand Council later moved these materials to its own compound.⁹⁶ After 1898 the throne also issued public edicts by telegram but sent paper copies to guard against transcription errors and incomplete transmissions.⁹⁷ Later the same year, the court extended telegraph cables from the inner city to a building on the grounds of the Zongli Yamen. On occasion, provincial officials still sent routine correspondence by courier or steamship, but by the late Qing era telegraph cables conveyed most important political information in China.⁹⁸

The Zongli Yamen issued codebooks in order to encrypt data and imposed harsh penalties if ITA personnel leaked sensitive information. Europeans and Americans used Morse code to send messages over the wires, representing an individual letter of the Latin alphabet with a series of one to four dots and dashes. In contrast, the Chinese denoted a particular character through a four-digit number ranging from 0001 to 9999.⁹⁹ If operators received the signal for 1935 or 0193, they consulted a manual arranged by radical and stroke count to learn its meaning.¹⁰⁰ This system replicated the organization of Chinese language dictionaries but limited the total number of transmittable characters to 10,000. The ITA distributed a standard codebook to its staff, but the Zongli Yamen devised special encryption sequences for high-level officials, such as imperial commissioners.¹⁰¹ As early as 1881, Li Hongzhang noted that “a code has [already] been created to secretly transmit important matters. Even those who operate the telegraph cannot understand [it], and there is certainly no need to worry about the leaking [of information].”¹⁰² The Zongli Yamen maintained strict control over the distribution of its codebooks, limiting their circulation to important officials in the central and provincial governments. It also adopted new ciphers at regular intervals and punished anyone who reproduced these materials without authorization. In practice, many offices in the central government lacked the necessary decryption code and had to ask the Zongli

Yamen to transcribe telegrams sent in cipher.¹⁰³ In the early 1890s, clerks also created variations of standard codes for specific officials, assigning a unique cipher to the commissioner for northern ports or the Liangjiang governor-general. The simplest systems used an addition or subtraction method (加減法 *jiajianfa*), which required the operator to increase or reduce each number by a fixed amount.¹⁰⁴ For example, they might add a value of 112 to each character, sending the signal 2047 to indicate 1935. These codes became increasingly complex when transmitting diplomatic instructions or military orders to commanders in the field. From time to time, ITA operators revealed sensitive information to the newspapers, but similar problems occurred in Europe and the United States during this period.

The ITA gave priority to official messages and could also block telegrams that criticized the imperial court. Operators sent government documents as “first-class” or “urgent first-class” telegrams, while ordinary customers had to send news items, commercial information, and personal letters third or fourth class.¹⁰⁵ These private messages sat in queue while ITA staff transmitted, deciphered, and transcribed official edicts, orders, and reports. The Zongli Yamen could also censor third- or fourth-class telegrams if they appeared to subvert state power in any way.¹⁰⁶ Foreign crises prompted Qing officials to create this agency in 1861, and its significance grew after it became the informational nexus of the bureaucracy in the mid-1880s.

TELEGRAPHY AND THE TENSIONS BETWEEN GOVERNANCE AND POLITICAL PARTICIPATION, 1900–1911

Although the government maintained exclusive control of the telegraph network, literate Chinese used this new technology to express their political opinions after 1895. As early as 1870, Shen Baozhen opposed the telegraph because he feared the dissemination of rumors to newspapers in the treaty ports.¹⁰⁷ This warning proved prophetic in the early twentieth century, when print journalists learned to take advantage of China’s modern system of communications. An autonomous sphere of political discussion emerged during the last decade of Qing rule, forcing the dynasty to contend with public opinion for the first time in its history. In practice, elites often supported the policies of the imperial court, but their desire for

greater political participation clashed with its conception of governance on multiple occasions.¹⁰⁸

For centuries *Jingbao* (京报 *Capital Gazette*) circulated political information in China, reproducing edicts, memorials, examination results, and news items for readers throughout the empire. This began to change shortly after the completion of the Tianjin-Shanghai telegraph line in early 1882. On January 16 *Shen Bao* published an edict issued only two days earlier in Beijing. Two years later, the paper's correspondents filed reports from the front lines of the Sino-French War in real time.¹⁰⁹ Over the next two decades, modern newspapers attracted a wide readership among the elite classes in China, while the *Capital Gazette* lost its earlier importance.¹¹⁰ These publications succeeded because of the open intellectual atmosphere in the treaty ports, their selective publication of news items, and their responsiveness to the tastes, interests, and values of their audience. By the early years of the twentieth century "newspapers became the most important means of disseminating and receiving political information in China," a development that gave authorities in Beijing pause.¹¹¹ In short, the state and commercial sector together dominated the information order in late imperial China.¹¹²

In addition to news stories, treaty port publications such as *Shen Bao* featured circular, or public, telegrams that expressed opinions on current affairs. Their senders targeted a range of media outlets, government offices, and prominent policy makers, seeking to mobilize broad support behind their political agenda. By the turn of the century, private organizations as well as individuals started to use this medium to support, criticize, and exhort public officials in China. Yet the circular telegram voiced elite rather than popular opinion because most ordinary Chinese lacked the money to pay for this service. The ITA charged their customers 10 cents per character to send a third-class message within their home province. Charges increased by 20 percent every time the telegram crossed a provincial boundary and doubled if the operator transmitted the signal in code.¹¹³ During the 1800s, the telegraph democratized long-distance communication in Britain, but it remained a tool of the gentry and mercantile classes in late imperial China.¹¹⁴

They soon learned to use this new technology to express their political opinions. In 1898 the Guangxu emperor (reigned 1875–1908) attempted to

implement a series of sweeping changes to the civil service examinations, the educational system, the economy, and the government bureaucracy. His aunt, the Empress Dowager Cixi, had acted as regent during his minority, and she asserted her power to put an end to these reforms after a mere hundred days. She feared that these measures would undermine her personal authority and destabilize the political order, inviting foreign aggression and demands for additional commercial, legal, and diplomatic concessions. In September 1898 Cixi placed the emperor under house arrest within the Forbidden City and more than a year later tried to depose him in favor of another member of the imperial family. This move outraged public opinion not only in China but among diasporic communities in Southeast Asia, the Americas, and Western Europe. Jing Yuanshan, the manager of the ITA's Shanghai office, drafted a circular telegram denouncing Cixi's actions and persuaded 1,200 notables to add their signatures to the document.¹¹⁵ The Zongli Yamen also received messages urging caution from Hangzhou, Guangzhou, Chengdu, Hong Kong, Singapore, Kuala Lumpur, New York, San Francisco, Honolulu, and Yokohama. Hundreds marched in protest in Guangxi, Sichuan, Zhejiang, and Guangdong provinces, and members of the foreign diplomatic establishment warned the empress dowager against staging a coup.¹¹⁶ Thousands of Chinese gentry and merchants used the telegraph to criticize the imperial court, and the empress dowager had little choice but to abandon her plans.

Yet similar incidents remained rare until the Republican Revolution of 1911. In most instances, elite opinion exercised a subtler influence on policy even when articulated in a public forum like *Shen Bao*. For example, the United States attempted to renew the bilateral treaty prohibiting Chinese immigration in 1905, infuriating members of the gentry and mercantile classes in the treaty ports. They responded with a boycott of American goods that lasted for months. During this period, the Zongli Yamen received hundreds of circular telegrams demanding a firm stance in negotiations with Washington. Newspapers such as *Shen Bao* published not only these messages but dozens of stories examining the development of ongoing negotiations.¹¹⁷ In addition, chambers of commerce coordinated their actions using telegrams, organizing rallies and protests, boosting public morale, and denouncing firms that continued to deal in American goods.¹¹⁸ Although the United States refused to abandon its exclusionary

immigration policies, Chinese elites discovered the power of nationalist sentiment articulated through the mass media.

This pattern repeated itself in 1907, when a foreign firm won the contract to construct a railway line between Hangzhou to Suzhou. This incident generated the usual flurry of circular telegrams, but officials also registered their opposition to this economic concession in the press.¹¹⁹ They published their confidential correspondence with the court, distancing themselves from an unpopular policy to enhance their own reputations.¹²⁰ During the first decade of the twentieth century, members of the elite classes began to subject the country's diplomacy to a higher degree of public scrutiny, a trend that persisted into the subsequent Republican period.¹²¹ In most instances, these political discussions did not undermine the government's power, but they prevented the state from monopolizing the information order in late imperial China.

STATE-MAKING AND THE INFORMATION ORDER IN MODERN CHINA

Qing officials like Li Hongzhang recognized that they lived at an unusual time in the history of human civilization. He commented in the 1880s that "in the present day all the countries on earth have unhindered contact [with one another], a situation that has certainly never existed in thousands of years."¹²² An increasing volume of goods, capital, people, and information crossed national boundaries and even vast oceans like the Pacific. This process of globalization had an important political dimension as well. In 1648 the Peace of Westphalia established a new basis for interstate relations in Europe, and in the mid-1800s the great powers expanded this international order to East Asia. Figures like Li understood that China's survival depended not only on guns and money but on rapid access to information. The ITA strengthened the military-fiscal state in the late Qing era, enabling the Chinese to conduct diplomacy, warfare, and commerce with greater efficiency, insight, and speed.

Although China's courier system declined during the first half of the nineteenth century, officials at first rejected the telegraph as a viable alternative. They feared that the great powers would hijack the process of technology transfer, expanding their economic and political influence at the

expense of China's sovereign rights. Yet figures like Li Hongzhang reversed their position in the 1870s, when crises in remote border regions demonstrated the diplomatic and military utility of the telegraph. In 1881–1882 he organized the ITA along joint-stock lines and appointed Sheng Xuanhuai to oversee its operations. By 1908 the ITA laid more than 14,000 miles of cables, built almost 400 telegraph offices, and transmitted millions of telegrams.¹²³ Officials exploited the network's strategic capabilities during emergencies like the Sino-French War, while merchants used the new technology to manage long-distance trade, send remittances, and acquire information on prices in distant markets. Finally, the telegraph transformed the Zongli Yamen into the informational nexus of the imperial bureaucracy and helped Beijing to communicate in real time with its field administration.

The ITA's managers also negotiated profit-sharing agreements with Great Northern and Eastern Extension, skillfully supervising China's integration into the global communications network of the late nineteenth century. Authorities refined the intellectual basis of Chinese statecraft every time they held talks with European diplomats and businessmen. They applied concepts such as the right to profits, commercial warfare, and international law to a set of concrete problems, but, above all, their new framework centered on the idea of sovereignty. Li Hongzhang and many of his contemporaries tended to define this term as a form of totalizing control, perhaps because they saw economic competition as a zero-sum game. By 1911, however, sovereignty had taken on the more familiar meaning of the state's ultimate authority, and authorities had consolidated the foundations of the new statecraft.

After 1895 the circular telegram challenged the government's efforts to define, shape, and control legitimate political discourse. Elites in major urban centers used this new medium to comment on current affairs, and newspapers like *Shen Bao* printed their opinions for a Chinese readership. Their words influenced the formulation of public policy and helped to mobilize members of the elite classes behind shared political goals. During the last ten years of Qing rule, commercial newspapers also became the most important sources of public political information in China. These political discussions did not undermine state-making efforts but, rather, denied the government a monopoly over the late imperial information order.

During the Republican period, urban elites continued to use newspapers to express their opinions on important issues. They demanded a more formal voice in China's political process but also organized protests, strikes, and boycotts to achieve their aims. For its part, the Nationalist state worked to assert control over the country's system of communications but also relied on mass media to mobilize the population from above. None of these efforts succeeded in their entirety, and neither the public nor the commercial sector monopolized the information order after 1911. This situation changed with the communist triumph in the Chinese civil war. After 1949 Beijing assumed exclusive control of China's communications networks, circulating political knowledge through official organs like the Xinhua (New China) News Agency, the Central Propaganda Department, the State Administration of Radio, Film, and Television, and the General Administration of Press and Publication. The Chinese Communist Party nationalized all forms of mass media within a year of its military victory, and newspapers, radio, film studios, publishing houses, and later television became arms of the state bureaucracy. Although text messaging, the Internet, and microblogs like Sina Weibo have challenged official control at the margins, the government continues to dominate the information order in the early twenty-first century. The last important element of the military-fiscal state fell into place with the creation of a modern system of communications in China.

EPILOGUE

State-Making in China, 1850–1949

This book asks why late imperial China escaped colonization by the great powers, a question that takes on greater poignancy when placed in a global context. During the nineteenth century, a small group of countries came to dominate the rest of the world for the first time in human history. By the beginning of World War I, Europeans had colonized 84.4 percent of the world's land surface and governed vast territorial empires with large indigenous populations. Weak states and porous economies invited Western intervention in a range of different geographic and cultural settings, and most societies in Asia and Africa followed a similar trajectory of foreign conquest, annexation, and governance. In contrast to industrialization or nationalism, colonialism had a significant impact on the life of almost every human being prior to 1914. Between 1800 and 1950, Western states used their military and administrative power to transform the political institutions, economic structures, and cultural identities of the peoples they ruled. Over time, colonialism evolved into a form of coercive globalization, but it provided a framework of common experiences rather than imposing uniformity on different societies.¹

Late imperial China did not conform to this pattern of historical development. The Qing dynasty remained in power until 1911, and ethnic Han regimes have governed the Chinese nation-state ever since that time. During the entire period, indigenous officials continued to administer justice, collect taxes, formulate foreign policy, and fight wars against other states. With the exception of Mongolia, Taiwan, and parts of the far northwest and northeast of the country, China has retained the same international borders since the mid-eighteenth century.

Yet the great powers did not leave the country untouched, establishing a system of informal empire after Beijing's defeat in the Opium Wars of 1839–1842 and 1858–1860. A series of unequal treaties imposed significant constraints on China's sovereignty and guaranteed their signatories a broad range of legal, commercial, and political privileges. These agreements opened a number of treaty ports to international commerce, set low tariff rates on imports, extended most-favored-nation status, and provided Europeans, Americans, and, later, the Japanese with rights of extraterritoriality in China. Commentators grumbled that the country had become a "semi-colony" or a "hypo-colony," but these diplomatic arrangements left little room for the invasive cultural and economic policies of colonial administrators in Asia and Africa. By the early 1900s, many Chinese intellectuals suffered from a deep sense of psychological dislocation, failing to recognize that international contacts had stimulated the latent institutional creativity of their society. Internal rebellion and foreign aggression tended to obscure these successes, and, until recently, historians have seen the revolutions of the twentieth century as an abrupt break with the past.

In contrast, this book argues that the threat of European imperialism after 1850 encouraged the most innovative state-making in China since mid-1600s. As the colonial powers transplanted their competitive international order to East Asia, leading officials implemented an ambitious program of reforms. They sought to narrow the military, fiscal, and administrative gap with their foreign rivals as quickly as possible. During this period, China replicated certain features of the European state through conscious imitation as well as independent trial and error. Guns, money, and bureaucracy made and unmade rulers in the West after 1648, and authorities in modern China pursued these elements of power with energy,

determination, and skill. They also created state-sponsored enterprises in fields like shipping and telegraphy, innovations that transformed the government's transportation and communications infrastructure in the late nineteenth century. Prior to 1900, the impetus for progressive policies came more often from provincial officials than the imperial court. Beijing approved these initiatives because the throne understood that they served the interests of the Qing empire as whole. China faced intense foreign pressures between 1850 and 1911, but reforms strengthened the country beyond the minimal threshold necessary to retain its independence. In sum, the continued danger of war with the great powers led to the birth of a military-fiscal state in late imperial China. This form of political organization laid the foundation for the country's resurgence after 1949.

At the same time, a new conception of statecraft emerged over many decades in China, altering the basic ideas, practices, and institutions used to govern society. During the second half of the 1800s, each of these three elements retained important links to the country's past but also anticipated the future. They evolved in tandem over the long term but did not necessarily move in sync when measured on a scale of months or years. Ideas, for example, often change more rapidly than bureaucratic structures, particularly those with a long history.

During the late nineteenth and early twentieth centuries, authorities described the quest for power in a new vocabulary of sovereignty, a concept that has played a seminal role in Chinese statecraft over the past century and a half. The American William A. P. Martin introduced this term in 1863 when translating a text on international law for the School of Combined Learning. This institution circulated copies of his work within the imperial bureaucracy, introducing new words and ideas to important policy makers. The meaning of the word "sovereignty" remained fluid before 1900, but prominent officials like Li Hongzhang often viewed it as a form of absolute or totalizing control over resources, people, or territory. As *de facto* foreign minister, he understood international competition as a zero-sum game, assuming that political, military, or strategic gains inflicted a proportional loss on China's foreign rivals. These mercantilist principles also inflected contemporary understandings of economic relations. Over time, the term *liquan* lost its earlier meaning of "the control of profits" and referred, instead, to the "sovereign right to economic profits." More stri-

dent practitioners of the new statecraft saw enterprises like the steamship line and the telegraph company as a means of conducting commercial warfare against the West. During the last third of the nineteenth century, officials increasingly used the idea of sovereignty to define international problems, frame strategic choices, and articulate their political aims. They also adopted concepts such as rights, independence, freedom, and international law, laying the basis for a new vision of China's place within the global order. By the end of the imperial era in 1911, their standard usage tended to resemble that in Europe, Japan, and the United States.

The basic institutions and practices of Chinese statecraft also changed during the late nineteenth and early twentieth century. After 1850, officials like Li Hongzhang began to focus their attention and resources on certain parts of the country while ignoring the needs of others. Support for the Qing empire's peripheries declined in the late 1800s, while funds flowed into areas like the lower Yangzi valley and Zhili province. Provincial officials remembered that the British and French targeted these regions during the Opium Wars, and they feared for their security during a future conflict. In addition, they believed that reform projects enjoyed greater odds of success in rich provinces like Jiangsu and Zhejiang, which offered a broad resource base. In these regions, leading statesmen built new armies, arsenals, and dockyards, established modern transportation and communications infrastructure, and provided a range of additional public services. In contrast, traditional priorities such as water conservancy on the Grand Canal and the Yellow River received less financial support as the foreign threat deepened. Officials also developed an expansionary fiscal base for the first time in the Qing era, abandoning even the pretense of maintaining the Kangxi emperor's tax freeze. In addition, new institutions expanded the size of the government and extended its reach but continued to draw on past practices to a certain extent. For example, the transit fee bureaus employed a large number of clerks and yamen runners and solicited the support of members of the gentry class. In short, Chinese statecraft changed in fundamental ways during this era, but these developments were gradual and cumulative in character.

Despite the partial decentralization of the political order after 1850, reform efforts during the late imperial period succeeded to a remarkable degree. This argument challenges the entire interpretive thrust of Chinese

political history in the late imperial era, which follows the traditional narrative of dynastic decline, disintegration, and failure. Critics dismiss the late Qing reforms as an empty gesture, but the evidence points to another conclusion. Do failed states triple their tax revenues in inflation-adjusted terms within six decades and begin to introduce modern industries? Do they expand the size and administrative reach of the state, creating new diplomatic, policing, and fiscal bureaucracies? Could a weak government have survived in an international environment so hostile that only 16 percent of the world escaped foreign conquest? Did China escape colonization only because of historical accidents beyond its control? The answers to these questions suggest that historians have underestimated the resilience and creativity of political institutions in the late imperial era. Yet the project of building a strong state remained incomplete in 1911, and successive governments inherited many of the strategic challenges that emerged in the Qing era.

DEVELOPMENT OF THE MILITARY-FISCAL STATE DURING THE REPUBLICAN PERIOD

Despite radical differences in the ideological orientation of the Qing, Nationalist, and communist regimes, attaining wealth and power has remained a consistent political objective in China since 1850. Money, guns, and bureaucracy represented the key to preserving the country's sovereignty, the central aim of Chinese statecraft during the past hundred and fifty years. Debates focused, instead, on the appropriate means and agents to enable China to survive in a predatory international climate. In short, state-making between 1911 and the early 1950s more often represented variations on an earlier theme than departures in a new direction.

Specific strategies differed during the Republican era (1911–1949), but successive governments agreed on the critical need to enhance state capacity in China. Their political agendas shared a number of important goals, including military unification, industrial growth, educational reform, and fiscal and bureaucratic centralization.² Yet state-making at the local level followed a different trajectory in urban and rural areas, and Chinese officials developed an integrated approach to the problem only after the communist revolution. In the countryside, central governments

struggled with the familiar problems of extending their administrative reach, maintaining local order, and extracting additional tax revenues.³ In cities, China's rulers encountered new concentrations of political and economic power, using these resources for their own ends whenever possible.

After 1911, officials attempted to impose a heavier tax burden in rural areas while retaining control of the local population. They relied on popular mobilization as well as bureaucratic growth to achieve these ends, oscillating between these alternatives at different times between the 1910s and 1930s. The late Qing experiment with local self-government continued for a time, but the Beiyang regime (1912–1927) perceived this program as a threat to its power. In 1913–1914 the strongman Yuan Shikai ended the initiative, and efforts to revive it during the Nationalist period (1927–1949) made little headway.⁴ Over the long term, the Chinese state consolidated its hold on rural society by expanding administrative structures at the local level. Progress remained uneven in this era, but reformers achieved notable successes in certain regions even prior to 1927. For example, Yan Xishan, governor of Shanxi province, devised a ward (区 *qu*) system to serve as a bridge between county governments and rural villages.⁵ In 1917 he divided each county into three to six wards, an artificial unit dominated by a magistrate rather than resident elites. Yan also prohibited ward headmen from serving in their home counties, furthering strengthening vertical lines of bureaucratic authority within his territory. In contrast, the Guangxi clique, an alliance of warlords in southern China, attempted to penetrate rural society during the 1920s through a new provincial militia system. They sent village and township leaders to local military academies to instill discipline and obedience to authority; later they assigned these headmen to village schools to promote mass literacy, personal industry, and national spirit.⁶ The late Qing period foreshadowed many of these developments, but rural governance tended to rely far more on coercion after 1911.⁷ Persuasion and co-optation became increasingly difficult as the state's revenue demands grew and the interests of the bureaucracy and the local elite began to diverge.

During the early years of the twentieth century, China's cities emerged as important foci of political and economic power. Officials attempted to mobilize elite organizations behind shared goals without losing overall control of their activities. This pattern first developed in the last decades

of the Qing era, when elective assemblies and social groups started to provide public services in urban areas. After 1911, however, they demanded a formal role in the political process and sought to influence decisions on issues of national as well as local significance.⁸ Authorities encouraged the philanthropic activities of chambers of commerce, native place associations, merchant guilds, and gentry councils but tried to prevent challenges to their bureaucratic prerogatives. These voluntary associations pursued a shared set of economic and professional interests but in the early twentieth century also became an integral component of urban governance in China. Prior to 1949, these groups existed in an uneasy tension with the state, which viewed their autonomous powers with suspicion but recognized their contributions to social order and communal welfare. Some scholars use the idea of civil society and the public sphere to describe Republican China, seeing a parallel with city life in early modern Europe.⁹ Without question, however, urban residents enjoyed a new range of public services as a result of these changes. For example, as early as the 1910s and 1920s, the Shanghai municipal government provided electricity, sanitation, and water, established telephone lines and a trolley system, and employed police forces and fire brigades. In China's urban centers, officials continued to use material and normative forms of control even when they had additional means of coercion at their disposal.¹⁰ During this period, these subtler strategies tended to center on delivering public goods such as street sweeping and encouraging patriotic sentiment through parades, rallies, propaganda, and political campaigns.

From 1927 to 1949, the Nationalist Party (国民党 *Guomindang*) continued to pursue wealth and power in defense of the country's sovereignty.¹¹ Like China's current leaders, Chiang Kaishek and his allies promoted economic development within an authoritarian political framework. They sought to bolster their domestic position as well as enhance Nanjing's international influence by revising the unequal treaties. In recent years, historians have offered more favorable assessments of the Nationalist regime, crediting it with important accomplishments in state-building at the national level.¹² Although Chiang's government controlled only part of China, it rationalized national finance, regained a portion of the country's sovereignty, promoted economic development, and tightened control of urban society. In contrast, it enjoyed less success in rural regions and failed to eliminate

a number of its military rivals, including the Chinese Communist Party (中国共产党 *Zhongguo gongchandang*, CCP) and, later, the Japanese.

During the Nanjing decade (1927–1937), the Nationalist government implemented important reforms in the realm of public finance, building on the foundation established in the late imperial era. At this time, policy makers centralized the fiscal bureaucracy to increase revenues, raise standards of efficiency, and ensure a higher degree of professionalism. Finance Minister T. V. Soong, brother-in-law to Chiang Kaishek, introduced new accounting procedures in 1930 and consolidated the country's tax offices into Customs, Salt, and Internal Revenue Departments.¹³ In addition, the Nationalists imposed new forms of commercial taxation to expand their resource base and established a national bank to borrow funds and coordinate China's monetary policy. In contrast to the Qing dynasty, the Nationalists assigned agricultural taxes to the provinces while financing the central government through commercial duties like maritime customs. In sum, the government's extractive capacity continued to grow during the Republican period, consolidating an important element of the military-fiscal state in modern China.

The Nationalist regime also persuaded the great powers to revise portions of the unequal treaties. In 1929 China recovered its tariff autonomy, in exchange agreeing to abolish transit fees on the transport and sale of goods in domestic markets. Excise taxes on cigarettes, cotton yarn, flour, matches, cement, and alcohol helped to offset these lost revenues, but international customs provided the largest share of government income during the Nanjing decade.¹⁴ During this period, tariff returns generated 48.5 percent of annual government income in China, increasing its reliance on indirect commercial taxes.¹⁵ Spending patterns also followed trends that appeared in the last decades of the imperial era; military expenditures accounted for 32.5 percent to 50.8 percent of total outlays and interest payments on the national debt another 34 percent.¹⁶

Despite these fiscal reforms, the Nationalist administration failed to balance its annual budget. It covered these shortfalls by borrowing, an important source of government funding in this era. During Soong's tenure as director of the Central Bank of China from 1928 to 1934, he developed a market in public securities and implemented the first coherent monetary policy in modern Chinese history.¹⁷ These changes replicated the precedent

set by early modern Britain and its principal continental rivals in the eighteenth century. A century and a half later, China established the sophisticated credit institutions central to the military-fiscal state. This mechanism enabled the government to distribute the costs of warfare, administration, and infrastructure development forward in time rather than drawing only on current resources. In short, the Nationalists excelled in their efforts to raise money until the Japanese invasion of 1937.

The Nationalist regime also sought to amass the sinews of bureaucratic power but, in the end, left a mixed record. Its greatest successes came at the level of the central government, including the creation of the fiscal organs mentioned earlier. Administrators like Soong established impersonal lines of authority, insisted on the use of standardized procedures, and maintained a clear division of responsibilities.¹⁸ At the same time, Nanjing exerted greater control over the population through modern intelligence services, national police forces, and the military establishment.¹⁹ For example, the Nationalist spymaster Dai Li used the Investigation and Statistics Bureau to engage in domestic surveillance and persecute critics of the party. In addition, public schools provided ideological training in Sun Yatsen's Three People's Principles of nationalism, democracy, and socialism and worked to legitimize state power by encouraging patriotic sentiments in China's youth. Yet efforts at popular mobilization like the self-government program of 1928 and the New Life Movement tended to bear few concrete results.²⁰ Plans to hold local elections made little progress in the Nationalist period because authorities feared that mass participation in politics might undermine social order. In contrast, the New Life Movement sought to instill social discipline in the Chinese through physical fitness, austere personal habits, moral probity, and patriotic beliefs, but ordinary people dismissed it as official propaganda.

Bureaucratic growth at the provincial and local levels remained uneven during the Nationalist period, advancing further in China's cities than in rural areas.²¹ Yet, even in the countryside, county governments expanded in size and began to assume new administrative functions. Magistrates supervised a new series of offices specializing in finance, education, and infrastructure, hiring local residents to fill these administrative posts. In addition, the Nationalist government adopted Yan Xishan's ward system in 1928, creating an additional layer of bureaucracy below the county level

for the first time in Chinese history. Within four years these new administrative units employed a small clerical staff and a police force of sixteen men. In each jurisdiction, the magistrate appointed a headman to help collect taxes, keep population and land registers, and maintain civil order. Authorities further subdivided wards into self-governing municipalities (镇 *zhen*) and townships (乡 *xiang*), which built primary schools, established mutual surveillance societies, and remitted taxes assessed on a collective basis.²² Plans to introduce elective county assemblies faltered, however, and Nanjing's hold on the countryside remained tenuous during this entire period. Yet, in certain areas, the ward system extended the state's administrative reach to an unprecedented degree, foreshadowing the CCP's penetration of rural society after 1949.

Guns remained the Nationalists' most important concern between 1927 and 1949, but they achieved uneven results in this sphere as well. On the one hand, they failed to repulse the Japanese invasion of 1937 and later suffered a decisive defeat in the Chinese civil war. On the other, the Nationalist government extracted a high price for foreign aggression, refusing to negotiate a peace settlement with Tokyo during eight years of conflict. Great Britain and the United States rewarded Chiang Kaishek's tenacity by abolishing the unequal treaty system in 1943 and restoring the country's full sovereignty within the international community. In a strictly *political* sense, China won the Second Sino-Japanese War (1937–1945) but at great cost in blood and treasure.

Before the Nationalists attempted to reunify the country in 1927, its leaders reorganized their military forces with the assistance of Soviet advisors. Members of the Communist International (Comintern) helped to create a party-army during the mid-1920s, using the Soviet Union as a basic template for China. Nationalist soldiers received not only military training but ideological instruction from political commissars embedded in their units. After the death of Sun Yatsen in 1925, Chiang assumed control of a new Military Affairs Commission and appointed fellow graduates from the Whampoa (Huangpu) Academy to important leadership positions.

The collapse of the united front with the CCP in 1927 brought an end to aid from the Soviet Union. In subsequent years, the Nationalists turned to Germany to acquire new weapons and study the latest innovations in military strategy, tactics, and organization. Chiang patterned the army's

command structure on the Troop Office of the Weimar Republic and later on Adolf Hitler's *Wehrmacht*. He also founded a series of new institutions to enhance military efficiency and consolidate his personal power, including a General Staff, a Ministry of War, and a Directorate-General of Military Training.²³ In the late 1920s, government officials also moved the Central Military Academy to Nanjing and recruited German advisors to establish a model division. By 1937 Chiang commanded 80,000 elite troops armed with advanced weapons and another 220,000 recruited during his campaigns against the communists.²⁴

German firms helped to develop the ordnance industry in Nationalist China, building new facilities in Hunan and Guangdong and improving existing plants in other provinces. In the mid-1930s, these factories began to produce a range of new armaments, such as 82mm trench mortars, Maxim machine guns, and Mauser rifles. In addition, munitions experts introduced new designs for 20-, 37-, 75-, and 100-mm artillery pieces mounted on mobile gun carriages.²⁵ Nanjing also purchased a variety of modern weapons systems from European defense contractors, including anti-aircraft guns, Henschel and M.A.N. tanks, and Messerschmitt and Stuka aircraft. Like the self-strengthening movement of the late Qing era, these military reforms did not transform China into a great power in a few short years. Yet they moved the country another step closer to that long-term goal, further narrowing the technological gap with the West.

The Nanjing government pursued wealth as well as power after 1927, promoting industrial development through cooperation with prominent capitalists. Its corporatist approach rejected formal control of the economy but called for close coordination of the private and public sectors in China.²⁶ The Nationalist regime adopted many elements of this model from countries like Germany, but it also drew on the legacy of state-sponsored enterprises in the late imperial era. Officials at the National Economic Council provided overall direction to this effort, while business leaders supplied money, innovative ideas, and managerial experience. In short, corporatist policies blurred the boundaries of the state, a feature of China's political economy that has persisted to the present day.

Although the Nationalist government neglected the primary sector, it presided over a period of significant economic growth, especially in the country's urban areas.²⁷ Light industry flourished in prosperous coastal re-

gions like the lower Yangzi delta, and Chinese factories produced an increasing quantity of cotton textiles, flour, matches, cement, cigarettes, and chemicals.²⁸ With the aid of German advisors, the Nationalist government also devised a five-year plan to create heavy industries in interior provinces. The Japanese invasion of 1937 terminated this program, but Mao Zedong, leader of the post-1949 communist regime, implemented a similar policy in the 1960s called the Third Front. Agriculture still accounted for 65 percent of the country's gross domestic product (GDP), but manufacturing grew at an annual rate of 6.7 percent between 1931 and 1936.²⁹ By 1937 the Nationalists had also built 60,000 miles of roads and almost 17,000 miles of rail lines, fostering a process of regional economic integration. In addition, the state improved its transportation network in the 1930s by founding China's first national airline. In sum, the country's economy and infrastructure grew during the Nanjing decade, but wealth became increasingly concentrated among certain classes in eastern cities.

Tokyo's invasion of China in 1937 brought an abrupt end to the political, administrative, and economic experimentation of the Nanjing decade.³⁰ Fighting in the lower Yangzi region decimated Chiang's elite military units, and the Nationalist government retreated to Chongqing in the country's remote southwest. By the end of the war in 1945, hyperinflation undermined the national currency, destroyed the savings of ordinary citizens, and bankrupted the ruling party.³¹ In addition, millions of Chinese died from starvation, disease, and violence, and the country's economy and infrastructure lay in ruins. Yet in 1943 China negotiated an end to the unequal treaty system and regained its sovereignty after a full century of political, diplomatic, and military struggle with the West. Figures like U.S. president Franklin D. Roosevelt sensed the country's potential as a great power, arguing that China should serve as one of the world's Four Policemen after the defeat of Japan.

His vision proved premature. Four years of civil war followed Tokyo's surrender in 1945, and during this time the Nationalists failed to regain their financial, bureaucratic, and military footing in China.³² Chiang's forces fled to Taiwan after a series of defeats in 1948–1949 and never reestablished a presence on the Chinese mainland. As a result, historians dismissed the Nationalist state as failure until quite recently, describing it as a victim of its own moral, political, and economic corruption. In reality,

the military-fiscal state developed at a rapid pace during the Republican period, and China became a great power only a few years later than Roosevelt's prediction.

THE EMERGENCE OF THE MATURE MILITARY-FISCAL STATE AFTER 1949

A century of state-building efforts culminated in the creation of a strong national government after 1949. The communist regime promised a new China but in practice pursued many of the same goals as its predecessors. Although the CCP's leaders articulated their political agenda in Marxist-Leninist language, they also drew on the conceptual legacy of the previous century. On October 1, 1949, Mao Zedong stated that

our People's Liberation Army, backed by the whole nation, has been fighting heroically and selflessly to *defend the territorial sovereignty of our homeland*, to protect the people's lives and property, to relieve the people of their sufferings, and to *struggle for their rights*. . . . This government is willing to establish diplomatic relations with any foreign government that is willing to observe the principles of equality, mutual benefit, and mutual respect of *territorial integrity and sovereignty*.³³

Chinese statecraft continued to emphasize wealth and power after 1949, but the country now enjoyed full sovereignty within the international order. Instead the CCP sought money, bureaucracy, and guns to achieve great power status and regain an important role in East Asia and beyond.

During the early years of communist rule, the government strengthened existing elements of state power but also reordered them within a new political framework. The CCP first stabilized the system of public finance and then promoted heavy industry to enhance its military capabilities. At the same time, the government extended its administrative reach to the village level for the first time in Chinese history. Beijing eliminated political and economic elites in rural areas through land reform and developed new institutional capacities in the countryside. Like the Nationalists, the CCP also established a party-army in its base areas in Shaanxi province

after the Long March, a six-thousand-mile military retreat through western China in 1934–1935. These forces conducted an episodic guerrilla campaign against the Japanese from 1937 to 1945, defeated their Nationalist opponents in the Chinese civil war (1945–1949), and then won a strategic victory against the United States in Korea (1950–1953).

During its first years in power, the CCP created an efficient system of taxation in China.³⁴ Communist leaders required farmers to sell one-fourth of their crops to the state at fixed prices, a policy that kept rural incomes near subsistence levels. Tax evasion became more difficult because CCP cadres kept accurate land registers and maintained a physical presence in China's villages. Although revenue use remained local in the 1950s, the central government determined how provincial, county, and village officials spent all funds.³⁵ This arrangement marked a sharp departure from the late Qing and Republican periods but replicated the financial practices of the eighteenth century.³⁶ These earlier regimes divided revenues between the center and the provinces based on either tacit agreement or statutory law. In another sense, however, the CCP completed the process of fiscal centralization begun by Nationalist officials like T. V. Soong in the late 1920s.

The CCP also strengthened the country's credit institutions after 1949, expanding its revenue base through the use of public borrowing. The Bank of China (中国銀行 *Zhongguo Yinhang*) introduced a new currency, the renminbi (人民币) and reduced inflation from 80 percent in 1949 to 3 percent in 1951. Beijing offset periodic deficits by selling government bonds and encouraged Chinese citizens to make voluntary contributions through propaganda campaigns. During the Korean War, defense spending dominated the budget, but by the mid-1950s development projects accounted for the largest share of government expenditures.³⁷ Yet this distinction meant less in practice than in theory because the CCP viewed heavy industry as the basis of military strength.

The CCP expanded the modern sector through a series of five-year plans, focusing in particular on the production of steel, electricity, coal, petrochemicals, cement, and machinery.³⁸ By 1957 heavy industry absorbed 52.3 percent of government investment, while transportation and communication claimed the second largest share, 15 percent. Despite its importance, agriculture lagged behind at a mere 8.6 percent of the total.³⁹ This

approach distorted the pattern of growth in China but yielded impressive results in the short and medium term. Industrial production grew by 17 percent a year between 1952 and 1957, and over time the secondary sector began to generate an increasing share of the country's GDP.⁴⁰

The CCP also revived a Nationalist project from the 1930s: planting many of these new industries in China's vast continental interior. In the early 1950s, 80 percent of the country's factories fell within the boundaries of six coastal provinces and the former Japanese colony of Manchuria.⁴¹ The communist regime wanted to move manufacturing centers beyond the reach of foreign aggressors and encourage balanced growth throughout China. In areas with an existing industrial base, Beijing promoted light manufacturing to prevent the further concentration of key economic assets. This strategy dispersed the modern sector over a broader geographic area but failed to narrow the country's regional disparities in wealth.

Like the Soviet Union, China viewed economic development as a form of competition with the West and used heavy industry as a benchmark for measuring national power. CCP officials identified their international rivals by name, announcing their intention to surpass countries like Great Britain in steel manufacturing within a given period. This contest pitted China against its capitalist opponents in a global struggle for power, prestige, and influence even if it fell short of economic warfare. Although China's five-year plans took on a new meaning within the context of the Cold War, they also built on late imperial and Nationalist efforts to expand the modern sector. In each case, authorities saw industrial policy as a means of enhancing military power rather than promoting general economic development or higher standards of living for the Chinese people.⁴² However, a principal difference lay in the overall management of these programs. During the late Qing era, provincial officials supervised state-sponsored enterprises, while in the mid-1950s cadres in the central government made most economic decisions in China.⁴³

Local governments grew in size, complexity, and sophistication in the 1950s and maintained an unprecedented degree of control over the population.⁴⁴ Brokers, intermediaries, and informal agents disappeared, and new institutions directed every aspect of political, economic, cultural, and intellectual life in China. The CCP created separate administrative structures for urban and rural areas, and these differences persist in modified

form in the twenty-first century. The CCP established special municipal governments in large cities like Shanghai, Beijing, and Chongqing, bypassing the normal hierarchy of center-province-county. It dismantled many voluntary associations and co-opted others because labor unions or student groups might challenge the CCP's prerogatives.

In the countryside, agricultural cooperatives and, later, people's communes replaced the ward governments of the Republican era, and the CCP established a political and administrative presence even in natural units like the village. Between 1949 and 1952, the communist government destroyed China's rural elite through land reform and replaced it with a new hierarchy based on membership in the CCP. Local cadres promoted parochial interests more often than Beijing desired, but, in contrast to the Confucian literati, they lacked an independent source of power. They resembled the older gentry class only in the sense that the state provided the sanction for their social status.⁴⁵

These party cadres supervised tax collection, arranged deliveries of grain to government agencies, and prescribed the type and quantity of crops planted in a given area.⁴⁶ The responsibilities of brigade and team leaders also included the supervision of militia units, criticism campaigns, and struggle meetings.⁴⁷ These mass events condemned enemies of the revolution, subjecting local members of suspect economic classes to public denunciation, physical violence, and even death. In addition, CCP cadres implemented systems of mutual surveillance and encouraged people to report criminal actions and counterrevolutionary behavior to the authorities. This practice replicated earlier imperial institutions like the neighborhood watch in spirit and purpose if not in political form or ideological content.

Unlike the Nationalist Party, the CCP succeeded in its attempt to combine popular mobilization with bureaucratic penetration in rural districts. The communists, of course, did not envision an eventual transition to self-government and relied on loyal cadres to direct their political and economic campaigns. Aided by mass organizations and the school system, local governments enforced a strict social and ideological discipline among citizens of the new China. After 1949 the communists developed new means to quash dissent, punish disloyalty, and purge society of its "bad elements," but they also exercised normative forms of power in the countryside

through mass campaigns, propaganda, education, and small study groups dedicated to mastering Maoist thought. In the early and mid-1950s, people believed in socialist ideals and responded to patriotic appeals to help build a better country. In sum, the state became an active, immediate, and influential presence in the life of every person in rural China after the communist revolution.

The CCP governed a population of 600 million through a centralized, hierarchical, and authoritarian bureaucracy. At its apex stood the State Council, whose members oversaw twenty-four ministries ranging from foreign affairs to finance to public health. This system originated during the period of the New Policies in the early 1900s and remained in place during the subsequent Republican era. Leaders in Beijing exercised their power through a multitiered administration extending down to the village level. Yet they also depended on subordinate officials for accurate information, and, in certain circumstances, local or personal interests prompted cadres to misrepresent the circumstances within their jurisdiction.⁴⁸ This bureaucracy not only guided the country's political and economic development but dictated the content of education, news reporting, literature, and the arts.

By the Maoist era (1949–1976), China's government had become totalitarian in character. Officials in the late imperial era attempted to order the world according to ethical principles but tolerated most beliefs unless they generated social disorder. In contrast, the CCP adopted a far more limited conception of orthodoxy, criticizing traditional values as well as the bourgeois liberalism of the West.⁴⁹ Beijing argued that the former had retarded China's development in the modern era, while the latter spawned the evils of colonial conquest and capitalist exploitation. In sum, the state sought to control not only institutions, behavior, and speech but the hearts and minds of ordinary Chinese. It had become powerful enough to formulate and *impose* its own definition of truth.

In the material realm, guns enabled the CCP to eliminate its domestic rivals and then assert China's great power status in the international order. After the Long March, the CCP rebuilt a party-army, working to ensure the supremacy of civilian authority over the military. Political commissars exercised tight control over the People's Liberation Army (PLA) and instructed soldiers in the fundamentals of Marxist-Leninist-Maoist thought.

At the same time, the CCP established an effective command structure, provided troops with rigorous training, and acquired advanced weapons whenever possible.

During the conflict with Japan, the CCP conducted periodic guerrilla operations behind enemy lines but made certain to conserve its military resources.⁵⁰ This enabled the CCP to burnish its nationalist credentials without dissipating its strength fighting a foreign enemy. After the Japanese surrender in 1945, communist forces occupied much of the north China plain, and in 1948 they won a decisive victory over the Nationalists in Manchuria.⁵¹ The following year, the CCP drove Chiang Kaishek's government into exile in Taiwan and by 1950 established control over the entire country.

Yet the PLA soon faced a far more powerful adversary in Korea.⁵² Twelve months after defeating the Nationalists, the new communist regime went to war with the United States. Over the next three years, China suffered between 700,000 and 900,000 casualties but in the end achieved a stalemate on the battlefield. As a result, North Korea survived as an independent state and retained roughly the same territory that it held in 1950. More importantly, Beijing claimed a strategic victory over the American superpower, winning recognition as an important international actor even from its enemies.

The government demobilized a large number of troops in 1953 but then took important steps to transform the PLA into a professional army. The quality of the officer corps continued to improve as young cadets graduated from military academies in Beijing, Nanjing, and Dalian. Until the late 1950s, the CCP sent its most promising recruits to study in the Soviet Union, where they received ideological, scientific, and military training. In 1954 CCP leaders divided China into thirteen regional commands under the direction of a General Staff Department. This agency, in turn, answered to a Military Affairs Commission overseen by civilian officials within the Ministry of Defense.⁵³ With Soviet assistance, the PLA also began to arm its soldiers with more powerful rifles, machine guns, mortars, and artillery pieces during the 1950s. The People's Republic of China (PRC) devoted fewer resources to the Chinese navy but established public security forces, military intelligence services, and an air force. At first, Beijing acquired older jet fighters like the MiG-15, but Moscow later sold the

Chinese the more advanced MiG-17 and a number of heavy bombers. In addition, the communist government expanded the technical arms of the military in the mid-1950s, creating units that specialized in engineering, logistics, and aeronautics. During this period, the CCP also invested an enormous volume of human and material resources in the development of modern weapons of mass destruction. In 1964 the PRC became the fifth country in the world to conduct a successful test of a nuclear weapon. After a century, China had at last achieved great power status.

CHINA'S CENTURY OF TRANSFORMATION

From 1850 to 1949, statesmen in China grappled with an enduring set of political, diplomatic, military, and economic challenges. Above all, they confronted the issue of how to survive in a predatory international environment dominated by Europe, the United States, and Japan. They recognized that the solution lay in enhancing the state's capacity to make war, but this goal raised a further series of problems. How could China best improve its armed forces? Could guns alone guarantee the country's security, or were other reforms necessary? If so, where would the government find the money to pay for additional state-building projects? How should it allocate resources among central, provincial, and local administrative organs in China? Could authorities ensure the accountability of new bureaucracies without raising their costs to a prohibitive level? If wealth and power were interdependent, what was the most effective way to promote economic development?

Despite differences in ideology, successive regimes refined, modified, and enriched their predecessors' answers to these questions, rather than making a fresh start. Officials had no need to reinvent indirect commercial taxes, modern police forces, or advanced communication systems when they already existed. China's leaders also reached a remarkable consensus on the primary aim of statecraft in the century after 1850, defining it as a quest for wealth and power in defense of the country's sovereignty. Consecutive generations inherited the conceptual foundation of the late nineteenth century, altering the meaning of certain political terms, discarding others, and adding new ideas to the mix. In practice, statesmen from the late imperial, Republican, and communist eras would not have

acknowledged these historical continuities, and they often disagreed over the principal agents, means, and beneficiaries of reform efforts. Yet they had a great deal in common in spite of their political, ideological, and personal animosities. The revolutions of 1911, 1927, and 1949 reordered and reconstituted elements of the Chinese state rather than severing its connections with the late 1800s.

China never became a mere imitation of the West or Japan, but by the mid-twentieth century it shared more elements of European state structures than it had at any time in the past. The international order fostered a process of institutional convergence after 1850, but internal trends like population growth and economic change accelerated this transformation of the Chinese state. Throughout this period, leading statesmen in China engaged in conscious borrowing from the great powers as well as independent trial and error. By 1950 the country had centralized cabinet ministries, modern police forces, party-armies, a written constitution, five-year plans, and a national system of schools. The CCP even felt the need to hold elections and convene a national legislature, acts of political theater to legitimate its power among domestic and international audiences. Without question, the form and content of these institutions differed in many respects from Europe and the United States, but constitutional arrangements *within* the countries of the West varied to a significant extent as well. Military-fiscal states represent variations on a common global theme rather than facsimiles of a universal model.

Nationalist rhetoric describes the period from 1850 to 1949 as a “century of humiliation,” dismissing reforms as a failed prelude to communist liberation. In reality, China experienced transformative change in this era, developing into a mature military-fiscal state. Beijing freed itself of the unequal treaty system in 1943 but has continued to seek wealth and power to the present day. Having regained its full sovereignty, China now desires to play a prominent—and very possibly a dominant—role in the global political order. These aspirations may shape the international system of the twenty-first century more powerfully than any other historical force, deciding questions of war or peace, growth or stagnation, and environmental renewal or calamity.

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NOTES

INTRODUCTION

1. This figure includes the land area of Europe itself, and by 1914 the United States and almost all the countries of Latin America had gained their formal independence. See D. K. Fieldhouse, *The Colonial Empires: A Comparative Survey from the Eighteenth Century* (New York: Delacorte Press, 1965), 178.

2. See Om Prakash, *European Commercial Enterprise in Pre-Colonial India* (Cambridge: Cambridge University Press, 1998); Niels Steensgaard, "The Indian Ocean Network and the Emerging World Economy, c. 1500–1750," in *The Indian Ocean: Explorations in History, Commerce, and Politics*, ed. Satish Chandra (New Delhi: Sage, 1987); James Tracy, ed., *The Political Economy of Merchant Empires* (Cambridge: Cambridge University Press, 1991).

3. See C. A. Bayly, *Imperial Meridian: The British Empire and the World, 1780–1830* (New York: Longman, 1989); P. J. Marshall, *Bengal: The British Bridgehead in Eastern India, 1740–1828* (Cambridge: Cambridge University Press, 1989); P. J. Marshall, "The British in Asia: Trade to Dominion, 1700–1765," in *The Oxford History of the British Empire*, Vol. 2: *The Eighteenth Century*, ed. P. J. Marshall (New York: Oxford University Press, 1998); P. J. Marshall, *The Making and Unmaking of Empires: Britain, India, and America, c. 1750–1783* (New York: Oxford University Press, 2005). See also Wolfgang Mommsen, *Theories of Imperialism* (New York: Random House, 1980).

4. On “weak states,” see Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton: Princeton University Press, 1988). In a Chinese context, see Julia C. Strauss, *Strong Institutions in Weak Polities: State-Building in Republican China, 1927–40* (Oxford: Clarendon Press, 1998).

5. See, for example, K. C. Arora, *The Steel Frame: Indian Civil Service since 1860* (New Delhi: Sanchar Publishing House, 1996); Malti Sharma, *Indianization of the Indian Civil Service in British India, 1858–1935* (New Delhi: Manak, 2001); Bradford Spangenberg, *British Bureaucracy in India: Status, Policy, and the I.C.S. in the Late Nineteenth Century* (New Delhi: Manohar Book Service, 1976).

6. Ralph Austen, *African Economic History: Internal Development and External Dependency* (Portsmouth, NH: Heinemann, 1987); Ralph Austen, “The Road to Post-Coloniality: European Overseas Expansion, Global Capitalism and the Transformation of Africa, the Caribbean and India,” University of Chicago, Department of History Working Paper, 2003; David Washbrook, “India, 1818–1860: The Two Faces of Colonialism,” in *The Oxford History of the British Empire*, Vol. 2: *The Nineteenth Century*, ed. Andrew Porter (New York: Oxford University Press, 1999), 395–421; David Washbrook, “South Asia, the World System, and World Capitalism,” *Journal of Asian Studies*, 49, no. 3 (August 1990).

7. On cultural identities, see the post-colonial theorists: Bill Ashcroft et al., *Post-Colonial Studies: The Key Concepts* (London: Routledge, 2003); Homi Bhabha, *The Location of Culture* (New York: Routledge, 1994); Ranajit Guha and Gyatri Spivak, *Selected Subaltern Studies* (New York: Oxford University Press, 1988); Gyan Prakash, ed., *After Colonialism: Imperial Histories and Postcolonial Displacements* (Princeton: Princeton University Press, 1995).

8. For a theoretical treatment of “informal empire,” see the classic study by Ronald Robinson and John Gallagher, “The Imperialism of Free Trade,” *Economic History Review* 6, no. 1 (1953); D. C. M. Platt, *Finance, Trade, and Politics in British Foreign Policy, 1815–1914* (Oxford: Clarendon Press, 1968); On informal empire in China, see Robert Bickers, *Britain in China: Community, Culture, and Colonialism, 1900–1949* (New York: St. Martin’s Press, 1999); Robert Bickers, *The Scramble for China: Foreign Devils in the Qing Empire, 1832–1914* (London: Allen Lane, 2011); Akita Shigeru, ed., *Gentlemanly Capitalism, Imperialism and Global History* (New York: Palgrave MacMillan, 2002), especially 103–122; E. W. Edwards, *British Diplomacy and Finance in China, 1895–1914* (Oxford: Clarendon Press, 1987); John King Fairbank, *Trade and Diplomacy on the China Coast: The Opening of the Treaty Ports, 1842–1854* (Cambridge: Harvard University Press, 1953); John King Fairbank, “Synarchy under the Treaties,” in *Chinese Thought and Institutions*, ed. John K. Fairbank (Chicago: University of Chicago Press, 1957), 204–231; Michael Greenberg, *British Trade and the Opening of China, 1800–1842* (Cambridge: Cambridge University Press, 1951); James Hevia, *English Lessons: The Pedagogy of Imperialism in Nineteenth Century China* (Durham: Duke University Press, 2003); David McLean, “Finance and ‘Informal Empire’ before the First World War,” *Economic History Review* 29, no. 2 (1976); Jürgen Osterhammel, “Britain and

China, 1842–1914,” in *The Oxford History of the British Empire: The Nineteenth Century*, Vol. 3, ed. Andrew Porter (Oxford: Oxford University Press, 1999), 146–169; Jürgen Osterhammel, “Semi-Colonialism and Informal Empire in Twentieth Century China: Towards a Framework of Analysis,” in *Imperialism and After: Continuities and Discontinuities*, ed. Wolfgang Mommsen and Jürgen Osterhammel (London: Allen and Unwin, 1986); C. M. Turnbull, “Formal and Informal Empire in East Asia,” in *The Oxford History of the British Empire: Historiography*, vol. 5, ed. Robin W. Winks (New York: Oxford University Press, 1999); J. Y. Wong, “The Building of an Informal British Empire in China in the Middle of the Nineteenth Century,” *Bulletin of the John Rylands University Library of Manchester*, 59 (1977).

9. Rhoads Murphey contrasts the different fate of trading posts in India with China’s treaty ports in *The Outsiders: The Western Experience in India and China* (Ann Arbor: University of Michigan Press, 1977).

10. For Britain’s return of Weihaiwei to Chinese jurisdiction, see Pamela Atwell, *British Mandarins and Chinese Reformers: The British Administration of Weihaiwei (1898–1930) and the Territory’s Return to Chinese Rule* (New York: Oxford University Press, 1985).

11. The others included Japan, Thailand, Ethiopia, Persia, and the parts of the Anatolian peninsula that became the state of modern Turkey. See the classic survey in Fieldhouse, *Colonial Empires*, for an overview of European overseas expansion.

12. On the scramble for Africa, see the classic study by Ronald Robinson and John Gallagher, *Africa and the Victorians: The Climax of Imperialism in the Dark Continent* (New York: St. Martin’s Press, 1961).

13. See John Schrecker, *Imperialism and Chinese Nationalism: Germany in Shantung* (Cambridge: Harvard University Press, 1971); Peter Zarrow, *China in War and Revolution, 1895–1949* (New York: Routledge, 2005), 8. Fieldhouse argues that formal colonization of China after 1895 would have fragmented existing markets and resulted in the loss of loans to the Qing government. See D. K. Fieldhouse, *Economics and Empire, 1830–1914* (Ithaca: Cornell University Press, 1973).

14. Turan Kayaoğlu, *Legal Imperialism: Sovereignty and Extraterritoriality in Japan, the Ottoman Empire, and China* (Cambridge: Cambridge University Press, 2010). For an overview of Ottoman history in the modern period, see Niyazi Berkes, *The Development of Secularism in Turkey* (New York: Routledge, 1998); Donald Quataert, *The Ottoman Empire, 1700–1922* (Cambridge: Cambridge University Press, 2000); James J. Reid, *Crisis of the Ottoman Empire: Prelude to Collapse, 1839–1878* (Stuttgart: Franz Steiner, 2000); Stanford J. Shaw, *History of the Ottoman Empire and Modern Turkey*, vols. 1 and 2 (New York: Cambridge University Press, 1976–1977); Stanford J. Shaw, *Studies in Ottoman and Turkish History: Life with Ottomans* (Istanbul: Isis Press, 2000).

15. On the *jingshi* tradition of statecraft in the Qing era, see William T. Rowe, *Saving the World: Chen Hongmou and Elite Consciousness in Eighteenth Century China* (Stanford: Stanford University Press, 2001). During the Qing period, scholars

compiled “statecraft documents” in massive anthologies available in published form to current researchers. See, for example, Ge Shijun, ed., *Huangchao jingshi wen xubian* (Taipei: Wenhai chubanshe, 1972).

16. Helen Dunstan, *State or Merchant? Political Economy and Political Process in 1740’s China* (Cambridge: Harvard University Asia Center, 2006); Susan Mann, *Local Merchants and the Chinese Bureaucracy, 1750–1950* (Stanford: Stanford University Press, 1987); Madeleine Zelin, *The Magistrate’s Tael: Rationalizing Fiscal Reform in Eighteenth-Century Ch’ing China* (Berkeley: University of California Press, 1984).

17. On the concept of sovereignty in China, see Sandra Sturdevant, “Imperialism, Sovereignty, and Self-Strengthening: A Reassessment of the 1870s,” in *Reform in Nineteenth Century China*, ed. Paul A. Cohen and John Schrecker (Cambridge: East Asian Research Center, 1976). On the adoption of the concept of sovereignty, see Pär Kristoffer Cassel, *Grounds of Judgment: Extraterritoriality and Imperial Power in Nineteenth Century China and Japan* (New York: Oxford University Press, 2012); Hungdah Chiu, “The Development of Chinese International Law Terms and the Problem of Their Translation into English,” *Journal of Asian Studies* 27, no. 3 (1967); Immanuel C. Y. Hsu, *China’s Entrance into the Family of Nations: The Diplomatic Phase, 1858–1880* (Cambridge: Harvard University Press, 1960), esp. 125–138; Li Zhaojie, “How International Law Was Introduced into China,” in *Guoji falü wenti yanjiu* (Beijing: Zhongguo zhengfa daxue chubanshe, 1999), 53–135; Lydia Liu, *The Clash of Empires: The Invention of China in Modern World Making* (Cambridge: Harvard University Press, 2004); Rune Svarverud, *International Law as World Order in Late Imperial China: Translation, Reception, and Discourse, 1847–1911* (Boston: Brill Academic, 2007); Tian Tao, *Guojifa shuru yu wanqing Zhongguo* (Jinan: Jinan chubanshe, 2001); Wang Ermin, *Wanqing shangyue waijiao* (Hong Kong: Zhongwen daxue chubanshe, 1998); Peter Zarrow, *After Empire: The Conceptual Transformation of the Chinese State, 1885–1924* (Stanford: Stanford University Press, 2012), esp. chap. 3; David Pong, *Shen Paochen and China’s Modernization in the Nineteenth Century* (New York: Cambridge University Press, 1994).

18. Until the very end of the nineteenth century, the Chinese used 自主之权 (*zizhuzhiquan*) to denote the word “sovereignty,” while after 1900 a shorter term (主权 *zhuquan*) entered standard usage. A literal rendering of the longer phrase would translate into English as the “power to direct, preside over, or control one’s own self.”

19. For example, the scholarly comprador Zheng Guanying advocated the idea of commercial warfare (商战 *shangzhan*) in his *Warning to a Seemingly Prosperous Age*. His thought had a disproportionate influence on policy because of his personal connections with the reformist official Li Hongzhang and his role in helping to manage the state-sponsored steamship line. See Zheng Guanying, *Shengshi weiyuan zengding xinbian*, vol. 2 (Taipei: Taiwan xuesheng shuju, 1965).

20. William A. P. Martin deserves credit for coining the terms for “sovereignty” (自主之权 *zizhuzhiquan*), “independence” (自主 *zizhu*), and “rights” (权利

quanli), but other neologisms entered the Chinese language by way of Japan during the late nineteenth century. “Freedom” (自由 *ziyou*) and “international law” (国际法 *guojifǎ*) fit the latter pattern. *Guojifǎ* replaced Martin’s term for international law (万国公法 *wanguo gongfa*). See Svarverud, *International Law*, 87. For an extensive list of Sino-Japanese loanwords, see also the appendices in Lydia Liu, *Translingual Practice: Literature, National Culture, and Translated Modernity—China, 1900–1937* (Stanford: Stanford University Press, 1995).

21. The classic treatment of the intellectual concept of “wealth and power” appears in Benjamin Schwartz, *In Search of Wealth and Power: Yen Fu and the West* (Cambridge: Harvard University Press, 1964). See also the recent treatment by Orville Schell and John Delury, *Wealth and Power: China’s Long March to the Twenty-First Century* (New York: Random House, 2013).

22. Data in this paragraph comes from John Brewer, *The Sinews of Power: War, Money, and the English State, 1688–1783* (New York: Alfred A. Knopf, 1989).

23. The empirical data on South Asia in the next two paragraphs comes from Bayly, *Imperial Meridian*; Marshall, *Bengal: British Bridgehead*; Marshall, “British in Asia”; Marshall, *Making and Unmaking of Empires*.

24. Space limitations preclude an exhaustive citation of the works that either implicitly or explicitly accept the idea of the dynastic cycle. A few representative examples relevant to this book include Samuel Chu and Kwang-ching Liu, eds., *Li Hung-chang and China’s Early Modernization* (Armonk, NY: M.E. Sharpe, 1994); Prasenjit Duara, *Culture, Power, and the State: Rural North China, 1900–1942* (Stanford: Stanford University Press, 1988); Albert Feuerwerker, *China’s Early Industrialization: Sheng Hsuan-huai (1844–1916) and Mandarin Enterprise* (Cambridge: Harvard University Press, 1958); He Wenkai, *Paths toward the Modern Fiscal State* (Cambridge: Harvard University Press, 2013); Lin Man-houng, *China Upside Down: Currency, Society, and Ideologies, 1808–1856* (Cambridge: Harvard University Press, 2006); Susan Mann Jones and Philip Kuhn, “Dynastic Decline and the Roots of Rebellion,” in *The Cambridge History of China*, ed. John Fairbank (Cambridge: Cambridge University Press, 1978); Rhoads Murphey, *The Treaty Ports and China’s Modernization: What Went Wrong?* (Ann Arbor: University of Michigan Press, 1970); Gilbert Rozman, ed., *The Modernization of China* (New York: Free Press, 1981); Stanley Spector, *Li Hung-chang and the Huai Army: A Study in Nineteenth Century Chinese Regionalism* (Seattle: University of Washington Press, 1964); Frederic Wakeman, Jr., *The Fall of Imperial China* (New York: Free Press, 1975).

25. Secondary works in Chinese repeat the phrase meaning “internal calamities and external disasters” (内忧外患 *neiyou waihuan*) with ritualistic devotion to describe the late Qing period but present significant evidence to the contrary. A small sampling of works published over the past several decades that exemplifies these tensions includes Fan Baichuan, *Qingjide yangwu xinzheng*, vols. 1 and 2 (Shanghai: Shanghai shuju chubanshe, 2003), and Shanghai shehui kexueyuan jingji yanjiusuo, ed., *Shanghai zaochuanchang changshi (1865–1949.5)* (Yancheng: Jiangsu renmin chubanshe, 1983), on late Qing military affairs; Sun Yigang, ed., *Zhongguo fushui shi* (Beijing: Zhongguo caizheng jingji chubanshe, 1996); Wei Guangqi,

“Qingdai houqi zhongyang jiquan caizheng tizhide waijie,” *Jindai shi yanjiu* 31, no. 1 (winter 1986); Zhou Yumin, *Wanqing caizheng yu shehui bianqian* (Shanghai: Shanghai renmin chubanshe, 2000), on public finance; and Li Sanmou, *Mingqing caizhengshi xintan* (Taiyuan: Shanxi jingji chubanshe, 1990); and Wei Yanlong et al., *Zhongguo jindai jingcha shi*, vol. 1 (Beijing: Shehui kexue wenxian chubanshe, 1999), on the fiscal and policing bureaucracies.

26. In a recent survey of Qing history, William Rowe observes that “the debacle of the Sino-Japanese War of 1895 thus gave rise to a general consensus that the first three decades of China’s early industrialization had been an abject failure, especially when contrasted with Japan. This verdict has been nearly universally adopted by historians. Meiji ‘success’ versus China’s ‘failure’ as over the years has been a dominating theme of late Qing historiography. The vast majority of scholarship in both China and the West has concentrated on explaining *why* China’s early industrialization failed, not whether” (*China’s Last Empire: The Great Qing* [Cambridge: Harvard University Press, 2009], 216.)

27. Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton: Princeton University Press, 2000); Jean-Laurent Rosenthal and R. Bin Wong, *Before and Beyond Divergence: The Politics of Economic Change in Europe and China* (Cambridge: Harvard University Press, 2011); R. Bin Wong, *China Transformed: Historical Experience and the Limits of European Experience* (Ithaca: Cornell University Press, 1997).

28. Kenneth Pomeranz, *The Making of a Hinterland: State, Society, and Economy in Inland North China, 1853–1937* (Berkeley: University of California Press, 1993). This revisionist literature also includes Elizabeth Remick’s study of public finance in China during the Republican (1911–1949) and post-Mao eras (1976–present), which suggests that local reforms succeeded even as the power of the political center in Beijing receded (*Building Local States: China during the Republican and Post-Mao Eras* [Cambridge: Harvard University Asia Center, 2004]); see also Douglas Reynolds, *China, 1898–1912: The Xinzheng Revolution and Japan* (Cambridge: Harvard University East Asian Center, 1993), which views the New Policies of the first decade of the twentieth century in a favorable light.

29. Philip A. Kuhn, *Origins of the Modern Chinese State* (Stanford: Stanford University Press, 2002).

30. Philip A. Kuhn, “Can China Be Governed from Beijing? Reflections on Reform and Regionalism,” *China’s Political Economy*, ed. Wang Gungwu and John Wong (Singapore: Singapore University Press, 1988), 149–166; Philip A. Kuhn, “Local Self-Government under the Republic: Problems of Control, Autonomy, and Mobilization,” in *Conflict and Control in Late Imperial China*, ed. Frederic Wakeman, Jr., and Carolyn Grant (Berkeley: University of California Press, 1975), 257–298; Philip A. Kuhn, *Rebellion and Its Enemies in Late Imperial China: Militarization and Social Structure, 1796–1864* (Cambridge: Harvard University Press, 1970); Mann Jones and Kuhn, “Dynastic Decline and the Roots of Rebellion.” On the role of elites and state-society relations see Duara, *Culture, Power, and the State*; Elizabeth J. Perry, “Trends in the Study of Chinese Politics: State-Society

Relations,” *China Quarterly*, no. 139 (September 1994); Mary Rankin, *Elite Activism and Political Transformation in China: Zhejiang Province, 1865–1911* (Stanford: Stanford University Press, 1986); William Rowe, *Hankow: Conflict and Community in a Chinese City, 1796–1895* (Stanford: Stanford University Press, 1989).

31. Brewer, *Sinews of Power*; John Brewer and Eckhart Hellmuth, eds., *Rethinking Leviathan: The Eighteenth Century State in Britain and Germany* (Oxford: Oxford University Press, 1999); Patrick K. O’Brien and Philip A. Hunt, “England, 1485–1815,” in *The Rise of the Fiscal State in Europe, c. 1200–1815*, ed. Richard Bonney (Oxford: Oxford University Press, 1999). See also Richard Bonney, ed., *Economic Systems and State Finance* (New York: Oxford University Press, 1995); Eric Evans, *The Forging of the Modern State: Early Industrial Britain, 1783–1870* (New York: Longman, 1996).

32. Charles Tilly, *Coercion, Capital, and European States, A.D. 990–1992* (Oxford: Basil Blackwell, 1992); Charles Tilly and Wim P. Blockmans, eds., *Cities and the Rise of States in Europe* (Boulder: Westview Press, 1994); Charles Tilly, ed., *The Formation of National States in Western Europe* (Princeton: Princeton University Press, 1975). See also Perry Anderson, *Lineages of the Absolutist State* (London: Verso, 1974); Michael Duffy, ed., *The Military Revolution and the State, 1500–1800* (Exeter: University of Exeter Press, 1980); Karen A. Rasler and William R. Thompson, *War and State Making: The Shaping of the Global Powers* (Boston: Unwin Hyman, 1989).

33. In contrast to this book, a recent study by Patricia Thornton highlights the role of normative rather than coercive power in shaping the development of the modern Chinese state in *Disciplining the State: Virtue, Violence, and State-Making in Modern China* (Cambridge: Harvard University Asia Center, 2007).

34. For a discussion of research methods and historiographic debates in the China field, see the classic study by Paul A. Cohen, *Discovering History in China: American Historical Writing on the Recent Chinese Past* (New York: Columbia University Press, 1984).

35. Benjamin Elman, *A Cultural History of Civil Examinations in Late Imperial China* (Berkeley: University of California Press, 2000).

36. Shen Yu, “Zhongwai zhengzhi celun huibian,” Shanghai Library, Ancient Documents Room, Doc. 490403.

37. Philip A. Kuhn, *Soulstealers: The Chinese Sorcery Scare of 1768* (Cambridge: Harvard University Press, 1990), especially 70–72.

1. EUROPE’S GLOBAL CONQUEST

1. D. K. Fieldhouse, *The Colonial Empires: A Comparative Survey from the Eighteenth Century* (New York: Delacorte Press, 1965), 178.

2. On the early establishment of the British raj in India, see C. A. Bayly, *Imperial Meridian: The British Empire and the World, 1780–1830* (New York: Longman, 1989); P. J. Marshall, “The British in Asia: Trade to Dominion, 1700–1765,” in *The*

Oxford History of the British Empire, Vol. 2: *The Eighteenth Century*, ed. P. J. Marshall (New York: Oxford University Press, 1998); idem, *Bengal: The British Bridgehead in Eastern India, 1740–1828* (Cambridge: Cambridge University Press, 1989); P. J. Marshall, *The Making and Unmaking of Empires: Britain, India, and America, c. 1750–1783* (New York: Oxford University Press, 2005).

3. For an introduction to the different theories of colonial expansion, see Wolfgang Mommsen, *Theories of Imperialism* (New York: Random House, 1980). Marxists contend that the search for raw materials and markets drove the creation of overseas empires, an interpretation that ignores the limited profitability of most colonies during the modern period. See, for example, Eric Hobsbawm, *The Age of Empire, 1875–1914* (New York: Vintage Books, 1987). More recent work argues for the importance of commercial and financial rather than industrial forms of capitalism in the construction of empire. See P. J. Cain and A. G. Hopkins, *British Imperialism: Innovation and Expansion, 1688–1914* (New York: Longman, 1993). In contrast, Joseph Schumpeter viewed colonialism as an atavistic phenomenon, a reassertion of power by an older landed nobility threatened by new forms of mercantile and industrial wealth (*Imperialism and Social Classes* [New York: Augustus Kelley, 1951]). C. A. Bayly adopts elements of this argument in his work on British expansion in the late eighteenth and early nineteenth centuries in *Imperial Meridian*; C. A. Bayly, “The First Age of Global Imperialism, c. 1760–1830,” *Journal of Imperial and Commonwealth History*, 26, no. 2 (1998). In contrast, D. K. Fieldhouse asserts that localized instability pulled the West into a fuller colonial engagement with societies in Asia and Africa, often against the wishes of foreign offices in London and Paris. See Fieldhouse, *Colonial Empires*, for a statement of this “peripheral agency” thesis. The theory of social imperialism claims that Europeans acquired overseas territories to generate nationalist sentiment and distract the working classes from the economic problems of newly industrialized economies. See Bernard Semmel, *Imperialism and Social Reform: English Social-Imperial Thought, 1895–1914* (Cambridge: Harvard University Press, 1960); Hans Ulrich-Wehler, *Bismarck und der Imperialismus* (Cologne: Krepshauer u. Witsch, 1970); Hans Ulrich-Wehler, “Industrial Growth and Early German Imperialism,” in *Studies in the Theory of Imperialism*, ed. Edward Roger, John Owen, and Robert Sutcliffe (Bristol: Longman, 1972). Finally, historians attribute certain phases of European expansion to diplomatic rivalries among the great powers. See, for example, Ronald Robinson and John Gallagher, *Africa and the Victorians: The Climax of Imperialism in the Dark Continent* (New York: St. Martin’s Press, 1961).

4. I define a “weak state” as having a limited ability to extract and mobilize human, material, or organizational resources in pursuit of coherent foreign and domestic policies. See Joel S. Migdal, *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton: Princeton University Press, 1988).

5. The argument in this section closely follows Bayly’s compelling case for a broad convergence in the development and decline of the early modern Muslim empires (*Imperial Meridian*). He also raises the possibility of integrating the Qing dynasty into this framework, an interpretive move that I reject. Instead, I set up a

contrast between the long-term outcome of formal colonization in South and Southwest Asia and continued political independence and territorial integrity in China. For comparative analysis of the Mughal, Ottoman, and Safavid dynasties, see Stephen Frederic Dale, *The Muslim Empires of the Ottomans, Safavids, and Mughals* (Cambridge: Cambridge University Press, 2010) and Huri Islamoğlu and Peter Perdue, ed., *Shared Histories of Modernity: China, India, and the Ottoman Empire* (New Delhi: Routledge, 2009). The sociologist Immanuel Wallerstein refers to these types of polities as “imperial superstates” because of their size, political structures, and reliance on similar forms of agrarian taxation in *The Modern World System*, vols. 1–3 (New York: Academic Press, 1976).

6. For more extensive coverage of Mughal agriculture and finance, see Irfan Habib, *The Agrarian System of Mughal India (1556–1707)* (London: Asia Publishing House, 1963); John F. Richards, *Power, Administration, and Finance in Mughal India* (Aldershot, UK: Variorum, 1993); Noman Ahmad Siddiqi, *Land Revenue Administration under the Mughals (1700–1750)* (Bombay: Asia Publishing House, 1970).

7. Habib, *Agrarian System*, 19. See also C. A. Bayly, *Indian Society and the Making of the British Empire* (Cambridge: Cambridge University Press, 1988), esp. chap. 1; Marshall, *Bengal: British Bridgehead*, esp. chap. 2.

8. M. Athar Ali, *The Mughal Nobility under Aurangzeb* (Delhi: Oxford University Press, 1997), 144–149.

9. Historians and sociologists refer to this system of land tenure as “prebendal” in nature. Under these arrangements, military elites receive the revenues from a certain area called a prebend without enjoying hereditary claims to the lands themselves. In turn, they are expected to perform specified services, such as military duty, for the imperial government.

10. Bayly, *Imperial Meridian*, 27; idem, *Indian Society*, 11.

11. Muzaffar Alam, *The Crisis of Empire in Mughal North India: Awadh and the Punjab, 1707–48* (Delhi: Oxford University Press, 1986), 6, 31–35.

12. See J. S. Grewal, *The Sikhs of the Punjab* (Cambridge: Cambridge University Press, 1990), esp. chap. 6; see also Kumar Pradhan, *The Gorkha Conquests: The Process and Consequences of the Unification of Nepal, with Particular Reference to Eastern Nepal* (Calcutta: Oxford University Press, 1991).

13. P. J. Marshall, *East Indian Fortunes: The British in Bengal in the Eighteenth Century* (Oxford: Clarendon Press, 1976), esp. chap. 5.

14. *Ibid.*, 111.

15. *Ibid.*, 116.

16. Marshall, *Bengal: British Bridgehead*, 49.

17. Marshall, *East Indian Fortunes*, 112–114.

18. Marshall, *Bengal: British Bridgehead*, 85–86.

19. Imperial titles served as an important source of legitimacy, but the Mughal emperor had long since failed to exercise any real political power in Bengal.

20. John S. Galbraith, “The ‘Turbulent Frontier,’ as a Factor in British Expansion,” *Comparative Studies in Society and History: An International Quarterly* 2, no. 4 (1964): 152.

21. Bayly, *Indian Society*, 58.
22. *Ibid.*, 96.
23. *Ibid.*
24. *Ibid.*
25. For overviews of the Ottoman empire, see Niyazi Berkes, *The Development of Secularism in Turkey* (New York: Routledge, 1998); M. Şükrü Hanioğlu, *A Brief History of the Late Ottoman Empire* (Princeton: Princeton University Press, 2008); Donald Quataert, *The Ottoman Empire, 1700–1922* (Cambridge: Cambridge University Press, 2000); James J. Reid, *Crisis of the Ottoman Empire: Prelude to Collapse, 1839–1878* (Stuttgart: Franz Steiner, 2000); Stanford J. Shaw, *History of the Ottoman Empire and Modern Turkey*, vols. 1 and 2 (New York: Cambridge University Press, 1976–1977); Stanford J. Shaw, *Studies in Ottoman and Turkish History: Life with Ottomans* (Istanbul: Isis Press, 2000).
26. Bayly, *Imperial Meridian*, 22.
27. *Ibid.*, 20. See also Molly Greene, ed., *Minorities in the Ottoman Empire* (Princeton, NJ: Markus Wiener, 2005).
28. Bayly, *Imperial Meridian*, 24, 30.
29. Bernard Lewis, *The Emergence of Modern Turkey* (New York: Oxford University Press, 1961), 38.
30. Bayly, *Imperial Meridian*, 43.
31. See Virginia Aksan, *Ottoman Wars, 1700–1870: An Empire Besieged* (Harlow, UK: Longman, 2007).
32. In North Africa, these losses included Algeria (1830), Tunisia, (1881), and Egypt (1882). See Fieldhouse, *Colonial Empires*, 181–184, 222–226.
33. See Turan Kayaoğlu, *Legal Imperialism: Sovereignty and Extraterritoriality in Japan, the Ottoman Empire, and China* (Cambridge: Cambridge University Press, 2010).
34. See Resat Kasaba, *The Ottoman Empire and the World Economy: The Nineteenth Century* (Albany: State University of New York Press, 1988).
35. See Berkes, *The Development of Secularism in Turkey*, esp. chap. 5; Lewis, *The Emergence of Modern Turkey*, 88–100.
36. Justin McCarthy, *The Ottoman Turks: An Introductory History to 1923* (New York: Addison, Wesley Longman, 1997), 311–312.
37. Bayly, *Imperial Meridian*, 50; Quataert, *The Ottoman Empire, 1700–1922*, 54, 62; Shaw, *Studies in Ottoman and Turkish History*, 63.
38. See Hamid Algar, *Religion and the State in Iran, 1785–1906* (Berkeley: University of California Press, 1969); Bayly, *Imperial Meridian*, chaps. 2–3; Willem Floor and Edmund Herzig, eds., *Iran and the World in the Safavid Age* (New York: I. B. Tauris, 2012); Ann K. S. Lambton, *Landlord and Peasant in Persia: A Study of Land Tenure and Land Revenue Administration* (Oxford: Oxford University Press, 1953); Laurence Lockhart, *The Fall of the Safavi Dynasty and the Afghan Occupation of Persia* (Cambridge: Cambridge University Press, 1958); Colin Mitchell, ed., *New Perspectives on Safavid Iran: Empire and Society* (New York: Routledge, 2011); Colin Mitchell, *The Practice of Politics in Safavid Iran: Power, Religion and*

Rhetoric (London: Tauris Academic Studies, 2003); Roger Savory, *Iran under the Safavids* (Cambridge: Cambridge University Press, 1980).

39. Savory, *Iran under the Safavids*, 79.

40. *Ibid.*

41. See Adel Allouche, *The Origins and Development of the Ottoman-Safavid Conflict (906–962/1500–1555)* (Berlin: K. Schwarz, 1983).

42. Peter Avery, *Modern Iran* (London: Ernest Benn, 1965), 18. On economic developments, see also Willem Floor, *The Economy of Safavid Persia* (Weisbaden: Reichert, 2000); Hooshanq Jabbari, *Trade and Commerce Between Iran and India during the Safavid Period, 1505–1707* (Delhi: Indian Bibliographies Bureau, 2003).

43. Avery, *Modern Iran*, 33.

44. *Ibid.*, 81.

45. *Ibid.*, 78.

46. Bayly, *Imperial Meridian*, 38.

47. *Ibid.*

48. See Arash Khazeni, *Tribes and Empire on the Margins of Nineteenth-Century Iran* (Seattle: University of Washington Press, 2009).

49. Rouhollah K. Ramazani, *The Foreign Policy of Iran: A Developing Nation in World Affairs, 1500–1941* (Charlottesville: University of Virginia Press, 1969), 45.

50. See Avery, *Modern Iran*, chap. 6; Firuz Kazemzadeh, *Russia and Britain in Persia, 1864–1914: A Study in Imperialism* (New Haven: Yale University Press, 1968).

51. See C. R. Boxer, *The Dutch Seaborne Empire: 1600–1800* (New York: Alfred A. Knopf, 1965); M. C. Ricklefs, *A History of Modern Indonesia c. 1300 to Present* (Bloomington: University of Indiana Press, 1981); M. C. Ricklefs, *War, Culture, and Economy in Java, 1677–1726: Asian and European Imperialism in the Early Kartasura Period* (Sydney: Allen and Unwin, 1993); see also Bayly, *Imperial Meridian*, 67–69.

52. Bayly, *Imperial Meridian*, 68.

53. See Kwee Hui Kian, *The Political Economy of Java's Northeast Coast, c. 1740–1800: Elite Synergy* (Leiden: Brill, 2006); G. J. Knaap, *Shallow Waters, Rising Tide: Shipping and Trade in Java around 1775* (Leiden: KITLV Press, 1996).

54. Bayly, *Imperial Meridian*, 68.

55. The Straits Settlements also included a third trade entrepôt, Malacca, as well as Singapore and Penang.

56. John G. Butcher, *The British in Malaya, 1880–1941* (Oxford: Oxford University Press, 1979), 6.

57. See Maung Htin Aung, *A History of Burma* (New York: Columbia University Press, 1967); Terence Blackburn, *The British Humiliation of Burma* (Bangkok: Orchid Press, 2000); Fieldhouse, *Colonial Empires*, 195–196, 288–289; J. S. Furnivall, *The Fashioning of Leviathan: The Beginnings of British Rule in Burma* (Canberra: Economic History of Southeast Asia Project and the Thai-Yunnan Project, 1991); G. E. Harvey, *British Rule in Burma, 1824–1942* (New York: AMS Press, 1974); Ni Ni

Myint, *Burma's Struggle Against British Imperialism, 1885–1895* (Rangoon, Burma: Universities Press, 1983); Oliver B. Pollack, *Empires in Collision: Anglo-Burmese Relations in the Mid Nineteenth Century* (Westport, CT: Greenwood Press, 1979); A. T. Q. Stewart, *The Pagoda War: Lord Dufferin and the Fall of the Kingdom of Ava, 1885–6* (London: Faber, 1972).

58. See Arthur J. Dommen, *The Indochinese Experience of the French and Americans: Nationalism and Communism in Cambodia, Laos, and Vietnam* (Bloomington: Indiana University Press, 2001), chap. 1; Neil L. Jamieson, *Understanding Vietnam* (Berkeley: University of California Press, 1993), chap. 2; Mark W. McLeod, *The Vietnamese Response to French Intervention, 1862–1874* (New York: Praeger, 1991); D. R. SarDesai, *Vietnam: Past and Present* (Boulder: Westview Press, 1998), chap. 3.

59. SarDesai, *Vietnam*, 34.

60. Ralph Austen, *African Economic History: Internal Development and External Dependency* (Portsmouth, NH: Heinemann, 1987); see also Dennis Laumann, *African World Histories: Colonial Africa, 1884–1994* (New York: Oxford University Press, 2012); David Levering Lewis, *The Race to Fashoda: European Colonialism and African Resistance in the Scramble for Africa* (New York: Weidenfeld and Nicolson, 1987); Thomas Pakenham, *The Scramble for Africa, 1876–1912* (New York: Random House, 1991); Robinson and Gallagher, *Africa and the Victorians*.

61. The expansion that took place prior to 1850 extended along the coast and was extremely limited in scale.

62. On the technologies of empire, see Daniel Headrick, *The Tools of Empire* (New York: Oxford University Press, 1981).

63. See note 9 in the introduction for works on informal empire, including those that focus on China.

64. Charles Beresford, *The Break-up of China: With an Account of Its Present Commerce, Currency, Waterways, Armies, Railways, Politics, and Future Prospects* (New York: Harper and Brothers, 1899).

2. FOREIGN TRADE

1. A. J. Sargent, *Anglo-Chinese Commerce and Diplomacy (Mainly in the Nineteenth Century)* (Oxford: Clarendon Press, 1907), 204.

2. Wang Jingyu, *Shijiu shiji xifang zibenzhuyi dui Zhongguode jingji qinlüe* (Beijing: Renmin chubanshe, 1983).

3. For the classic statement of the Marxist view, see Frances V. Moulder, *Japan, China, and the Modern World Economy: Toward a Reinterpretation of East Asian Development ca. 1600 to ca. 1918* (London: Cambridge University Press, 1977). See also Eiichi Motono, *Conflict and Cooperation in Sino-British Business, 1860–1911: The Impact of the Pro-British Commercial Network in Shanghai* (New York: St. Martin's Press, 2000); Mira Wilkins, "The Impacts of American Multinational Enterprise on American-Chinese Economic Relations, 1786–1949," in *America's China Trade in Historical Perspective: The Chinese and American Performance*, ed.

Ernest R. May and John King Fairbank (Cambridge: Council on East Asian Studies, Harvard University, 1986), 259–292.

4. Huang Yifeng, “Guanyu jiu Zhongguo maiban jiejde yanjiu,” *Lishi yanjiu* 87, no. 3 (June 15, 1964); Nie Baozhang, “Lun yanghang maibande benzhi tezheng—Da Riben xuezhe guitan dao Zhao Jianyu yanbian ‘Zhongguo jindai jingji shi’ xiansheng shangjue,” *Jindai Zhongguo*, 3 (May 1993); Wang, *Shijiu shiji xifang zibenzhuji*.

5. Kaoru Sugihara, ed., *Japan, China, and the Growth of the Asian International Economy, 1850–1949*, vol. 1 (New York: Oxford University Press, 2005).

6. Sherman Cochran argues that European and Japanese firms relied on existing Chinese networks and introduced corporate hierarchies in China, but it is important to note that his case studies of the latter phenomenon postdate 1900 (*Encountering Chinese Networks: Western, Japanese, and Chinese Corporations in China, 1880–1937* [Berkeley: University of California Press, 2000]). Other scholars contend that China remained almost entirely impermeable to foreign economic penetration. See Fan Weiguo, *Jibuo yu shengzhang: Shanghai xiandai jingji xingqi zhi ruogan fenxi* (Shanghai: Shanghai renmin chubanshe, 2001); Hao Yen-ping, *The Commercial Revolution in Nineteenth Century China: The Rise of Sino-Western Mercantile Capitalism* (Berkeley: University of California Press, 1986); idem, *The Compradore in Nineteenth Century China: Bridge Between East and West* (Cambridge: Harvard University Press, 1970); Rhoads Murphey, *The Outsiders: The Western Experience in India and China* (Ann Arbor: University of Michigan Press, 1977); Dwight H. Perkins, ed., *China’s Modern Economy in Historical Perspective* (Stanford: Stanford University Press, 1975); Thomas Rawski, “Chinese Dominance of Treaty Port Commerce and Its Implications, 1860–1875,” *Explorations in Economic History* 7, no. 4 (Summer 1970); idem, *Economic Growth in Prewar China* (Berkeley: University of California Press, 1989). In his survey of China’s modern economy, Takeshi Hamashita argues in a similar vein that the opening of treaty ports at least initially stimulated the rise of Chinese rather than foreign merchants (*Chūgoku kindai keizai shi kenkyū: Shinmatsu kaikan zaisei to kaikōjō shijōken* [Tōkyō: Tōkyō daigaku tōyō bunka kenkyūjo, 1989], 99–100).

7. Zheng Guanying, *Shengshi weiyuan zengding xinbian*, vol. 1 (Taipei: Taiwan xuesheng shuju, 1965), 57.

8. Murphey, *The Outsiders*, 204.

9. See Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton: Princeton University Press, 2000), for comparative data on purchasing power in Europe and China in the early nineteenth century. On cotton textiles in China, see Peter Duus, “Zaikabo: Japanese Cotton Mills in China, 1895–1937,” in *The Japanese Informal Empire in China, 1895–1937*, ed. Peter Duus, Ramon H. Myers, and Mark R. Peattie (Princeton: Princeton University Press, 1989); Elisabeth Köll, *From Cotton Mill to Business Enterprise: The Emergence of Regional Enterprises in Modern China* (Cambridge: Harvard University Press, 2003); Sugihara, *Japan, China, and the Growth of the Asian Economy*, vol. 1, especially chaps. 2–4; Bruce L. Reynolds, “The East Asian

“Textile Cluster” Trade: 1868–1973,” in *America’s China Trade in Historical Perspective: The Chinese and American Performance*, ed. Ernest R. May and John King Fairbank (Cambridge: Council on East Asian Studies, Harvard University), 129–150.

10. *Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on Conditions and Development of the Treaty Port Provinces, 1922–31* (Shanghai: Statistical Department of the Inspectorate General of Customs, 1933), 1: 114.

11. J. W. Robertson-Scott, *The People of China: Their Country, History, Life, Ideas, and Relations with the Foreigner* (London: Methuen, 1900), 164–165.

12. Raymond F. Crist and Harry R. Burrill, *Trade with China: American Methods and Trade Opportunities in the Markets of the Orient* (Washington, DC: Government Printing Office, 1906), 73.

13. *Shanghai dui wai maoyi, 1840–1949* (Shanghai: Shanghai shehui kexueyuan chubanshe, 1989), 1: 121.

14. Ibid.

15. Ibid.

16. George E. Anderson, *Cotton-Goods Trade in China* (Washington, DC: Government Printing Office, 1911), 24.

17. *Report of the Mission to China of the Blackburn Chamber of Commerce, 1896–7* (Blackburn: North-East Lancashire Press, 1898), 216–217.

18. *Blackburn Chamber of Commerce*, 6; Richard A. Kraus, *Cotton and Cotton Goods in China, 1918–1936* (New York: Garland, 1980), 122–123.

19. See, for example, C. F. Remer, *The Foreign Trade of China* (Shanghai: Commercial Press, 1926), 54.

20. Anderson, *Cotton-Goods Trade in China*, 6.

21. *Decennial Reports, 1922–31*, 1: 101–102.

22. Anderson estimated that indigenous cotton piece goods held “four-fifths” of the total Chinese market, while a member of the Blackburn Chamber of Commerce delegation suggested that 70 percent of the population purchased no foreign cloths. Rhoads Murphey’s study places that figure at 75 percent. See Anderson, *Cotton-Goods Trade in China*, 7; *Blackburn Chamber of Commerce*, 218; Murphey, *The Outsiders*, 117–118.

23. Anderson, *Cotton-Goods Trade in China*, 27. See also pp. 7, 12.

24. On opium, see Alan Baumler, ed., *Modern China and Opium: A Reader* (Ann Arbor: University of Michigan Press, 2001); Timothy Brook and Bob Takashi Wakabayashi, eds., *Opium Regimes: China, Britain, and Japan, 1839–1952* (Berkeley: University of California Press, 2000); Hsin-pao Chang, *Commissioner Lin and the Opium War* (Cambridge: Harvard University Press, 1964); Glenn Melancon, *Britain’s China Policy and the Opium Crisis: Balancing Drugs, Violence, and the National Honor, 1833–40* (Burlington, VT: Ashgate Press, 2003); James Polachek, *The Inner Opium War* (Cambridge: Council on East Asian Studies, Harvard University, 1992); J. Y. Wong, *Deadly Dreams: Opium, Imperialism, and the Arrow War (1856–1860) in China* (Cambridge: Cambridge University Press, 1998); Zheng Yangwen, *The Social Life of Opium in China* (New York: Cambridge Uni-

versity Press, 2005); Zhong Weimin, *Chaye yu yapian: Shiji shiji jingji quanqiu-hua zhongde Zhongguo* (Beijing: Sanlian shudian, 2010).

25. *Decennial Report, 1922–31*, 76–77.
26. *Ibid.*, 112.
27. *Ibid.*
28. *Ibid.*; Sargent, *Anglo-Chinese Commerce and Diplomacy*, 211.
29. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 211.
30. *Ibid.*
31. *Decennial Reports, 1922–31*, 76–77, 112.
32. Remer, *Foreign Trade of China*, 52–53.
33. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 212.
34. *Decennial Reports, 1922–31*, 67 (emphasis added). See also *Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on Conditions and Development of the Treaty Port Provinces, 1892–1901* (Shanghai: Statistical Department of the Inspectorate General of Customs, 1904), 1: 484; Remer, *Foreign Trade of China*, 52–53.
35. *Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on Conditions and Development of the Treaty Port Provinces, 1882–1891*, (Shanghai: Statistical Department of the Inspectorate General of Customs, 1893), 1: 327.
36. *Decennial Report, 1892–1901*, 484.
37. *Ibid.*
38. See Sargent, *Anglo-Chinese Commerce and Diplomacy*, 209.
39. Quoted in Murphey, *The Outsiders*, 121. See also S. G. Checkland, “An English Merchant House in China after 1842,” *Bulletin of the Business Historical Society* 27, no. 3 (1953).
40. Remer, *Foreign Trade of China*, 17.
41. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 208–209.
42. Robertson-Scott, *The People of China*, 165.
43. Anderson, *Cotton-Goods Trade in China*, 29; Joseph King Goodrich, *The Coming China* (Chicago: A. C. McClurg, 1911), 175–176.
44. Crist and Burrill, *Trade with China*, 74–75.
45. *Blackburn Chamber of Commerce*, 5.
46. *Ibid.*
47. *Decennial Reports, 1922–31*, 62, 115.
48. *Ibid.*
49. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 206.
50. *Decennial Reports, 1922–31*, 96.
51. *Ibid.*, 96–97.
52. *Decennial Reports, 1882–91*, 320; Remer, *Foreign Trade of China*, 91
53. Anderson, *Cotton-Goods Trade in China*, 10; *Decennial Reports, 1882–91*, 320.
54. *Blackburn Chamber of Commerce*, 7.
55. *Ibid.* See also *Decennial Reports, 1892–1901*, 477.

56. *Decennial Reports, 1882–91*, 320.

57. Remer, *Foreign Trade of China*, 54.

58. *Decennial Reports, 1922–31*, 151.

59. Michiaki Miyata attributes Chinese mercantile power to the cohesion and coordination of guild organizations. See Miyata Michiaki, “Shinmatsu no okeru gaikoku bōekihin ryūtsū kikō no ichi kōsatsu: Girudo no ryūtsū shihai o chūshin to shite,” *Sundai shigaku*, 52 (1981): 73–102.

60. *Blackburn Chamber of Commerce*, 156; T. R. Jernigan, *China in Law and Commerce* (New York: MacMillan, 1905), 216–219. On silk guilds’ collection of *lijin* taxes, see Zhu Xinyu, ed., *Zhejiang sichou shi* (Hangzhou: Zhejiang renmin chubanshe, 1985), 161–162. On guilds in China, see Nara Dillon and Jean C. Oi, eds., *At the Crossroads of Empires: Middlemen, Social Networks, and State-building in Republican Shanghai* (Stanford: Stanford University Press, 2008); Bryna Goodman, *Native Place, City, and Nation: Regional Networks and Identities in Shanghai, 1853–1937* (Berkeley: University of California Press, 1995), especially 29–45 and 121–125; Susan Mann Jones, “The Ningpo *Pang* and Financial Power at Shanghai,” in *The Chinese City Between Two Worlds*, ed. Mark Elvin and G. William Skinner (Stanford: Stanford University Press, 1974); William T. Rowe, *Hankow: Commerce and Society in a Chinese City, 1796–1889* (Stanford: Stanford University Press, 1984); William T. Rowe, *Hankow: Conflict and Community in a Chinese City, 1796–1895* (Stanford: Stanford University Press, 1989); Imahori Seiji, *Chūgoku hōken shakai no kōsei* (Tōkyō: Keisō shobō, 1991).

61. *Ibid.* See also *Decennial Reports, 1892–1901*, 525; Hosea Ballou Morse, *The Gilds of China: With an Account of the Gild Merchant or Co-hong of Canton* (New York: Russell and Russell Co., 1932), esp. 35.

62. *Blackburn Chamber of Commerce*, 3.

63. *Ibid.*

64. *Ibid.*, 3. See Chen Ciyu, *Jindai Zhongguo chayede fazhan yu shijie shichang* (Taipei: Zhongyang yanjiuyuan jingji yanjiusuo, 1982), esp. 196–199; *Decennial Reports, 1922–31*, 68, 125, 134.

65. *Blackburn Chamber of Commerce*, 317.

66. *Ibid.*; Jernigan, *China in Law and Commerce*, 242.

67. *Blackburn Chamber of Commerce*, 317. See also Hosea Ballou Morse, *The International Relations of the Chinese Empire* (Taipei: Chengwen, 1971), 2: 448.

68. *Ibid.*

69. *Ibid.*

70. Fan, *Jibuo yu shengzhang*, 89.

71. On silk, see Lynda S. Bell, *One Industry, Two Chinas: Silk Filatures and Peasant-Family Production in Wuxi County, 1865–1937* (Stanford: Stanford University Press, 1999); Lillian M. Li, *China’s Silk Trade: Traditional Industry in the Modern World, 1842–1937* (Cambridge: Harvard University Press, 1981); Wang Xiang, *Jindai Zhongguo chuantong sichouye zhuangxing yanjiu* (Tianjin: Nankai daxue chubanshe, 2005). On intermediate brokers in the silk industry, see, for example, Chen Ciyu, *Jindai Zhongguo de jixie saosi gongye (1860–1945)* (Taipei: Zhongyang yanjiuyuan lishisuo, 1989), esp. 16–17; D. K. Lieu, *The Silk Industry of*

China (Shanghai: Kelly and Walsh, 1940), 142–144; Shih Min-hsiung, *The Silk Industry in Ch'ing China* (Ann Arbor: Center for Chinese Studies, University of Michigan, 1976), 18–26.

72. Li, *China's Silk Trade*, 158.

73. Ibid.

74. Lieu, *Silk Industry of China*, 142–143.

75. Ibid.

76. See Chen, *Jindai Zhongguo chayede fazhan yu shijie shichang*, esp. 58–63, 172–177, 195–207; Hao, *The Commercial Revolution in Nineteenth Century China*, esp. 138–162; Xu Yongmei, *Zhongguo chaye chukou maoyi yingxiang yinsu ji qi xiaoying yanjiu* (Beijing: Zhongguo nongye chubanshe, 2009); Zhong, *Chaye yu yapian*.

77. Ibid.

78. For a more extensive discussion of Western textile sales see, for example, *Shanghai dui wai maoyi*, 147–153; *Shanghai shi mianbu shangye* (Beijing: Zhonghua shuju, 1979), esp. 25, 37–38, 40.

79. *Blackburn Chamber of Commerce*, 339–340.

80. See Fan, *Jibuo yu shengzhang*, esp. 89–91; Hao, *The Compradore in Nineteenth Century China* and *The Commercial Revolution in Nineteenth Century China*; *Shanghai dui wai maoyi*, 123–126, 142. On the silk and tea trades and compradores, see Tao Shuimu, *Zhejiang shangbang yu Shanghai jingji: Jindaibhua yanjiu* (Shanghai: Sanlian shuju, 2000), 37–39; and Chen, *Jindai Zhongguode fazhan yu shijie shichang*, 59–60, respectively.

81. *Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on Conditions and Development of the Treaty Port Provinces, 1902–11* (Shanghai: Statistical Department of the Inspectorate General of Customs, 1913), 1: 6.

82. *Blackburn Chamber of Commerce*, 324.

83. Ibid., 327.

84. Ibid., 326.

85. Ibid., 324.

86. Under the provisions of the Treaty of Tianjin, European merchants were forbidden to sell in transit as well.

87. *Blackburn Chamber of Commerce*, 164.

88. Charles Beresford, *The Break-up of China: With an Account of Its Present Commerce, Currency, Waterways, Armies, Railways, Politics, and Future Prospects* (New York: Harper and Brothers, 1899), 81. For similar complaints, see also *Blackburn Chamber of Commerce*, 2–3, 151, 153, 159, 171–175; R. S. Gundry, *China Present and Past: Foreign Intercourse, Progress and Resources, the Missionary Question, etc.* (London: Chapman and Hall, 1895), 167–168; Morse, *International Relations of the Chinese Empire*, 447; William Barclay Parsons, *An American Engineer in China* (New York: McClure, Phillips, 1900), 156; Robertson-Scott, *The People of China*, 159; Sargent, *Anglo-Chinese Commerce and Diplomacy*, 157–161.

89. *Blackburn Chamber of Commerce*, 159.

90. Ibid., 2–3.

91. Ibid.

92. *Ibid.*, 151.
93. Beresford, *The Break-up of China*, 402–403.
94. See Rawski, “Chinese Dominance of Treaty Port Commerce,” 456. On the estimated reduction of *lijin* duties through skilled negotiation, see *Blackburn Chamber of Commerce*, 16–17.
95. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 287.
96. *Ibid.*, 158.
97. My figure of 10 percent is based on Murphey’s estimate that foreign trade represented no more than 10 percent of China’s GDP at this time. See also Charles K. Moser, *Where China Buys and Sells: The Commercial, Industrial and Economic Situation in China: 1926, 1927, 1928, 1930* (New York: Garland, 1980), 11.
98. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 153.
99. Beresford, *The Break-up of China*, 83.
100. *Ibid.*, 77.
101. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 288.
102. Bi Fucheng, “Liquan,” part 1, in *Huangchao jingshi wen sanbian* (Taipei: Zhongfeng chubanshe, 1965), 1: 499.
103. Zheng, *Sbengshi weiyuan*, 2: 544–545.
104. The Chinese Maritime Customs Project at the University of Bristol has created a catalogue of 55,000 files from the Service’s archive and generated important new secondary scholarship on the subject. See also Martyn Atkins, *Informal Empire in Crisis: British Diplomacy and the Chinese Customs Succession* (Ithaca: Cornell University Press, 1995); Robert Bickers, ed., “Chinese Customs Section,” *Journal of Imperial and Commonwealth History* 36, no. 2 (2008); Donna Brunero, *Britain’s Imperial Cornerstone in China: The Chinese Maritime Customs Service, 1854–1949* (New York: Routledge, 2006); Lau Kit-ching Chan, “The Succession of Sir Robert Hart at the Imperial Maritime Customs Service,” *Journal of Asian History* 9, no. 1 (1975); Chang Chihyun, *Government, Imperialism, and Nationalism in China: The Maritime Customs Service and Its Chinese Staff* (New York: Routledge, 2013); John King Fairbank, *Trade and Diplomacy on the China Coast: The Opening of the Treaty Ports, 1842–54* (Cambridge: Harvard University Press, 1964); Jack J. Gerson, *Horatio Nelson Lay and Sino-British Relations, 1854–1864* (Cambridge: Harvard University Press, 1972); Richard Smith, John King Fairbank, and Katherine Bruner, eds., *Robert Hart and China’s Early Modernization: His Journals, 1863–66* (Cambridge: Harvard University Press, 1991); Richard Smith, John King Fairbank, Katherine Bruner, and Elizabeth MacLeod Matheson, eds., *The I. G. in Peking: Letters of Robert Hart. Chinese Maritime Customs Service, 1868–1907* (Cambridge: Harvard University Press, 1975); Hans Van de Ven, *Breaking with the Past: The Maritime Customs Service and the Global Origins of Modernity in China* (New York: Columbia University Press, 2014).
105. Sargent, *Anglo-Chinese Commerce and Diplomacy*, 204.

3. MONEY

1. John Brewer, *The Sinews of Power: War, Money, and the English State, 1688–1783* (New York: Alfred A. Knopf, 1989); Patrick K. O’Brien and Philip A. Hunt,

“England, 1485–1815,” in *The Rise of the Fiscal State in Europe, c. 1200–1815*, ed. Richard Bonney (Oxford: Oxford University Press, 1999); Charles Tilly, *Coercion, Capital, and European States* (Oxford: Basil Blackwell, 1992).

2. Kenneth Pomeranz, *The Making of a Hinterland: State, Society, and Economy in Inland North China, 1853–1937* (Berkeley: University of California Press, 1993), esp. introduction; William Rowe, *Saving the World: Chen Hongmou and Elite Consciousness in Eighteenth Century China* (Stanford: Stanford University Press, 2001), esp. chaps. 5–8; R. Bin Wong, *China Transformed: Historical Change and the Limits of European Experience* (Ithaca: Cornell University Press, 1997), 135.

3. Shen Xuefeng, *Wanqing caizheng zhichu zhengce yanjiu* (Beijing: Zhongguo renmin daxue chubanshe, 2006), 29–30.

4. See, for example, Wu Tingxie, *Qing caizheng kaolüe*, Shanghai Library, Ancient Documents Room, Doc. 385832, 1914, 16–19.

5. Revenue figures come from He Lie, *Lijin zhidu xintan* (Taipei: Shangwu yinshuguan, 1972), 18–19; Liu Zhicheng, ed., *Zhongguo gongshang shuishou shi* (Beijing: Xinhua shuju, 1990), 331–332; Ouyang Hujun, *Zhongguo caizheng shi* (Shanghai: Shangwu yinshuguan, 1920), 338; Shen, *Wanqing caizheng*, 30–31; Wei Guangqi, “Qingdai houqi zhongyang jiquan caizheng tizhide waijie,” *Jindai shi yanjiu* 31, no. 1 (Winter 1986): 227; Wu, *Qing caizheng kaolüe*, 27–29; Zhou Yumin, *Wanqing caizheng yu shehui bianqian* (Shanghai: Shanghai renmin chubanshe, 2000), 236. Price series to adjust for inflation come from Yeh-chien Wang, “Secular Trends of Rice Prices in the Yangzi Delta, 1638–1935,” in *Chinese History in Economic Perspective*, ed. Thomas Rawski and Lillian Li (Berkeley: University of California Press, 1992), 40–47. Alternative price series appear in Robert C. Allen et al., “Wages, Prices, and Living Standards in China, 1738–1925: In Comparison with Europe, Japan, and India,” Oxford University, Department of Economics Working Paper No. 316, 2007.

6. The figure of 5–10 percent indicates a much higher rate of taxation than the 3 percent of GDP suggested in the classic study by Wang Yeh-chien, *Land Taxation in Imperial China, 1750–1911* (Cambridge: Harvard University Press, 1973); see also Albert Feuerwerker, “The State and the Economy in Late Imperial China,” *Theory and Society* 13, no. 3 (May 1984): 300; Madeline Zelin, “Guest Editor’s Introduction,” *Enterprise and Society* 6, no. 3 (2005): 360.

7. These included indemnities for the First Sino-Japanese War of 1894–1895 and the Boxer Uprising in 1900. See Tang Xianglong, ed., *Zhongguo jindai haiguan shuishou be fenpei tongji, 1861–1910* (Beijing: Zhonghua shuju, 1992), 27–32, 170–173, 184–188; on *lijin*, see Luo Yudong, *Zhongguo lijin shi* (Shanghai: Shangwu yinshuguan, 1936), 2: 482–483.

8. Pomeranz, *Making of a Hinterland*, see esp. chap. 1 and conclusion.

9. The decline narrative structures a surprising amount of historiography on the late Qing, although the most relevant monographic treatment of political economy issues for this chapter remains Wang, *Land Taxation*. A more nuanced portrait of the capabilities of the late imperial state appears in Kathryn Bernhardt, *Rent, Taxes, and Peasant Resistance: The Lower Yangzi Region, 1840–1950* (Taipei: SMC, 1992); Susan Mann, *Local Merchants and the Chinese Bureaucracy, 1750–1950* (Taipei:

SMC, 1987). Prasenjit Duara depicts an involutory state enriching itself through new tax revenues but providing little in the way of additional public services in *Culture, Power, and the State: Rural North China, 1900–1942* (Stanford: Stanford University Press, 1988).

10. Joseph W. Esherick, *Reform and Revolution in China: The 1911 Revolution in Hunan and Hubei* (Berkeley: University of California Press, 1976).

11. Wong, *China Transformed*, 135.

12. Elisabeth Kaske, “Fund-Raising Wars: Office Selling and Interprovincial Finance in Nineteenth Century China,” *Harvard Journal of Asiatic Studies* 71, no. 1 (2011): 111. See also Madeleine Zelin, *The Magistrate’s Tael: Rationalizing Fiscal Reform in Eighteenth-Century Ch’ing China* (Berkeley: University of California Press, 1984).

13. Ma Daying, *Zhongguo caizheng shouzhi xitong lun* (Chongqing: Tiandi chubanshe, 1944), 179.

14. Kaske, “Fund-Raising Wars,” 111.

15. *Songjiang fu xuzhi*, series no. 142 (Taipei: Chengwen chubanshe, 1884), 5: 1401. For similar comments, see also *Louxian xuzhi*, series no. 138 (Taipei: Chengwen chubanshe, 1880), 1: 222.

16. One picul equaled 133.3 pounds or 60.48 kilograms. Tribute grain, an agricultural tax paid in kind rather than in silver, was assessed only in the relatively wealthy provinces of Jiangsu, Zhejiang, Shandong, Henan, Anhui, Hunan, and Hubei. See the foundational study in Japanese by Ayao Hoshi, *Mindai sōun no kenkyū* (Tōkyō: Nihon gakujustu shinkōkai, 1963); the classic study by Harold Hinton, *The Grain Tribute System of China, 1845–1911* (Cambridge: Harvard University Press, 1956); Wu Zhaoshen, *Zhongguo shuizhi shi* (Shanghai: Shangwu yinshuguan, 1937), 2: 31–32; Xia Nai, “Taiping tianguo qianhou changjian gesheng zhi tianfu wenti,” *Qinghua xuebao* 10, no. 2 (April 1935).

17. Ni Yuping, *Qingdai caoliang haiyun yu shehui bianqian* (Shanghai: Shanghai shuju chubanshe, 2005), 101, 179; Shen Yunlong, ed., *Huangchao jingshi wenbian xubian: Huzheng, Jindai Zhongguo shiliao congkan* (Taipei: Wenhai chubanshe, 1966), 836: 3865.

18. For the standard work on the salt gabelle, see Saeki Tomi, *Chūgoku enseishi no kenkyū* (Kyōto-shi: Hōritsu bunkasha, 1987).

19. Wu, *Qing caizheng kaolie*, 4, 9. Wang provides the much higher estimate of 73.79 million taels in 1753 based on a small number of samples and the assumption that unreported surcharges brought in 17.62 million taels in illegal revenue that year (*Land Taxation*, 72). Materials like *Qing caizheng kaolie* and *Qingshi gao* suggest the more modest returns described above, a conclusion accepted by the most recent Chinese scholarship. See Shen, *Wanqing caizheng zhichu*, 30; Zhao Erxun, ed., *Qingshi gao* (Taipei: Xinwenfeng chubanshe, 1981), 457–462.

20. Zhou, *Wanqing caizheng yu shehui bianqian*, 238–239.

21. *Ibid.*

22. Kaske, “Fund-Raising Wars,” 86.

23. Susan Mann Jones and Philip A. Kuhn, “Dynastic Decline and the Roots of Rebellion,” in *The Cambridge History of China, The Late Ch’ing, 1800–1911*, vol.

10, part I, ed. John K. Fairbank (Cambridge: Cambridge University Press, 1978), 144. See also Shi Zhihong, *Qingdai hubu yinku shouzhi be kucun tongji* (Fuzhou: Fujian renmin chubanshe, 2009), 78–79.

24. Kaske, “Fund-Raising Wars,” 91.

25. *Ibid.*, 90. The reformist official Wei Yuan estimated that the sale of offices yielded 40 million taels over the course of the reign of the Jiaqing emperor (1796–1819). This amounts to an average of 1.66 million taels per year. See Shi, *Qingdai hubu yinku*, 82–83.

26. *Songjiang fu xuzhi*, 1400. See also the descriptions of devastation in *Louxian xuzhi*, 228–229; and Shen, *Huangchao jingshi wenbian xubian*, 3923.

27. Ni, *Qingdai caoliang baiyun*, 180.

28. Zheng Xueming, *Zhongguo fuyi zhidu shi* (Shanghai: Shanghai renmin chubanshe, 2000), 648.

29. He, *Lijin zhidu xintan*, 42–43; Peng Zeyi, *Shijiu shiji boubande Zhongguo caizheng yu jingji* (Beijing: Renmin chubanshe, 1983), 139; Sun Yigang, ed., *Zhongguo fushui shi* (Beijing: Zhongguo caizheng jingji chubanshe, 1996), 213.

30. Shen, *Huangchao jingshi wenbian xubian*, 3865. See also *Nanbui xianzhi*, series no. 42 (Taipei: Chengwen chubanshe, 1927), 1: 365; Wu, *Qing caizheng kaolüe*, 17.

31. One *qing* equaled 100 *mu* or approximately 10,000 square meters. See *Louxian xuzhi*, 228–229; Zheng, *Zhongguo fuyi zhidu shi*, 649.

32. Zheng, *Zhongguo fuyi zhidu shi*, 660; Zhou, *Wanqing caizheng*, 252–253.

33. The official Zeng Guofan established a provincial military force called the Hunan Army to fight the Taiping rebels. Later his protégé Li Hongzhang followed his example, creating an army drawn from the region of the Huai River valley. Wu, *Qing caizheng kaolüe*, 18.

34. *Ibid.*, 17; see also Ouyang, *Zhongguo caizheng shi*, 332; Peng, *Zhongguo caizheng yu jingji*, 127.

35. Peng, *Zhongguo caizheng yu jingji*, 127.

36. *Ibid.*, 136; Luo, *Zhongguo lijin shi*, 1: 9.

37. Kaske, “Fund-Raising Wars,” 109–110.

38. *Ibid.*, 105.

39. Luo, *Zhongguo lijin shi*, 1: 15; see also Sun Yigang, ed., *Jianming Zhongguo caizheng shi* (Beijing: Xinhua shuju, 1988), 211; *idem*, ed., *Zhongguo caizheng shi* (Beijing: Zhongguo shehui kexue chubanshe, 2003), 314; for a collection of primary documents on the initial creation of *lijin* in Jiangsu, see Yang Tingwei, *Jiangsu sheng caizheng shiliao congshu: Qing dai* (Beijing: Fangzhi chubanshe, 1999), 3: 515–523.

40. Wu, *Qing caizheng kaolüe*, 16–17.

41. Luo, *Zhongguo lijin shi*, 1: 21.

42. Mann, *Local Merchants*, 3–6.

43. See Donna Brunero, *Britain’s Imperial Cornerstone in China: The Chinese Maritime Customs Service, 1854–1949* (London: Routledge, 2006); John K. Fairbank, *Trade and Diplomacy on the China Coast: The Opening of Treaty Ports, 1842–54* (Cambridge: Harvard University Press, 1953); Hans Van de Ven, *Breaking with the Past: The Maritime Customs Service and the Global Origins of Modernity in China* (New York: Columbia University Press, 2014).

44. Wang, “Secular Trends,” 35–68.

45. On price data, see *ibid.*, 40–47; for a similar conclusion of mild inflationary trends during the eighteenth century in China, see Allen et al., “Wages, Prices, and Living Standards in China,” esp. 54.

46. Based on the *Qingshi gao*, Hamashita, in *Keizaishi Kenkyū*, lists total revenues of 31.5 million taels in 1842, while I favor the figure of 37.14 million in *Qing caizheng kaolüe*. The latter source also suggests a total income of 41.3 million taels in 1813. Shen Xuefeng reproduces most of Hamashita’s data set in *Wanqing caizheng zhichu*, 31. Compatible data also appears in He, *Lijin zhidu xintan*, 18–19; Liu, *Zhongguo gongshang shuishou shi*, 331–332; Ouyang, *Zhongguo caizheng shi*, 338; Wei, “Zhongyang jiquan caizheng,” 227; Zhao, *Qingshi gao*, 457–462; Zhou, *Wanqing caizheng yu shebui bianqian*, 236.

47. Esherick, *Reform and Revolution*, 107–112; Stephen MacKinnon, *Power and Politics in Late Imperial China: Yuan Shikai in Beijing and Tianjin, 1901–1908* (Berkeley: University of California Press, 1980); William Rowe, *China’s Last Empire: The Great Qing* (Cambridge: Harvard University Press, 2009), 255–262.

48. A dramatic rise in overall economic productivity might also account for a rise in tax returns, but evidence points to slow growth in macro-regional cores like Jiangnan during the late nineteenth century and substantial decline in peripheral regions. See Kenneth Pomeranz, *The Great Divergence: China, Europe, and the Making of the Modern World Economy* (Princeton: Princeton University Press, 2000).

49. Where I have extrapolated on Lee and Feng’s data points, I assume a steady rate of increase in population between intervals. In Figure 3.2, I use the following estimates of China’s population in millions to derive figures for per capita taxation: 420.25 (1840); 430.36 (1878); 436.84 (1882); 475.78 (1902); 490.89 (1908); 498.62 (1911). I then divide total population by aggregate tax revenue in inflation-adjusted terms. Figures for taxation as a percentage of GDP come from Feuerwerker, “State and the Economy,” 300; Zelin, “Guest Editor’s Introduction,” 360.

50. Judith Banister, “A Brief History of China’s Population,” in *The Population of Modern China*, ed. Dudley L. Poston and David Yaukey (New York: Plenum Press, 1992), 52; John Durand, “Historical Estimates of World Population: An Evaluation,” *Population and Development Review* 3, no. 3 (September 1977): 259–261; Ping-ti Ho, *Studies in the Population of China, 1368–1953* (Cambridge: Harvard University Press, 1959), 282; Chao Kang, *Man and Land in Chinese History: An Economic Analysis* (Stanford: Stanford University Press, 1986), chap. 1; Lee and Feng, *One Quarter of Humanity*, 28; Peter Schran, “China’s Demographic Evolution 1850–1953 Reconsidered,” *China Quarterly*, no. 75 (September 1978): 639, 642; Yuan Zuliang, *Zhongguo renkou shi* (Zhengzhou: Zhongguo guji chubanshe, 1994), 16–32.

51. There is little doubt about the nominal revenues for the two data points of 1840 and 1911, particularly the latter date. But I have assumed that the inflation index might have either over- or underestimated real revenues by 15 percent for 1911.

52. *Ibid.*; Wang, *Land Taxation*, 133.

53. Office of Management and Budget, *Historical Tables: Budget of the U.S. Government, Fiscal Year 2010*, Washington, DC: Government Printing Office, 2010, 24; www.gpoaccess.gov/usbudget/fy10/pdf/hist.pdf.

54. Wei, “Qingdai houqi zhongyang jiquan caizheng,” 227; Wong, *China Transformed*, 155.

55. Ni, *Qingdai caoliang baiyun*, 185; Wu, *Qing caizheng kaolüe*, 19. On the idea of buying gentry loyalty through generous tax cuts, see James Polachek, “Gentry Hegemony: Soochow in the T’ung-chih Restoration,” in *Conflict and Control in Late Imperial China*, ed. Frederic Wakeman Jr. and Carolyn Grant (Berkeley: University of California Press, 1975), 211–256.

56. Wu, *Qing caizheng kaolüe*, 20.

57. Shen, *Wanqing caizheng zhichu*, 232.

58. Wei, “Qingdai houqi zhongyang jiquan caizheng,” 227; Liu, *Zhongguo gongshang shuishou shi*, 332–333.

59. *Ibid.*

60. Luo, *Zhongguo lijn shi*, 2: 467; Tang, *Zhongguo jindai haiguan*, 63–66; Zheng, *Zhongguo fuyi zhidu shi*, 647. See also Liu, *Zhongguo gongshang shuishou shi*, 375.

61. Sun, *Zhongguo caizheng shi*, 339–340; *idem*, *Zhongguo fushui shi*, 229–230.

62. Liu, *Zhongguo gongshang shuishou shi*, 272–273; Sun, *Jianming Zhongguo caizheng shi*, 209; Tang, *Zhongguo jindai haiguan*, 63–66.

63. Inflation-adjusted figures for maritime customs take 1861 as a base year, but using 1842 would yield similar results because rapid price inflation took hold only after 1895. See Wang, “Secular Trends of Rice Prices,” 40–47, for raw data.

64. Sun, *Zhongguo caizheng shi*, 341; Zheng, *Zhongguo fuyi zhidu shi*, 647.

65. Liu, *Zhongguo gongshang shuishou shi*, 375.

66. Shen, *Wanqing caizheng zhichu*, 31; Tang, *Zhongguo jindai haiguan*, 269–273.

67. Luo, *Zhongguo lijn shi*, 1: 164; Yang, *Jiangsu caizheng shiliao: Qing dai*, 3: 569.

68. Chen Xiaoqing, ed., *Jiangsu shengzhi: Shuiwu zhi* (Nanjing: Jiangsu guji chubanshe, 1997), 57: 92.

69. Luo, *Zhongguo lijn shi*, 2: 164–165; Peng, *Zhongguo caizheng yu jingji*, 169.

70. Luo, *Zhongguo lijn shi*, 2: 164–165; Yang, *Jiangsu caizheng shiliao: Qing dai*, 3: 569.

71. Luo Yudong reproduces part of these lists in Luo, *Zhongguo lijn shi*, 1: 235–240.

72. *Ibid.*, 192.

73. Luo, *Zhongguo lijn shi*, 1: 188.

74. Wu, *Qing caizheng kaolüe*, 25.

75. Seigniorage refers to the minting of coins at a face value greater than that of their metallic content. See Esherick, *Reform and Revolution*, 115.

76. Luo, *Zhongguo lijn shi*, 1: 188; Zheng, *Zhongguo fuyi zhidu shi*, 647.

77. Mann, *Local Merchants*, 6.

78. Wu, *Qing caizheng kaolüe*, 25–26. See also Esherick, *Reform and Revolution*, 115; Lin May-li, *Xiyang shuizhi zai jindai Zhongguode fazhan* (Taipei: Institute of

Modern History, Academia Sinica, 2005); Rao Lixin, *Zhongguo yinhua shui yu yinhua shuipiao* (Beijing: Zhongguo shuiwu chubanshe, 1999); Sun, *Zhongguo caizheng shi*, 346–348; idem, *Zhongguo fushui shi*, 241; Wu, *Zhongguo shuizhi shi*, 2: 122.

79. Lin, *Xiyang shuizhi*, 329–332.

80. See Brewer, *Sinews of Power*.

81. He Hanwei, “Qingji zhongyang yu gesheng caizheng guanxide fansi,” *Zhongyang yanjiuyuan lishi yuyan yanjiusuo jikan* 72, no. 3 (2001); Kaske, “Fund-Raising Wars,” 71; Liu Zenghe, “Guanxu qianqi hubu zhengdun caizheng zhongde guifu jiuzhi ji qi xiandu,” *Zhongyang yanjiuyuan lishi yuyan yanjiusuo jikan* 79, no. 2 (2008).

82. Liu, “Guanxu qianqi hubu zhengdun,” 276–277.

83. Kaske, “Fund-Raising Wars,” 121.

84. Pomeranz, *Making of a Hinterland*, see esp. chap. 1.

85. Ibid.

86. I use 1861 as a base year for these calculations. In nominal terms, inter-provincial assistance derived from maritime customs declined from 2.5 million taels in the mid-1870s to 929,000 in 1902. Tang, *Zhongguo jindai baiguan*, 274–293.

87. Ibid.; Yang, *Jiangsu caizheng shiliao: Qing dai*, 3: 465–482; *lijin* data from Luo, *Zhongguo lijin shi*, 2: 496.

88. Ibid.

89. Ibid.

90. Tokyo imposed an indemnity on the Qing dynasty under the terms of the Treaty of Shimonoseki that ended the First Sino-Japanese War of 1894–1895. Later the eight allied powers imposed a second indemnity after their intervention in China in 1900 to suppress the Boxer Uprising. Ibid.

91. Luo, *Zhongguo lijin shi*, 2: 483.

92. Using 1861 as a base year, real values stood at 1.54 million in 1874 and 377,000 in 1891.

93. See, for example, Yingcong Dai, *The Sichuan Frontier and Tibet: Imperial Strategy in the Early Qing* (Seattle: University of Washington Press, 2009).

94. Pomeranz, *Making of a Hinterland*, see esp. the introduction.

95. Xia Nai estimates that reductions in the tribute grain tax in the early Tongzhi period totaled 1.7 million piculs (1 picul=45.5–54.5 kg) of cereals. Using Wang’s figures for rice prices per picul in 1863, this volume of grain represented 3.74 million silver taels in revenue. See Wang, “Secular Trends,” 40–47; Xia, “Taiping tianguo qianhou changjian gesheng zhi tianfu wenti,” 468; see also *ibid.*, 457–458 and 464–465, for a listing of tax cuts by county for Zhejiang and Jiangsu provinces, respectively.

96. See returns for individual customs barriers in Tang, *Zhongguo jindai baiguan*, 267–551. Total military expenditures include nine items from Shanghai customs data: provincial (Jiangsu) military spending, aid to the Huai Army, coastal defense, funds for the Jiangnan Arsenal, ship-building, military purchases, troop provisions, border defense, and appropriations for the Tianjin Arsenal. See Tang, *Zhongguo jindai baiguan*, 274–293.

97. Wu, *Qing caizheng kaolüe*, 22.
98. I again use 1861 as a base year.
99. Luo, *Zhongguo lijìn shi*, 2: 482–483.
100. *Ibid.*, 1: 215. I use 1861 as a base year.
101. *Ibid.*
102. *Ibid.*
103. See MacKinnon, *Power and Politics*.
104. Roxann Prazniak, *Of Camel Kings and Other Things: Rural Rebels Against Modernity in Late Imperial China* (New York: Rowman and Littlefield, 1999).
105. *Ibid.*, 250. See Philip A. Kuhn, *Rebellion and Its Enemies in Late Imperial China: Militarization and Social Structure, 1796–1864* (Cambridge: Harvard University Press, 1970).
106. *Ibid.*
107. Tang, *Zhongguo jindai baiguan*, 274–293.
108. *Ibid.*
109. *Ibid.*, 178–181.
110. Luo, *Zhongguo lijìn shi*, 2: 482–483.
111. Li Sanmou, *Mingqing caijing shi xintan* (Taiyuan: Shanxi jingji chubanshe, 1990), 334.
112. Kaske, “Fund-Raising Wars,” 140.
113. *Ibid.*
114. Tang, *Zhongguo jindai baiguan*, 274–293.
115. Luo, *Zhongguo lijìn shi*, 2: 482–483.
116. *Ibid.*, 1: 249–250.
117. Wu, *Qing caizheng kaolüe*, 27–30.
118. Office of Management and Budget, *Historical Tables: Budget of the U.S. Government, Fiscal Year 2010*: 24; www.gpoaccess.gov/usbudget/fy10/pdf/hist.pdf.

4. BUREAUCRACY

1. John Brewer, *The Sinews of Power: War, Money, and the English State, 1688–1783* (New York: Alfred A. Knopf, 1989), 66; on the development of policing in Britain, see Clive Emsley, *Policing and Its Context, 1750–1870* (New York: Schocken Books, 1983); Douglas Hay and Francis Snyder, “Using the Criminal Law, 1750–1850: Policing, Private Prosecution, and the State,” in *Policing and Prosecution in Britain, 1750–1850*, ed. Douglas Hay and Francis Snyder (Oxford: Clarendon Press, 1989); Elaine A. Reynolds, *Before the Bobbies: The Night Watch and Police Reform in Metropolitan London, 1720–1830* (Stanford: Stanford University Press, 1998); Carolyn Steedman, *Policing the Victorian Community: The Formation of the English Provincial Police Forces, 1856–80* (Boston: Routledge & Kegan Paul, 1984).

2. See the extensive literature on state-society relations and informal governance below the county level in the late imperial period: Kathryn Bernhardt, *Rents, Taxes, and Peasant Resistance: The Lower Yangzi Region, 1840–1950* (Taipei:

SMC, 1992); Prasenjit Duara, *Culture, Power, and the State: Rural North China 1900–1942* (Stanford: Stanford University Press, 1988); Joseph Fewsmith, *Party, State, and Local Elites in Republican China: Merchant Organizations and Politics in Shanghai, 1890–1930* (Honolulu: University of Hawaii Press, 1985); Philip A. Kuhn, “Local Self-Government under the Republic: Problems of Control, Autonomy, and Mobilization,” in *Conflict and Control in Late Imperial China*, ed. Frederic Wakeman, Jr., and Carolyn Grant (Berkeley: University of California Press, 1975); Philip A. Kuhn, *Rebellion and Its Enemies in Late Imperial China: Militarization and Social Structure, 1796–1864* (Cambridge: Harvard University Press, 1970); Susan Mann, *Local Merchants and the Chinese Bureaucracy, 1750–1950* (Taipei: SMC, 1987); Elizabeth J. Perry, “Trends in the Study of Chinese Politics: State-Society Relations,” *China Quarterly*, no. 139 (September 1994); Mary Rankin, *Elite Activism and Political Transformation in China: Zhejiang Province, 1865–1911* (Stanford: Stanford University Press, 1986); William Rowe, *Hankow: Conflict and Community in a Chinese City, 1796–1895* (Stanford: Stanford University Press, 1989); William Rowe, “The Public Sphere in Modern China,” *Modern China* 6, no. 3 (1990): 309–329; R. Bin Wong, *China Transformed: Historical Change and the Limits of European Experience* (Ithaca: Cornell University Press, 1997).

3. Susan Mann uses the phrase “transitional bureaucracy” to describe the *lijin* administration in China and argues that it played an important role in state-making after 1850 (*Local Merchants*). I also see it as “transitional” because (1) it staffed lower positions with clerks and runners (2) employed alternate or expectant officials who had often purchased their degrees and (3) reflected a process of partial bureaucratization unlike the institutions created during the period of the New Policies (1901–1910). For a recent critical account of *lijin*, see He Wenkai, *Paths toward the Modern Fiscal State* (Cambridge: Harvard University Press, 2013). See also the classic study Luo Yudong, *Zhongguo lijin shi*, vols. 1 and 2 (Shanghai: Shangwu yinshuguan, 1936).

4. On the Zongli Yamen, see Masataka Banno, *China and the West, 1858–1861: The Origins of the Tsungli Yamen* (Cambridge: Harvard University Press, 1964); Jennifer M. Rudolph, *Negotiated Power in Late Imperial China: The Zongli Yamen and the Politics of Reform* (Ithaca: Cornell University Press, 2008).

5. Douglas Reynolds offers a positive assessment of the New Policies in *China, 1898–1912: The Xinzheng Revolution and Japan* (Cambridge: Harvard University East Asian Center, 1993). See also Paul Bailey, *Reform the People: Changing Attitudes toward Popular Education in Early Twentieth Century China* (Edinburgh: Edinburgh University Press, 1990); Sally Borthwick, *Education and Social Change in China: The Beginnings of the Modern Era* (Stanford: Hoover Institution Press, 1983); Chuzo Ichiko, “Political and Institutional Reform 1901–11,” in *Cambridge History of China, Volume 11, Part 2: Late Ch'ing, 1800–1911*, ed. John King Fairbank and Kwang-ching Liu (Cambridge: Cambridge University Press, 1980); Joseph W. Esherick, *Reform and Revolution in China: The 1911 Revolution in Hunan and Hubei* (Berkeley: University of California Press, 1976); Julia C. Strauss, “Creating ‘Virtuous and Talented’ Officials for the Twentieth Century: Discourse and Practice in Xinzheng China,” *Modern Asian Studies* 37, no. 4 (October 2003); Roger

Thompson, *China's Local Councils in the Age of Reform, 1898–1911* (Cambridge: Harvard University Press, 1995).

6. Kristin Stapleton argues for the relative success of police reforms in the city of Chengdu (*Civilizing Chengdu: Chinese Urban Reform, 1895–1937* [Cambridge: Harvard University Press, 2000]). In contrast, Frederic Wakeman, Jr. contends that policing reforms in Shanghai accomplished little in the early years of the twentieth century (*Policing Shanghai, 1927–1937* [Berkeley: University of California Press, 1995]). See also Reynolds, *China, 1898–1912*, chap. 9; David Strand, *Rickshaw Beijing: City, People, and Politics in the 1920s* (Berkeley: University of California Press, 1989), especially chap. 4.

7. “Jingcha jiangyi quanlu,” Shanghai Library, Modern Documents Room, Doc. 334617, 1911, 16.

8. See esp. Rudolph, *Negotiated Power in Late Imperial China*.

9. On normative forms of control in China, see Patricia Thornton, *Disciplining the State: Virtue, Violence, and State-Making in Modern China* (Cambridge: Harvard University Asia Center, 2007).

10. Wong, *China Transformed*, 117.

11. See Hoshi Ayao, *Chūgoku shakai fukushi seisatsu shi no kenkyū—Shindai no shinsaiso o chushin ni* (Tokyo: Kokushu kankokai, 1985); Pierre-Etienne Will and R. Bin Wong, *Nourish the People: The State Civilian Granary System in China, 1650–1850* (Ann Arbor: University of Michigan Center for Chinese Studies, 1991); Lillian Li, *Fighting Famine in North China: State, Market, and Environmental Decline, 1690s–1990s* (Stanford: Stanford University Press, 2007).

12. At times, the state assigned a deputy (主簿 *zhubo*) or assistant county magistrate (县丞 *xiancheng*) to perform specialized functions such as water control within a given county. Subprefects (通知) and assistant prefects (同盘) might also have a role in such activities, but this situation represented an exception rather than a rule.

13. See the classic study by John Watt, *The District Magistrate in Late Imperial China* (New York: Columbia University Press, 1972).

14. He Lie, *Lijin zhidu xintan* (Taipei: Shangwu yinshuguan, 1973), 32.

15. On budgetary shortfalls at the county level during the first half of the eighteenth century, see Suzuki Chūsei, “Shinmatsu no zaisei to kanryō no seikaku,” *Kindai chūgoku kenkyū*, 2 (1958): 190–281.

16. Bradley Reed, *Talons and Teeth: County Clerks and Yamen Runners in the Qing Dynasty* (Stanford: Stanford University Press, 2000).

17. Bernhardt, *Rents, Taxes, and Peasant Resistance*, 45–46.

18. On their judicial functions, see Philip C. C. Huang, “Centralized Minimalism: Semi-Formal Governance by Quasi-Officials and Dispute Resolution in China,” *Modern China* 34, no. 1 (2008).

19. Duara, *Culture, Power, and the State*, 45–46.

20. Ibid.

21. Mann, *Local Merchants and the Chinese Bureaucracy*, 12–13, 18. On guilds, see Nara Dillon and Jean Oi, eds., *At the Crossroads of Empires: Middlemen, Social Networks, and State-Building in Republican Shanghai* (Stanford: Stanford University

Press, 2008); Bryna Goodman, *Native Place, City, and Nation: Regional Networks and Identities in Shanghai, 1853–1937* (Berkeley: University of California Press, 1995), especially 29–45 and 121–125; Imahori Seiji, *Chūgoku hōken shakai no kōsei* (Tōkyō: Keisō shobō, 1991); Susan Mann Jones, “The Ningpo *Pang* and Financial Power at Shanghai,” in *The Chinese City between Two Worlds*, ed. Mark Elvin and G. William Skinner (Stanford: Stanford University Press, 1974); Hosea Ballou Morse, *The Guilds of China: With an Account of the Gild Merchant or Co-hong of Canton* (New York: Russell and Russell, 1932); William T. Rowe, *Hankow: Commerce and Society in a Chinese City, 1796–1889* (Stanford: Stanford University Press, 1984); William T. Rowe, *Hankow: Conflict and Community*.

22. Wang Jiajian, *Qingmo minchu woguo jingcha zhidu: Xiandaihuade licheng, 1901–28* (Taipei: Taiwan shangwu yinshuguan chubanshe, 1984), 7; Li Huaiyin, *Village Governance in North China, 1875–1936* (Stanford: Stanford University Press, 2005), 42–43.

23. These troops belonged to the Green Standard Army, itself in a state of disarray by the mid-1800s (Wakeman, *Policing Shanghai*, 16–17).

24. *Ibid.*

25. Wu Tingxie, *Qing caizheng kaolüe*, Shanghai Library, Ancient Documents Room, Doc. 385832, 1914, 16.

26. Luo, *Zhongguo lijn shi*, 1: 68; Mann, *Local Merchants and the Chinese Bureaucracy*, 110; Peng Zeyi, *Shijiu shiji houbande Zhongguo caizheng yu jingji* (Beijing: Renmin chubanshe, 1983), 156–157.

27. Shen Yunlong, ed., *Licai bianlan* (Taipei: Wenhai chubanshe, 1973), 49. This primary document dates from the first decade of the twentieth century. Its authors review the history of *lijin* administration in China and suggest a number of reforms designed to ameliorate its deficiencies and pave the way for its eventual abolition.

28. Mann, *Local Merchants and the Chinese Bureaucracy*, 105.

29. Li Sanmou, *Mingqing caijingshi xintan* (Taiyuan: Shanxi jingji chubanshe, 1990), 322; “Sushu caizheng shuoming shu,” Shanghai Library, Ancient Documents Room, Doc. 478909, 52–53; Yang Tingwei, ed., *Jiangsu sheng caizheng shiliao congshu: Qing dai* (Beijing: Fangzhi chubanshe, 1999), 3: 548–552, 554–556; 4: 283–286, 286–288; see also the court memorial submitted by Shen Baozhen in 1876 and reproduced in Shen Yunlong, ed., *Huangchao jingshi wenbian xubian: Huzheng, Jindai Zhongguo shiliao congkan*, no. 840 (Taipei: Wenhai chubanshe, 1973), 6497.

30. Mann, *Local Merchants and the Chinese Bureaucracy*, 111.

31. *Ibid.*

32. See the court memorial by Cheng Hongzhao in Shen, *Huangchao jingshi wenbian*, 6426.

33. Hamashita Takeshi, *Chūgoku kindai keizaishi kenkyū: Shinmatsu kaikan zaisei to kaikōjō shijōken* (Tōkyō: Tōkyō daigaku tōyō bunka kenkyūjo, 1989), 397.

34. Xu Renqiang, “Jiangsu sheng bianzhi zuijin caizheng shuoming shu: Lijin huoshui shouru dingpian,” Shanghai Library, Ancient Documents Room, Doc. 481176, 27–37; Yang Tingwei, ed., *Jiangsu sheng caizheng shiliao congshu: Minguo shiqi* (Beijing: Fangzhi chubanshe, 1999), 1: 61–71.

35. Luo, *Zhongguo lijin shi*, 1: 82–84. Hamashita also suggests an aggregate total of 2,236 *lijin* bureaus, depots, and barriers for the eighteen provinces with complete statistics in the late Qing period (*Keizaishi kenkyū*, 397).

36. *Ibid.*

37. *Ibid.*

38. *Ibid.*

39. Estimates are based on the total number of *lijin* barriers, depots, and inspection stations listed for Jiangning in Xu, “Jiangsu sheng bianzhi zuijin caizheng shuoming shu,” 27–37.

40. “Sushu caizheng shuoming shu,” 53.

41. Mann, *Local Merchants and the Chinese Bureaucracy*, 104.

42. Chen Xiaoqing, ed., *Jiangsu shengzhi: Shuiwu zhi* (Nanjing: Jiangsu guji chubanshe, 1997), 57: 18, 21.

43. Shen, *Licai bianlan*, 59–60.

44. Luo, *Zhongguo lijin shi*, 1: 100–101.

45. Illiterate unskilled males stood to make more money as a *lijin* inspector than in any other profession aside perhaps from drug smuggling or banditry (He, *Lijin zhidu xintan*, 60).

46. Shen, *Licai bianlan*, 50–51.

47. My estimate is based on a figure of 2 to 3 million taels per year in *lijin* returns for Jiangsu province (Luo, *Zhongguo lijin shi*, 1: 241).

48. Mann, *Local Merchants and the Chinese Bureaucracy*, 103.

49. Luo, *Zhongguo lijin shi*, 1: 89.

50. Wei Yanlong et al., *Zhongguo jindai jingcha shi* (Beijing: Shehui kexue wenxian chubanshe, 1999), 1: 167.

51. Quoted from the section of the January 16, 1911, issue of the *Zhili Police Journal* reproduced in Wei, *Zhongguo jindai jingcha shi*, 56–57 (emphasis added).

52. *Jingcha jiangyi quanlu: jincha xue dayi* (Shanghai: Shanghai yinshuguan, 1911), Shanghai Library, Modern Documents Room, Doc. 334617, 18.

53. “Jingcha jiangyi quanlu,” Shanghai Library, Modern Documents Room, Doc. 334609, 1: 1911, 2–3.

54. *Ibid.*, 50–51.

55. Stephen R. MacKinnon, *Power and Politics in Late Imperial China: Yuan Shi-kai in Beijing and Tianjin, 1901–1908* (Berkeley: University of California Press, 1980), 152; Ou Yangming, ed., *Jiangsu shengzhi: Gong'an zhi* (Nanjing: Qunzhong chubanshe, 2000), 66: 20.

56. Wang, *Qingmo minchu woguo jingcha zhidu*, 56.

57. For a typical critique, see “Jingcha jiangyi quanlu,” Doc. 334609.

58. *Jiangsu sheng zhengzhi nianjian, Jindai Zhongguo shiliao*, no. 53 (Taipei: Wenhai chubanshe, 1924), 131–132.

59. *Shanghai xian xuzhi* (Taipei: Chengwen chubanshe, 1918), 779; “Sushu caizheng shuoming shu,” 34; Wakeman, *Policing Shanghai*, 21.

60. “Sushu caizheng shuoming shu,” 34; see also *Shanghai shi zizhi zhi* (Taipei: Chengwen chubanshe, 1915), 1: 105.

61. Wakeman, *Policing Shanghai*, 22.

62. Quoted in Wang, *Qingmo minchu woguo jingcha zhidu*, 63 (emphasis added).
63. *Shanghai fuxian zhiji*, *Zhongguo difangzhi jicheng* (Shanghai: Jiangsu guji chubanshe, 1936), 214; Yang, *Jiangsu caizheng shiliao, minguo shiqi*, 1: 160–161.
64. *Jiangsu sheng zhengzhi nianjian*, 133–134.
65. On Suzhou, see *Jiangsu caizheng shiliao, minguo shiqi*, 1: 159–160; “Susheng jingcha zongju ban zhangcheng: Xilu sanduan jingcha fenju cunben,” Shanghai Library, Ancient Documents Room, Doc. 485486, 1904; Wang, *Qingmo minchu woguo jingcha zhidu*, 55–56. On Nanjing, see *Jiangsu caizheng shiliao, minguo shiqi*, 1: 158–159; Ou, *Jiangsu shengzhi: Gong’an zhi*, 22–25; Wang, *Qingmo minchu woguo jingcha zhidu*, 60–61.
66. These counties include Jiangning, Suzhou, Yixing, Zhenjiang, Qingjiangpu, Shanyang, Fengxian, Jiading, Shanghai, Dongshan, Chuansha, Baoying, Wusong, Baoshan, Yangzhou, Chongming, Qingpu, Jianguin, Danyang, Gaoyou, and Jurong (Wang, *Qingmo minchu woguo jingcha zhidu*, 65–66; Wang, *Zhongguo xiandaiyuade quyu yanjiu*, 289).
67. *Shanghai fuxian zhiji*, 217.
68. Ibid.
69. On Zhili, see MacKinnon, *Power and Politics in Late Imperial China*, 161.
70. Ibid., 159; Wang, *Qingmo minchu woguo jingcha zhidu*, 58.
71. Wang, *Qingmo minchu woguo jingcha zhidu*, 58.
72. Wang, *Zhongguo xiandaiyuade quyu yanjiu*, 290.
73. The Qing transformed traditional naval units in Jiangnan into river patrol units in this period (*Jiangsu caizheng shiliao, minguo shiqi*, 1: 162–163. Wang, *Qingmo minchu woguo jingcha zhidu*, 65–66; Wang, *Zhongguo xiandaiyuade quyu yanjiu*, 290).
74. *Jiangsu sheng zhengzhi nianjian*, 137–138.
75. *Shanghai xian xuzhi*, 779; Wei, *Zhongguo jindai jingcha shi*, 236.
76. Wei, *Zhongguo jindai jingcha shi*, 236.
77. Ibid.
78. Ibid.
79. Contemporary sources reflect this stress on the education of police officers, calling police training “of first importance.” See *Shanghai shi zizhi zhi*, 2: 337.
80. Wang, *Qingmo minchu woguo jingcha zhidu*, 45–46.
81. On Chinese police cadets in Japan, see Fujioka Kikuo, *Chō ken to shingai kakumei* (Sapporo-shi: Hokkaidō daigaku tosho kankōkai, 1985).
82. Wang, *Qingmo minchu woguo jingcha zhidu*, 112.
83. Ibid.; Wei, *Zhongguo jindai jingcha shi*, 189, 196.
84. For example, a Guangdong provincial document published in 1920 called for an annual salary of 80 yuan for “ordinary police” (*tongchang jingcha*) stationed in townships, a subcounty government unit. While far more than a nominal sum, it was likely too small to sustain a family. See “Gaige difang xingzheng zhidu an,” Shanghai Library, Ancient Documents Room, Doc. 87432, 1920.
85. Wang, *Zhongguo xiandaiyuade quyu yanjiu*, 290.
86. Ibid.; Wang, *Qingmo minchu woguo jingcha zhidu*, 63.
87. *Jiangsu caizheng shiliao, minguo shiqi*, 1: 160–161.

88. “Domestic affairs” spending included items such as education, administrative costs for government offices, water conservancy, disaster relief, and the like. See the detailed provincial budgets in *ibid.*

5. GUNS

1. John Brewer, *The Sinews of Power: War, Money, and the English State, 1688–1783* (New York: Alfred A. Knopf, 1989), especially chap. 2.

2. Fan Baichuan, *Qingjide yangwu xinzheng* (Shanghai: Shanghai shuju chubanshe, 2003), 2: 1254; “Shanghai jiqi ju,” *Yangwu cuanyao*, Shanghai Library, Ancient Documents Room, Doc. 380867, Guangxu reign period (1875–1908); Shanghai shehui kexueyuan jingji yanjiusuo, ed., *Shanghai zaochuanchang changshi (1865–1949.5)* (Yancheng: Jiangsu renmin chubanshe, 1983), 30.

3. See the historiographic discussion in William Rowe, *China’s Last Empire: The Great Qing* (Cambridge: Harvard University Press, 2009), and also the accounts by Stewart Lone, *Japan’s First Modern War: Army and Society in the Conflict with China, 1894–95* (New York: St. Martin’s Press, 1994); S. C. M. Paine, *The Sino-Japanese War of 1894–95: Perceptions, Power, and Primacy* (Cambridge: Cambridge University Press, 2005). This lingering perception of military failure remains puzzling given the publication of a significant volume of revisionist literature on the subject. A number of works in English and Chinese adhere to the traditional decline narrative, but they also present a great deal of useful empirical data. See, for example, Fan, *Qingjide yangwu xinzheng*; Stanley Spector, *Li Hung-chang and the Huai Army: A Study in Nineteenth Century Chinese Regionalism* (Seattle: University of Washington Press, 1964); Mary Wright, *The Last Stand of Chinese Conservatism: The T’ung-chih Restoration, 1862–74* (Stanford: Stanford University Press, 1957). In contrast, many historians have offered a more positive interpretation of military reforms, especially during the period of the New Policies. See Stephen R. MacKinnon, *Power and Politics in Late Imperial China: Yuan Shikai in Beijing and Tianjin, 1901–1908* (Berkeley: University of California Press, 1980); Douglas Reynolds, *China, 1898–1912: The Xinzheng Revolution and Japan* (Cambridge: Harvard University East Asian Center, 1993), especially chap. 8; Yang Jinsen and Fan Zhongyi, *Zhongguo haifang shi*, vol. 2 (Beijing: Haijun chubanshe, 2005). Other accounts emphasize the role of these armies in solving domestic political problems, a theme also pursued in my account. See, for instance, Edward A. McCord, *The Power of the Gun: The Emergence of Modern Chinese Warlordism* (Berkeley: University of California Press, 1993), especially chaps. 1 and 2; Ralph L. Powell, *The Rise of Chinese Military Power, 1895–1912* (Princeton: Princeton University Press, 1955).

4. See McCord, *Power of the Gun*.

5. This chapter examines their defeat of the Taiping and Nian rebels at considerable length, but it could also have dealt with rivals of the Qing regime in Central Asia as well.

6. See Hodong Kim, *Holy War in China: The Muslim Rebellion and State in Chinese Central Asia, 1864–1877* (Stanford: Stanford University Press, 2004); James Millward, *Economy, Ethnicity, and Empire in Qing Central Asia, 1759–1864* (Stanford: Stanford University Press, 1998); Ma Ruheng and Ma Dazheng, *Qingdaide bianjiang zhengce* (Beijing: Zhongguo shehui kexue chubanshe, 1994); Matthew W. Mosca, *From Frontier Policy to Foreign Policy: The Question of India and the Transformation of Politics in Qing China* (Stanford: Stanford University Press, 2013); Peter Perdue, *China Marches West: The Qing Conquest of Central Eurasia* (Cambridge: Harvard University Press, 2005); Si Zhaolin et al., eds., *Zhongguo lidai junshi zhanlüe*, vol. 2 (Beijing: Jiefangjun chubanshe, 2002).

7. On the Eight Banner forces, see Pamela Crossley, *Orphan Warriors: Three Manchu Generations and the End of the Qing World* (Princeton: Princeton University Press, 1990); Mark Elliott, *The Manchu Way: The Eight Banners and Ethnic Identity in Late Imperial China* (Stanford: Stanford University Press, 2001); Edward J. M. Rhoads, *Manchus and Han: Ethnic Relations and Political Power in Late Qing and Republican China, 1861–1928* (Seattle: University of Washington Press, 2000).

8. Philip A. Kuhn, *Rebellion and Its Enemies in Late Imperial China: Militarization and Social Structure, 1796–1864* (Cambridge: Harvard University Press, 1970), 122–123.

9. *Ibid.*, 123.

10. *Ibid.*

11. See Wang Hongbin, *Qingdai qianqi haifang: Sixiang yu zhidu* (Beijing: Shehui kexue wenxian chubanshe, 2002).

12. *Ibid.*, 63.

13. Wang Shuhuai, *Zhongguo xiandaihuade quyu yanjiu: Jiangsu sheng, 1860–1916* (Taipei: Zhongyang yanjiuyuan jindai lishisuo, 1984), 268–271; Xiong Yu, ed., *Jiangsu shengzhi: Junshizhi* (Beijing: Junshi kexue chubanshe, 2000), 64: 85, 88–89.

14. *Ibid.*

15. *Ibid.*

16. Kuhn, *Rebellion and Its Enemies*, 146–147. On the Hunan Army, see also the extensive literature in Chinese: Li Zhiming, *Xiangjun: Chengjiu shusheng xunyede “min bing”* (Shanghai: Shanghai guji chubanshe, 2007); Long Shengyun, *Xiangjun shigao* (Chengdu: Sichuan renmin chubanshe, 1990); Luo Ergang, *Xiangjun xinshi* (Yonghe: Wenhai chubanshe, 1983); Wang Dun, *Xiangjun shi* (Changsha: Hunan daxue chubanshe, 2007); Wang Jiping, *Xiangjun jituan yu wanqing Hunan* (Beijing: Zhongguo shehui kexue chubanshe, 2002); Wang Jiqing, *Xiangjun jiangshuaide tiexue zhengcheng* (Changsha: Yuelu shushe, 2011).

17. Kuhn, *Rebellion and Its Enemies*, 146–147.

18. *Ibid.*

19. Spector, *Li Hung-chang and the Huai Army*, 42. On the Huai Army, see also Feng Ji, *Li Hongzhang yu huaijun* (Shenyang: Liaoning renmin chubanshe, 2008); Tian Xuan, *Huaijun* (Taiyuan: Shanxi renmin chubanshe, 1999); Wang Ermin, *Huaijun zhi* (Guilin: Guilin shifan daxue chubanshe, 2008); Zhu Laichang, *Huaijun shimo* (Hefei: Huangshan shushe, 1984).

20. Spector, *Li Hung-chang and the Huai Army*, 42.
21. Zeng refused to use foreign weapons, but he admired steamship technology (Fan, *Qingjide yangwu xinzheng*, 2: 743, 768–773; Spector, *Li Hung-chang and the Huai Army*, 73).
22. Fan, *Qingjide yangwu xinzheng*, 2: 768.
23. Thomas Kennedy, *The Arms of Kiangnan: Modernization in the Chinese Ordnance Industry, 1860–1895* (Boulder: Westview Press, 1978), 68.
24. Xiong, *Jiangsu shengzhi: junshi zhi*, 378.
25. Spector, *Li Hung-chang and the Huai Army*, 39.
26. Fan, *Qingjide yangwu xinzheng*, 2: 743; Spector, *Li Hung-chang and the Huai Army*, 86–87.
27. Fan, *Qingjide yangwu xinzheng*, 2: 774.
28. Spector, *Li Hung-chang and the Huai Army*, 120–121.
29. Ibid. 122–123; Fan, *Qingjide yangwu xinzheng*, 2: 761.
30. Spector, *Li Hung-chang and the Huai Army*, 126.
31. Ibid.
32. Ding Richang, “Zhuo gai Jiangsu yingzhi caibing zengxiang shu,” in *Huangbao jingshi wenbian xubian: Huzheng, Jindai Zhongguo shiliao congkan*, ed. Shen Yulong (Taipei: Wenhai chubanshe, 1973), 843: 1661.
33. See the classic study by Paul Cohen for an extensive discussion of anti-Christian incidents in the 1860s and 1870s: Paul Cohen, *China and Christianity: The Missionary Movement and the Growth of Chinese Anti-Foreignism, 1860–1870* (Cambridge: Harvard University Press, 1963). See also Daniel H. Bays, *A New History of Christianity in China* (Malden, MA: Wiley-Blackwell, 2012).
34. Spector, *Li Hung-chang and the Huai Army*, 131.
35. Wang, *Zhongguo xiandaihuade quyu yanjiu*, 272; Xiong, *Jiangsu shengzhi: Junshi zhi*, 104–105.
36. Ibid.
37. Xiong, *Jiangsu shengzhi: Junshi zhi*, 104–105.
38. See Jonathan Ocko, *Bureaucratic Reform in Provincial China: Ting Jib-Ch'ang in Restoration Kiangsu, 1867–1870* (Cambridge: Harvard University Press, 1983).
39. Fan, *Qingjide yangwu xinzheng*, 2: 889–892; Wang, *Zhongguo xiandaihuade quyu yanjiu*, 273.
40. Fan, *Qingjide yangwu xinzheng*, 2: 892.
41. On Chinese successes in land battles during the Sino-French War, see Lloyd Eastman, *Throne and Mandarins: China's Search for a Policy during the Sino-French Controversy, 1880–1885* (Cambridge: Harvard University Press, 1967), 83–88, 94, 125; Henry McAleavy, *Black Flags in Vietnam: The Story of a Chinese Intervention* (London: George Allen and Unwin, 1968), 272–274; Yang, *Zhongguo haifang shi*, 2: 851.
42. Wang, *Zhongguo xiandaihuade quyu yanjiu*, 273.
43. MacKinnon, *Power and Politics*, 102. On Yuan Shikai, see also the classic study Jerome Chen, *Yuan Shikai* (Stanford: Stanford University Press, 1972). On the New Army, see also Reynolds, *China, 1898–1912*, chap. 8.

44. Ibid., 93–97; see also Yuan Shikai, “Dulian xinjun Zhejiang wenchu dao Yuan Shikai canyong xifa shunlian yangdui cheng,” Doc. 48, in *Xinzheng bianfa*, ed. Weng Wan’ge (Taipei: Yiwen yinshuguan, 1998).

45. Yuan, “Dulian xinjun.”

46. Ibid.; see also MacKinnon, *Power and Politics in Late Imperial China*, 98.

47. Yuan, “Dulian xinjun.”

48. MacKinnon, *Power and Politics in Late Imperial China*, 98.

49. MacKinnon, *Power and Politics in Late Imperial China*, 96; Wang, *Zhongguo xiandaihuade quyu yanjiu*, 282–283.

50. Reynolds, *China, 1898–1912*, 153; on Chinese students at Japan’s Shikan Gakko, see Kobayashi Tomoaki, “Rikugun shikan gakkō to chugokūjin ryūgakusei: nichiro senso ki o chūshin to shite,” *Hitori Kara* 6 (November 1985): 62–75.

51. Yuan, “Dulian xinjun.”

52. Wang, *Zhongguo xiandaihuade quyu yanjiu*, 278–279.

53. Xiong, *Jiangsu shengzhi: Junshi zhi*, 107.

54. Ibid., 108–109. Technically, it was the Ninth Division of the National Army (陸軍, *lujun*, literally, land forces).

55. Ibid., 109.

56. Ibid., 109–110. See also Wang, *Zhongguo xiandaihuade quyu yanjiu*, 282–283.

57. I have defined “littoral regions” as the seven maritime provinces of Liaoning, Zhili, Shandong, Jiangsu, Zhejiang, Fujian, and Guangdong. In contrast only 8.95 percent of such funding was allotted to the interior provinces of Xinjiang, Shanxi, and Gansu. All figures are based on the national budget of 1911, the third year of the reign of the Xuantong emperor. See Shen Jian, “Xinhai geming qianxi woguo zhi lujun junfei,” in *Zhongguo jindai shilun cong—caizheng jingji*, vol. 2, no. 3 (Taipei: Zhengzhong shuju, 1958), 241–242.

58. Lo Huimin, *The Correspondence of G. E. Morrison*, vol. 1: 1895–1912 (Cambridge: Cambridge University Press, 1976), 385; MacKinnon, *Power and Politics in Late Imperial China*, 102–103.

59. Quoted in MacKinnon, *Power and Politics in Late Imperial China*, 102–103.

60. Quoted in Wang, *Zhongguo xiandaihuade quyu yanjiu*, 280.

61. John Schrecker, *Imperialism and Chinese Nationalism: Germany in Shantung* (Cambridge: Harvard University Press, 1971), 96–97, 100.

62. Ibid.

63. Ibid., 102.

64. “Ping Jiao’an,” in *Ziqiang chuyi*, juan 22, Shanghai Library, Ancient Documents Room, Docs. 454107–8, 1902.

65. “Jiangnan zhizaoju ji,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan*, ed. Zhongguo shixuehui (Shanghai: Shanghai shudian chubanshe, 2000), 6: 77.

66. Kennedy, *The Arms of Kiangnan*, 76.

67. Parts of Li’s court memorial reproduced in Yang and Fan, *Zhongguo haifang shi*, 2: 814.

68. “Shanghai jiqi ju”; Shanghai shehui kexueyuan jingji yanjiusuo, *Shanghai zaochuanchang*, 30.

69. Fan, *Qingjide yangwu xinzheng*, 2: 1254; Shanghai shehui kexueyuan jingji yanjiusuo, *Shanghai zaochuanchang*, 30.

70. Ibid.

71. Madeleine Zelin, *The Merchants of Zigong: Industrial Entrepreneurship in Early Modern China* (New York: Columbia University Press, 2005), 123.

72. Kennedy, *The Arms of Kiangnan*, 63.

73. Ibid.

74. Shanghai shehui kexueyuan jingji yanjiusuo, *Shanghai zaochuanchang*, 30.

75. “Shanghai jiqi ju.”

76. Kennedy, *The Arms of Kiangnan*, 63.

77. Shanghai shehui kexueyuan jingji yanjiusuo, *Shanghai zaochuanchang*, 51.

78. Wei Yungong, ed., *Jiangnan zhizaoju ji*, *Jindai Zhongguo shiliao congkan*, no. 41 (Taipei: Wenhai chubanshe, 1905), 208–209.

79. Ibid.

80. Shanghai shehui kexueyuan jingji yanjiusuo, *Shanghai zaochuanchang*, 51.

81. Fan, *Qingjide yangwu xinzheng*, 2: 1254.

82. Shanghai shehui kexueyuan jingji yanjiusuo, *Shanghai zaochuanchang*, 51; Wei, *Jiangnan zhizaoju ji*, 219–220.

83. Wei, *Jiangnan zhizaoju ji*, 216.

84. Ibid.

85. Ibid.

86. Li Hongzhang, “Chouyi Tianjin shebei shiyi zhe,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan*, ed. Zhongguo shixuehui (Shanghai: Shanghai shudian chubanshe, 2000), 2: 284.

87. See the listing of annual production statistics in *ibid.*, 319–425.

88. Kennedy, *The Arms of Kiangnan*, 75.

89. *Ibid.*, 109.

90. *Ibid.*

91. Fan, *Qingjide yangwu xinzheng*, 2: 1262.

92. Wei, *Jiangnan zhizaoju ji*, 319–425.

93. Kennedy, *The Arms of Kiangnan*, 123, 130.

94. Wei, *Jiangnan zhizaoju ji*, 319–425.

95. *Ziqiang chuyi*, Shanghai Library, Ancient Documents Room, Doc. 81486, Guangxu reign period (1875–1908).

96. Fan, *Qingjide yangwu xinzheng*, 2: 1267; Kennedy, *The Arms of Kiangnan*, 49; Yang and Fan, *Zhongguo haifang shi*, 2: 818.

97. Fan, *Qingjide yangwu xinzheng*, 2: 1270–1271, 1274.

98. *Ibid.*; Kennedy, *The Arms of Kiangnan*, 68.

99. Shanghai shehui kexueyuan jingji yanjiusuo, *Shanghai zaochuanchang*, 32.

100. Kennedy, *The Arms of Kiangnan*, 159–160.

101. *Yangziji Jiang choufang chuyi*, Shanghai Library, Ancient Documents Room, Doc. 478805, 1896.

102. *Yangfang shuolie xu*, Shanghai Library, Ancient Documents Room, Doc. 053778, Guangxu reign period (1875–1908); “Yangziji Jiang,” in *Fangshou jianghai yaolie*, Shanghai Library, Ancient Documents Room, Doc. 453585, 1: 1885.

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103. *Yangwu yongjun bidu*, Shanghai Library, Ancient Documents Room, Doc. 516027, 1884.

104. Guo Songtao, “Fujian anchashi Guo Songtao tiaoyi haifang shiyi,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan*, ed. Zhongguo shixuehui (Shanghai: Shanghai shudian chubanshe, 2000), 1: 136.

105. See, for example. “Wuzhong jianghai xingshi shuo,” in *Fangshou jianghai yaolüe*, vol. 1, Shanghai Library, Ancient Documents Room, Doc. 453585, 1885.

106. “Changjiang shefang,” in *Yangwu cuanyao*, Shanghai Library, Ancient Documents Room, Doc. 380859, Guangxu reign period (1875–1908).

107. *Ibid.*

108. *Yangzijiang choufang chuyi*.

109. Yang and Fan, *Zhongguo haifang shi*, 2: 887.

110. *Ibid.*, 889–890.

111. Wang Hongbin, *Wanqing haifang: Sixiang yu zhidu yanjiu* (Beijing: Shangwu yinshuguan, 2005), 430–431.

112. *Ibid.*

113. *Ibid.*

114. *Ibid.*, 432–433.

115. Yang and Fan, *Zhongguo haifang shi*, 2: 889–890.

116. Wang, *Wanqing haifang*, 432–433.

117. On navies in the late Qing period, see Chen Yue, *Beiyang haijun jianchuan zhi* (Jinan: Shandong huabao chubanshe, 2009); Chen Yue, *Bixueqianqiu: Beiyang haijun jiauwuzhan shi* (Changchun: Jilin daxue chubanshe, 2008); Jiang Ming, *Jindai Zhongguo haijun shishi rizhi, 1860–1911* (Beijing: Sanlian shuju, 1994); Wang Jiajian, *Li Hongzhang yu Beiyang jiandui: Jindai Zhongguo chuangujian haijunde shibai yu jiaoxun* (Beijing: Sanlian shuju, 2008); Zhou Yuxing and Huang Chuanhui, *Longqi: Qingmo Beiyang haijun jisbi* (Beijing: Xueyuan chubanshe, 2007).

118. Yang and Fan, *Zhongguo haifang shi*, 2: 818–819.

119. Yan Fu, “Yuan Qiang,” in *Huangchao jingshi wen xinbian* (Taibei: Zhongfeng chubanshe, 1965), 1: 50.

120. A prominent example is the scholarly comprador Zheng Guanying, discussed in Chapter 6.

121. “Fangshou Kou’an,” in *Yangwu cuanyao*, Shanghai Library, Ancient Documents Room, Doc. 380867, Guangxu reign period (1875–1908).

122. Kennedy, *The Arms of Kiangnan*, 93.

123. When the Japanese sank the Beiyang Fleet during the first Sino-Japanese War, Chinese naval officers seem to have abandoned this strategy of hovering near the coastline under the cover of coastal batteries.

124. Yang and Fan, *Zhongguo haifang shi*, 2: 866–869.

125. *Ibid.*

126. *Ibid.*, 869.

127. Spector, *Li Hung-chang and the Huai Army*, 184.

128. Wang, *Zhongguo xiandaihuade quyu yanjiu*, 276–277.

129. Fan, *Qingjide yangwu xinzheng*, 2: 1021; Wang, *Wanqing haifang*, 199; and Si, *Zhongguo junsbi zhanlüe*, 2: 888.

130. Wang, *Zhongguo xiandaibuade quyuan yanjiu*, 276–277.

131. For a discussion of the relevant literature, see McCord, *Power of the Gun*, 24–44.

6. TRANSPORTATION

1. Albert Feuerwerker, *China's Early Industrialization: Sheng Xuanbuai (1844–1916) and Mandarin Enterprise* (Cambridge: Harvard University Press, 1958), 11. Although I disagree with the interpretive stance of this monograph, it contains a great deal of useful quantitative and empirical data and remains an important point of departure for any discussion of the subject.

2. For a critical account, see Yi Li, *Chinese Bureaucratic Culture and Its Influence on the Nineteenth Century Steamship Operation* (Lewiston, NY: Edwin Mellen Press, 2001). More balanced treatments appear in Chi-kong Lai, “The Qing State and Merchant Enterprise: The China Merchants Company, 1872–1902,” in *To Achieve Security and Wealth: The Qing Imperial State and the Economy 1644–1911*, ed. Jane Kate Leonard and John Watt (Ithaca: Cornell East Asia Programme, 1992); Anne Reinhardt, “Navigating Imperialism in China: Steamship, Semi-Colony, and Nation, 1860–1937,” Ph.D. dissertation, Princeton University, 2002. In Chinese, see Cao Kaifeng, *Lunchuan zhaoshangju—guanban minying qiye de faduan* (Chengdu: Xinan caijing daxue chubanshe, 2002); Ding Li, *Sheng Xuanbuai: Zhongguo shangfu yu tade shangye diguo* (Taipei: Haige chubanshe, 2002); Yi Huili and Hu Zheng, eds., *Zhaoshangju yu jindai Zhongguo yanjiu* (Beijing: Zhongguo shehui kexue chubanshe, 2005); Zheng Hu, ed., *Zhaoshangju zhendang* (Beijing: Zhongguo shehui kexue chubanshe, 2009); Zhu Yingui, *Guojia ganyu jingji yu zongri jindaibua* (Beijing: Dongfang chubanshe, 1994); Zhu Yingui, *Zhongguo jindai lunchuan hangkongye yanjiu* (Taizhong: Gaowen chubanshe, 2006); Stephen Halsey, “Sovereignty, Self-Strengthening, and Steamships in Late Imperial China,” *Journal of Asian History*, 48, no. 1 (Spring 2014): 71–102.

3. See William Rowe, *China's Last Empire: The Great Qing* (Cambridge: Belknap Press of Harvard University Press, 2009), 212–219.

4. See Introduction, n19 for literature on the concept of sovereignty in China.

5. Sandra Sturdevant, “Imperialism, Sovereignty, and Self-Strengthening: A Reassessment of the 1870s,” in *Reform in Nineteenth Century China*, ed. Paul A. Cohen and John Schrecker (Cambridge: East Asian Research Center, 1976), 63–65; Rune Svarverud, *International Law as World Order in Late Imperial China: Translation, Reception, and Discourse, 1847–1911* (Boston: Brill Academic, 2007), 87–93.

6. Some terms were later replaced with neologisms borrowed from Japanese after 1895. For example, *guojifa* (国际法) supplanted *wanguo gongfa* (万国公法) as the word for international law. See Svarverud, *International Law as World Order*, esp. chap. 3.

7. See Zheng Guanying, *Shengshi weiyuan zengding xinbian*, vol. 2 (Taipei: Taiwan xuesheng shuju, 1965). On Zheng Guanying, see Hao Yen-ping, “Cheng

Kuan-ying: The Compradore as Reformer,” *Journal of Asian Studies* 29, no. 1 (November 1969); Kwang-ching Liu, “Cheng Kuanying’s Yiyang,” in *Liu Guanqing’s Exposition of Chinese Merchants*, ed. Lai Chi-kong and K. C. Liu (Beijing: Social Science Academic Press, 2012); Wu Guo, *Zheng Guanying: Merchant Reformer of Late Qing China and His Influence on Economics, Politics, and Society* (Amherst, NY: Cambria Press, 2010).

8. David Faure, *China and Capitalism: A History of Business Enterprise in Modern China* (Hong Kong: Hong Kong University Press, 2006); David Faure, “The Control of Equity in Chinese Firms within the Modern Sector from the Late Qing to the Early Republic,” in *Chinese Business Enterprise in Asia*, ed. Rajeswary Ampalavanar Brown (New York: Routledge, 1995).

9. Ibid. See also the analysis of the Dasheng business group in Elisabeth Köll, *From Cotton Mill to Business Enterprise: The Emergence of Regional Enterprises in Modern China* (Cambridge: Harvard University Press, 2003).

10. See Kathryn Bernhardt, *Rent, Taxes, and Peasant Resistance: The Lower Yangzi Region, 1840–1950* (Taipei: SMC, 1992); Susan Mann, *Local Merchants and the Chinese Bureaucracy, 1750–1950* (Taipei: SMC, 1987).

11. *Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on Conditions and Development of the Treaty Port Provinces, 1922–31* (Shanghai: Statistical Department of the Inspectorate General of Customs, 1933), 1: 136.

12. Jiang Tianfeng, ed., *Changjiang hangyun shi (jindai bufen)* (Beijing: Renmin jiaotong chubanshe, 1992), 64.

13. On foreign steamship competition in China during the 1860s, see Kwang-Ching Liu, *Anglo-American Steamship Rivalry in China, 1862–1874* (Cambridge: Harvard University Press, 1962).

14. Jiang, *Changjiang hangyun shi*, 83. For an extended accounting of Russell’s assets in 1874, see “Qichang yanghang daili Shanghai lunchuan gongsi caichan gujie dan,” Doc. 18, in *Lun chuan zhaoshangju: Sheng Xuanhuai dang’an ziliao xuanji zhi ba*, ed. Wang Xi (Shanghai: Shanghai renmin chubanshe, 2002), 26–28.

15. *Decennial Reports on Trade, 1922–31*, 136.

16. *Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on Conditions and Development of the Treaty Port Provinces, 1882–1891* (Shanghai: Statistical Department of the Inspectorate General of Customs, 1893), 1: 9.

17. Yen-ping Hao, *The Compradore in Nineteenth Century China: Bridge Between East and West* (Cambridge: Harvard University Press, 1970).

18. Zheng, *Shengshi weiyang*, 2: 746.

19. Tribute grain, an agricultural tax paid in kind rather than in silver, was assessed only in the relatively wealthy provinces of Jiangsu, Zhejiang, Shandong, Henan, Anhui, Hunan, and Hubei. See the foundational study in Japanese by Ayao Hoshi, *Mindai sōun no kenkyū* (Tōkyō: Nihon gakujustu shinkōkai, 1963); the classic study by Harold Hinton, *The Grain Tribute System of China, 1845–1911* (Cambridge: Harvard University Press, 1956); and the more recent treatment by Ni

Yuping, *Qingdai caoliang haiyun yu shehui bianqian* (Shanghai: Shanghai shuju chubanshe, 2005).

20. On the earlier canal crises of the Daoguang reign period, see Jane Kate Leonard, *Controlling from Afar: The Daoguang Emperor's Management of the Grand Canal Crisis, 1824–26* (Ann Arbor: University of Michigan, 1996).

21. “Niyi guanshang lunchuan caoliang chaye jielüe,” in *Wanqing yangwu yundong shilei buichao* (Beijing: Zhonghua quanguo tushuguan wenxian suowei fuzhi zhongxin, 1999), 1: 218.

22. “[Fu jian] Liu Ruifen (lunchuan zhaoshangju biantong diaoji zhangcheng),” Doc. 42, in Wang, *Lunchuan zhaoshangju: Sheng Xuanbuai dang'an*, 57–58.

23. The rate of 0.58 taels/picul was already approximately double the going market price for grain transport. See Li, *Chinese Bureaucratic Culture*, 76.

24. “Taichang siqing Chen Lanbin zou,” in *Zhongguo jindai hangyun shi ziliao, 1840–1895*, ed. Nie Baozhang (Shanghai: Shanghai renmin chubanshe, 1983), 2: 11. For an emphatic argument against the use of Western ships based on economic grounds, see “Huiyi zhaoshang lunchuan jielüe,” in *Wanqing yangwu yundong huishao*, 217.

25. Jiang, *Changjiang hangyun shi*, 62.

26. Emphasis added. Li Hongzhang, “Zunyi weichi shangju zhe,” in *Li Hongzhang quanshu: zougao juan*, ed. Zhu Yuquan (Changchun: Jilin renmin chubanshe, 1999), 56, 2: 1199–1200. See also Li Hongzhang, “Lun shiban lunchuan zhaoshang zhe,” reproduced in part in *Sheng Xuanbuai nianpu changpian*, ed. Xia Dongyuan (Shanghai: Shanghai jiaotong daxue chubanshe, 2004), 1: 24.

27. “Shang li fu xiang lunchuan zhangcheng,” in Xia, *Sheng Xuanbuai nianpu*, 1: 12–13. Xu Zhongtao echoed these sentiments in a letter to Sheng Xuanhuai, noting the need to “stop Western merchants from entering inland rivers and controlling [people’s] livelihoods.” See “Xu Zhongtao zhi Sheng Xuanhuai han,” Doc. 6, in Wang, *Lunchuan zhaoshangju: Sheng Xuanbuai dang'an*, 12.

28. “Lunchuan zhaoshangju banshi shimo,” in Xia, *Sheng Xuanbuai nianpu*, 1: 255.

29. See Sturdevant, “Imperialism, Sovereignty, and Self-Strengthening,” esp. 65–68.

30. *Chouban yiwu shimo, Tongzhi chao* (Taipei: Taiwan yinhang, 1964), 8114.

31. “Zhao lu Zhu Taishou bingcheng niyi lunchuan zhaoshang tiaogui,” in *Wanqing yangwu yundong*, 220–221.

32. “Qingcha zhengli zhaoshangju weiyuanhui baogao shu,” in Nie, *Zhongguo jindai hangyun shi ziliao*, 2: 817. Li was aware of Japanese subsidies for NYK and praised it as an effective measure to the court in “Zunyi weichi shangju zhe,” in Zhu, *Li Hongzhang quanshu*, 2: 1200. For a systematic comparison of the CMSNC and NYK, see Zhu, *Guojia ganyu jingji*. On the NYK in Japanese, see, for example, Hayashi Yoshinori, *Futatsubiki no bata no moto ni: Nihon Yūsen hyakunen no ayum* (Tōkyō: Nihon yūsen kabushiki kaisha, 1986); Osawa Hiroyuki, *Kami mokei de miru nihon yūsen senpakushi, 1885–1982* (Tōkyō: Shizu puranningu, hatsubai seiunsha, 2007).

33. *Chouban yiwu shimo, Tongzhi chao*, 8114.
34. Feuerwerker, *China's Early Industrialization*, 157–158. For an early favorable assessment of the company's transport of tribute rice and the suggestion that it also be awarded a portion of Jiangxi's quota, see "Niyi guanshang lunchuan caoliang chaye jielüe," 218.
35. Feuerwerker, *China's Early Industrialization*, 169.
36. "Zongshu zou yanghang chuanzhi zai bu tongshang difang qixie zhaoyue jinzu dian," in Nie, *Zhongguo jindai bangyun shi ziliao*, 2: 944–945.
37. Zhu, an important junk merchant from the lower Yangzi region, continued to manage the transport of tribute rice as an assistant manager in the CMSNC. See Li Hongzhang, "Chafu zhaoshangju can'an zhe," in *Li Hongzhang quanshu, zougao, juan* 40, 1239.
38. "Sheng Xuanhuai ni: dui Wang Xianqian canhe zhaoshangju Tang Tingshu bianbo ci," in Xia, *Sheng Xuanhuai nianpu*, 1: 121.
39. Quoted in Xia, *Sheng Xuanhuai pingzhuan* (Shanghai: Shanghai jiaotong daxue chubanshe, 2007), 107–108.
40. Li, *Chinese Bureaucratic Culture*, 138–139; "Zhu Qi'ang, Tang Tingshu, Deng Bingwen," in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 35–37.
41. "[Fu jian yi] Zheng Guanying ni zhaoshangju jicha kehuo tiaogui shi tiao," Doc. 556, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 612–616. On passengers, see Reinhardt, "Navigating Imperialism," 206.
42. Feuerwerker, *China's Early Industrialization*, 182.
43. Hao, *Commercial Revolution in Nineteenth Century China*, 203.
44. *Ibid.*, 204. On Russell's falling stock prices, see also "Sheng Xuanhuai ni: dui Wang Xianqian canhe zhaoshangju Tang Tingshu bianbo ci," in Xia, *Sheng Xuanhuai nianpu*, 1: 122.
45. Liu, *Anglo-American Steamship Rivalry in China*, 153.
46. See, for example, "Shen Baozhen zha Sheng Xuanhuai wen," Doc. 30, in Wang, ed., *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 40; "Zhu Qi'ang, Tang Tingshu, Deng Bingwen," Doc. 28, in *ibid.*, 35.
47. "Taichang siqing Chen Lanbin zou," in Nie, *Zhongguo jindai bangyun shi ziliao*, 2: 812.
48. "Zhu Qi'ang, Tang Tingshu, Deng Bingwen," in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 35–37. See also "Sheng Xuanhuai shang nanbeiyang dachen xiang," in *ibid.*, 42.
49. "Xu Run, Tang Tingshu, Sheng Xuanhuai, Zhu Qi'ang zhao shang nanbei dachen bing," in Xia, *Sheng Xuanhuai nianpu*, 1: 54.
50. "Lunchuan zhaoshangju banshi shimou," in *ibid.*, 155.
51. "Sheng Xuanhuai yinjian pian," in *ibid.*, 62.
52. Li later won court approval of his proposal to defer interest payments on the loan for several years to enable the company to consolidate its position. See "Chafu zhaoshangju can'an zhe," in Zhu, *Li Hongzhang quanshu, zougao, juan* 40, 1239; "Chaming maibing qichang huahong zhe," in *Li Hongzhang quanji: zougao, 1870–1880* (Hainan: Hainan chubanshe, 1997), *zougao, juan* 43, 2: 1237–1238.

53. The figure of 36.7 percent only includes treaty port waters because customs officials did not monitor areas closed to international commerce. See Hao, *Commercial Revolution*, 206; Jiang, *Changjiang hangyun shi*, 160; “Zhaoshangju bingao,” in Nie, *Zhongguo jindai hangyun shi ziliao, 1840–1895*, 2: 1211.

54. “1903 nian zhaoshangju gaige zhangcheng (jielu),” in Nie Baozhang and Zhu Yingui eds., *Zhongguo jindai hangyun shi ziliao, 1895–1927*, (Beijing: Zhongguo Shehui Kexue Chubanshe, 2002), 2: 520–521.

55. *Ibid.*; see also Feuerwerker, *China’s Early Industrialization*, 101.

56. *Ibid.*

57. “Sheng Xuanhuai bing Li Hongzhang zhengtun lunchuan zhaoshangju ba tiao,” in Xia, *Sheng Xuanhuai nianpu*, 1: 67.

58. Faure, *China and Capitalism*, esp. 45–64.

59. “Lunchuan zhaoshangju zongju zhangcheng,” in Zheng, *Zhaoshangju zhen-dang*, 226–233.

60. *Ibid.*

61. “Sheng Xuanhuai bing Li Hongzhang zhengtun lunchuan zhaoshangju ba tiao,” in Xia, *Sheng Xuanhuai nianpu*, 1: 67. On cost accounting in the CMSNC see Liu Songjin, *Zhaoshangju kuaiji shi* (Beijing: Renmin jiaotong chubanshe, 1994); Robert Gardella, “Perspectives on the Development of Accounting and China’s Economic Transformation from the Late Ming to the Early Republic,” in Brown, *Chinese Business Enterprise in Asia*, 53.

62. “Zhao lu Zhu Taishou bingcheng niyi lunchuan zhaoshang tiaogui,” 220–221. See also Zheng, *Shengshi weiyuan*, 736, and his 1873 letter to Li Hongzhang, “Sheng Xuanhuai bing Li Hongzhang,” in Xia, *Sheng Xuanhuai nianpu*, 1: 19.

63. This was about 10 percent of the ship’s total value (Jiang, *Changjiang hangyun shi*, 151).

64. “Zhao lu Zhu Taishou bingcheng niyi lunchuan zhaoshang tiaogui,” 220–221.

65. “Sheng Xuanhuai bing Li Hongzhang zhengtun lunchuan zhaoshangju ba tiao,” in Xia, *Sheng Xuanhuai nianpu*, 1: 67.

66. *Ibid.*

67. Li Hongzhang, “Haiyun guanwu tonggui shangju pian,” in *Jindai Zhongguo shiliao congkan*, ed. Shen Yunlong (Taipei: Wenhai chubanshe, 1973), 34: 740.

68. *Ibid.*

69. I arrive at this number by multiplying the total amount of grain by the transport price per picul of 0.562 taels (1 picul equaled 133.3 pounds or 60.48 kilograms). See “Dai li qian zhaoshangju shi suotie,” in *Xinzheng bianfa*, ed. Weng Wan’ge (Taipei: Yiwen yinshuguan, 1998), 5–6; Peng Deqing, ed., *Zhongguo hanghai shi (jindai hanghai shi)* (Beijing: Renmin jiaotong chubanshe, 1989), 137.

70. Feuerwerker, *China’s Early Industrialization*, 153.

71. See also Svarverud, *International Law as World Order*, esp. chap. 3.

72. “Lunchuan zhaoshangju banshi shimo,” in Xia, *Sheng Xuanhuai nianpu*, 1: 255 (emphasis added).

73. Ibid.
74. Svarverud, *International Law as World Order*, 93.
75. Ibid.
76. Ibid., esp. chap. 3.
77. See, for example, Li Hongzhang, “Dian ao bianjie tongshang yiyue zhe,” in Zhu, *Li Hongzhang quanshu*, 2: 1196.
78. See, for example, “Li Hongzhang zuo zhaoshangju baoxiao Cixi shoudian zhengao,” Doc. 413, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang’an*, 491.
79. See Zheng, *Shengshi weiyan*.
80. Ibid., 2: 758.
81. Ibid., 763. Zheng used the same rhetoric in everyday communications with CMSNC personnel. See, for example, “Zheng Guanying zhi Sheng Xuanhuai han,” Doc. 367, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang’an*, 450.
82. Zheng, *Shengshi weiyan*, 2: 731–732.
83. On a favorable trade balance, see Yi Huili, *Zheng Guanying pingzhuan* (Nanjing: Nanjing daxue chubanshe, 1998), 142.
84. Kenneth Pomeranz, *The Making of a Hinterland: State, Society, and Economy in Inland North China, 1853–1937* (Berkeley: University of California Press, 1993), esp. intro.
85. Peng, *Zhongguo bangbai shi*, 148.
86. “Zhaoshangju binggao,” in Nie, *Zhongguo jindai hangyun shi ziliao, 1840–1895*, 2: 1211.
87. Ibid.
88. Peng, *Zhongguo bangbai shi*, 149–150.
89. “Chafu zhaoshangju can’an zhe,” in Zhu, *Li Hongzhang quanshu, zougao, juan* 40, 1241.
90. Peng, *Zhongguo bangbai shi*, 150.
91. Zheng Guanying, *Shengshi weiyan houbian, juan* 10, “Chuanwu,” in Nie, *Zhongguo jindai hangyun shi ziliao, 1840–95*, 2: 1214–1215.
92. Ibid.
93. The CMSNC received 38 percent of the Yangzi total, Butterfield and Swire 35 percent, and Jardine Matheson 28 percent (ibid.).
94. Peng, *Zhongguo bangbai shi*, 151.
95. Zheng, *Shengshi weiyan houbian*, 1214–1215.
96. Ibid.
97. Quoted in Yi, *Zheng Guanying pingzhuan*, 142 (emphasis added).
98. Ibid., 152–153.
99. “Guangxu shiba nian Ningbokou huayang maoyi qingxing lunlüe, tongshang geguan huayang maoyi zouce,” in Nie, *Zhongguo jindai hangyun shi ziliao, 1840–1895*, 2: 1219.
100. Ibid.
101. Peng, *Zhongguo bangbai shi*, 152–153.
102. Ibid.
103. Peng, *Zhongguo bangbai shi*, 157–158.
104. Feuerwerker, *China’s Early Industrialization*, 105.

105. Ibid., 177.
106. Jiang, *Zhongguo hanghai shi*, 155.
107. Ibid.
108. Feuerwerker, *China's Early Industrialization*, 177.
109. “Sheng Xuanhuai shang Li Hongzhang bing,” in Xia, *Sheng Xuanhuai nianpu*, 1: 97.
110. Zhu Yingui, “Lun qingji lunchuan zhaoshangjude zijin wailiu,” *Zhongguo jingji shi yanjiu*, 2 (1993): 10.
111. Ibid., 11.
112. The link with the Kaiping Mines was important and became increasingly so during international crises like the First Sino-Japanese War. See, for example, “Zheng Guanying zhi Sheng Xuanhuai han,” Doc. 369, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 452–453; “Zheng Guanying zhi Sheng Xuanhuai han,” Doc. 419, in *ibid.*, 496.
113. Feuerwerker, *China's Early Industrialization*, 181–182. See also “Sheng Xuanhuai zhi shen nenghu Zheng Guanying han,” Doc. 417, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 494–495.
114. Zhu, “Lun qingji lunchuan zhaoshangjude zijin wailiu,” 11.
115. Ibid.
116. See Jiang, *Changjiang hangyun shi*, 152.
117. “Sheng Xuanhuai shang Li Hongzhang Liu Mingzhan bing,” Doc. 230, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 307 (emphasis added).
118. “Taichang siqing Chen Lanbin zou,” in Nie, *Zhongguo jindai hangyun shi ziliao, 1840–95*, 2: 811. See also “Xu Run zhi Xu Zhongtao han,” Doc. 11, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 18–19.
119. “Zheng Guanying zhi Sheng Xuanhuai han,” Doc. 492, in Wang, *Lunchuan zhaoshangju: Sheng Xuanhuai dang'an*, 558.
120. The firm continued to exist for decades after the death of its patron, Li Hongzhang, in 1901 but only through privatization in the 1910s and subsequent nationalization under the Nationalists in 1927.
121. “Zhaoshangju dang'an 468 (2)/224,” in Nie and Zhu, *Zhongguo jindai hangyun shi ziliao, 1895–1927*, 2: 530.
122. Köll, *From Cotton Mill to Business Empire*, esp. 31–41.
123. *Decennial Reports on the Trade, Industries, etc., of the Ports Open to Foreign Commerce, and on Conditions and Development of the Treaty Port Provinces, 1892–1901* (Shanghai: Statistical Department of the Inspectorate General of Customs, 1904), 1: 473.
124. Peng, *Zhongguo hanghai shi*, 158.
125. Ibid.
126. Ibid., 161; Köll, *Cotton Mill to Business Empire*, esp. chap 5.
127. On the concepts of public and private, see William Rowe, “The Public Sphere in Modern China,” *Modern China*, 16, no. 3 (1990): 309–329.

7. COMMUNICATION

1. C. A. Bayly uses the concept of the information order to describe the circulation of knowledge as mediated by state intelligence and social communication in colonial India (*Empire and Information: Intelligence Gathering and Social Communication in India, 1780–1870* [New York: Cambridge University Press, 1996], 3).

2. *Haifang dang* (Taipei: Zhongyang yanjiuyuan, jindai shi yanjiusuo, 1957), Doc. 4, 4 (hereafter cited as *HFD*); “Guangxu yuannian jiu yue chu er ri gongke gei shizhong chen yi pian,” in *Yangwu yundong*, ed. Zhongguo shixuehui, *Zhongguo jindai shi ziliao congkan* (Shanghai: Shanghai shudian chubanshe, 2000), 6: 330–331.

3. Chen Jinghua, *Sheng Xuanbuai* (Harbin: Harbin chubanshe, 1996), 102–103; Albert Feuerwerker, *China’s Early Industrialization: Sheng Hsuan-buai (1844–1916) and Mandarin Enterprise* (Cambridge: Harvard University Press, 1958), 19.

4. Xie Bin, *Zhongguo youdian hangkong shi* (Shanghai: Shanghai Zhonghua shuju chubanshe, 1933), 65.

5. “(Yi) changban dianbao qingjiang zhe,” in *Sheng Xuanbuai nianpu changbian*, ed. Xia Dongyuan (Shanghai: Shanghai jiaotong daxue chubanshe, 2004), 1: 245 (hereafter cited as *SXH nianpu*).

6. Yang Jialuo, ed., *Jinshi wenxian buibian diyi qi shu* (Taipei: Shjie shuju, 1963), 6: 335 (hereafter cited as *Wenxian buiban*). For an example of an explicit statement of concerns about sovereignty, see *HFD*, Doc. 809, 1255.

7. For an early example of concerns about the right to profits, see *HFD*, Doc. 774, 1206. See also “Dianxian sheli qingxing,” in *SXH nianpu*, 2: 768; Zheng Guanying, *Shengshi weiyuan zengding xinbian*, vols. 1 and 2 (Taipei: Taiwan xuesheng shuju, 1965).

8. See Zhou Yongming, *Historicizing Online Politics: Telegraphy, the Internet, and Political Participation in China* (Stanford: Stanford University Press, 2006), esp. 44–45, 58.

9. Feuerwerker, *China’s Early Industrialization*, 11.

10. Full-length treatments in English remain relatively few but have begun to offer a more balanced view than Feuerwerker’s study or older Chinese language scholarship, such as Huang Jiamo, “Zhongguo dianxiande chuanguan,” *Dalu zazhi* 36, nos. 6–7 (1979). In *Historicizing Online Politics*, Zhou conducts a systematic comparison of the introduction of the telegraph and the Internet in China, noting important tensions between governance and political participation in each case. Erik Baark examines the process by which foreign technologies are assimilated into a non-native cultural context in his *Lightning Wires: The Telegraph and China’s Technological Modernization, 1860–1890* (Westport, CT: Greenwood Press, 1997). In contrast, Yoon Wook presents an excellent analysis of communications systems within the imperial bureaucracy during the nineteenth century in “The Grand Council and the Communications System in the Late Qing,” Ph.D. dissertation, Department of History, Yale University, 2008. In Chinese, see the most recent book-length treatment by Sun Li, *Wanqing dianbao ji qi chuanbo guanlian, 1860–1911* (Shanghai: Shanghai shudian chubanshe, 2007). A number of

articles from both Taiwan and the mainland deal with certain aspects of telegraphy; see, for example, Wang Ermin, “Sheng Xuanhuai yu Zhongguo dianbao shiye zhi jingying,” in *Qingji ziqiang yundong yanjiu taohui lunwenji*, vol. 2 (Taipei: Zhongyang yanjiuyuan jindai shi yanjiusuo bian, 1988). More general works on self-strengthening or biographies of figures like Sheng Xuanhuai or Li Hongzhang also provide some coverage. See, for example, Dong Shouyi, *Li Hongzhang* (Harbin: Harbin chubanshe, 1996); Liu Guangjing and Zhu Changling, eds., *Li Hongzhang pingzhuan: Zhongguo jindaibuade qishi* (Shanghai: Shanghai guji chubanshe, 1996); Sun Zhifang, *Li Hongzhang yu yangwu yundong* (Hefei: Anhui renmin chubanshe, 1982); Wang Shuhuai, *Zhongguo xiandaibuade qiyu yanjiu: Jiangsu sheng, 1860–1916* (Taipei: Zhongyang yanjiuyuan jindai shi yanjiusuo, 1984).

11. Kenneth Pomeranz, *The Making of a Hinterland: State, Society, and Economy in Inland North China, 1853–1937* (Berkeley: University of California Press, 1993); R. Bin Wong, *China Transformed: Historical Change and the Limits of European Experience* (Ithaca: Cornell University Press, 1997).

12. On the postal courier system, see Chou Runxi and Liu Chansheng, eds., *Zhongguo youyi shiliao* (Beijing: Beijing hangkong hangtian daxue chubanshe, 1999); Liu Chansheng and Zhou Meizhuang, eds., *Zhongguo gudai youyi shi* (Beijing: Renmin youdian chubanshe, 1999); Liu Wenpeng, *Qingdai yichuan ji qi yu jiangyu xingcheng guanxi zhi yanjiu* (Beijing: Zhongguo renmin daxue chubanshe, 2004); Lou Zudai, *Zhongguo youyi fada shi* (Beijing: Zhonghua shuju, 1940).

13. Wang, “Sheng Xuanhuai yu Zhongguo dianbao shiye,” 763.

14. *Ibid.*

15. See the classic study Beatrice Bartlett, *Monarch and Ministers: The Grand Council in Mid-Ch'ing China, 1723–1820* (Berkeley: University of California Press, 1991).

16. Wook, “Grand Council,” 114.

17. Feng Guifen quoted in *Zhongguo jindai youdian shi*, (Beijing: Renmin youdian chubanshe, 1984), 40.

18. Wook, “Grand Council,” 114.

19. *Ibid.*, 116, 120–121.

20. *Zhongguo jindai youdian shi*, 40.

21. *HFD*, Doc. 4, 4; *HFD*, Doc. 24, 25.

22. *HFD*, Doc. 70, 88–89.

23. See, for example, *HFD*, Doc. 4, 4; Doc. 61, 82; Doc. 225, 267.

24. *Ibid.*, Doc. 23, 23; Wang, *Zhongguo xiandaibua*, 360.

25. Baark, *Lightning Wires*, 77–78; “Chuangban dianbao qingjiang zhe,” *zougao*, juan 54, in *Li Hongzhang quanshu*, ed. Zhu Yuquan (Changchun: Jilin renmin chubanshe, 1999), 1265; *SXH nianpu*, 1: 177; Wang, *Zhongguo xiandaibua*, 360; Xie, *Youdian hangkong shi*, 44.

26. *HFD*, Doc. 11, 10.

27. Baark, *Lightning Wires*, 118–119; *HFD*, Doc. 20, 17; Doc. 23, 23; “Guangxu yuannian shiyue chu liu ri Zongli Geguo Shiwu Yamen chen yi deng zou,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan* 6: 332–333.

28. Then as now, the state worried that “spontaneous” protests might spiral out of control and become genuinely spontaneous protests (*HFD*, Doc. 18, 15; Doc. 17, 14).

29. “Guangxu ba nian shi’er yue chu ba ri qian daxueshi Li Hongzhang zou,” in Yang, *Jinshi wenxian buibian*, 6: 339.

30. “Guangxu yuan nian jiu yue chu er ri gongke gei shizhong chen yi pian,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan* 6: 330–331. *Fengshui*, literally “wind and water,” refers to Chinese geomancy and consists of a set of practices and beliefs designed to harmonize human beings with their environment.

31. “Guangxu jiu nian liu yue shisi ri shu beiyang tongshang dachen Li Hongzhang zhe,” in Yang, *Jinshi wenxian buibian*, 6: 346–347.

32. Pang Baiteng, *Shen Baozhen pingzhuan: Zhongguo jindaibuade chang shi* (Shanghai: Shanghai guji chubanshe, 2000), 354.

33. “Guangxu yuan nian shi yue chu liu ri Zongli Geguo Shiwu Yamen chen yi deng zou,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan*, 6: 332–333.

34. *Ibid.*; “Guangxu yuannian jiu yue chu er ri gongke gei shizhong chen yi zou,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan*, 6: 329–330.

35. *Ibid.*; “Guangxu yuan nian minzhe zongdu Li Henian pian,” in *ibid.*, 6: 329; “Guangxu yuannian shiyue chu liu ri Zongli Geguo Shiwu Yamen chen yi deng zou,” in *ibid.*, 332–333; for a more extensive discussion, see also Baark, *Lightning Wires*, 112–130; Lu Shiqiang, *Ding Richang yu ziqiang yundong* (Taipei: Zhongyang yanjiuyuan jindai shi yanjiusuo, 1972), 253–255.

36. Baark, *Lightning Wires*, 131; “Guangxu yuan nian zheng yue ershisan ri Zongli Geguo Shiwu Yamen yixin deng zou,” in *Yangwu yundong*, *Zhongguo jindai shi ziliao congkan*, 6: 326; Xie, *Youidian hangkong shi*, 52–53.

37. Yang, *Jinshi wenxian buibian*, 6: 335.

38. *Ibid.*

39. *Ibid.*

40. Wang, “Sheng Xuanhuai yu Zhongguo dianbao shiye.” 771; Xie, *Youidian hangkong shi*, 65.

41. *SXH nianpu*, 1: 140.

42. *HFD*, Doc. 254, 299.

43. “Guangxu ba nian shi’er yue chu ba ri qian daxueshi Li Hongzhang zou,” in Yang, *Jinshi wenxian buibian*, 6: 339; *HFD*, Doc. 225, 267; “Sheng Xuanhuai shang Li Hongzhang bing (yi)” in *SXH nianpu*, 1: 140; Wang, “Sheng Xuanhuai yu Zhongguo dianbao shiye,” 767.

44. “Guangxu ba nian ba yue shiliu ri shu beiyang tongzhou dachen Li Hongzhang zhe,” in *Wenxian buibian*, 6: 336–337; *Wenxian buibian*, 6: 335; *HFD*, Doc. 898, 1398; “Sheng Xuanhuai: she dianbao yan’ge,” in *SXH nianpu*, 2: 856; see also Baark, *Lightning Wires*, 161–164.

45. Yang, *Jinshi wenxian buibian*, 6: 335.

46. Baark, *Lightning Wires*, 161–162.

47. *Ibid.*

48. “Guangxu jiu nian ba yue shiqi ri shu Zhili zongdu Li Hongzhang zou,” in Yang, *Jinshi wenxian buibian*, 6: 348.

49. “Dianbaoju zhaoshang zhangcheng,” in *SXH nianpu*, 1: 142.

50. *Ibid.*

51. Mexican pesos circulated widely in nineteenth-century China as legal tender. Feuerwerker, *China's Early Industrialization*, 201–202.

52. Chen, *Sheng Xuanhuai*, 104–105; Wang, “Sheng Xuanhuai yu Zhongguo dianbao shiye,” 771.

53. Zhou, *Historicizing Online Politics*, 61.

54. Feuerwerker, *China's Early Industrialization*, 193; “Guangxu ba nian ba yue shiliu ri shu beiyang tongzhou dachen Li Hongzhang zhe,” in Yang, *Jinshi wenxian huibian*, 6: 336–337.

55. Chen, *Sheng Xuanhuai*, 116; “Sheng Xuanhuai: she dianbao yan'ge,” in *SXH nianpu*, 2: 856; “Zuncha lundian liangju kuanmu zhuoding baoxiao yinshu bing chu banli jiannan qingxing zhe,” in *SXH nianpu*, 2: 649.

56. See, for example, the discussion in Feuerwerker, *China's Early Industrialization*, 198.

57. During the process of nationalization, the court had to purchase the shares of ITA stockholders, which led to an extended disagreement about their fair market value. Initially, government officials wanted to offer 120–130 taels per share, while owners insisted on 240. Eventually both parties agreed to a price of 180, a substantial increase over their initial par value of 100 silver taels. See “(Er) Guangdong shanghai Zheng Taoweng zhu junqu dian,” in *SXH nianpu*, 2: 883; Feuerwerker, *China's Early Industrialization*, 198; “Ji Zhen Shengshu (wu yue sanshi ri),” in *SXH nianpu*, 2: 885; “Sheng Xuanhuai: she dianbao yan'ge,” 857.

58. *HFD*, Doc. 82, 95.

59. *Ibid.* See also *ibid.*, Doc. 60, 79, and Doc. 61, 82.

60. *Ibid.*, Doc. 254, 299 (emphasis added).

61. *Ibid.*

62. “Huayang dianbao san gongsi hetong jiukuan,” in *SXH nianpu*, 1: 223; “Ji zhidu Wang Kuishi,” in *ibid.*, 2: 523; “Jing Yuanshan zhi Sheng Xuanhuai han (shi yue chu si ri),” in *ibid.*, 1: 217.

63. *Ibid.*

64. *Ibid.*

65. *Ibid.*

66. *HFD*, Doc. 173, 194.

67. See, for example, “(Er) Sheng Xuanhuai shang Li Hongzhang bing (jiu yue ershiqi ri),” in *SXH nianpu*, 1: 140; “Guangxu jiu nian ba yue shiqi ri shu Zhili zongdu Li Hongzhang zou,” in Yang, *Jinshi wenxian huibian*, 6: 350; “Guangxu jiu nian liu yue chu san ri liangjiang Zuo Zongtang pian,” in Yang, *Jinshi wenxian huibian*, 6: 345; *HFD*, Doc. 714, 1072; Doc. 809, 1255; Doc. 254, 299; “Zhongguo dianbao zongju, dan'guo dabeii dianbao gongsi huiyi: Dabeii shou yu Zhongguo Shanghai zhi Wusong deng xian zhangcheng,” in *SXH nianpu*, 1: 177.

68. *HFD*, Doc. 714, 1072.

69. *Ibid.*, Doc. 809, 1255.

70. *Ibid.*, Doc. 791, 1228.

71. Ibid.
72. See Zheng, *Shengshi weiyuan*.
73. HFD, Doc. 225, 267; “Mizhen ge gongsi juchang jiannian qingxing pian,” in *SXH nianpu*, 2: 667.
74. Zhou, *Historicizing Online Politics*, 37; Zheng, *Shengshi weiyuan*.
75. Wook, “Grand Council,” 109–110.
76. “Guangxu jiu nian ba yue shiqi ri shu Zhili zongdu Li Hongzhang zou,” in Yang, *Jinshi wenxian huibian*, 6: 348.
77. “Yi zhan chaoxian dianxian zhe,” *zougao*, *juan* 53, in Zhu, *Li Hongzhang quanshu*, 1266–1267.
78. Ibid.; HFD, Doc. 774, 1206.
79. Zhou, *Historicizing Online Politics*, 48.
80. “Sheng Xuanhuai ni lielue,” in *SXH nianpu*, 1: 230–231.
81. Zhou, *Historicizing Online Politics*, 48.
82. “Jinghu dianbao qingjiang zhe (er yue ershiwu ri),” in *SXH nianpu*, 1: 375–376.
83. See, for example, “Mizhen ge gongsi juchang jiannian qingxing pian,” in *SXH nianpu*, 2: 667; “Weiban Shanghai dianbao fenju sanpin xian houxuan dao Zheng Guanying, sipin dingdai houxuan zhushi Jing Yuanshan bing Li Hongzhang,” in *ibid.*, 1: 146.
84. Chen, *Sheng Xuanhuai*, 101.
85. Quoted in *ibid.*
86. “Weiban Shanghai dianbao fenju sanpin xian houxuan dao Zheng Guanying, sipin dingdai houxuan zhushi Jing Yuanshan bing Li Hongzhang,” in *SXH nianpu*, 1: 146.
87. Ibid.
88. “Zuncha lundian liangju kuanmu zhuoding baoxiao yinshu bing chu banli jiannan qingxing zhe,” in *SXH nianpu*, 2: 649.
89. Feuerwerker, *China's Early Industrialization*, 204.
90. “Fuzhen dianju qingxing zhe (er yue zhong),” in *SXH nianpu*, 2: 666–667 (emphasis added).
91. Wellington K. K. Chan, *Merchants, Mandarins, and Modern Enterprise in Late Ch'ing China* (Cambridge: Harvard University Press, 1977), 80.
92. “Guangxu jiu nian liu yue shisi ri shu beiyang tongshang dachen Li Hongzhang zhe,” Yang, *Jinshi wenxian huibian*, 6: 346–347.
93. HFD, Doc. 579, 853; Doc. 573, 841; Doc. 666, 1008; Doc. 616, 966.
94. Ibid., Doc. 616, 966.
95. Wook, “Grand Council,” 183–184.
96. Zhou, *Historicizing Online Politics*, 44.
97. Wook, “Grand Council,” 183–184.
98. Ibid., 154, 178–179; HFD, Doc. 1435, 1936; Zhou, *Historicizing Online Politics*, 44.
99. HFD, Doc. 266, 334.
100. Baark, *Lightning Wires*, 84–85.
101. HFD, Doc. 218, 262–263.

102. Li Hongzhang memorial to the throne quoted in Wang, “Sheng Xuanhuai yu Zhongguo dianbao shiye,” 761.

103. Wook, “Grand Council,” 196–197.

104. Ibid.

105. “Guangxu ba nian ba yue shiliu ri shu beiyang tongzhou dachen Li Hongzhang zhe,” in Yang, *Jinshi wenxian huibian*, 6: 336–337; Wang Yuanhong, ed., *Jiangsu shengzhi: Youdian zhi* (Nanjing: Jiangsu renmin chubanshe, 1997), 161; Wook, “Grand Council,” 190.

106. Zhou, *Historicizing Online Politics*, 71–72.

107. HFD, Doc. 11, 10.

108. Zhou, *Historicizing Online Politics*, 78.

109. Ibid., 44.

110. Ibid., 44–45.

111. Ibid.

112. Bayly, *Empire and Information*, 5.

113. Wang, *Jiangsu shengzhi*, 167.

114. Jeffrey Kieve, *The Electric Telegraph in the U.K.: A Social and Economic History* (New York: Barnes and Noble, 1973), 66–67, 161. On the United States, see Christopher Sterling, Phyllis Brent, and Martin Weiss, *Shaping American Telecommunications: A History of Technology, Policy, and Economics* (Mahwah, NJ: Lawrence Erlbaum Associates, 2006).

115. Zhou, *Historicizing Online Politics*, 59.

116. Ibid., 64–65.

117. Ibid., 86, 89.

118. For a detailed account of the boycott, see Michael Hunt, *The Making of a Special Relationship: The United States and China to 1914* (New York: Columbia University Press, 1983).

119. Zhou, *Historicizing Online Politics*, 101–102.

120. Ibid. On foreign railway construction, see also Hunt, *Making of a Special Relationship*; Jürgen Osterhammel, “Semi-Colonialism and Informal Empire in Twentieth Century China: Towards a Framework of Analysis,” in *Imperialism and After: Continuities and Discontinuities*, ed. Wolfgang Mommsen and Jürgen Osterhammel (London: Allen and Unwin, 1986).

121. Zhou, *Historicizing Online Politics*, 101–102.

122. “Guangxu jiu nian ba yue shiqi ri shu zhili zongdu Li Hongzhang zou,” in Yang, *Jinshi wenxian huibian*, 6: 350.

123. Operators in Jiangsu province alone sent more than a million telegrams in 1907 (Wang, *Jiangsu shengzhi*, 166).

EPILOGUE

1. C. A. Bayly argues for the growth of global uniformities during the long nineteenth century in *The Birth of the Modern World, 1780–1914* (Malden, MA: Wiley-Blackwell, 2004).

2. Julia C. Strauss, “The Evolution of Republican Government,” *China Quarterly*, no. 150 (June 1997): 333; see also Julia C. Strauss, *Strong Institutions in Weak Politics: State-Building in Republican China, 1927–1940* (Oxford: Clarendon Press, 1998).

3. R. Bin Wong, *China Transformed: Historical Change and the Limits of European Experience* (Ithaca: Cornell University Press, 1997), 158.

4. Philip A. Kuhn, “The Development of Local Government,” in *The Cambridge History of China, Republican China, Part 2*, ed. John K. Fairbank and Albert Feuerwerker (Cambridge: Cambridge University Press, 1986), 13: 340.

5. *Ibid.*, 341.

6. *Ibid.*

7. Prasenjit Duara, *Culture, Power, and the State: Rural North China, 1900–1942* (Stanford: Stanford University Press, 1988), 245–246.

8. Wong, *China Transformed*, 163–164.

9. See, for example, David Strand, *Rickshaw Beijing: City, People, and Politics in the 1920s* (Berkeley: University of California Press, 1989).

10. *Ibid.*

11. On the economic agenda of the Nationalist government, see Margherita Zanasi, *Saving the Nation: Economic Modernity in Republican China* (Chicago: University of Chicago Press, 2006). On the army, see Hans Van de Ven, *War and Nationalism in China, 1925–1945* (London: Routledge Curzon, 2003). On Nationalist foreign policy, see William C. Kirby, “The Internationalization of China,” *China Quarterly*, no. 150 (June 1997). For an excellent overview of state and party structures, see William C. Kirby, “The Nationalist Regime and the Chinese Party-State, 1928–1958,” in *Historical Perspectives on Contemporary East Asia*, ed. Merle Goldman and Andrew Gordon (Cambridge: Harvard University Press, 2000); Ramon H. Myers, “The Chinese State during the Republican Era,” in *The Modern Chinese State*, ed. David Shambaugh (Cambridge: Cambridge University Press, 2000). On the developmentalist approach of the Nationalist government, see William C. Kirby, “Engineering China: The Origins of the Chinese Developmental State,” in *Becoming Chinese*, ed. Wen-hsin Yeh (Berkeley: University of California Press, 2000).

12. Early accounts of the Nationalist period assumed that the government failed to accomplish its goals. For a critical account, see Lloyd Eastman, *The Abortive Revolution: China under Nationalist Rule, 1927–1937* (Cambridge: Harvard University Press, 1975). More recently, scholars have underscored the successes of the Nationalist period, particularly at the local and regional level. See, for example, Elizabeth Remick, *Building Local States: China during the Republican and post-Mao Eras* (Cambridge: Harvard University Asia Center, 2004). For another revisionist account see Van de Ven, *War and Nationalism*. Peter Zarrow provides a comprehensive overview of the period from 1895 to 1949, emphasizing efforts to create a new citizenship and the resulting tensions between nationalism and democracy (*China in War and Revolution, 1895–1949* [London: Routledge, 2005]). Henrietta Harrison also examines ideas of citizenship in *The Making of the Republican Citizen: Political Ceremonies and Symbols in China, 1911–29* (New York: Oxford University Press, 2000).

13. Hung-mao Tien, *Government and Politics in Kuomintang China, 1927–1937* (Stanford: Stanford University Press, 1972), 76–80.

14. See the standard account of the system of taxation in the Republican period: Lin May-li, *Xiyang shuizhi zai jindai Zhongguode fazhan* (Taipei: Institute of Modern History, Academia Sinica, 2005). On maritime customs, see also the Maritime Customs research project at the University of Bristol: <http://bristol.ac.uk/history/customs/>, and Hans Van de Ven, *Breaking with the Past: The Maritime Customs Service and the Global Origins of Modernity in China* (New York: Columbia University Press, 2014).

15. Tien, *Government and Politics*, 78.

16. *Ibid.*, 83–84.

17. On banking and monetary policy in the Nationalist era, see Linsun Cheng, *Banking in Modern China: Entrepreneurs, Professional Managers, and the Development of Chinese Banks, 1895–1937* (Cambridge: Cambridge University Press, 2003); Brett Sheehan, *Trust in Troubled Times: Money, Banks, and State-Society Relations in Republican Tianjin* (Cambridge: Harvard University Press, 2003); Tomoko Shiroyama, *China during the Great Depression: Market, State, and the World Economy, 1929–1937* (Cambridge: Harvard University Press, 2009).

18. Zarrow, *China in War and Revolution*, 251.

19. On policing, see Frederic Wakeman, Jr., *Policing Shanghai, 1927–37* (Berkeley: University of California Press, 1995). On intelligence agencies and secret police, see Frederic Wakeman, Jr., *Spymaster: Dai Li and the Chinese Secret Service* (Berkeley: University of California Press, 2003).

20. Kuhn, “The Development of Local Government,” 345–349.

21. On the growth of local government in rural areas, see Duara, *Culture, Power, and the State*, especially chap. 3. On cities, see Peter Carroll, *Between Heaven and Modernity: Reconstructing Suzhou, 1895–1937* (Stanford: Stanford University Press, 2006); Parks Coble, *The Shanghai Capitalists and the Nationalist Government, 1927–1937* (Cambridge: Harvard University Press, 1980); Joseph Fewsmith, *Party, State, and Local Elites in Republican China: Merchant Organizations and Politics in Shanghai* (Honolulu: University of Hawaii Press, 1985); Kristen Stapleton, *Civilizing Chengdu: Chinese Urban Reform, 1895–1937* (Cambridge: Harvard University Press, 2000); Strand, *Rickshaw Beijing*.

22. Duara, *Culture, Power, and the State*, 63.

23. William C. Kirby, *Germany and Republican China* (Stanford: Stanford University Press, 1984), 58.

24. *Ibid.*, 220.

25. *Ibid.*

26. Zarrow, *China in War and Revolution*, 260.

27. See Rawski, *Economic Growth in Prewar China* (Berkeley: University of California Press, 1989).

28. For an overview of the Republican economy, see *ibid.* See also Marie-Claire Bergère, *The Golden Age of the Chinese Bourgeoisie, 1911–1937* (Cambridge: Cambridge University Press, 1986).

29. Zarrow, *China in War and Revolution*, 259.

30. On the Second Sino-Japanese War see, for example, Parks Coble, *Chinese Capitalists in Japan's New Order: The Occupied Lower Yangzi* (Berkeley: University of California Press, 2003); Diana Lary and Stephen MacKinnon, eds., *The Scars of War: The Impact of Warfare on Modern China* (Vancouver: UBC Press, 2001); Van de Ven, *War and Nationalism*.

31. On inflation, see the classic studies by Chang Kia-ngau, *The Inflationary Spiral: The Experience in China, 1939–50* (Cambridge: MIT Press, 1958); Chou Shu-hsin, *The Chinese Inflation, 1937–49* (New York: Columbia University Press, 1963).

32. On the Chinese civil war, see Odd Arne Westad, *Decisive Encounters: The Chinese Civil War, 1946–50* (Stanford: Stanford University Press, 2003).

33. Mao Zedong, “Proclamation of the Central People’s Government of the PRC,” in *Writings of Mao Zedong, 1949–1976*, ed. Michael Y. M. Kau and John K. Leung, (Armonk, NY: M. E. Sharpe, 1986), 1: 10, (emphasis added).

34. See Vivienne Shue, *Peasant China in Transition: The Dynamics of Development toward Socialism, 1949–1956* (Berkeley: University of California Press, 1980), esp. chap. 3. On the early years of the PRC, see also Frederick C. Teiwes, “The Establishment and Consolidation of the New Regime,” in *The Politics of China: The Eras of Mao and Deng*, ed. Roderick MacFarquhar (New York: Cambridge University Press, 1997).

35. Wong, *China Transformed*, 193.

36. *Ibid.*

37. Alexander Eckstein, *China's Economic Revolution* (Cambridge: Cambridge University Press, 1977), 186.

38. On economic development, see Stephen Andors, *China's Industrial Revolution: Politics, Planning, and Management, 1949 to the Present* (London: Martin Robinson, 1977); Nai-Ruenn Chen and Walter Galenson, *The Chinese Economy under Maoism: The Early Years, 1949–1969* (New Brunswick, NJ: Aldine Transaction, 2011); Roderick MacFarquhar, *The Origins of the Cultural Revolution, I: Contradictions among the People, 1956–57* (New York: Columbia University Press, 1974); Roderick MacFarquhar, *The Origins of the Cultural Revolution, II: The Great Leap Forward, 1958–60* (New York: Columbia University Press, 1983).

39. Eckstein, *Economic Revolution*, 186.

40. Barry Naughton, *The Chinese Economy: Transitions and Growth* (Cambridge: MIT Press, 2007), 68.

41. Wong, *China Transformed*, 182.

42. *Ibid.*

43. *Ibid.*

44. On bureaucracy and administration, see Harry Harding, *Organizing China: The Problem of Bureaucracy, 1949–1976* (Stanford: Stanford University Press, 1981); Vivienne Shue, *The Reach of the State: Sketches of the Chinese Body Politic* (Stanford: Stanford University Press, 1988); Frederick C. Teiwes, *Politics and Purges in China: Rectification and the Decline of Party Norms, 1950–1965* (Armonk, NY: M. E. Sharpe, 1993).

45. Wong, *China Transformed*, 195.

46. Shue, *Reach of the State*, 107.

47. Ibid.

48. For example, this political dynamic had tragic consequences during the Great Leap Forward (1958–1961), when local cadres lied about agricultural production figures to enhance their own career prospects. Using the data they provided, the central government then appropriated so much grain that it caused the largest man-made famine in human history. See MacFarquhar, *Origins of the Cultural Revolution*, II.

49. Wong, *China Transformed*, 196.

50. On the CCP during the Second Sino-Japanese War, see Gregor Benton, *New Fourth Army: Communist Resistance along the Yangtze and the Huai, 1938–1941* (Berkeley: University of California Press, 1999); Chen Yung-fa, *Making Revolution: The Communist Movement in Eastern and Central China, 1937–45* (Berkeley: University of California Press, 1986); David S. G. Goodman, *Social and Political Change in Revolutionary China: The Taibang Base Area in the War of Resistance to Japan, 1937–45* (Lanham, MD: Rowman and Littlefield, 2000).

51. On the Manchurian campaign, see Steven Levine, *Anvil of Victory: The Communist Revolution in Manchuria, 1945–1948* (New York: Columbia University Press, 1987).

52. On Korea, see Chen Jian, *China's Road to the Korean War: The Making of the Sino-American Confrontation* (New York: Columbia University Press, 1994); Zhang Shuguang, *Mao's Military Romanticism: China and the Korean War, 1950–1953* (Lawrence: University Press of Kansas, 1995).

53. On party-army relations in the Maoist period, see Chu Fang, *Gun Barrel Politics: Party-Army Relations in Mao's China* (Boulder: Westview Press, 1998).

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