

中央研究院  
第二屆國際漢學會議論文集

明清與近代史組 (上 冊)

慶祝中央研究院院慶六十週年

中央研究院 編印

中華民國七十八年六月

台灣 台北

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# THE STRUCTURAL APPROACH TO MODERN CHINESE HISTORY

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In the past several decades I have spent some time in examining the financial management of the Ming Dynasty. If I must single out one element as the most distinctive feature of the setup, I would say that the lack of logistical capacity at the middle echelon of the government was rather astounding. Unlike the Tang and Sung, which assigned transportation commissioners to the field, who accumulated material and funds in large geographical areas and disposed of them on broad directives from the imperial court,<sup>1</sup> the Ming system on the whole omitted such an operation.

Under the latter dynasty the empire's financial resources were broken into numerous small segments. Lateral transaction between the revenue collecting agency and the disbursing agency was kept at the lowest level possible. Often the fiscal responsibility fell on the taxpayers who made the inter-provincial deliveries. Likewise, on the Grand Canal the army personnel who operated the grain boats, down to squad leaders and first sergeants, were held responsible by imperial granaries for the last peck of rice in their custody. Thus the nation was thickly covered with short but crisscrossing supply lines. A frontier army post might receive supplies from a score of counties, a county might also make deliveries to dozens of installations.<sup>2</sup> The Ministry of Revenue ceased to be an operating agency; it was an accounting office, undoubtedly the largest in the world by then.

This basic organization should alarm the present-day reader of its negative influence over China's growth and development in modern times. So long as the aforementioned mode of governmental logistics prevailed, the service sector of the national economy had little opportunity to make the first move. Transportation and communication, being delivery vehicles, could not have gone ahead by themselves at a time when the material and goods were not even packaged for

<sup>1</sup> For the function of transportation commissioner under the Sung, see *Sung-shi* (Peking Jung-hua Shu-ju punctured ed.), vol. 12, ch. 167, pp. 3963-3965. This is not to be confused with a Ming official assuming the same title. The latter, a salt administration, had very limited authority.

<sup>2</sup> A good example is provided by Shen Bang in *Wan-shu Tzu-ji* (Peking, 1961 reprint), pp. 49-50.



integrated delivery. Banking and insurance, instruments for commercial transactions, could not have thrived when the potentially largest customer—the government—acted so much in contradiction to commercial practice. The legal service supporting a modern economy of course had no reason to be there when business activities requiring court protection at such a level had not yet come into existence.

With all these, a word must be inserted here that private capitals in the economically advanced societies usually owed their start to public functions of some kind. From the Italian bankers who handled the papacy remittance to Rome to the Japanese military contractors at service to the daimyo lords, the accumulation of wealth was always facilitated by taking governmental offices as clients or entering into partnership with them. China's fiscal organization under the Ming Dynasty, in part to reflect the deliberate design of the dynastic founder, left no such avenue open. It is easy to imagine that when public function managed to carry on without developing the service sector of the economy, the *yamen* officials were least enthusiastic in working on it for private interests, and such service facilities could not have been effectively installed without governmental action, in the form of formal legislation or otherwise.

Indeed, changes took place during the next five centuries after the founding of the Ming. By the sixteenth century, the use of silver for tax payments led to the consolidation of some of the accounts, precipitating the Single Whip Reform. Salt dealers began to appear as an element to be reckoned with, to be followed by the Cohong merchants of the Ching. Upon the change of dynasty, the Manchus introduced a number of reforms. The most outstanding was the regularization of the collection of melting charges on silver payments ordered by the Yung-jeng Emperor. Prototyped banks managed by the Shansi merchants became prominent after 1800. With the treaty system confirmed in the later part of the nineteenth century, new revenues such as maritime tariff seemed to overtake the old-fashioned finance, not to mention the inland transit tax instituted during the suppression of the Tai-ping Rebellion.

But all the additions and revisions enumerated above had not substantially altered the outlook of China during the late imperial period. The Single Whip Reform did not abandon, to borrow Liang Fang-chung's phraseology, the "Hung-wu Model" of governmental finance. The reforms of the early Ching were largely managerial and disciplinary, not institutional and structural. The consolidation of the melting charges, as a recent study points out, had limited and temporary effect only.<sup>3</sup> Neither the salt dealers, nor the Cohong merchants, nor the Shansi

<sup>3</sup> For the nature of the Ching reforms, see Frederic Wakeman, Jr. *The Great Enterprise: The Manchu Reconstruction of Imperial order in Seventeenth-Century China* (University of California Press, 1985), vol. I, pp. 454-465; vol. II, pp. 706-707, 852, 854, 856, 909-910. For the limited and temporary

draft bankers had generated enough influence to establish a new trend for China's mercantile capitalization. Nor had the new revenue derived from the treaty system the wide-reaching effect to carry the empire's inland sector for a complete fiscal change-over. Under any circumstances the bulk of the receipts had been set aside to pay foreign loans and war indemnities. In the absence of a change of character of governance, the Ministry of Revenue under the Ching, keeping accounts of dozens of territorial units, differed little from its forerunner under the Ming. The lack of a central treasury, the scattered receipts of revenue, and the lateral transaction at the lower level had for the most part persisted with the Ching until the dawn of the present century.<sup>4</sup>

If I have not assembled sufficient evidence at close range to sustain the broad charge, logical deduction from the circumstances within a wider context may serve the same purpose. In order to convert the management of China during the late imperial period into a system of present-day rationality, we must realize, would at first have required the establishing of regional treasuries by the central government in the provinces. But the division of imperial revenue from provincial income would have shattered the monolithic structure of the government and along with it its monolithic administration. To promote commercial income as a public policy with government backing would have required a degree of functional specialization which would have divide the bureaucracy, affecting its entire layout for personal management, to include recruitment through literary examinations, training, evaluation, and transfer. Financial administration with precision could not have been accomplished without strengthening the judiciary branch of the government, which professionalism would have caused it to separate from the civil service proper. Above all, governmental service with elaboration and proficiency would have significantly increased its cost, which initially had to be paid by the taxpayers, a dominant majority of them being peasants. To make the system work it would also be necessary to elevate their educational level. In sum, those prerequisites would have generally but distantly echoed the clamored aim of the Hundred Days' Reform, a movement arising only close to the last decade of the Ching Dynasty. Yet, despite their loud appeal, few of the programs advocated by the reformers could have been put into effect. A sober fact remains that even to this day not all the requirements named above have been fulfilled by China.

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effect of Yung-jeng's reform with the melting charge see Madeleine Zelin, *The Magistrate's Tael: Rationalizing Fiscal Reform in Eighteenth-Century China* (University of California Press, 1984), pp. 264-266.

<sup>4</sup> Ch'en Kung-lu, *Jung-guo Jin-dai-shi* (Taipei, 1965 rev. ed.) pp. 238-239, 665-666, 687-689, E-tu Zen Sun, "The Board of Revenue in Nineteenth Century China", *Harvard Journal of Asiatic Studies*, 24 (1962-1963), pp. 175-228.

A modern state differs from traditional China under the Ming and Ching primarily in the fact that its government is an active participant in the works of the national economy. Its influence over the central bank and stock exchange can affect the trend of commerce. Its monetary policy induces or restrains investment and employment. It can float bonds for deficit financing. It can sell public properties to create a deflationary influence. Its taxation, aside from collecting revenue, carries certain regulating power. There are other means of economic interference at its disposal. When these monetary and fiscal tools are perfected, the government can gradually substitute service for governance, thus relaxing the police power hanging over the head of the general population. Needless to say, China under the Ming and Ching had in no way come close to such an eventuality. What makes the reading disturbing is that the fiscal setup did not even show a matrix from which parts of a formative modern state could have emerged.

The originator of the antiquated system was the Hung-wu Emperor, the founder of the Ming. His peasantry background undoubtedly had something to do with his political philosophy; but there is also evidence that he reacted adversely to the Wang An-shr experience during the Sung, who had tried to partially commercialize the dynasty's fiscal operation without success.<sup>5</sup> During Hung-wu's reign, many large landowners were under persecution. When things resettled, there was a dominant majority of small self-cultivators over the realm. Tax assessment was set at a very low level. In the sixteenth century when surtaxes already inflated the initial assessment, the heaviest taxed districts of South Jrli registered only about twenty percent of the income from land as tax revenue. In other districts, less than ten percent was the general norm. There were cases that the tax take consisted of less than five percent of the crop yield. Apparently this general pattern with few modifications was inherited by the Ching.<sup>6</sup>

Why, then, was there such a large volume of protest against excessive taxation? The answer is: While the general rate of taxation was low, it was horizontally assessed to all taxpayers, to a person who owned five *mou* of land no differently from those who owned five hundred *mou*. The low rate of assessment in fact created a large number of marginal landowners, whose tax delinquency often set up an example to encourage delay of payment by other taxpayers, which alarmed the officials. Moreover, affluent landowners could detach tax liability from the real estate at buying and selling land. They might pay premium prices for large tracts of land with less tax liability, or conversely, offer small parcels of land for sale at give-away prices to unload a disproportionately large

<sup>5</sup> *Ming Shr-lu: Tai-tzu Shr-lu* (Taipei 1962 reprint), p. 2141, 2681-2682.

<sup>6</sup> Ray Huang, *Taxation and Governmental Finance in Sixteenth-Century Ming China* (Cambridge University Press, 1974), pp. 170-174.

amount of tax liability. As a rule, the untaxed benefit was not reinvested for production; it became an inducement for several interested parties to live off the same piece of property. The huge population increases since the fifteenth century with a diminishing standard of living could not have been unrelated to this sequel.

Hung-wu's obsession to localized economy was also reflected by the requisitioned services instituted during his reign. While regular tax payment was low, peasants were nevertheless obligated, collectively, to answer service calls from the government. Numerous office attendants from the chief clerk down to the doorman were drafted from the general population and remained unpaid. Office stationery, transportation, furniture, utensils, and even building maintenance were provided by the village communities according to elaborate procedures. The most cumbersome features of such levies were later eliminated by substituting them with surcharges overriding the landtax, which provided the basis of the Single Whip Reform. But that came in the later sixteenth century, almost two hundred years after the founding of the Ming. Nor was the reform so broad and sweeping as some scholars wished us to believe.<sup>7</sup> Consequently, the "Hung-wu Model" of governmental finance remained in being during the rest of the dynasty and beyond.

What constituted the Hung-wu Model of governmental finance? A lack of vision and imagination. Compulsory thriftiness from the viewpoint of a village economist to a point of putting the crude method of production ahead of circulation, distribution, and qualitative growth. And egalitarianism for the short term at the expense of investment for a better future. When the historian applies the present-day perspective to review the records of the sixteenth century, he can hardly agree with the majority opinion of the contemporaries who lamented the passing away of the golden age of the Hung-wu era (which under the circumstances reflected the state-sponsored orthodoxy anyway), but feels compelled to endorse the view of a handful of independent observers, hitherto unnoticed, that under-taxation which deprives the government of the capability to provide the needed service to the populace does more harm than good in the long run.<sup>8</sup>

Direct taxation on a multitude of small self-cultivators, a feature of the Chinese imperial order, continued during the Ming and Ching. Yet aside from the acts of Hung-wu, no large-scale land redistribution was ever executed until the present century. Some historians, using inexact statements in the contemporary sources, built up stories of the concentration of land ownership in a few hands

<sup>7</sup> Huang, *Taxation and Governmental Finance*, pp. 118-122.

<sup>8</sup> Huang, *Taxation and Governmental Finance*, pp. 186-188.

during the late Ming. Most of the cases cannot stand serious investigation.<sup>9</sup> For the sheer interest of qualitative growth of the national economy, such concentration, had it taken place, probably would have been better than universal ownership on a small scale. As it happened, tenancy in China during the past five hundred years seems to have maintained a remarkably constant pattern. That is, it occurred atop parcelization of land. Thus large estates, say in excess of two thousand *mou* in the household, were rare cases. Even medium holdings from that amount downward to two hundred *mou*, did not appear numerous. If they did, it would have affected tax law and local administration. But the egalitarianism at low level did not exclude the situations that peasants and small owners were indebted to one another, held liens against one another's holding, and became part tenants or full tenants. Some empirical data on land holding in the early twentieth century (see appendix) give an impression of their close semblance to the conditions of several hundred years earlier. They lead us to think that taxation and fiscal policies in those several hundred years, treating the nation as a conglomeration of village communities, must have compelled the economy to expand in linear dimensions with little qualitative changes, in the meantime ownerships of the modest-sized holdings were rotated, so that the system could perpetuate itself.

For a pre-modern society of the Ming and Ching, governmental finance in the early years of the dynasty virtually set up a permanent budget that had the effect of an unwritten constitution. For one thing, it defined the functions of the civil service and settled the disposition of the military. This we shall spell out in the following paragraphs. For another, it provided a general ceiling on the landtax, which revenue always had a tendency to remain inelastic. The after-tax income from the landed properties helped to determine the land price, tenancy conditions, farm wage, and local interest rates. It itself was also interlocked by those factors after the tax law was in effect for some time. The key to the understanding is that farm surplus, if any, lacked external outlets to invest, at the same time the small cultivators had no other place to borrow except their next door neighbors. In this way the farm income, after the initial government take, had been claimed by too many interested parties to leave room for readjustment.<sup>10</sup>

Significantly, a general tax increase on a permanent basis was never declared by the Ming or Ching. The military supplies ordered by the former in the early

<sup>9</sup> Huang, *Taxation and Governmental Finance*, p. 157. Ray Huang, "Administrative Statistics in Ming Tai-tzung Shr-lu", in *Explorations in the History of Science and Technology in China* (Shanghai, 1982), pp. 119-120. For English translation of this article see *Ming Studies*, 16 (Spring, 1983), pp. 47-48.

<sup>10</sup> Huang, *Taxation and Governmental Finance*, pp. 159-162.

seventeenth century to meet the Manchurian crisis, declared to be temporary, were apportioned to the provinces, where the regional authorities decided the internal rates. It was not that the imperial government wished to relax its centralized control, but that the Ministry of Revenue was unassured of the feasibility of a horizontal increase. Yet, as it happened, after the surcharges were ordered one third of the counties across the empire accumulated tax arrearages in excess of a half of the revenue due to the central government. Among them more than one hundred counties delivered nothing at all.<sup>11</sup> The case can be described as that the fiscal machinery was too fragile to sustain the overload.

After the Manchu takeover, most of these increases became permanent, despite official announcement to the contrary.<sup>12</sup> How it was done is never clear; but it seems that military campaigns during the early Ching and the compilation of *Comprehensive Books on Taxation* (*Fu-yi Chiu-an-shu*) provided opportunities to absorb the levies into the tax ledger. Aside from those incidents, tax increases were always made *ad hoc*, informally and locally. They could not be drastic because budgetary expansion in certain quarters would have led to imbalances in their relationship with correspondence offices. Thus the increases contributed little to the general finance. Toward the end of the Ching Dynasty, state income from land marked no appreciable increase from the receipts of its early years, by then the population had expanded by at least two and a half times.<sup>13</sup> Land survey for tax revision as a rule failed in the face of local obstruction, no matter that this was ordered under the Ming during the Jang Jiu-jeng era or under the Ching during the reign of Kang-shi.<sup>14</sup> Circumstances surrounding those cases suggest that there were physical difficulties in implementing the plans, after so many small parcels of land had been exposed to so many complexities within the rural economy for so long.

The efficiency of the government, of course, could not run away from the appropriation, both having been determined by tax income. If we look carefully at the contemporary records, we will notice that every office was under-staffed by the modern standard, the functionaries under-paid, and the funds either insufficient or barely sufficient for office maintenance. Many modern scholars have

11 *Chung-jen Tsuen-shr Su-chau* (Peking, 1934 reprint), vol. II, pp. 72-89.

12 This can be observed from annual statistics in *Ching Shr-lu*. See Ray Huang, "Fiscal Administration during the Ming Dynasty", in *Chinese Government in Ming Times: Seven Studies*, ed. by Charles O. Hucker (Columbia University Press, 1969), pp. 121-122. Additional evidences appear in note 7, *Taxation and Governmental Finance*, p. 365.

13 Yeh-chien Wang, "The Fiscal Importance of the Land Tax during the Ch'ing Period", *Journal of Asian Studies*, 30: 4 (1971), p. 842. The same theme is restated in the author's *Land Tax in Imperial China, 1750-1911* (Harvard University Press, 1973).

14 Gensho Nishimura, "Shinsho no tochi jōryo ni tsuite", *Tōyōshi Kenkyū*, 23: 3 (Dec. 1974), pp. 424-464.

brought out evidence of official embezzlement and off-schedule collections. But not enough has been said about the inadequate budgeting which perpetuated the old-fashioned polity.

An alert observer cannot fail to see the passive management of the Chinese local government in the late imperial period running over five hundred years in a long stretch.<sup>15</sup> Aside from exercising authority over tax-collection and maintenance of law and order, the magistrate represented no more than a good-will office of the imperial court, profuse with ceremonial functions *vis-a-vis* the conglomeration of village communities. The legal system best reflected the arch-conservatism of this long period. The *Ming Code* was an imitation of the Code of the Tang, which in turn followed the *Nine-Chapter Law* of the Han. The *Ching Code* stuck with the same pattern. Thus despite minor modifications and accretion of statutes, the written law of China's over the past five hundred years, during which the Western world made most of its advance, carried on a tradition of two millennia.

Jurisprudence of this mold took for granted that the imperial order personified cosmic spirit on earth. Legal enforcement of Confucian morals therefore had the sanction of Natural Law. When translated into reality, human relationship, complicated as it was, could be summed up as selfevident in that the educated elite guided the unlettered, the male preceded the female, and the elder generation took a superior position over the younger. Graded kinship was moreover clarified by the differentiated degrees at mourning, a social institution that had the state backing since the B. C. era. Broadly speaking, the function of the law code was to apply penalty to non-conformity against this body of precepts.<sup>16</sup> An ideal situation would have been that laws were never needed to be applied, or good conduct of the citizenry had been assured by the semiprivate offices of social hierarchy and kinship hierarchy. This atmosphere stymied any interest in developing the civil law.

I have to admit, at this point, that in a long-term review of institutional history, the causes and effects can often be found interchangeable. While the small budget restricted the function of the government, the simplified governance aligned with a strict social discipline also demanded less funding. But since my objective is to survey the salient features of a state and society at large, the mutual influence between institutions serves my purpose just well. From the above interlocked situation we can sense that a literary bureaucracy could benefit from it. Most

<sup>15</sup> Those features can be seen in T'ung-tsu Ch'ü, *Local Government in China under the Ch'ing* (Harvard University Press, 1962).

<sup>16</sup> Ch'ü, *Law and Society in Traditional China* (Paris and The Hague, 1961). Derk Bodde and Clarence Morris, *Law in Imperial China: Exemplified by 190 Ch'ing Dynasty Cases* (Harvard University Press, 1967), pp. 76-112.

posts within the civil service had been rendered identical. The overall design avoided complicated technical commitment. Beforehand, the economic issues arising from regional particularity had either been minimized or brushed aside. The officials, with their mental homogeneity and uniformity supplied by the standard classical education, could work diligently for more cultural coherence. A high degree of political centralism was feasible because the administration had been eased by the fact that the lower end, rather than the most advanced sector, had been selected as the national criterion.

The arrangement also facilitated the civil service examination. Since the bureaucrats were recruited to perform a general function, the scope of the examination could be narrowed down and its content be diluted and simplified, even though procedurally, it might appear to be more elaborated than ever.<sup>17</sup> But for the stability and equilibrium the Chinese have to pay a heavy price. The examination as an institution, as it is recognized today, provided most locomotion for the upward social mobility, as the successful candidates were expected to become prominent, and, in the course of time, provided themselves with family assets to suit. This is to reap economic benefit through a non-economic process. On the other hand there was no mechanism, economic or otherwise, to prevent downward mobility.<sup>18</sup> Apparently, the social milieu put the accumulation of capital in disfavor. Consciously and unconsciously, state institutions fostered family estates of modest sizes changing hands. Fortunes of more substantial capitalization and more entrepreneurial design remained rare exceptions. As such, none of them left any significance in history as their Japanese counterparts did. It was not that their wealth failed to attract public admiration; but rather, they had no compelling function to perform in a society which public affairs were so deeply entrenched behind the village economy. Isolated, their success only made them more vulnerable; yet one slip could constitute a fatal failure. More often, though, the large fortunes were squandered away by the descendants who did not know what to do with them.<sup>19</sup>

The "government-supervision and merchant-operation" (*guan-du shang-ban*) enterprises of the late nineteenth century did little to alter the situation. In retrospect, their success would have relied on immunity and governmental protection rendered to those firms to compensate for all the disadvantages suffered by the mercantile interests, to fend off bureaucratic abuse and harassment, social prejudice, and legal incapacity, in addition to assistance beyond ordinary scopes. In other words, the public component, almost a left hand of the government, had to

17 Ssu-yü Teng, *Jung-guo Kau-shr-jr-du-shr* (Taipei, 1967), p. 73.

18 Ping-ti Ho, *The Ladder of Success in Imperial China* (Columbia University Press, 1962), pp. 262-266.

19 Ho, "The Salt Merchants of Yangchu: A Study of Commercial Capitalism in Eighteenth Century China", *Harvard Journal of Asiatic Studies*, 17: 1-2 (1954).



counter the works of its right hand. In the end it was the right hand that prevailed in its usual way.

Until very recently, groups of Chinese historians have been trying to advance the theory that during the late Ming, a "sprouting of capitalism" took place in China. The thesis is built up from a substantial number of entries, albeit scattered, about the introduction of commercial crops, the rise of handicrafts, and the influx of farm labor into the cities.<sup>20</sup> As I see it, the enumerated evidences have tumbled on their own weight because of a lack of organization. This is to say that exceptional and uncoordinated economic activities never by themselves appear as a system, and less to carry a society, dominate its politics and influence its thought.

According to French historian Fernand Braudel, neither Marx nor Adam Smith ever used the word "capitalism". The term in its present-day usage seems to have been started by Louis Blanc in the nineteenth century and further publicized by Werner Sombart in the early twentieth century.<sup>21</sup> English historian Sir George N. Clark has this much to say: "The use of the word 'capitalism' as a name for the modern economic system was, I believe, invented in the middle of nineteenth century by socialists, and it meant a state of society in which the predominant power is that of the owners of capital."<sup>22</sup>

The sense of organization induces us to think that in order to establish the modern economic system, there must be a wide extension of credit, so that unused capital can go through the process of private borrowing to reach its maximum circulation. The entrepreneurs must furthermore hire managers on an impersonal basis, so that the scope of administration extends beyond their own supervision power and that of their family circles. Likewise, technical support including transportation, communication, insurance, legal service, etc. must be jointly utilized by the various firms, so that the extent of business transactions goes beyond the limit of separate operations. In this way the network of multilateral relationship is established, to be distinguished from strands of bilateral relationship. But the success of the three conditions behind it—i. e., wide extension of credit, impersonal management, and pooling of service facilities—depends upon trust; and trust can never go very far without court protection. Everything has to be legally binding.

When capitalism takes hold of the economically advanced nations, it marks the gradual application of commercial laws to the entire population. Not only family

<sup>20</sup> A recent survey is provided by Ching Shih, "Jung-guo Tz-ben-ju-yi Meng-ya: Yen-jiou li-lueng-di-ping-jie", *The Chinese Intellectual*, 2: 4 (summer, 1986), pp. 37-45.

<sup>21</sup> Fernand Braudel, *Civilization and Capitalism 15th-18th Century*, Vol. II, *The Wheels of Commerce*, trans. by Siân Reynolds (New York, 1982), p. 237.

<sup>22</sup> Clark, *The Seventeenth Century*, 2nd ed. (New York, 1947), p. 11.