

A Big Head on Small Feet: Resource Allocation and State Capacity in China, 1644-1840

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This paper re-examines state capacity in Qing China between the mid-seventeenth and early nineteenth century. Recent scholarship attempted to explain the roles of state capacity in historical economic development. For China, academics have interpreted the Qing's state capacity from the fiscal aspect in two distinctive views. One argues the absolutism hampered the state's ability to collect higher tax incomes.¹ The other argues the Confucian ideology and physiocracy restrained the state's willingness to tax further.²

These views emphasise the income side of the story, leaving resource distributions between Qing's central and local governments a secondary explanation to the state's fiscal behaviour. From the legal aspect, Qing's local incomes were the retainment of central incomes, and in practice, they could be redistributed by the central state. Thus, interactions between Qing's central and local finance could provide a different perspective to study Qing's state capacity. Besides, the role of statutory surtax incomes was marginalised in recent studies, and Qing's tax level may have potentially been underestimated without calculating surtax incomes.

To address the gap in recent literature, this paper analyses new datasets on Qing's local finance in two periods, 1644-1723 and 1736-1810. Using new data, I examined Qing's resource allocations from two aspects: allocations under statutory tax incomes and surtax incomes.

This paper finds that the ability of the Qing state to redistribute resources was a major explanatory element to Qing's tax behaviour. My datasets indicate that the Qing central state managed to maintain a high level of resource concentrations in both periods studied. Such ability helped the central state to expand fiscal incomes without tax expansions at a significant margin. However, it also made the formal size of Qing's local governments too small in relation to the vast territories and population, given the disproportionate amount of fiscal incomes invested in local administration. Thus, this paper attributes the main problems in China's state capacity to the local rather than central finance.

This paper is structured as followed. The first section re-examines Qing's taxation levels using new datasets. The second section examines resource allocations between Qing's central and local governments in two periods, 1644-1723 and 1736-1810.

Total taxes and per capita tax incomes

This section re-examines Qing tax-income using official records. My revisions suggest a total and per capita tax level significantly higher than results suggested by recent scholarship. While the overall trend in tax growth is in accordance with patterns suggested by existing studies, that China's growth in taxations was outpaced by growth in population by the early nineteenth century.

I made data revisions for three reasons. First, calculations in recent scholarship did not contain statutory surtaxes incomes. Except for a small portion that was already legal before 1723, most of these surtaxes became a statutory source of funding to both central and local governments after 1723. The central state approved surtax rates and overall quotas, and the Ministry of Revenue kept files on each surtax category approved. I added in land-poll surtax incomes using records from *Daqing huidian* (大清会典), the so-called the Collected Statutes of the Great Qing compiled by the state. I estimated salt surtax incomes using records from *Yanfa zhi* (盐法志), which are gazetteers of salt tax administration published by the Qing authority. Some salt surtax data come from archive materials of Memorials to

¹ Debin, Ma, State capacity and great divergence, the case of Qing China (1644–1911). *Eurasian Geography and Economics*, 2013, 54(5-6): 484-99.

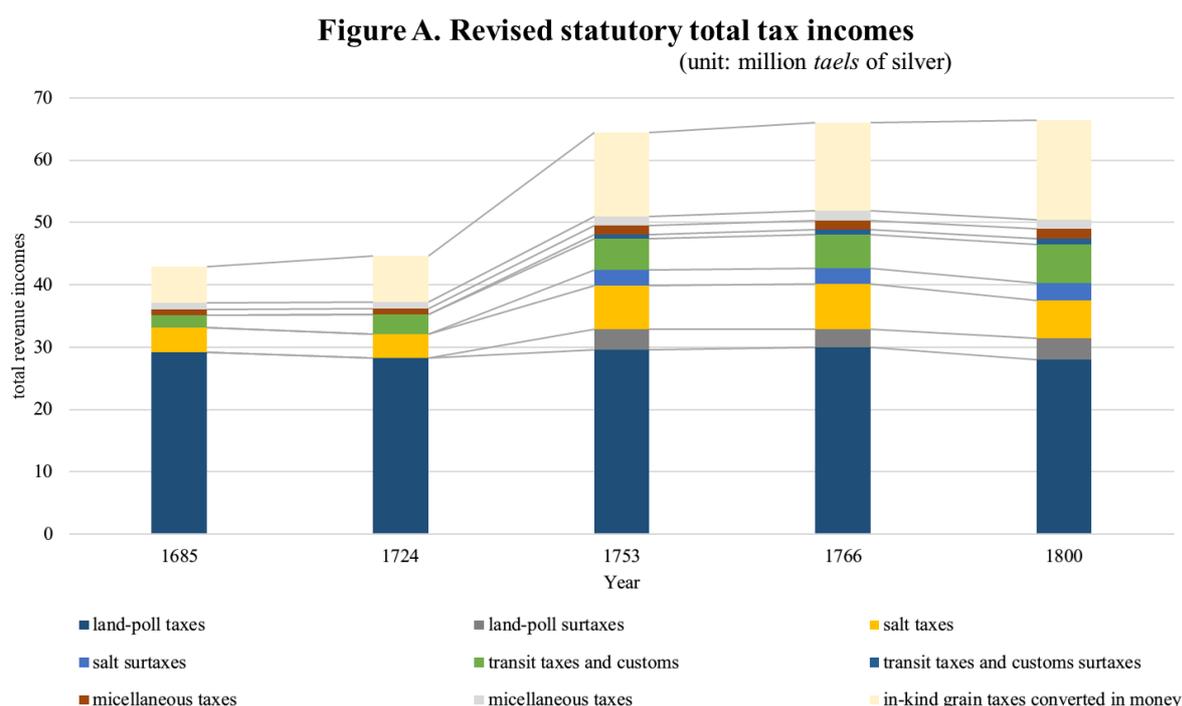
² Kent, Deng, Imperial China under the Song and late Qing. In: Monson, A., Scheidel, W. (Eds.), *Fiscal Regimes and the Political Economy of Premodern States*. Cambridge University Press, Cambridge, 2015, 308–42.

the Throne. I estimated surtaxes on transit taxes and customs as well as miscellaneous taxes based on secondary literatures and official surtax rates.

The second reason is that grain taxes paid in kind are not included in those tax data. I estimated their money values using secondary literature on grain taxes and market prices (see notes for Figure A).

Third, tax data in recent literature include only incomes sent to the Ministry of Revenue. There were several other Qing central departments and ministries running their own treasuries and kept separate records on their tax incomes. This was particularly the case for salt incomes as well as transit tax and customs, and I have included them in my revisions.

Figure A below shows my revisions on Qing's taxations in five particular years, as records on these five years are the most common references for Qing tax level. My revisions indicate quite a different picture on Qing China's total taxation as well as per capita tax level.



Note and source:

* Land-poll and salt taxes incomes are taken from *Daqing huidian*; the mineral tax in miscellaneous taxes is taken from 马琦. 实征, 定额与奏销: 清代云南矿税研究. *Qing History Journal*, 2018 (3): 86-88; all other miscellaneous taxes are taken from *Daqing huidian*. The transit tax and customs are taken from Ni Y. *Customs duties in the Qing Dynasty, ca. 1644-1911*. Brill, 2016, 128-133.

* Land-poll surtaxes are taken from *Daqing huidian*. Salt surtaxes and lending interests are my estimations based on *Yanfa zhi* and archive materials from Memorials to the Throne. Surtaxes on transit tax and customs as well as miscellaneous taxes are my estimations using 14% surtax rates — 10% comes from the general surtax rate, 3.2% is the "balance fee" and "food allowance" charged at 32 *taels* per thousand *taels* formal tax incomes, and the rest 0.8% is several other miscellaneous surtaxes.

* In-kind grain taxes in this table include both taxes and surtaxes. 1685 and 1766's figures are taken from *Qingshi gao* vol.125; 1724's figure is estimated using the average of 1685 and 1766's; 1800's figure is estimated using the average of 1766 and 1825's. I use rice prices from 彭信威, *中国货币史*. 上海人民出版社, 1958, 571 to calculate money values.

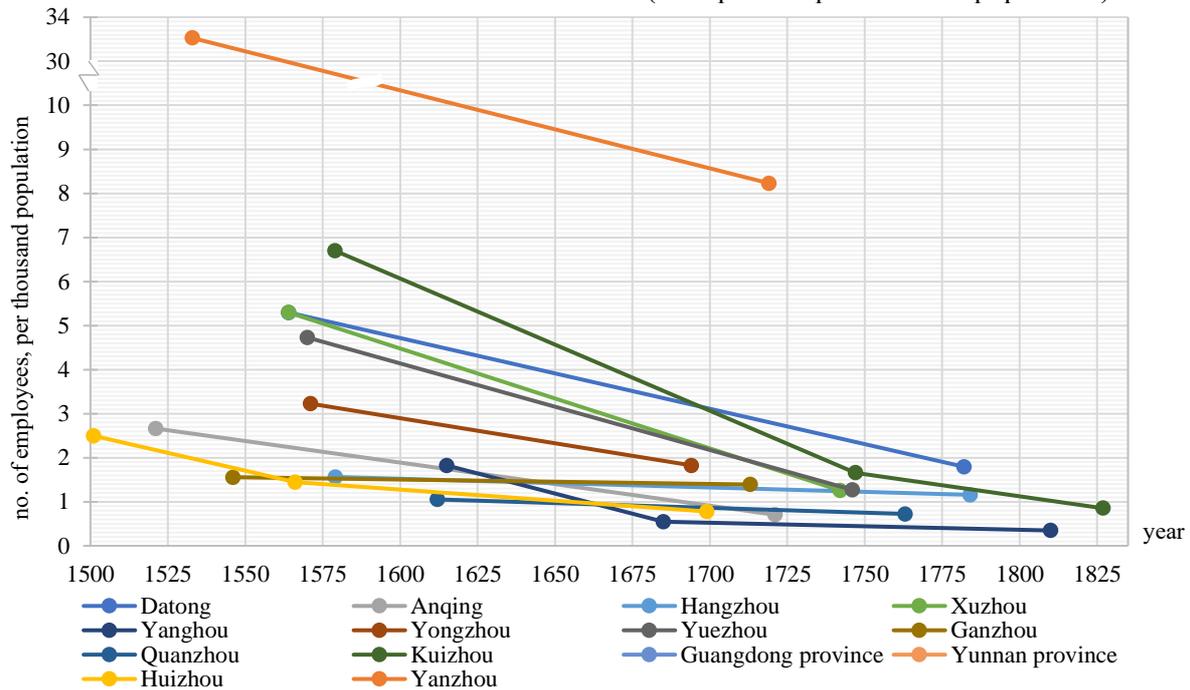
In terms of total taxations, my revisions are 16 to 46 per cent higher than records in *Daqing huidian*. In terms of per capita regular tax incomes, my revisions suggest 9.7, 9.0, 11.2, 11.4, and 8.2 grams of silver in 1685, 1724, 1753, 1766, and 1800 respectively. These are significantly higher than the figures suggested by previous studies.³

Although my revisions suggest a higher level of total and per capita tax income, the growth in taxation was outpaced by growth in population by the early nineteenth century.

³ Debin uses Shigeki Iwai's data of 1652, 1682, 1725, 1766, and 1791 to construct the 50-years average for 1650-1699, 1700-1749, and 1750-1799, and estimates 7.0, 7.2, and 4.2 grams of silver per capita tax respectively. See Ma D. State capacity and great divergence, the case of Qing China (1644-1911). *Eurasian Geography and Economics*, 2013, 54(5-6): 489.

Figure C. Budgetary *ya-i* per thousand local population

(unit: persons per thousand population)



Source: Data on public employees is collected by the author; population for each selected prefecture and province is estimated based on 曹树基, *中国人口史*, vol.4, 451-52; vol.5, 691-700.

The data also shows that after the late-seventeenth century, the Qing central state standardised the budget structure of *ya-i* across local governments. Regardless of differences in local administration, officials at the same positions were given entirely the same types and numbers of *ya-i* paid at the same standards (Figure D).

Figure D Budgetary payments for *ya-i* funded by land-poll taxes

(unit: *taels* of silver)

Place & year Payment Job	Hangzhou		Anqing			Kuizhou	
	1657	1685	pre-1685	1685	1721	1747	1827
Doorman	7.2	6	7.2	6	6	6	6
Office servant	7.2	6	7.2	6	6	6	6
Mounted police	18	6	18	16.8	6	6	6
Foot police	7.2	6	7.2	6	6	6	6
Lantern carrier	7.2	6	7.2	6	6	6	6
Prison guard	7.2	6	7.2	6	6	6	6
Sedan-chair, Parasol and fan bearer	7.2	6	7.2	6	6	6	6
Warehouse keeper	7.2	6	7.2	6	6	6	6
Grain measurer	7.2	6	7.2	6	6	6	6

Source: compiled by the author based on local gazetteers

It is worth noticing that these budgets do not always represent the actual number of people hired or levied, and extra workhands can be used in offices. As evidence suggests, there were *ya-i* (so-called

bai-i) paid by salaries of local officials or surtaxes incomes. Even so, this sample data would fairly present the Qing's policies on resource allocations under statutory tax incomes.

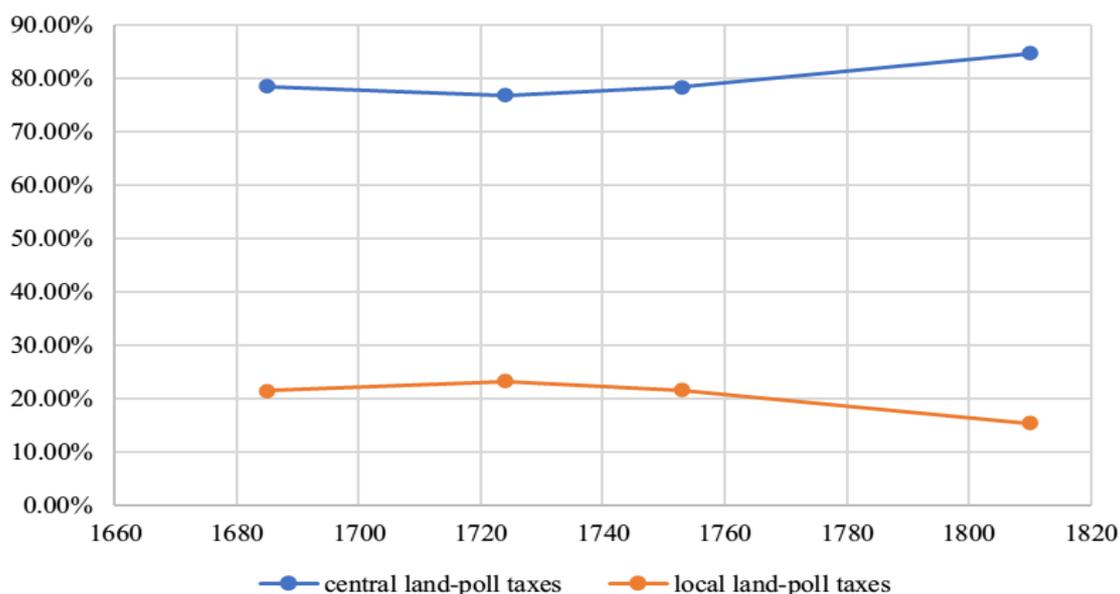
This high level of resource concentration was maintained afterwards. By 1685, four years after the end of the Revolt of the Three Feudatories, 78.48 per cent of land-poll taxes were distributed to the Qing's central government, leaving 21.52 per cent to local governments. By 1724, 76.79 per cent of land-poll taxes was distributed to the central, leaving 23.21 per cent to local governments.

Resource allocations: 1736-1810

Between 1736 and 1810, a period that covers more than seventy years after the Qing's surtax reform between 1723 and 1735, this paper finds a high level of resource concentration that resembled the situation before 1723. Given that the statutory surtaxes were a legal source of incomes during this period, I examined resource allocations under both tax and surtax incomes. In both cases, the majority of statutory incomes were allocated to the central state.

Under statutory tax incomes, Figure E below shows a declined local share in nominal terms after the mid-eighteenth century. Local incomes as a percentage of land-poll taxes declined from 23.21 per cent in 1724 to 21.62 per cent in 1764, and eventually 15.36 per cent in 1810.

Figure E. Allocations of land-poll taxes



Source: Author's compilation based on *Daqing huidian*.

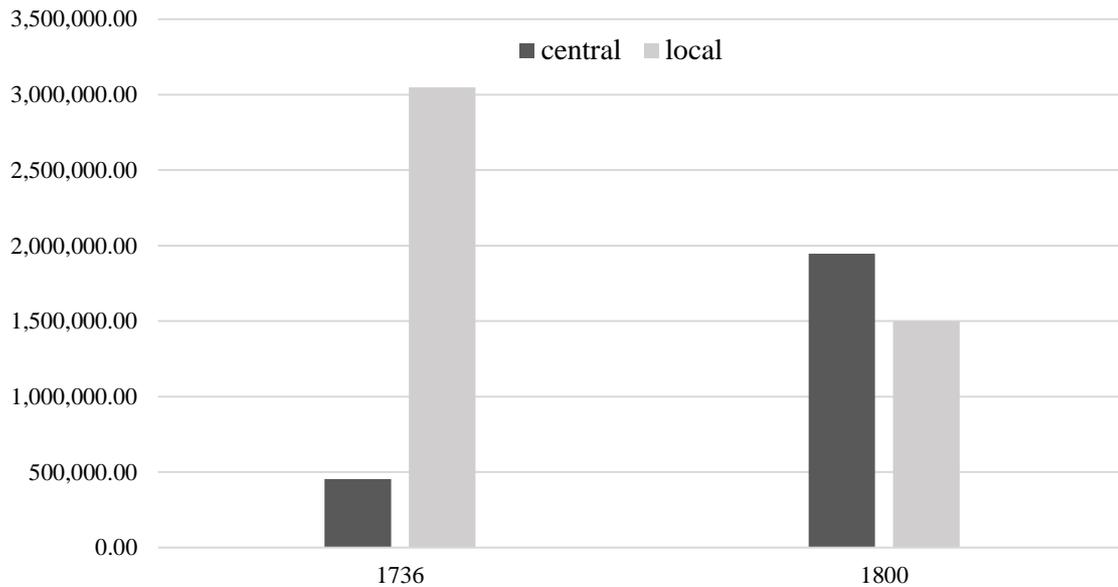
I estimated distributions of surtax incomes generated from land-poll, salt, and transit tax and customs. As shown in Figure A, these three categories counted 97 per cent of all statutory surtax incomes (except for grain taxes paid in kind).

Under statutory surtax incomes, my estimations in Figure A suggest that surtaxes counted for 14 per cent of all tax incomes except for grain taxes paid in kind. These surtax incomes were initially meant to increase local incomes. However, my datasets combined with existing studies indicate a declined local share of incomes in nominal terms after the mid-eighteenth century.

I examined allocations of land-poll surtaxes in 1736 and 1810 using records in *Daqing huidian*. As shown in Figure A, land-poll surtaxes counted for 48 to 50 per cent of all statutory surtax incomes. Under land-poll surtaxes, local incomes declined by a significant margin by 1810 in total amounts as well as the share of the total. In Figure F below, more than three million taels of silver were allocated to local governments in 1736, which counted for 88 per cent of all land-poll surtax incomes. While by 1810, only 1,498,867 taels out of 3,446,443 taels were retained in local governments, which counted for 43 per cent of the total.

Figure F. Allocations of land-poll surtaxes

(unit: *taels* of silver)



Source: Figure A. The central share of land-poll surtaxes in 1736 included “balance fee” (平余) and “food allowance” (饭银).

There are two reasons for this decline in the local share. First, the central state kept statutory surtax rates and the overall tax quotas unchanged during this period. Second, the central state redistributed local incomes for central uses within the given amount of surtaxes incomes.

I then examined the allocations of salt surtaxes in 1736 and 1800. Although salt taxes provided only 13 to 16 per cent of all tax incomes (except for grain taxes paid in kind), they provided 37 to 39 per cent of all surtax incomes.

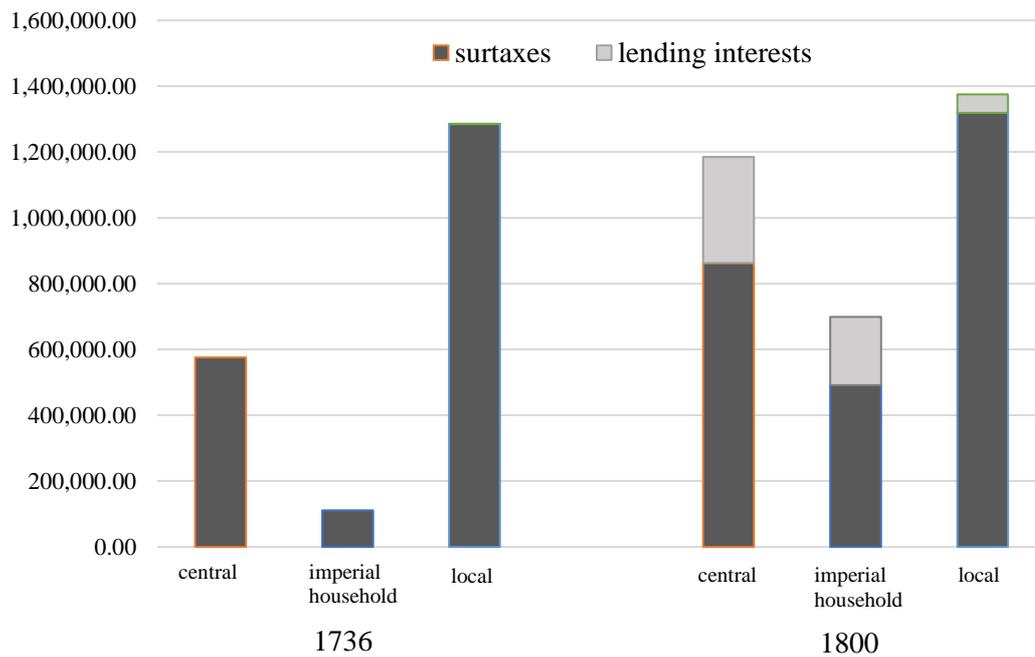
I extracted tax and budget accounts mainly from 23 sets of *Yanfa zhi* for the nine salt administrative divisions in 1736 and 1800. Some data come from archive materials and local gazetteers. *Yanfa zhi* are gazetteers of salt tax administration published by the Qing authority. Each new version contained salt tax accounts and officials' memorials printed in previous publications, so I managed to piece out tax and budget accounts for each salt divisions in selected times.⁴

Under salt surtaxes, my dataset in Figure G below suggests a declined local income by 1800 as a share of the total. In 1736, roughly 1.28 million taels of silver from salt surtax incomes were distributed to local governments, which counted for 65 per cent of the total. By 1800, the total amount remained at the same level, but the local share declined to 49 per cent.

Three reasons for this decline. First, the central state reduced local budgets over this period. Second, despite the expanded overall salt taxes since 1736, some of the increased surtax incomes were either redistributed to the central state or the imperial household. Third, lending interests, the loans more or less forcefully lent to salt merchants, became a significant factor driving the growth of salt incomes after the mid-eighteenth century. But these did not count as tax incomes and as shown in Figure G below, the majority of lending interests were transferred to the central state and the imperial household.

⁴ Certain local incomes from salt surtaxes were in fact transferred to the imperial household, but the budget account recorded in *Yanfa zhi* did not clearly mark them out. I take references from officials' memorials as well as Huimin Lai's *Emperor Qianlong's purse: imperial household finance in eighteenth century China*.

Figure G. Allocations of salt surtaxes and lending interests
(unit: *taels* of silver)

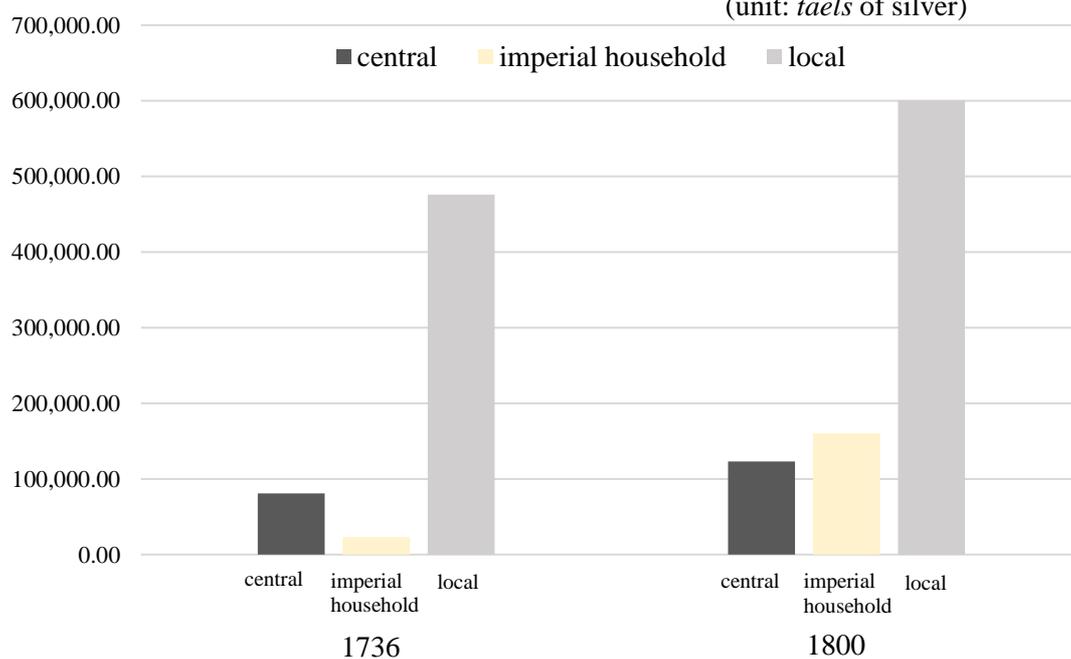


Source: Surtaxes data from Figure A; lending interests are collected by the author from *Yanfa zhi*.

Lastly, transit taxes and customs composed about 10 to 12 per cent of all statutory surtax incomes. I estimated this part of surtax incomes using secondary literature.

My estimations in Figure H below show that although the overall tax incomes from this category were gradually expanding over the eighteenth century, the growing surtax incomes generated were too little to compensate for reductions in local incomes in other tax categories. Besides, some of the local surtax incomes from the transit and customs were redistributed to the imperial household rather than retained in local governments.

Figure H. Allocations of surtaxes on transit tax and customs
(unit: *taels* of silver)



Source: Figure A.

In contrast to the shrinking local incomes, the Qing central state maintained a good fiscal condition during this period. From 1724 through 1780, the average fiscal reserves of the central treasury reached 48 million *taels* of silver each year,⁵ a figure equivalent to the state's gross annual tax incomes (except for grain taxes paid in kind).

Conclusion

To conclude, this paper finds that the ability of the Qing state to redistribute resources is a major explanation for Qing's tax and fiscal behaviours. My revisions on Qing's total and per capita taxes suggest a higher level of tax incomes, but they did not overturn the trend that Qing's tax growth was outpaced by population growth by the early nineteenth century. With an analysis of resource allocations in 1644-1723 and 1736-1810, this paper finds that the Qing central state has managed to expand central incomes without tax expansions at a significant margin.

In contrast to some existing views, this paper does not consider the Qing central state a weak state, as shown by its good fiscal conditions and the capacity to maintain a high level of resource concentrations. Instead, this paper considers the main problems resided on China's local rather than central state, as the Qing central state kept the size of local governments small in both periods studied.

Although the Qing empire's indirect taxes (and surtaxes) increased slowly but steadily over the eighteenth century, much of the expanded incomes were redistributed to either the central government or the imperial household. In this sense, Qing's local governments had strong incentives seeking for non-statutory resources outside the given portions.

The finding in this paper resonates with existing suggestions of Qing government's small size and its under-governance in localities⁶ and descriptions of collections of non-statutory incomes across the Qing empire.⁷

⁵ Figures are summed up based on 史志宏, *清代户部银库收支和库存研究*, 204-7.

⁶ Deng, Kent G. *China's Political Economy in Modern times Changes and Economic Consequences, 1800-2000*. London: Routledge, 2012, 25-26.

⁷ Zelin, Madeleine. *The Magistrate's Tael: Rationalizing Fiscal Reform in Eighteenth-century Ch'ing China*. University of California Press, 1992. Wang, Yeh-Chien. *Land taxation in imperial China, 1750-1911*. Harvard University Press, 2013.