Chapter 5

China's Emerging State in Historical Perspective

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5.1 Clarifying Problems, Formulating an Approach

China's economic growth since the 1980s has transformed the country from a primarily agricultural society with a socialist planned economy having minimal foreign trade into a major industrial power with a powerful presence on international markets. Rapid growth began with what economist Barry Naughton memorably captured in the phrase "growing out of the plan" and included opening the domestic economy to foreign capital and technology and the growing exports of manufactured goods to Western countries. By the late 1990s Chinese enterprises and entrepreneurs began to increase trade with and investment in African and Latin American governments and firms, promoting resource extraction and infrastructural development in world regions where Western governments and enterprises had long spoken of untapped development opportunities and aspirations. In autumn 2013 President Xi Jinping announced a bold vision of transforming Eurasia into a more integrated economy, reaching populations previously cut off from the transformative possibilities having market access as perennially promised, and linking the Chinese and European economies more closely than ever before.

China's entry into economic globalization during the 1980s put the country in a profoundly different position than that it occupied in the first round of industrially-led economic globalization a century earlier. From an exporter of largely primary products in the 1880s the country became an industrial exporter in the 1980s and 1990s. Globally, with improvements in transportation infrastructure between the mid-nineteenth and early twentieth centuries, railroads and steamships enabled the Western centers of industrialization to forge an international division of labor. Raw materials and agricultural products flowed from less developed societies as industrial products moved in the other direction. By the final decade of the nineteenth century

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Western capital (principally British) created production not only in industrialized areas but also went to central and eastern Europe, much of which had little to no industry, and to other world regions where entrepreneurs and foreign governments aspired to create wealth and power similar to what they observed in the advanced parts of the West. But most all these efforts had quite modest results for non-Western economies, including China's.

At the same time as states in late nineteenth century Asia and Latin America increasingly aspired to create more effective governments and expand production, American and European states were beginning to understand the complex challenges of capturing the benefits of international trade without exposing major sectors of their domestic economies to economic harm that could follow the shrinking or even collapse of foreign demand for their products. The first round of modern globalization begun in the 1870s ended in the 1930s Great Depression when most economies entered into protectionist modes and faced expanded state roles in economic management of their economies. These efforts proved a prelude to even greater state intervention in firms and markets occasioned by the demands to devote national resources to war efforts in World War II. For the Chinese, the post-WW II civil war pitting Communist and Kuomintang (GMD or Nationalist) forces against other, ended with the Communist establishment of the People's Republic of China in 1949 and the GMD moving the Republic of China to the island of Taiwan where a half-century of Japanese colonialism had recently ended with Japanese defeat in WW II. Each carried forward a modern Chinese legacy of state involvement in promoting industrialization.

Chinese governments in 1950 inherited knowledge of the successes and failures of previous Chinese governments in fostering industrialization. They also shared in the general post-World War II ethos of expecting strong governments to lead and develop more prosperous societies. What in other societies were often quite new commitments to popular welfare were for Chinese governments based on political ideas that had a far longer history of institutional development. A basic connection between imperial Chinese ideas about good governance, political economy, and popular material welfare became reconfigured in the ideologies and institutions of development on both sides of the Taiwan straits. This chapter considers the emergence of the state under the Communist Party in the People's Republic of China and considers its vision of transforming society to be fundamental to its domestic political economy. China's domestic political economy in turn provides a vantage point for considering the Chinese state's emergence domestically and internationally.

Many China specialists typically chronicle China's late twentieth-century economic transformation as the country's emergence from the stifling limitations of a socialist planned economy. Some, more typically within China, locate institutional changes beginning in the 1980s within the longer time frame of institutional developments in the first three decades of Communist rule. All students of post-1949 China recognize the dominating role of the Communist party and state in shaping economic and social life through the 1970s and their persistent presence thereafter. We face particularly vexing challenges of considering the possible connections between Chinese approaches to international relations in the world today and its domestic economic

changes. We know that China's increased economic weight in the global economy portends a continuing evolution of the Chinese state's roles and relationships within the international political system, but do not have many obvious ways of evaluating the ways in which the Chinese state's many institutional actors take on roles enabling and channeling economic change that can inform the ways in which we understand the state's emergence as an international political and economic actor. Looking back on Chinese history can give us some perspective.

Over the first three decades of post-WW II scholarship on modern Chinese history, it was conventional to identify 'modern' Chinese history with the 'opening' of China made possible by the British defeat of the Chinese in the Opium War (1839–1842). More recent scholarship has pushed back the 'modern' era several decades or even to the beginning of the Manchu's Qing dynasty (1644–1911). This historiographical move allowed historians in the last two decades of the twentieth century to highlight domestic dynamics of change that mattered to understanding the conditions of the Chinese state and Chinese society when political, economic, and cultural contacts between Chinese and Westerners became more salient and consequential. Yet, when scholars move forward to the closing two or three decades of the nineteenth century, the main topics of concern remain those aligned along the axis connecting China to foreign interests and impacts. These historiographical choices reflect our own intellectual interests and understanding of the important topics of the period. Certainly, many of the major political and economic figures of the era were busy with a combination of concerns regarding both domestic and foreign affairs. The foreign subjects are most naturally framed within a broader context of the web of contacts defining international relations of that moment in history. Domestic themes are sometimes placed within a historical perspective to evaluate their character in relation to earlier practices.

This historiographical practice for late nineteenth-century China is by no means unusual. It conforms to a more general proclivity of studies that move beyond a particular time and place to move spatially when concerned with international issues and to move temporally when located in the domestic realm. We see the choices that historical actors perceive to be shaped either by earlier practices upon which they can draw or by the systemic links within which they operate and our likely location in time and space of a research subject uses national borders as a differentiating factor. As a result, we are possibly impaired or even potentially crippled when we consider a subject like 'emerging states' since we discover actors across the world who find themselves simultaneously having their own particular paths of emerging and yet sharing a larger more common set of international relations. This is especially the case when we face the openness and uncertainty of present international relations. We are led to wonder in particular how the growing importance of some emerging states globally will more concretely affect the nature of political and economic relations more generally. China is certainly one such state that deserves such scrutiny.

One way to gain some entry into this difficult set of issues is to consider how China's contemporary state has been consciously influenced and perhaps unconsciously shaped by its historical problems and possibilities in order to evaluate at least some of the ways it might be anticipated to act as an emerging state today.

My strategy of analysis will be to consider concerns in and with China during the decades on either side of the millennial divide from the vantage point of key features of Chinese priorities and policies in the decades on either side of 1800 and 1900. The use of centennial markers is somewhat arbitrary but more easily recognized as such rather than if we use dates with some particular significance of their own which tend to influence perspectives on situations preceding and following the date which elevate the importance of the dates and obscure other significant moments of change or the less vocalized confirmations of past practices. In the next section of this chapter I will briefly consider four fundamental issues informing the ideological character and institutional structures at the beginning of China's modern era around 1800 as a vantage point to consider the contemporary period, roughly the decades on either side of 2000. I will then perform a similar analytical exercise with a move in a subsequent section to consider the pressing problems and priorities Chinese confronted around 1900. The concluding section will address the Chinese state's political and economic emergence as an international actor distinguishing initiatives and activities across world regions observing the ways in which multiple domestic actors and concerns have become enmeshed in China's emerging state with implications for all of us. The consequences will depend on the perceived concerns and results of choices by other actors as well, both those intended and unforeseen.

5.2 Problems and Persistence of Chinese Empire—Legacies for the Present

For more than two thousand years rulers on the Chinese mainland built states ruling large expanses of territory with densely settled areas at considerable and even great distances from the imperial center. Thus, the nature of the center's control over far flung locales and regions proved a perennial concern. Historians of China sometimes naturalize the persistent problems of reaching from the imperial court to a myriad of diverse locales because the challenge was chronic. Yet the challenges were historically constructed and reaffirmed over time through the successes of rulers who built new states drawing upon a set of political principles and beliefs reinterpreted and augmented through the centuries and a repertoire of political institutions that created an evolving menu of policy choices from which to select specific responses to issues. Two crucial and related changes took place at roughly the midpoint in this two millennia stretch of empire building and rebuilding after periods of division. The first was the decline of great magnate families based on landed wealth who disrupted Han dynasty rule and emerged after the dynasty's early third-century fall as *de facto* rulers in many parts of the former empire until the late sixth-century recreation of empire under the Sui dynasty. They remained visible in the Tang dynasty, but by the 10th century transition to the Song dynasty they no longer constituted the kind of threat to central rule that locally powerful families had proved to be in earlier Chinese history and would prove again to be in early modern empires, such as the Ottoman

and Mughal empires. The second change just beginning to take shape in the tenth century and continuing to evolve for the balance of the imperial era was the formation of a civilian bureaucracy staffed increasingly by individuals who passed exams qualifying them for official posts not located in their province of birth, whose decisions were to be guided by administrative regulations, whose work was reviewed, and who were rotated to serve in different posts in order to reduce the problems of local official identification with local concerns over those of the center. The provincial level of government was consolidated during the eighteenth century so that a vertically integrated bureaucracy with county magistrates serving in over 1300 counties sent reports to the prefect in charge of one several prefectures in a province that fell under the authority of a provincial governor who worked with a provincial treasurer who was from the Ministry of Revenue and was himself subordinated to one of nine governor generals who supervised operations in up to three provinces.

The relations between members of the imperial court, or any other official serving in the capital, with officials serving in the provinces, from the level of governor-general down to county magistrate, are today all covered by the same Chinese phrase of 中央与地方关系 typically translated as “central-local” relations. This is the first feature of Chinese governance that informs the manner in which the Chinese state has emerged. This central-local simplification masks the administrative reality of provinces, comparable in size and population to European countries, being considered “local” in relation to the imperial center. When not falling under the general “local” label and noted more specifically as center-province relations, provincial initiatives have often been conceived as a challenge or at a minimum an alternative to the central state exercise of power. But provincial and sub-provincial administrative matters were never completely independent of the center no matter how difficult it proved to be for the center to sustain oversight. If an eighteenth-century Chinese province’s bureaucratic capacities and challenges were mapped onto the early modern European scene, we would think, in terms of spatial and demographic scale of England’s early modern state making experience as a “local” or “provincial” process, literally de-centering our focus on European state making—allowing us to recognize that what we take to be paradigmatic cases of state centralization in the European age of state building would be nothing more than provincial-level developments in China. While it is easy to see why this kind of distortion destroys our conventional clarity on European developments, we might take a moment to appreciate what the exercise enables us to bring into view from a broader comparative perspective that doesn’t immediately default to European norms. At a minimum, we should acknowledge that if the distortions introduced by viewing British political development from a Chinese perspective is deeply disorienting, we should be alert to the dangers of assuming the symmetric exercise of judging Chinese state practices from the vantage point of a paradigmatic European case doesn’t limit our view and distort what we are able to observe.

Many of the activities that were pursued within early modern era Chinese counties and bureaucratically coordinated or supervised at the prefectural and provincial levels, such as water control works or granary storage would be viewed as central state activities in a European political context. But in fact such activities, considered com-

mon and important in China had no clear counterparts in European countries. Water control projects were sparse in Western Europe, the Netherlands of course reclaimed land through their polders and we can find canals built in southern France or dikes maintained in some small German principalities, but even in the few places with water control works, none of them was necessary to agricultural production in the way that controlling sources and flows of water for irrigation were to rice paddy agriculture. From the building and maintenance of irrigation systems up through managing the competing needs for water in rice cultivation and for maintaining water levels in rivers and canals that formed the arteries and capillaries of the transportation infrastructure supporting commerce across the empire, Chinese water control projects were basic and demanding components of the empire's political economy. The Chinese state's civilian granaries were intended to help smooth out seasonal oscillations in grain availability and be a key defense against famine in years of severe harvest failure. An empire-wide system of storage, most of the operations and supervision took place within provinces, with reports of activities part of the communication traffic sent to the center. European countries did not have comparable national systems of grain storage intended to reach both rural and urban subjects. Even a famous effort to address the needs of the poor in times of difficulty, the English poor relief system, lacks the kinds of involvement by the state exemplified by the Chinese granary storage system. Recall that the resources for the English poor relief system were raised locally and not part of any central government budget and that the operation of poor relief was in the hands of unpaid justices of the peace who were local notables, not members of any English bureaucracy entrusted with the task of addressing the needs of the local poor and vulnerable. The British would centuries later develop national systems of welfare funded by tax revenues that would in turn face criticisms mounted among many Western 'welfare states' in the late twentieth century. For the Chinese, subjects like food supply availability and water control would remain political priorities and practical matters involving state interventions after the collapse of the last dynasty and through the different administrations ruling the country before 1949 and in the People's Republic after 1949, however varied the successes and particular institutional arrangements developed to address these matters.

The presence of government policies and practices in late imperial China that did not exist in early modern Europe should make clear to all of us that European paths of state emergence cannot provide an adequate guide for state transformations in China. The Chinese bureaucratic tradition has informed the manner in which the state emerges in our millennium focused upon the people's material welfare as a source for regime legitimacy and establishes the long history behind the acute salience of water management issues in China today. Beyond its substantive agenda, this bureaucratic tradition has a formal feature worth highlighting. In contrast to most all other political systems that distinguish functions, responsibilities, and authority among different levels of government, the Chinese imperial system did so only to a limited degree. Federal systems of government have the sharpest divisions of authority, responsibilities, and functions but even systems that have far less autonomous forms of lower-level government distinguish among the functions of local and central government, as we see in today's France or Japan. In China's early modern era, county

magistrates were responsible for the same substantive agenda of promoting social order and material security that was articulated by the emperor. As provincial-level government offices became crystalized into a provincial government, its officials still belonged to different central ministries so that duties for various tasks, such as tax collection, were shared by officials both within and outside the Ministry of Revenue and were stationed in both provinces and the capital. These similarities and connections meant the state agenda for material welfare and economic promotion was in some ways pursued at different levels of government in the same or similar ways.

To characterize the late imperial Chinese agenda for state success through fostering local order I have previously spoken of a 'fractal' agenda of rule characterized by the replication of similar features at each level of government (Wong 1997). This trait has implications for how political space is conceived. It encourages people to understand their actions at the local level to serve a far larger political project even when the scale and scope of their activities doesn't reach beyond the county level—this trait helps explain how early twentieth-century advocates of Chinese nationalism could believe that their efforts within a particular province had far less to do with a provincial identity than they did with advancing a national cause. At the same time, it also allowed the replication of similar practices over wide areas to create a set of relatively isolated rural areas held together by few connections beyond the similarity of their practices—a feature of eighteenth-century political economy seeking to settle unpopulated areas through migration and the replication of agrarian economic practices of agriculture and crafts found in well-developed areas of the empire and an even more pronounced proclivity to stress the replication of small and secure agrarian spaces across the country during much of the first three decades of the People's Republic when 'taking grain as the key link' stressed the importance of food self-sufficiency conceived to be relevant at the village, county, provincial and national levels. What separated eighteenth-century economic replication efforts from those after 1949 were eighteenth-century policy efforts to balance population and resources across the empire through commercial movements of grain and crafts and the migration of people from densely populated areas to those with sparser settlements. In the initial years of economic reform beginning in the 1980s, increased movements of people and goods once again became a feature of the economy after some thirty years of government set limitations on commerce and migration. Only since the mid-1990s have efforts to distinguish more sharply between the responsibilities, authority and functions of county, province, and center been pursued by the PRC's state.

I will introduce the remaining three features of the Chinese state c. 1800 far more briefly. A second important feature of Chinese governance c. 1800 was the nature of official relationships to local elites. It too offers an under-utilized perspective on China's emerging state today. Local elites shared with officials a cultural formation through learning the Confucian classics and related texts needed to take, and in only a few cases pass, the civil service exams. This training created a shared (or at least overlapping) understanding(s) of policies and institutions to construct and sustain local social order. To continue with examples of water control and granaries, each had considerable non-official involvement. The management of irrigation networks

were managed in the first instance by the households whose land used the water for their rice paddies; these very local systems of water management, sometimes limited to households in a single village, were themselves nested within larger water networks that needed separate mechanisms for maintenance and repair. River systems often crossed county borders requiring coordinating the use of resources and labor to repair dikes or dredge river channels; such efforts often brought in county-level officials. Even larger repairs could prompt provincial officials to act—officials and elites undertook related roles in the management of China's early modern water control systems that were vital to both agricultural production and commercial transportation in ways absent in Europe. The example concerns officials and elites sharing responsibility for granaries. The reserves were reviewed annually by the central government included granaries managed by the county magistrate and for which resources were mobilized by the state as well as those built by local elites who reported their granary activities to their local officials (Will and Wong 1991). The ability, and indeed proclivity, of officials and elites to take on complementary and even substitutable roles in projects designed to maintain or improve material welfare was a basic feature of late imperial Chinese governance. Such features did not mean, of course, that elite and official interests were always congruent or that they did not compete with each other, but they help explain the expectations for complementary efforts, especially in times of crisis, exemplified by local militarization to defend against mid-nineteenth century Taiping rebels, early twentieth-century efforts to suppress opium cultivation and use, and the late nineteenth and early twentieth-century expectations that officials and entrepreneurs would jointly provide capital for new enterprises not according to the anticipation of profits but from beliefs that such investments would strengthen the economy and society.

The logic of complementary roles for officials and elites also represented a balance between the bottom-up initiatives of local elites and the top-down policy priorities of officials. The division between the activities of elites and officials was not sharply drawn in the manner etched in European developments of civil society because the latter were part of a state making dynamic absent in China involving defense against an expanding state presence in society. In early modern China there was both an intersection and positive connection between bottom-up and top-down initiatives but there was also considerable space for local autonomy created by the limits of reach by a bureaucratic state stretching itself across an agrarian empire. After 1949 a Communist-indoctrinated elite emerged who unlike earlier Confucian elites had little to no potential for autonomous action under the strictures of party discipline. With the emergence of new social elites with more than three decades of economic reform, how official-elite relations will become stabilized remains to be seen.

Without the cooperation and commitment of Confucian elites, China's official bureaucracy would have been far less able to achieve the levels of stable governance the state enjoyed when most effective. The third important feature of early modern Chinese governance was its reliance on campaigns to mobilize resources and manpower to undertake large-scale, extraordinary projects (Wong 2001, 2012a). Once again water control and granaries provide clear evidence. Campaigns were mounted to expand granary reserves across the eighteenth-century empire and to respond to

major river dredging and dike repair projects. Campaigns involved both the coercion of labor *corvée* and land surtaxes, the persuasion of elites to make financial contributions and manage some of the efforts. Behind the coercion and persuasion was a broader notion of the broader social and political interests of combatting food supply instabilities and maintaining water control works for both production and exchange. The logic of political campaigns is, of course, very familiar to observers of post-'49 China but not all recognize that political campaigns are not a Communist invention or even just a twentieth-century invention of single party-led states beginning with the Nationalists between 1927 and 1937. Much as the political voice of citizens in modern democracies emerges out of the claim-making institutions early modern European elites and their rulers developed, post-1949 political campaigns and the state that emerges from them built upon earlier political practices.

The combination of a vertically integrated bureaucracy, a coalition of officials and local elites pursuing a shared Confucian agenda for social order, and state mounting of extraordinary campaigns created approaches to state activity that appear in the People's Republic within very different ideological and institutional frameworks. Yet, understanding these features of China's emerging state should benefit from recognizing how they have themselves emerged out of China's past. I will highlight briefly a fourth and final feature of Chinese state institutions and political practices c. 1800 that is sometimes seen as evidence of the Qing empire sharing a semblance with other empires of the early modern era but I suspect tells us at least as much about how Chinese leaders since 1949 have been able to imagine contemporary patterns of institutional diversity within the country's borders (Wong 2005, 2012b). The Qing empire, like other early modern empires, governed its diverse population through separate institutional structures. In the Chinese case, minority populations in the southern half of the empire were sometimes under indirect rule and at other times subject to routine civilian administration. The Manchus and their Mongolian and Han Chinese military allies were organized under eight banners; they established the Lifanyuan (Office of Border Affairs) which combined both military and administrative functions for the Qing establishment of suzerainty over Tibet as well as the management of relations with other Inner Asian groups with whom the Manchus could forge peaceful relations. The Dzungars who were deemed a threat to their achieving a peaceful Inner Asian border region were the object of military campaigns beginning in the late seventeenth century and culminating in their defeat by the Manchus in 1758. Separate from the banners and Lifanyuan were the tributary relations of the Qing with other Asian polities and some of the eighteenth-century contacts between the Qing and Europeans, all of which took place under the Board of Rites, one of the government's six boards first established under the Tang dynasty in the eighth century. Rather than address some of these institutions and suggest their similarity to institutions in other empires, I think we can better understand their significance to China's emergence by recognizing that the full spectrum of institutional distinctions between civilian bureaucratic rule, the banners, the Lifanyuan, and the tributary protocols of the Board of Rites gives us a view of Qing governance spanning domestic and foreign relations. The comparable spectrum for early modern emerging European states would be domestic, intra-European, and the somewhat different

policies and institutions for governance of colonial territories in the Americas and management of commercial relations in Asia. The binary simplification of modern European political ideology and institutions into domestic/foreign did come to signal some coherent institutional conformity domestically while international relations have remained far less stable institutionally over the nineteenth and twentieth centuries, from the rise and fall of European colonialisms over much of Africa and Asia, the failures of European balance of power principles to prevent two world wars, the binary division of the globe by the Cold War, and the emergence of international institutions that have either regional or global activities. The Chinese state today emerges with domestic distinctions between areas deemed ‘autonomous’ because of an earlier set of governance practices both across its Inner Asian frontier and among areas within China proper where minority populations predominate.

The four features of Qing governance c. 1800 help to explain the kinds of capacities and commitments the Chinese state had fashioned in earlier times to base its political legitimacy on achieving social stability through promoting agrarian economic prosperity in a commercial economy spanning urban and rural locales. These capacities alert us to some of the reasons the Chinese state was able to survive the nineteenth century when the international political and economic contexts within which it had to operate presented new challenges and fostered the construction of new ideologies.

5.3 From Empire to 20th-Century State—Power and Wealth, Party and State

For several nineteenth-century states, including Asian countries such as Japan, Korea, and Thailand as well as far larger states such as the Ottoman, the Qing, and Russian empires, the examples of Western European and American economic growth and building of strong states offered models worthy of emulation in order to compete more effectively with them in a world of increasing economic connections and political ties. In the Qing case, so-called “self-strengthening” included the formation of new central government institutions to engage Westerners. Many of the officials responsible for mounting important new projects did so from positions within the bureaucracy that placed them outside of the capital. An earlier generation of scholarship suggested that these regional leaders were expanding their powers resulting in a devolution of power from the center to provincial leaders. Yet a leader identified as regional could also represent the Qing state to negotiate treaties, as Li Hongzhang did, both with the Koreans and with the Japanese, for state purposes and not envisioned to develop the economy in any clear manner. Li Hongzhang and other late nineteenth-century officials lived in a Chinese political order built upon a fractal vision of similarities of political intent no matter what the spatial frame of the efforts might be. He did not see his successes (and failures) as other than those of the dynasty itself. Thus, the structural challenge of coordinating efforts at different levels or parts of a bureaucratic

system can be distinct from the more particular issue of constructing integration based on a division of labor defining different interests and thus potential competition among segments of the system. Individual officials could see themselves as serving imperial and subsequently national interests even if their ambit of authority was regional or local and not central.

Many of the efforts to strengthen the dynasty through military and industrial projects were undertaken by officials with provincial positions. Even if specialists come to recognize more generally that the Chinese pursuit of self-strengthening was conceived with the intent to sustain the state more generally, few are yet ready to consider whether or not such efforts also came to embrace older commitments. Scholars have typically viewed self-strengthening as a particular and focused movement to address new challenges, yet the pursuit of wealth and power by the 1900 included an understanding of “industry” (工业) to include the introduction of new machinery into rural handicraft settings, such as an iron gear loom for textile weaving. A survey of Jiangsu province published in 1919 summarized economic activities by county. This study included under “industry” machines used in rural household industry—even as Jiangsu was site to some of the important urban factory production emerging in China, “industry” as a category included the changes to rural handicraft production and not only the factories that would one day replace them. This Chinese notion of “industry” briefly brought rural craft transformation into its coverage, but did not survive into the 1930s. From that decade through the 1970s “industry” largely referred to more urban-based capital-intensive factory production. But beginning in the 1980s a dramatic rise in rural industry, the “township and village enterprises” (TVE, 乡镇企业), were a major source of industrial growth well into the 1990s. While certainly not handicraft industries, these rural industries were also not the stereotypical large urban-based capital-intensive factories using the latest and most advanced technologies. Nor were they the kinds of industries that were promoted under the socialist planned economy. Fitting neither economic models of modern economic growth or a socialist system, they can be more easily seen to resonate with earlier logics of how to incorporate industry into even older notions of promoting material welfare of the common people (Wong 2002, 2014). The Chinese state's emergence in the economic reform era included filling in the rupture between urban and rural sites of industrial production created under the socialist planned economy.

Returning to the vantage point of the Chinese state c. 1900, the standard political narrative recounts the failures of the last massive push for reforms, the New Policies, which set up new ministries modeled on those of Western countries and the termination of the civil service examination system. A weak republic with competing centers of power and authority emerged in provinces after 1911—some regimes were led by military leaders and others by coalitions of civilian elites attempting to build new institutions (McCord 1993). Some of the regimes, perhaps most notably that of Yan Xishan in Shanxi also made plans for economic development during the warlord era after the fall of the Qing in 1911 (Gillin 1967). Such projects were less seen as competitive efforts akin to those undertaken by mercantilist governments in early modern Europe and more as complementary strategies for building economic strength, the better to enable “China” to stand up politically to foreign pressures.

In cities, industries before the Japanese invasion of 1937 were basically a private sector development that brought together foreign and domestic capital, foreign and domestic managers, and Chinese labor to create mainly light industrial consumer goods, including flour, cooking oils, cigarettes, and matches. Such developments did not stop Chinese governments from envisioning grander plans for large-scale government—led projects. But even the GMD's Nationalist state during its period of most effective rule in the decade after 1927 achieved little beyond blueprints. The mindset however proved persistent. The wartime political crisis forcing the Nationalist government to flee inland to Chongqing included the remarkable physical movement of large amounts of machinery and the assertion of control over previously private enterprises by the government in the name of wartime emergency. After losing their post-WW II civil war with the Communists, the Nationalists did not persist in controlling industry as they had during wartime, but that aspiration informed Communist Party thinking as they began industrialization plans after coming to power on the mainland after 1949. Their first goal was to recover from the economic dislocations caused by war and to this end they supported private Chinese entrepreneurs whose efforts to build a new China was crucial since they possessed the expertise and the resources to contribute to economic recovery. An implicit and somewhat politically uneasy relationship between state and industrial entrepreneurs was replaced in the second half of the 1950s by collectivization of agriculture and nationalization of industries, making both sectors subject to state planning processes. What had been a tacit willingness of the Communist party-state to work initially with industrial entrepreneurs was replaced by a heightened concern for the kinds of classes that the party state wanted to exist in the new socialist society. Within this set of concerns, the Communists made industrialization a party-state project to be pursued without a bourgeoisie. This led to the subtraction of a private class and the construction of a public class of cadres who would become in the second half of the 1960s the 'capitalist roaders' of the Cultural Revolution.

Those who suffered the label of "capitalist roaders" were members of the party's elite that replaced the Confucian elite staffing the Qing state c. 1800. That Confucian elite had already been shown inadequate to meet the demand for the concrete skills needed to guide the country successfully into century in the pursuit of wealth and power. But the new elite could not merely be technocratic—the search for an ideology or vision to replace the Confucian agenda for rule became tied to the organizational centrality of the Communist Party as the creator of a new political elite to replace the previous social elites of Confucian scholars, entrepreneurs and landlords. The formulation of a new socialist China created a party-state led construction of national identity that assumed a Chinese people with a long cultural history and focused on building a modern society utilizing advanced technologies. Beneath this vision of a common forward moving economic progress were realities of economic differences between urban and rural China as well as economic differences among different regions of China. The Chinese state was certainly aware of the regional differences c. 1800 as well as c. 1900; by the latter date the possibilities of growing gaps between urban and rural sectors began to come into focus, encouraging a capacious understanding of "industry" and then by the 1930s separate initiatives to develop

the urban economy and revitalize the rural economy before the Communist state formally separated institutionally urban and rural China and managed each through its party-state bureaucracy.

The political economy of 1950s was different from what preceded it not simply because a socialist state institutionally modeled on Soviet Russian political institutions was put in place. It was also significantly different because what had been a vibrant agrarian commercial economy that linked rural and urban China was largely dismantled by the mid-1950s. At the same time society was simplified—the forms of associational life that had developed in twentieth-century urban China as well as the far older kinds of associational life in the countryside were all dissolved or at least stripped of their purposes and given no social space within which to operate. Only associations and organizations under Party supervision were permitted. Social simplification made organization of society by the party state feasible in ways that were otherwise inconceivable. Most all of social life was channeled through institutions directly run by the party-state or supervised by the state—what had previously been a shifting late imperial equilibrium between officials and elites sharing elements of a common agenda became a party-state led agenda for political transformation. These changes in turn made the potency of political movements far greater than they were earlier in the twentieth century, let alone c. 1800. The party state that emerged after 1949 clearly chose to depart from practices of the state in 1800, even if much of such movements did not recognize the changes to be mounted from conditions resembling those of the country's historical past. These changes tend to obscure other ways in the PRC state in the 1950s also faced challenges common to the state c. 1800, in particular how to organize center-region/locale relations and how to promote popular material welfare.

Most institutional changes in the countryside involved increasing levels of collectivization culminating in the formation of communes followed by decreasing levels of collectivization culminating in the return to household-state relations as akin to late imperial practices as they were to previous Communist ones. A related set of changes took place regarding management and control of industries in which different levels of administration below the central ministries began in the mid-1950s to control state owned enterprises. Through the 1970s, agriculture and industry were all organized administratively with the division of authority between central, provincial and local authorities being the axis along which reforms were carried out. The late twentieth-century economic reform era included enterprise formation outside the socialist plan and increased use of markets in both urban and rural areas. By the 1990s the state's challenge to tap the growing wealth of the economy led to experiments with reorganizing the country's fiscal system culminating in a major round of reforms in 1994 from which different fiscal bases for different levels of government were recognized along with shifting sets of public responsibilities associated with each level. Bureaucratic change followed economic change. The particular characteristics of the Chinese state's fiscal system emerged out of previous practices as much as it involved the adoption of foreign practices.

However great the institutional changes in Chinese political economy by the new millennium, the state still sometimes invoked its aspirations to achieve wealth and

power. The pursuit of wealth continues to have a strong connection to issues of distribution and raising material standards of living for the population at large. The pursuit of power continues to include domestic as well as foreign dimensions. The international dimensions of the pursuit of power truly have emerged more fully since c. 2000. In retrospect, China's separation from a U.S. dominated system of international relations for three decades after 1949 may well have been a blessing. Certainly this reduced the political challenges and demands on state. The reform era's international opening to gain access to capital and technology made it possible for Chinese labor to produce for export markets and the Chinese economy subsequently to begin to invest capital overseas in the new millennium. Chinese entrepreneurs and state organized projects have become sources of benefit and contention in African and Latin American countries. China has become an emerging state that will influence the future evolution of global political and economic relations.

5.4 China and Other World Regions, Globalization and Global Hegemonies

President Xi Jinping began in the fall of 2013 to discuss a Silk Road Economic Belt and a Maritime Silk Road with leaders in Central Asia and Southeast Asia. These became combined in the phrase "One Belt One Road" in 2014 with the intent to invest in infrastructure, production and trade in locations in Asia, the Middle East, Africa and Europe. At the economic heart of OBOR has been the promise of billions of dollars of infrastructural investment to undergird new transportation networks to move natural resources, agricultural crops, and finished goods along new and improved routes. The "belt" refers primarily to overland routes through Central Asia where natural resources of great interest to the Chinese (and others) are located. It is projected to extend along new rail line networks to be built to cut transportation costs from China to European markets. These rail lines complement the port facilities that China has developed in the eastern end of the Mediterranean in Greece's Piraeus. The "road" refers to maritime routes intensified and extended through new port developments, especially within Asia.

These developments promise a major response to the Asia Development Bank's 2009 report calling on Asian countries to invest in their transportation infrastructures some \$8 trillion dollars between 2010 and 2020 (Asian Development Bank 2009). The ADB called on Asian governments to make these huge infrastructural investments in order to give their populations improved access to market opportunities and also commit an additional \$290 billion dollars in regional infrastructure and energy projects. The call was made with little sense of how Asian countries could effectively revise their fiscal capacities to enable such outlays of capital, how to tap international capital markets, or to improve upon the ways large infrastructural projects have had uneven success. Large-scale infrastructure projects have become "PPP" efforts (public-private partnerships)—complex projects divided into public

and private sector components, through which businessmen invest in the components they expect to have financial returns and states to support the financing of those necessary developments that have no likely financial return. Huge in scale and complex in division of labor they require multiple kinds of negotiation and agreement among public and private actors and have proven vulnerable to delays and even suspensions of activities, as they have to fit within shifting political climates in the country where such projects are launched as well as meet the financial expectations of private sector investors, not to mention the often daunting engineering tasks they entail.

The Chinese state's emergence internationally through OBOR represents new departures into international relations guided by past experiences and with the intention of creating new alternatives to the status quo conditions in the global economy. OBOR represents both an extension and a revision of Chinese approaches to economic development in poorer peripheries of their own country. It is a revision because unlike earlier efforts to build peripheral economies to make them more productive on their own or to link them more closely with the interior, cross-border infrastructure projects seek to tap commercial potential from extending economic integration of China's peripheries to its foreign neighbors—in Central Asia this is certainly to tap Central Asian natural resources and follows some of the kinds of projects China embarked upon in Africa. In southwestern China with its cross border connections to Southeast Asia the developments appear more geared to broadening and deepening market integration to create mutual benefits through trade and can also be seen as an extension of the principles of market expansion long pursued domestically by the Chinese.

OBOR infrastructural projects also represent a revision of Western approaches that until recently distinguished between government aid, international loans, and private sector projects. Now the so-called PPP bring together institutionally discrete actors to divide large projects into smaller sections subject to different criteria of desirability. Western approaches to aid have varied over the past half century and there remain major differences of opinion regarding the most sensible basic orientations to creating positive material improvements in the quality of poor people's lives. The best development thinkers and practitioners recognize that multiple methods can have constructive impacts in certain circumstances. But they also realize that mistakes or negative unintended consequences have attended aid projects large and small. At the risk of caricaturing important figures in development studies we can consider Columbia University economist Jeffrey Sachs' promotion of development through massive infusions of aid, call for effective standards of governance, and frequent role as advisor to the UN and government leaders a leading example of a long tradition of top-down and foreign-native knowledge transfers intended to create conditions for economic growth (Sachs 2012). In striking contrast is former World Bank economist William Easterly also based on the island of Manhattan at New York University who rails against the tyranny of development experts who have shouldered their white man's burden as they descend on poor countries around the world prescribing remedies for their poverty (Easterly 2002). He counsels the importance of empirical knowledge of specific situations and the recognition that

functional market institutions cannot be imposed from above but must be nurtured within society to become effective. How do Chinese approaches to OBOR projects compare with current understandings of development strategies in the West?

In China's domestic economic reform strategy a combination of bottom up and top down efforts were implemented. This is clear in the example of township and village enterprises. The central government set loose guidelines in the early 1980s to allow diverse forms of township and village enterprises to develop. The initiative to develop these enterprises rested with county-level officials and local entrepreneurs. The environmental damage done by largely unregulated industrial development subsequently led to more top-down regulations and controls over these factories, many of which were subsequently put out of business by increasing market competition. An initial comparison of these Chinese practices with Western views suggests Chinese implementation of Sachs-like infusions of policy with Easterly-like recognition that market principles had to enjoy some local basis in practice. Upon reflection one can see that the Chinese did not however adhere to principles that Sachs, Easterly, and most other Western economists and analysts more generally take as necessary—basic principles of governance associated with democratic practices. The World Bank's Worldwide Governance Indicators, for instance, provides a metric based on survey responses of business people working in different countries regarding issues including the rule of law, effectiveness of bureaucracy, and the degree of corruption (Kaufmann et al. 2011). Unless countries score well on these and related topics they are deemed less likely to use World Bank loans productively. This logic conforms to the policy prescriptions Nobel laureate Douglass C. North drew out from his studies of American and British economic history that economic growth takes place when an economy and government have the proper institutions. His version of new institutional economics created a causal sequence of growth coming from the prior existence of good institutions—in terms of this book a proposition that economic development only occurs after a state modeled along the lines of Anglo-American institutions emerges. The Chinese experience historically and beginning anew in the late twentieth century has undermined empirically this form of argument since much of the economic growth and development of the 1980s took place without effective courts or contracts, let alone the kind of democratic political system deemed necessary for an open society with freedom of opportunity. Instead, the Chinese developed Western-style institutions as the complexity of their economic transactions and engagement with global partners made such changes desirable. The direction of the causation between Western-style economic institutions and growth is crucial to understanding how China's state fostered development. It did not do so by emulating Anglo-American institutions generally. In economic history we can find examples of changes in the real economy stimulating changes in financial markets (France) and in the neighboring country of Germany scholars suggest that the development of banking institutions enabled Germany's late nineteenth-century economic growth. One might have expected that as economies become more complex, countries starting from a more backward position would need more upfront investment in institutional frameworks as well as actual capital being applied either from outside sources and/or top down sources, an expectation related to Gerschenkron's

1962 arguments about the importance of states to overcoming economic backwardness (Gerschenkron 1962). Yet, the Chinese experience suggests that this is only partially true. Also important was building on existing (or in the Chinese case earlier subsequently suppressed) practices that allow market exchanges to function.

How might China's emerging state's domestic political economy affect its approach to international economic and political relations? First, the Chinese are less troubled by conventional signs of poor governance and hence poor investment risk than are Western companies, governments, or int'l organizations. There are disagreements, to be sure, in China over the manner in which OBOR projects are being drawn up and some analysts are far closer to Western norms than others. But projects are both planned and in process that would be deemed too risky by other international actors. The Chinese state's emergence thus suggests a challenge to prevailing norms or at least a challenge to reconsider their logic and effectiveness. The Chinese approach in OBOR projects seems at times to affirm a proposition present in ancient Chinese political philosophy and in centuries of Chinese economic policy formulation—address people's material welfare conditions to achieve political legitimacy and success (El Amine 2015). Rather than making political stability a precondition for economic development, Chinese OBOR efforts at times appear to propose economic development as a precondition for political stability. The idea is also present in the Western thinking that stresses the importance of creating jobs and a productive economy to ameliorate poverty in contentious political situations but the principle has not received the scale resources backing up Chinese initiatives.

The number and scale of Chinese developmental projects are both so large that some are unlikely to succeed. But if the state's approach to international economic relations emulates China's domestic economic reform efforts, then there will be repeated adaptation to each round projects by formulating revised policies aimed at achieving goals not reached under the previous round. Even if Chinese "learning by doing" doesn't operate in the same way internationally as it has domestically, as long as some developmental successes occur, a second set of issues regarding the impact of economic changes on geopolitical conditions becomes important. Here the issue is the complex way in which global political and economic systems historically and today operate with complicated mixes of cooperation and competition.

The early modern European expansion into other world regions introduced the use of violence into economic as well as political relations as Europeans staked out claims to land in the Americas and established ports at which to trade in Asia. As a result the pursuit of wealth and power by competing early modern European states created intimate connections between a European state's political success and its economic wealth. The nineteenth-century emergence of Britain as the world's hegemonic power emerged from that historical context; the British created a significant economic and military gap between itself and other countries to allow it to make itself the first modern hegemonic power and its government defined the terms of emergence as an effective modern state for others as its economy became the first in the world to industrialize and be taken as a model by others. The United States displaced Britain peacefully as the hegemonic power in the twentieth century, but only after a period of two world wars caused by political competition in Europe.

Post WW II American hegemony did not span the world because organized competition and resistance to its hegemony came from the Soviet Union. The Cold War was possible because the Soviet bloc countries were largely separated from Western economies. As economic globalization has forged ever greater connections among countries across different world regions and we have seen in the past half century Asian examples of rapid economic development, the possibilities of one state establishing a hegemonic position over such a system seems less likely than it had been in previous centuries. The issue of China's economic and political rise is therefore not simply an issue of its competition with the U.S. for the spot of hegemon, but rather a new global challenge created by the transformed economic architecture of the world that makes earlier logics of pursuing wealth and power less positive and constructive than ever before. The Chinese state's emergence calls into question the conventional metrics based on Euro-American experiences for defining normal states and this state's role in transforming its own economy and economic prospects of other countries suggests that the intellectual challenge of understanding emerging states is also a policy imperative to revise and perhaps even reformulate some of the principles and practices of international political and economic relations.

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