TRANSFORMATIVE OR ABORTIVE?
A "DE-VOLUNTARISTIC" ANALYSIS OF THE NATIONALIST
REVOLUTION IN MODERN CHINESE HISTORY

by

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ABSTRACT

Interpretations of the Nationalist Revolution in modern Chinese history, especially the so-called "Nanjing decade" (1927-1937) are dominated by theoretical notions which see the state as autonomous in its relationship to society. This autonomous state model, the dissertation argues, finds its roots in the voluntaristic ideas of Talcott Parsons. Arguments based on Parsons's ideas view the Nationalist Revolution as abortive.

The dissertation rejects these views and develops an alternative perspective based on the construction of a quasi-market model of social relations. The theoretical underpinnings, in contrast to Parsons's ideas, are termed "de-voluntaristic." These arguments suggest that individuals participate in, and have influence on, the operation of the state.

The application of a quasi-market model suggests that there was a major transformation in Chinese society during the Nationalist period. The dissertation argues that the Nationalist Government after 1927 did not continue to achieve the initial objectives of the Nationalist Revolution which, it is suggested, aimed to build a quasi-market society. The revolution, however, was not abortive. It transformed the political system.

In the Imperial tradition of government, local elites protected local communities against state encroachment
through their involvement in property management. After 1927, the Nanjing Government adopted a "free market" approach to political affairs, and centralized the use of military and legal power to protect property against labour and the peasants.

Peasant demands for rights to the land they tilled, a key element in Sun Yat-sen's programme for the revolution, questioned the brokerage market economy, in which local elites acted as the intermediaries of contractual partners. Workers, in the context of industrialization, and with support from Communist organizers, attempted to improve working conditions. Peasants and workers contested the power of active elites that grew in the new political order established by the Nationalist Government. The Nationalist State abandoned the traditional role of the Chinese state to protect the well-being of society. Deeply influenced by new elites, it protected capital accumulation and safeguarded the sanctity of contracts.

The Nationalist Revolution ultimately failed as it was unable to resist the invasions of the Japanese, or the alternative social formulations of the Communist movement.
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INTRODUCTION

The objective of this dissertation is to develop a sociologically-informed explanation of the causes and consequences of the transformation of China during the Nationalist Revolution and especially during the so-called "Nanjing Decade" (1927-1937). It is based on arguments that stem from a contrast between two theoretical models.

One model portrays the state as autonomous in its relationship to society. It is a view that is dominant in the literature on the Nationalist period in modern Chinese history and is especially reflected in the studies of the late Lloyd Eastman, Theda Skocpol, and John A. Hall. It is my view that the theoretical foundation of these perspectives is the voluntarism of Talcott Parsons, arguably the most compelling theorist in American sociology in the immediate post-Second World War period.

A second formulation is elaborated in this study, which I term a quasi-market model of social relations. It forms the basis for an alternative explanation of the nature of the Nationalist period in modern Chinese history. It draws ideas from Adam Smith, Karl Marx, C. B. Macpherson and William Leiss.

The assumption that the state represents the 'general interest' of individuals in the protection of property is central to Parsons's voluntarism. The legitimacy of representation by the state derives from the argument that
rights are voluntarily surrendered by individuals. The state intervenes only on behalf of individuals. This assumption underlies the idea of state autonomy. In my view, it inevitably gives rise to a "free market" approach to rule by the state in which individual rights are subsumed under the protection of property by the state.

The alternative quasi-market model of social relations takes a critical view of the perspective of the autonomous state. Its theoretical underpinning is one that, in contrast to the voluntaristic ideas that stem from Parsons's formulations, I term "de-voluntaristic." This view focuses on the relationship between the operation of political and social institutions and the independent pursuit of justice by individuals. To understand such a relationship is to connect the private and public spheres as individuals participate in, and have influence on, the operation of government and the state. It is my argument that individuals have certain inalienable rights to exercise sentiments of justice, in order to attain a full and free life. Such sentiments are exercised through the process of political participation. Recognition by a society of these inalienable rights of individuals is a precondition for the establishment of a modern political economy that is just, fair, and acceptable, in which the state protects the public interest as a whole and not merely group interests, such as those who hold property.
The autonomous state model sees the Nationalist Revolution as essentially abortive. An application of the quasi-market model argues against this view and suggests that there was a major transformation in Chinese society during the Nationalist period. My argument is that there were two major groups during the period that opted for a version of political development to attain an acceptable form of political economy that was derived from a quasi-market model. One group was an intellectual elite which, deeply influenced by non-Chinese ideas, worked to build a constitutional government and institutionalize the participation of the citizenry in national affairs. A second group of peasants and workers sought independence from the Imperial tradition of elite rule, which it saw as obstructing the exercise of their sentiments of justice through paternalism. They objected to the position that only a moral elite could appropriately represent the interests of society as a whole. A representation would deny the inalienable rights of individuals. The Nationalist Government in Nanjing adopted a "free market" approach to political affairs and consistently supported the interests of property against those of workers and peasants and the ideas of intellectuals towards constitutionally determined rights of political participation. The adoption of this approach by the Nationalist State was a response to the changes in public influences on government.
My arguments suggest that during the Nationalist Revolution, public influence on government underwent a change from what I term elite activism to individual activism. Social influence on government by active elites stemmed from their efforts to preserve their dominance over society through the management of property relations. In contrast, social influence on government, arising from the struggles of labour and the peasants for citizenship rights, was characterized by their efforts to attain justice for all. These latter efforts represented the growth of individual activism as they involved individuals making choices between approval and disapproval of the influence of active elites on Nationalist rule.

The "free market" approach adopted by the Nationalist Government in its efforts to continue China's transformation in the period between 1927 and 1937 was a result of its expansionary use of military and legal force to protect the growth of property in cooperation with established elites. This approach ignored social welfare, suppressed the exercise of sentiments of justice by labour and the peasants, and resulted in a political defeat of the Nationalists by the Communists. It also failed to achieve the initial objectives of the revolution which, I would argue, attempted to build a quasi-market society. An analysis of the discrepancy between the theory of the revolution, entailed in Sun Yat-sen's Three People's...
Principles of Nationalism, People's Rights and People's Livelihood, and the Nationalist practice after 1927 argues for a substantial failure of the revolution.³

The revolution failed, but it was not abortive, as Eastman strongly argued. The revolution, even in failure, contributed to the transformation of Chinese society. The version of Chinese society which emerged during Nationalist rule was a transformation of the Imperial tradition of elite rule and a brokerage market system. A contrast between two types of Chinese society - Imperial China and Nationalist Republican China - indicates that the revolution was a conduit for China's transformation from the Imperial tradition of elite rule over a brokerage market economy to the Nationalist establishment of centralized elite rule over a "free market" economy.

In developing these arguments, I am informed by recent studies by scholars in China who recognize the growth of the Chinese economy amidst the efforts of the Nationalist Government to regulate and control economic relations and the penetration of foreign influences.⁴ These studies challenge the dominant view in China that in the hundred years before 1949, the country did not develop, as "the imperialists used its feudal ruling class and bureaucratic capitalists to suppress and exploit its people."⁵

I am further informed by studies by western scholars who have provided insights into the Nationalist order of
social relations from varying perspectives. The two recent studies by Thomas Rawski (1989) and Prasenjit Duara (1988) discuss the transformative process of the early decades of the twentieth century. Duara examines the relationship between the building of a modern state in Republican China and what he terms the "cultural nexus" of local power structures. He argues that the imposition of tankuan (new taxes increasingly levied by the Nationalist State on the village as a whole) helped create a stratum of local brokers, known as "local bullies," whose interest was to pursue entrepreneurial gains at the expense of the community. The emergence of these local "political entrepreneurs" transformed the old power structure at the local rural level. Rawski investigates the relationship of the modern with the inherited economic sectors, (both of which grew while competing broadly in the market place,) and the extent and the limits of growth and structural change in the Chinese economy. He argues that the Republican State in the 1930s played an increasingly important role in economic growth by regulating market relations and controlling the modern sector, represented by such operations as cotton textile factories, rail or steamship transport, and western-style commercial banking, which were adopted from foreign models. The political system, the military and monetary instability, however, failed to provide an adequate framework of stable property rights and social
infrastructure necessary to secure further economic growth.

In what follows, Chapter One is devoted to the construction of the theoretical arguments for the quasi-market model of social relations as the case for a "de-voluntaristic" perspective and its historical implications in the evaluation of China's transformation during the Nationalist Revolution.

Chapter Two discusses the notions of government and law and the changes in property relations in nineteenth century Imperial China. It focuses on the Confucian conception of the Mandate of Heaven and its incorporation into the social structure. It further suggests that the struggles of peasants for rights to the topsoil of land they tilled challenged that structure. A discussion of these issues provides the backdrop against which the theory and practice of the Nationalist Revolution are analyzed and become distinctively transformative.

Chapter Three examines the Nationalist theoretical program, entailed in Sun Yat-sen's Three People's Principles and Chiang Kai-shek's China's Destiny. The three subsequent chapters consider the practice of Nationalist Revolution in three aspects, all of which substantiate the argument that the revolution resulted in a "free market" society based on the transformation of the Imperial tradition of elite rule and brokerage market system. Chapter Four describes the
process of military and administrative centralization after the founding of the Nationalist Government in Nanjing. Chapter Five discusses the advent of a "free market" economy and its role in the increasing disintegration of the brokerage market system. From my perspective the development of the "free market" economy indicates the failure of the revolution to achieve its initial objectives of building a quasi-market society. Chapter Six, in addressing the relationship between the state and society in Nationalist Republican China, which is a pivotal concern of the quasi-market model of social relations, examines the development of Nationalist elite rule over individual citizens, including labour and the peasants, who then struggled to gain independence from elite dominance. Chapter Seven, the concluding chapter, summarizes the arguments that are put forward.

NOTES

1. See the collection on Bringing the State Back In (1985).

2. I thank William Leiss and Graham Johnson for their suggestions on this point.

3. I thank Patricia Marchak and Alexander Woodside for their suggestions about this analysis.


In the past decades since 1949 independent scholarship in Taiwan on the same subject has been very limited as information is highly
controlled by the government, which would not like to make note of
the Nationalist failure. For an official view in Taiwan, see Hu
Muchen (1956), a study by the Cultural Work Meeting of the


6. Duara sees that both the Imperial state and local power
structures had relied upon the "cultural nexus" to establish their
authority, the "cultural nexus" which was composed of hierarchical
institutions, such as those of the market, kinship, religion, and
water control, and networks of informal relations, "such as those
between patrons and clients or among affines" (1988:5). I thank
Alexander Woodside and Diana Lary for drawing my attention to many
sources, Chinese and western, listed above.
CHAPTER ONE

Theoretical and Historical Perspectives

This chapter constructs the theoretical arguments for the quasi-market model of social relations. This model forms the basis of an alternative perspective to the existing literature that is influenced by the ideas of state autonomy and Talcott Parsons's voluntarism. It plans to examine the views of Skocpol, Hall and Eastman in order to overcome the problem of neglecting the significance of social influences on government. It then investigates Parsons and his idea of the state protecting rights based on proprietorship. The alternative perspective rejects Parsons's idea and suggests that rights are recognized based on the exercise of sentiments of justice by individuals. These rights are inalienable because they are necessary for individuals to attain a full and free life and to prepare for the establishment of an acceptable form of modern political economy.

Problems in the Existing Western Interpretations

In the two sociologically-informed historical studies of China's transformation of which the Nationalist Revolution formed part, Skocpol (1979) and Hall (1985) develop methods to explain transformation through comparison. Skocpol compares the growth of modern states as they emerged in revolutionary transformations in France,
Russia, and China. Hall compares the moment of unity in the growth of western politics, economics and ideology with that in the other three great civilizations in the world - Imperial China, Hindu India and Pastoral Islam - in order to explain the rise of capitalism. Both Skocpol and Hall, although they have separate objectives in their studies of China's transformation, emphasize the role of the state as a centripetal force in social transformation. This emphasis fails to recognize that the state protected property in reaction to a social influence on government originating in the struggles of labour and the peasants. This problem is especially reflected in Eastman's analysis of the Nationalist Revolution based on the autonomous model of the state. In this section, I examine the views of Skocpol, Hall and Eastman in order to find the roots of the problem which have not been dealt with by their critics.

Skocpol bases her study of French, Russian and Chinese transformations on a critical evaluation of the existing sociological theories of revolution. She adopts a structural perspective in order to understand the causes of the revolutions and their accomplishments. She addresses two broad issues. She examines, first, the historical context of the system of international relations and how it causes and shapes revolutionary transformations (Skocpol 1979:19-24). Secondly, she analyzes the structure of the state within which social and economic struggles occur. She
argues that a set of administrative and coercive organizations are created to pursue two major tasks — to maintain internal order and to meet external threats (Ibid:29-31).

In her analysis of the Chinese revolution, Skocpol applies her analytical scheme to a study of the modern state as an autonomous force and examines the internal preconditions of revolution and international pressures. She argues that in the face of the incapacity of the Manchu government to maintain internal order and to defend itself against external forces, the dominant class became organized and was strong enough to overthrow the Imperial government and to establish a more autonomous modern state.

Paralleling Eastman's (1984:85-88) view that Chinese peasants made only indirect contributions to the revolution, Skocpol (1979:148-54) argues that the Chinese peasantry, because of its lack of local, community-based collective autonomy, was not able to mobilize a widespread strike against landlords in the face of the domination of the Chinese elites over local rural communities. Not until the Chinese Communist Party fused its leadership efforts with the forces of peasant-based social banditry did the Chinese peasants acquire the collective leverage against landlords that they had historically lacked. The failure of the Nationalist Revolution lies, therefore, in its urban-based background and in its incapacity to mobilize peasants. The
eventual success of the Communist Party was in part a result of its efforts to build a state with the support of peasants.

Skocpol's view that Chinese peasants lacked "solidarity and autonomy" in their communal institutions and collective action, however, as both Perry and Kiernan point out (see note 1), neglects the fact that there were more frequent and organized peasant revolts in China than anywhere else in world history. Notions of kinship and community solidarity, as well as the secret societies, all could draw peasants together to pursue collective action. The socio-economic order in the countryside changed when property relations to land had begun to take new forms favoured by peasants. After 1927, the Chinese Communist Party was forced to shift its focus from organizing urban workers which, following Bolshevik strategies as it understood them, had been at the heart of its revolutionary policies since the founding of the party in 1921. It was obliged to abandon the cities and the urban proletariat to the Nationalists, and sought to realize the revolutionary potential of the peasants as its only political alternative. It also saw the need to establish its own military force and formed the Red Army.3

Perry suggests that Skocpol "offers little help in establishing the relationship between the international system and agrarian change" (note 1). Skocpol argues that imperialism helped dismantle the Imperial state but "did not
fundamentally alter the economic and political situation of the vast majority of peasants" (Skocpol 1979:153). The foreign impact appears to be limited to its effects on the Chinese state. The relationship between the state and China's peasant is not, however, specified. Skocpol also minimizes the impact of changes in local power structures during the Chinese revolution for rural social structure, which further obscure the link between the international system and agrarian change.

Hall adopts Adam Smith's analysis of the rule of law as a political constraint over market relations, Marx's examination of economic operation, and Weber's work on ideology to explain the growth of western capitalism. He suggests that social energy is created when such enabling powers as the rule of law, market and ideology agree with one another. He argues that the West developed because of the operation of an accord between politics, economics and ideology of capitalism. China did not "rise," he proposes, because of the absence of such an accord. He reckons that, first, the Imperial state was not as strong and autonomous as it needed to be in order to generate public energy. Such autonomy was minimized by local elites who dominated society and resisted government tax policies. Secondly, elite domination and government regulation of economic relations prevented the market from gaining autonomy and from generating economic advancement. Thirdly, Hall holds,
similar to Weber, that Confucianism was created by the state.

Confucianism was thus passive and reflective in character rather than truly creative, although ... Confucianism supported the state but did so only as long as it was successful: the withdrawal of the mandate of heaven could be proclaimed, as most emperors realized. (1985:40)

Although Hall grants Confucianism a certain autonomous power, capable of generating social energy, he sees an obstacle undermining such power. This obstacle is the Imperial government controlled by the elite who sat atop a series of separate 'societies', "which it did not wish to penetrate or mobilise" (Ibid:52). The government's inability, therefore, to penetrate local society, over which local elites held sway, and to establish decent currency and credit arrangements, prevented the peasants from growing strong as it left them to be exploited by moneylenders and landlords. All the factors, in Hall's view, had worked against China's transformation from an agrarian society to an industrial society. Only after the arrival of the influence of western industrial powers in the nineteenth century did China begin to see progress.

Skocpol and Hall have both made efforts to open windows into social transformation in modern world history by resorting to Weber, a predecessor of Parsons, whether it be to his notion of the state, in the case of Skocpol, or to his account of religion, in the case of Hall. They regard the state as autonomous and thus emphasize the presence of
state power over individuals. In the process, Hall addresses Skocpol's unestablished relationship between the state and society by adopting Smith's view of the rule of law.

Hall's interpretation of Smith is, nevertheless, one-sided. His neglect of the civic humanist reading of Smith prevents him from recognizing a quintessential aspect of Smith's contribution to understanding the capitalist West. In other words, Smith sees the rise of the West as being accompanied by the rise of the labouring poor seeking independence from the tradition of elite activism. This development incites changes in the relationship between state power and the property-owning society, a focal point in the present analysis.

An older, more prevalent treatment of the relationship of the state to society among most Marxists and many non-Marxists holds that the Nationalist regime was the natural ally, "and even the mere 'hireling' of the urban bourgeoisie and the rural landlord class" (Geisert 1982:2). Eastman rejects this older view because it fails to account for significant signs of tension between the regime and local elites (Ibid.). He adopts an autonomous model of the state and develops an opposite view.

In The Abortive Revolution: China under Nationalist Rule, 1927-1937 (1974), Eastman raised an argument which has become influential, namely that the Nationalist Revolution
was abortive because it did not create a new and effective political system. The failure to establish this political system resulted from the fact that "neither revolutions nor the exposure to the West had infused the bureaucratic administrators with a new spirit or purpose" (Ibid:11). These administrators, instead, followed the "authority-dependency pattern" of social relations, a pattern which was rooted in Chinese political culture (Ibid:287-9), and ruled autonomously.

In describing the characteristics of a Chinese political culture, Eastman argues that "China was a status-oriented society in which social relationships tended to be structured vertically; all social relationships, that is, tended to be between individuals who acted as either a superior or a subordinate in the relationship" (Ibid:288). The persistence of this pattern of social relationships, Eastman reasons, impelled the Nationalist officials to engage in certain modes of political behaviour, such as corruption, factionalism, ineffectual administration and political repression, which directly contributed to the building of the Nationalist dictatorship (Ibid:287) and determined the abortion of the revolution.

Tracing the development of the Nationalist dictatorship, he examines the evidence of a group of young Nationalist activists close to Chiang Kai-shek, known as "the Blue Shirts." He suggests that this group of youths
were influenced by the German Nazi movement and pursued fascist ideas of erecting a superior leader and establishing direct control over individuals in order to supersede the family which used to dominate the life of individuals (Ibid: 31-84). He also points out that the Nationalist Party purge in the late 1920s was not simply used as a weapon against the Communists but against all real, suspected, or potential opponents of the Nationalist regime and thus destroyed democratic tendencies within the party (1974:5-6). The concession, moreover, Eastman correctly observes, of the Nationalists to former warlords and old bureaucrats, although it was perhaps justified by the Nationalist objective to achieve national unity and by the desperate need for expertise and experience in administration, contributed in part to the failure of the Nationalists to build an effective government. The incorporation of former warlords and bureaucrats not only significantly handcuffed the new Republican state with the values, attitudes and methods of the warlord regimes but also prevented the Nationalists from pursuing their revolutionary objectives. Patronage and factionalism, furthermore, dominated government decisions. Unrealistic policies alienated the Nationalists from the peasantry.

To characterize the alienation of the Nationalists from the peasantry, Eastman points to the fact that attacked by the agrarian depression in the early 1930s, Chinese peasants
were also stricken by taxes and tankuan, a tax levy on each household including tenants in the village. Tax collection fees charged by tax collectors, the unsalaried quasi-official keepers of the tax rolls, who served to bridge the gap between the governmental structure and the landowners added additional pains to the life of peasants, who were already in great distress (1990:202). Although, beginning in 1934, Eastman reckons, the Nationalist Government actively promoted co-operative associations as a solution to the agrarian depression, these co-operatives tended to be controlled by members of the rural elite, such as landlords, rich peasants, and merchants (Ibid:213). These co-operatives adopted a policy to lend loans which discriminated against ordinary peasants who were regarded as security risks. This practice was defended by government bureaucrats (Ibid:213-4). Without land redistribution, therefore, rural communities continued to be dominated by rural elites.

In all, Eastman considers that the Nationalist Government made efforts to build a national economy by abolishing the lijin, an internal tariff on goods moving from one region to another, and by unifying the currency and standardizing weights and measures throughout the nation (Ibid:227). During the Nanjing era (1927-1937), modern industrial production, moreover, grew annually despite monetary deflation, collapse of the domestic market due to
rural decline and warfare. Eastman argues that the Nationalist Government succeeded in establishing control over major banks and the urban business community (Ibid:233).

But it had not succeeded in creating an integrated political system: the administration continued to be ineffective and corrupt; the regime had not begun to cope with the problems of the rural masses; the process of cultural disintegration was not arrested, and the leadership's reliance on the New Life Movement gave little promise of promoting a sense of moral community; and the government never adequately resolved the problem of how to deal with the growing pressure for political participation. (Ibid:xiii)

The Nationalist Revolution, therefore, for Eastman, failed because "[t]he government did not in the main comprise officials who were highly dedicated to the welfare of society" (Ibid.). It also did not "assume a more dynamic role in society" and "devise ways of dealing with the newly mobilized social and economic groups" (Eastman 1974:310-1).

In his debate with Bradley Geisert over a model for analyzing the Nationalist order of social relations, Eastman defended his view that the Nationalists ruled autonomously because the regime did not provide institutionalized avenues for the representation of citizens' concerns (1984a:12). Geisert (1982) argues, based on his study of the relationship between the state and rural elites (1979) and Richard Bush's study of the relationship between the Nanjing regime and the textile mill owners in the lower Yangzi valley (1978), that local elites and industrialists, by using personal ties and opportunities for factional conflict
within the political establishment, exercised influence on government. He suggests that a pluralistic, not an autonomous model of analysis is more appropriate to examining the order of social relations under the Nationalist rule. This pluralistic model provides a more balanced view of regime-elite relations and is however less sufficient in explaining the Nationalist suppression of the demands of labour and the peasants.

Another important participant in the debate with Eastman is Joseph Fewsmith (1985), who suggests that the Nationalist regime adopted a corporatist strategy to reorganize chambers of commerce and to resolve conflicts of interest in the business community. This strategy allowed capitalists a representational access to decision-making. In "Response to Eastman" (1984:22), Fewsmith maintains that the Nationalists did visit ideas in much resemblance to corporatist thinking. He notes that

The Kuomintang did call for class conciliation, "harmonization" of public and private, and for functional representation - both through hierarchical, non-competitive interest associations and through party-run mass associations. (Ibid.)

Rejecting Fewsmith's view of the Nationalist establishment as an "authoritarian-corporatist regime," Eastman (1984a:14) argues that Nationalist China did not have the corporatist structures associated with such regimes as Franco's Spain or Mussolini's Italy. (He ignores other corporatist practices at the time.) In those regimes, he
reasons, "there were corporatist structures in society - such as the church, monarchists, industrialists, and laborers - to which the authoritarian regime granted monopoly representation of its members' political interests" (Ibid.). It was however not evident "... that corporatism was a meaningful part of the Nationalist polity."

Considering the Nationalist polity, Eastman suggests that it was characterized by such aspects of deficient bureaucratic functioning as factionalism, ineffectual administration, corruption and political repression. These characteristics of the Nationalist bureaucracy implied the failure of the revolution. This failure was caused by nothing less than the influence of Chinese political culture because "... the political behaviour of Chinese bureaucrats working within weak institutions was determined in large degree by the social traits that they acquired before they became members of the bureaucracy" (Eastman 1990:287; emphasis added). The superior-subordinate pattern of social relations in Chinese political culture, (Eastman is clearly influenced by Parsons's notion of value-orientation of action,) would certainly determine the traits of the political behaviour of its bureaucrats (Ibid:288).

It is acceptable that Eastman views the Nationalist Revolution as a failure because it resulted in a dictatorship. It is probably true that the Nationalist bureaucracy shared certain characteristics with the Imperial
bureaucracy (or with any bureaucracies), such as factionalism, corruption, ineffectual administration and even political repression. It is nonetheless questionable for Eastman to conclude that these characteristics allowed the Nationalist Government to establish an autonomous rule over society beyond the reach of the diverse interests of the population. This conclusion fails to account for some of the most salient features of the Nationalist government protecting property in suppressing the demands of labour and the peasants. This failure arises from his adoption of Parsons's version of liberal democracy.

In the latest edition of The Abortive Revolution (1990), Eastman maintains his original argument with essentially little revision. When he declares in the preface to the new edition, nevertheless, "that the theme of the book - which is that the Kuomintang, after seizing power in 1927-1928, quickly lost revolutionary momentum and became a military dictatorship primarily concerned with maintaining itself in power - remains valid" (1990:xviii), he is actually being more ambiguous about his argument than he was earlier. He seems to admit that the Nationalists did establish a military dictatorship, a political system which was new, compared to the Imperial system. This political system was also effective in the sense that it used coercive means to extend control over individuals, and to extract the best resources it could under the circumstances. However,
the revolution was still abortive because Chinese political culture caused it to create a military dictatorship imbued with corruption, ineffectual administration, factionalism and political repression, rather than a "moral community" envisioned by Parsons.

According to Eastman, the Nationalist Revolution should be considered abortive, because, as "Talcott Parsons has remarked, a 'politically organized society' is clearly a 'moral community' to some degree" (Eastman 1990:x), and the Nationalist Republic failed to create political institutions which could provide a social base upon which a Parsonian version of 'moral community' could be established. This version of moral community, in Eastman's view, is based on the principles of "[l]iberal democracy in the West," a democracy which

is predicated on the belief that the force of public opinion, transformed into political power by means of representative parliaments, organized interest groups, and a powerful free press, will suffice to control and give direction to the executive and administrative branches of government. (Ibid:285)

The Nationalist bureaucracy, however, with its questionable characteristics prohibited the spread of western liberal democracy. The revolution was abortive because a free press was suppressed, interest groups were not strongly organized, and the force of public opinion was not transformed into political power to be used to control and to direct government administration.

Eastman's view of democracy based on Parsons's version
of moral community has inherent contradictions and is inadequate in evaluating the Nationalist Revolution. It is inadequate because Parsons's model of a "politically organized society" based on the institution of property lends little support to Eastman's argument that the revolution was aborted by the Nationalist centralized rule with the use of military and legal force.

Parsons's model of social relations treats the state as the "honest broker" representing authority to protect property, resolving conflicts between interest groups and exercising power to define and to facilitate the attainment of goals, to which individuals are required to voluntarily comply. Such a treatment of the relationship of the state to society reflects a Parsonian version of voluntarism because it simply assumes that "the force of public opinion" is "transformed into political power by means of representative parliaments, organized interest groups, and a powerful free press," without providing empirical evidence to answer the question of whose interests parliaments represent, by whom interest groups are organized, to what extent a press is free and powerful, and lastly, whether it is the "force of public opinion" that is transformed into political power. It also assumes that the transformed political power would work for the public without questioning who actually controls that power, "public opinion" or the state? Its unclear treatment of the
relationship between the public and the state, hence, leaves unresolved such fundamental questions as: who represents public opinion, and what is the role of the state.

This inherent theoretical contradiction, thus, constitutes a fundamental problem in the autonomous model of the state. Would the Nationalist Revolution be viewed differently if this model is refuted? I regard that an alternative arises after the nature of voluntarism is revealed. The quasi-market model, which is developed here, provides an alternative. It argues that the state plays a role to uphold public interest only when it pertains to the independent exercise of sentiments of justice by individuals. It is therefore the individual exercise of sentiments of justice that brings to the fore public concerns. It is upon expressions of such concerns that the rules of justice are established and amended. It is moreover in accord with the rules of justice that the state operates to protect the individual rights to a full and free life more than to transform "public opinion" into political power, which is then used by the state to control the rights of individuals. This quasi-market model can nonetheless be established only upon the rejection of Parsons's model of social relations, which protects rights based on proprietorship.

Parsons's Voluntaristic Model of Social Relations

The 'problem of meaning' and the 'problem of order' are
central to the sociological thinking of Talcott Parsons. The former boils down to a question of how to influence individual motivations for action (Parsons 1968:330), and the latter how to integrate them into normative standards (Ibid:36). Parsons attempts to resolve the latter, known as the "Hobbesian" problem of order, in the context of modern capitalism, in resorting to a resolution of the former. For him, the 'problem of meaning' is resolved when individuals are socialized to internalize shared values as motives for action. The 'problem of order' is resolved when the shared values are institutionalized to enforce social cohesion based on the internalization of them by individuals. Parsons's voluntarism aims to persuade the individual to conform to a moral order by internalizing its institutionalized values, a process achieved through the state protecting rights based on private proprietorship. In this section, I shall examine his resolution of the 'problem of order' in order to establish the alternative perspective to his voluntarism: the quasi-market model of social relations.

Parsons created a general theory of the capitalist system by synthesizing Weber's view of the social importance of ideas and Durkheim's notion of an interdependent "moral order." In his formulation of the capitalist system, Alvin Gouldner (1970:143) notes, Parsons went from the first stage of his intellectual development in the prewar period to the
second stage in the postwar period. In the prewar period, he was interested in the question of how to save the system after it had been seriously mutilated by the Great Depression. In resolving this question, Parsons came to German Romanticism largely through Weber, stressing the role of ideas as inward stimulants to outward or public action. He regarded the inward moral convictions of individuals to social values as the key to securing the system and to resolving the 'problem of order'. It was also in this period, Gouldner (Ibid:138) explains, that he characterized his synthesis as "voluntarist."

In the postwar period, Parsons became more concerned with the question of how to maintain the integration of the system in order to sustain the postwar economic growth. He continued to stress moral values, "although moving from a more Weberian view that emphasizes their role as energizers of action to a more Durkheimian view that emphasizes their role as sources of social order" (Ibid:140). It was thus in the postwar period, when Parsons came closer to French functionalism, that he began to focus more on how the social system maintains its own coherence, "fits individuals into its mechanisms and institutions, arranges and socializes them to provide what the system requires" (Ibid:143). Similarly, in his later interest in conformity as a key to the resolution of the 'problem of order', "[a]n emphasis on voluntaristic individual commitment is supplanted by a
reliance on the 'socialization' of individuals to produce the choices the system requires" (Ibid.). Consequently, although Parsons's earlier theory of social action emphasizing individual volition was not congenial and perhaps hostile to the emerging Welfare State, his later theory of system-equilibrium based on conformity, Gouldner suggests, certainly suited it because

This was a vision of societal solidarity that fit in with the Welfare State's practical interest in finding ways to produce loyalty and conformity and with its operating assumptions that the stability of society is strengthened by conforming with the "legitimate" expectations of deprived social strata which, in turn, are then expected to have a willing conformity with conventional morality. The operating assumption is that deprived strata will be "grateful" for the aid they are given ... and that they will therefore conform willingly to the expectations of the giver. (Ibid:143-4)

The question of Parsons's emphasis on conformity agreeing with the Welfare State is admittedly not addressed within the present focus. The 'problem of order', the resolution of which remains the objective of Parsons's inquiry, however, is; and it will delineate his view of the state protecting rights based on private proprietorship.

In The Social System (1968), Parsons sees the "Hobbesian" problem of order as having two significant aspects. One aspect of the problem "is that of the regulation of the settlement of the terms of exchange" (Ibid:71). It can be resolved, Parsons envisages, by the institution of mechanisms, such as norms and values, through which the conflict between the short-term self-interest of
the individual (or in his term the "ego"), and the long-term self-interest of the collective (or the "alter") is settled in such a way that the stability of the system is kept. The system is maintained because institutionalized norms and values provide normative orientation to action. The internalization of institutionalized norms and values by individuals not only shapes the meaning of action but also orients them to act in conformity with it (Ibid:37).

The other aspect of the problem of order arises from a conception that one exchanges something as "rights" with others for their contributions to his goals of self-preservation. These rights define the conditions under which possessions are "held" and may be disposed of. The exchange of "rights," Parsons conceives, "... cannot in a complex social system be settled ad hoc as part of each exchange transaction" (Ibid.). He argues that

A stable system of exchange presupposes a priori settlement among possible alternative ways of defining such rights, that is, an institutionalization of them. The institutionalization of rights in such possessions is, in one major aspect, what we mean by the institution of property. (Ibid.)

The institution of property, according to Parsons, is established upon the differentiation of roles in a hierarchical order. This order is bound together by moral rules because the roles to which individuals are assigned are differentiated by rights regulated by the institutionalized norms and values.7 It is hierarchical because the institution of property defines rights by
possessions and their limits and differentiates them according to classes thereof (Ibid:71-3). Rights are thus not only based upon private proprietorship, but also exercised, in Hobbes's terms, as power over the actions of others, or in Parsons's terms, at least as an ability to count on the non-interference of others (Ibid:121). The exercise of power is the protection of property. "The greater power is power over the lesser, not merely more power than the lesser" (Ibid:126). Parsons views the ability to control the use of force in relation to territoriality as the crucial focus of power. It is this focus of power that gives the state the central position in the power system of a complex society.

The institution of differential power and hierarchical authority is, consequently, for Parsons, a matter of establishing a leadership role, one which would represent the collectivity (1) to regulate rights particularly to such "possessions" as materials, equipment, premises and the like that are devoted to the "production" of further "utilities" (Ibid:72), and (2) to coordinate a variety of factors and contingencies in the interest of the collective goals (Ibid:100). It is therefore a matter of achieving goals upon preserving the integrity or solidarity of a system, a process which requires not only the protection of property but also institution of obligation. Parsons writes,

It will be noted that solidarity in this sense involves going a step beyond "loyalty" as that concept
Loyalty is, as it were, the uninstitutionalized precursor of solidarity, it is the "spilling over" of motivation to conform with the interests or expectations of alter beyond the boundaries of any institutionalized or agreed obligation. Collectivity-orientation on the other hand converts this "propensity" into an institutionalized obligation of the role-expectation. Then whether the actor "feels like it" or not, he is obligated to act in certain ways and risks the application of negative sanctions if he does not. (Ibid.:97-8)

Henceforth, Parsons's resolution of the 'problem of order' is the building of a moral order dominated by the state which protects property as its goal to which individuals are required to conform "voluntarily." Parsons's model of social relations failed to perceive conflict as the source of systemic change (Hamilton 1983). Its emphasis on individual conformism, thus, potentially justifies a rule by the state with the use of military and legal force to protect property and suppress labour and the peasants.

Parsons's model of social relations as his resolution to the 'problem of order', a problem which harnesses social systems including the Welfare State, is voluntaristic since voluntarism, as Richard Flathman (1992:9) defines it, aims to persuade individuals to conform to a moral order. Flathman indicates that liberalism itself is committed to a form of voluntarism as liberalism presupposes individuals whose conduct is for the most part voluntary. "Voluntary" in this regard means both that the actions taken are not coerced or compelled by other agents or agencies and that they occur because of the choices and decisions of the individuals whose conduct it is, because of desires and interests, beliefs, values and reasons that are in some sense the individual's own. (Ibid.)
In these ways, Parsons's view of the internalization of values as the basis for individual conformism to a moral order develops from what Flathman classifies as a strong to a weak form of voluntarism. While the weak voluntarism stresses group and associational life and regards individuals and individuality as a manifestation of the breakdown of social life (Ibid:7-8), the strong emphasizes that any transformations of individual acceptance of group values and ideals are to be sought, "but this is and must be the work of individuals" (Ibid:12). (Flathman's adoption of the strong form of voluntarism as opposed to the weak is based on the idea of acceptance of group values, an emphasis which stretches away from the current focus on the exercise of sentiments of justice by individuals to attain equality.)

Parsons's resolution of the 'problem of order' is a weak form of voluntarism because his emphasis on conformism subordinates individuals to the state which protects property. His basic commitment to the collectivist tradition, Jeffrey Alexander (1978:192) suggests, not only supports the Welfare State but also underplays "the social costs of economic systems that institutionalize private property." It is, thus, this conception of the role of the state to protect private property that provides the basis for shared values in Parsons's terms. It is upon the assumed individual voluntaristic acceptance of the above role of the state that Parsonian arguments were established.
to justify the existence of state power over society. Parsons's voluntarism, therefore, as Anthony Giddens identifies, lies not only in the above understanding of the shared values, but also in its promotion of the institution of differential power and hierarchical authority. This institution is dominated by the elite and operates to repress the will of the unpropertied.

In rejecting Parsons's voluntaristic model of social relations and tracing what he terms a "return of the repressed will," Giddens searches for ideas of emancipation. He argues that emancipation constitutes: "the effort to shed shackles of the past, thereby permitting a transformative attitude towards the future; and the aim of overcoming the illegitimate domination of some individuals or groups by others" (1991:211). To pursue emancipation, he points out the importance of the individual preserving a coherent narrative of self-identity, and resolving tensions and difficulties on the level of the self while living in a world where institutionalized systems sequester experience and repress the will (Ibid:188). He argues that the project of preserving the self against overwhelming institutions is not only possible but also necessary. It is possible because most aspects of social activities and material relations with nature are subject "to chronic revision in the light of new information and knowledge" (Ibid:20). This revision occurs because such information or knowledge
develops from reflexive relationships in modern social life (Ibid:21). Thus, contrary to Parsons, who insists that institutionalized values provide normative orientations to action, Giddens argues that,

Even the most reliable authorities can be trusted only 'until further notice'; and the abstract systems that penetrate so much of day-to-day life normally offer multiple possibilities rather than fixed guidelines or recipes for action. (Ibid:84)

He therefore suggests that there is room for the individual to influence institutions while acquiring mechanisms of self-identity that are shaped by institutions (Ibid:85). He believes that this process of tracing a "return of the repressed will" is a way to overcome differential "power as the capacity of an individual or group to exert its will over others" (Ibid:211-2). It also helps to attain the imperatives of justice, equality, and participation.

Consequently, Giddens adopts the liberal principle of emancipation to project the political engagement of the self in social movements while seeking self-actualization collectively. It is a central focus of his effort to repudiate the voluntarism of Parsons's model of internalized moral order. A question, yet unresolved, reveals the tension between the "return of the repressed will," and obstacles to emancipation. Such obstacles are a consequence of differential power and hierarchical authority, and various moral dilemmas that the individual faces when adopting freely chosen lifestyles.
To address this question, this dissertation now considers the recognition of 'inalienable rights' of individuals to exercise sentiments of justice as a key to superseding the influence of Parsons's voluntarism.

The Quasi-Market Model and Scope of the Work

The quasi-market model of social relations promotes individual independence, not conformity. It further suggests that power should be generative rather than repressive. The model combines the concept of sentiments of justice with Leiss's elaboration of Macpherson's view of a quasi-market society. The concept of sentiments of justice derives from Adam Smith's ideas of the independently-minded individual, who has a natural endowment to perceive the essential justness in social relationships. It also incorporates Marx's ideas of individual emancipation and freedom from subordination, which forms a central idea that shapes the arguments for the quasi-market model. This model embraces a "transformative" attitude towards the future as it considers the legal recognition of 'inalienable rights' of individuals to exercise sentiments of justice, not proprietorship, as the precondition for movement toward an acceptable form of modern political economy, in which the state protects the public interest and not simply property rights. It explains why the "free market" approach developed by the Nationalists led them to fail to achieve their objectives of building a quasi-market society. In the
following pages, I shall focus on the advantages and applicability of this model in an analysis of China's transformation during the Nationalist Revolution. For the detail of the model, I refer the reader to the Appendix.

The quasi-market model of social relations is based on the understanding of an historical, intellectual effort made by Adam Smith and Marx to reject social contract theory. It began with the recognition by Smith of the value of labour in the process of production and the implication that workers had the right to bargain with their employers, the owners of capital, for a reasonable price for their labour (wages) in the market place. This, in its turn inspired Marx, who revived interest in the idea of human equality in emancipation and freedom.

In the search for individual emancipation, Marx argued that workers produced surplus value, which was expropriated by the owners of capital, a process of exploitation. He was critical of Smith's analysis of an equal exchange in the market place and favoured the conception of rights to equality guaranteed by a system of redistribution. He argued that labour had to overthrow the capitalist state in a revolution in order to achieve more equitable social relations.

Macpherson and Leiss endeavour to update the analyses of capitalism by both Smith and Marx and elaborate the concept of a quasi-market society. A quasi-market society,
Leiss explains, began to appear in the western world of "free market" capitalism during World War I. It has continued to grow since. This form of society has a 'mixed economy',

in which fully-developed market relations exist side-by-side with a state apparatus that oversees the national economy and takes responsibility for major social programs through transfer payments. (Leiss 1988:119)

It is neither capitalist nor socialist, "but a hybrid form that has some of the features of both" (Ibid.). Within quasi-market society, Leiss suggests, there is a thoroughgoing politicization of property. Wealth remains largely in private hands and its distribution is unequal. Its possession and enjoyment are controlled by democratically elected governments (Ibid:135). The politicization of property implies a change in the meaning of property and it is viewed as "'the means to a full and free life of action and enjoyment'" (Ibid:106). It has consequences for social welfare,

especially the claim to a right of access for everyone to a minimum share of resources. This share is in effect an entitlement to a stream of revenue that is sufficient to sustain every person at a decent level of existence, whether this stream of revenue be generated by earning an income at paid employment or receiving various kinds of welfare benefits from the state. (Ibid:104-5)

Macpherson saw a contradiction between private property and democracy and saw the abolition of private property as a solution to the resolution of the issue. Leiss rejected such a radical idea and argues that the liberal-democratic
tradition can lead to the "fullest possible realization of every individual's capacities" (Ibid:107) so as to preserve the growth of quasi-market social relations.

Leiss attributes at least six characteristics to a quasi-market society: market relations, income distribution, capital concentration, regulation, government spending and welfare floor. He places market relations at the centre of the society (Ibid:116). He considers that social action revolves around market relations (Ibid:134). The problem is that by focusing on the market, individual action may be overlooked and the problem of injustice in economic relationships may not be fully addressed. As Leiss indicates:

Every kind of economic order may be pervaded with injustice, and in every known society individuals and groups have prevented themselves, at least in part, from realizing their own objectives by constructing behavioral patterns and pictures of the world that contain inconsistencies and regressive features. The quasi-market society is not immune from contamination by this longstanding practice. (1988:140)

To explore further the mechanism whereby the individual can address injustice and inequality, I introduce the concept of sentiments of justice. This concept follows Smith's theory of moral sentiments and Marx's search for the independence of the labouring poor from the tradition of elite activism. It recognizes that individuals have a natural endowment to participate in social relations. They exercise a naturally-endowed will to make choices and to attain justice while pursuing their needs in relationship
to others. They develop sentiments about the essential justness of the set of social relationships in which they participate. They exercise sentiments of justice to maintain a reasonable level of social well-being. The exercise of sentiments of justice to evaluate participation in social relations indicates the growth of individual activism. This activism brings together private individuals to form a 'public' and to express a 'public interest' which calls for protection. The expression of public interest provides the basis upon which rules of justice or public policies are established and improved. Such rules provide the rational ground upon which political and economic institutions are operated to protect the public interest. These rules also stipulate the rights of individuals. These rights are not based on proprietorship but on the articulation and recognition of individual needs.

The understanding of individuals who exercise sentiments of justice to influence the operation of institutions indicates that individuals are at the centre of social action. Individuals exercise sentiments of justice to influence the government and its decisions to allocate resources according to claims of need, or merit. They also exercise sentiments of justice to build more equitable relationships in the market place through the distribution of wealth and redress of injuries. The development of these
relationships depends upon the exercise of sentiments of justice by individuals to articulate their needs and to bring forth their concern for a public interest which calls for protection.

The pursuit of justice by individuals underlies the formation and transformation of social relations of production. It gives rise to organized movements to gain legal recognition of citizenship rights and to counter undue state authority. A necessary outcome of this process is the recognition of "inalienable rights" of individuals to exercise sentiments of justice to attain a full and free life equally for all under conditions of representative government. This government looks after the public interest through a viable social welfare system.

To formulate the necessary precondition for movement toward an acceptable form of modern political economy, I apply the concept of sentiments of justice to the idea of a quasi-market society. I add individual activism to Leiss's list of six characteristics. By adding this one, I hope to meet the challenge posed by voluntarism and to keep Leiss's commitment to the realization of the capacities of individuals, especially in the participation in political and economic processes. With the seven characteristics, I construct a quasi-market model of social relations (Figure 1).

This model indicates that individuals have the ability
to make moral judgments and the right to express their views and protest against injustice, including government exceeding its authority. The model allows individuals to initiate direct influences on government policies, to articulate concerns for the protection of the public interest, and to elect a government which fosters societal well-being.

The state manages social resources to protect the public interest in accord with rules of justice. In Leiss's view, the state oversees, at the societal level, action which includes public sector economic activity, regulation of and subsidies to business, and capital concentration (1988:124-5). It also undertakes action such as income distribution, and transfer payments and the welfare floor that are relevant on the individual level (Ibid.). The strength of the state in its fiscal and administrative capabilities is measured by how well the government protects the public interest within the limit of social resources. The state upholds justice equally for all in distribution and the redress of injuries in response to the exercise of sentiments of justice by individuals. The model, thus, relates the operation of political and economic institutions directly to the political and economic participation of citizens. The central mechanism is the recognition of 'inalienable rights' of individuals to exercise sentiments of justice and to attain a full and free life through their
influence on government.

The building of this relationship provides a key to the resolution of the tension between the "return of the repressed will" and the institution of differential power and hierarchical authority, a point raised by Giddens. When modern political and economic institutions operate in accord with the exercise of sentiments of justice by individuals, the tension is resolved because, as Giddens suggests, power is generative, rather than repressive. This resolution overcomes the difficulty of the poor being excluded from the political and economic processes in which individuals become defined in terms of the property transactions in which they are involved.

This model argues against the voluntaristic notion of the "internalized moral order" in Parsons's thought. It is centred on the independent exercise of sentiments of justice as 'inalienable rights' of individuals to influence government and attain equality. It does not accept the view of the state protecting 'transferable rights' based on proprietorship. The model also indicates that the exercise of sentiments of justice by the individual is an example of autonomous political power, one which is not transformed by institutions such as parliaments, organized interest groups and a free press. The power is exercised upon individually-based moral grounds. The institutions do not operate to translate public opinion into political power which is then
used to regulate the rights of individuals. They operate, instead, in accord with rules of justice which are established and modified on the basis of the independent exercise of moral sentiments by individuals.

The model argues that rights are recognized and exercised not by law or law-makers, but by individuals who express sentiments and indicate approval or disapproval of their participation in relationships of exchange and distribution. Laws are established and amended based on the mechanisms of the exercise of sentiments of justice. These mechanisms can take the form of procedural rules of justice, as John Rawls (1971) and Roberto Unger (1976) have suggested, to ensure fair and equal opportunities for citizens to attain justice in their participation in social relationships. These rules are not autonomous as Unger (Ibid:52-3) suggests, but subject to historical changes. They function in response to the exercise of sentiments of justice by individuals. In contrast to the argument of state autonomy shared by Eastman, Skocpol, and Hall, the view of the political and economic institutions operating upon the exercise of sentiments of justice by individuals leads to the recognition by society of their 'inalienable rights' to pursue justice in the attainment of equality, not to the recognition of the state autonomously conditioning their political behaviour.

The model insists that the scope in which the
'inalienable rights' of individuals are recognized
differentiates two types of society: a "free market" type
and a quasi-market type. A "free market" society is
different from the latter. In a "free market" society, the
state expands its power through its involvement in the
accumulation of capital, and through the use of force to
control productive relations between capital and labour. As
Leiss points out,

Public sector expenditures and employment are kept to
an absolute minimum (except for military and police
functions), as is government regulation of the economy:
the role of the state is to guarantee the sanctity of
contracts and to provide internal and external
security, that is, to protect property. Furthermore,
there is no welfare floor, the poor being rescued from
misery or extinction only by private charity.
(1988:119)

Not only is government involvement in income redistribution
absent as a matter of principle, but the exercise of
sentiments of justice is also repressed as the government
increases taxes to strengthen the military and augment
police power to protect the growth of property, thereby
ignoring social welfare. These ideas are illustrated in
Figure 2.

A distinct characteristic of a "free market" society is
that the role of the state is to protect property. A quasi-
market society guarantees everyone, through redistribution,
a right "to the means of a fully human life" (Ibid:105),
that is, a right to influence not only redistribution itself
but also a movement toward an acceptable form of modern
political economy in which justice for all prevails. The central mechanism whereby the former role of the state is historically superseded is the recognition by society of 'inalienable rights' of individuals to exercise sentiments of justice to attain a full, free life upon transcending the recognition of rights based on proprietorship.

The quasi-market model observes that when sentiments of justice are in accord, society is just and fair, in which the state protects the public interest. When the pursuit of justice by individuals is obstructed, conflicted sentiments presupposes the transformation of social relations. When a system of socially organized production emerges in the process of transformation, the state, as Weber suggests, enhances its administrative and legal control of society in alliance with capitalist interests in order to destroy local structures ruled by old elites. This changing role of the state may become a process recently characterized by scholars of modern China as one in which a 'strong society' dominated by local elites embraces and foils a 'weak state' when an expansionary state power seeks legitimacy from society, while protecting capital accumulation through forming a constitutional government in allies with some local interests of the propertied elite against those of labourers. The exercise of sentiments of justice by workers and peasants soon challenges this role of the state protecting property and ultimately brings forth the
recognition of their participation in political and economic processes. The recognition of the changing relationship between the effort by elites to build state power by forming constitutional government, and the pursuit of justice by labour and the peasants to build more equitable social relations, provides theoretical directions for an analysis of the social transformation in modern China, of which the Nationalist Revolution formed a part. These directions help generate an historical perspective on the process of social transformation and its consequences.

My argument is that Imperial China grew for more than a thousand years because of the acceptance of the exercise of sentiments of justice included in the Confucian notion of the Mandate of Heaven. The Imperial tradition of "government by virtue" was characterized by local elites distinguishing themselves by their pursuit of self-cultivation in providing guardianship over local communities, and management and protection of local property relations against outside forces, including those of the Imperial state. This society was established upon paternalistic relationships which molded the local economy. Revolt against rulers who neglected the well-being of the people was justified by invoking the Mandate of Heaven (Figure 3).

In the Imperial system, the goal of government was to establish social harmony. State rule was maintained at the
local level by the xian (county) magistrate, who relied upon local elites to carry out tasks fundamental to the governance of the local area, including facilitating the collection of tax revenue. Some of this revenue was retained by local levels of government, although the bulk of it was destined for transmission to the metropolitan centre and to other needy areas. Some of the funds were used for the costs and the tasks of local governance. Part was certainly put aside for disaster relief and as welfare payments for those in distress.

Individual members of the elite involved in the management of family property and household production, two main sources of income from which funds were derived not only for schools but also for welfare relief in a local area. They were expected to make contributions for charitable relief to the needy. They established and supported schools as a major underpinning of training in state ideology. They controlled market operations and dominated local economies as both informal extensions of Imperial power and by virtue of the fact that they were the major holders of land in their native localities. They were also managers of local infrastructural projects, especially for irrigation and water control, which protected and augmented the value of local property, of which they were major owners. They maintained systems of conflict resolution through mediation, as a form of social control,
so as to ensure a stable growth of local property relations. They resisted outside forces, including those of the state, which encroached upon the management of local property rights.\textsuperscript{21}

My analysis of Imperial China suggests that Imperial China was reasonably just because of some degree of recognition of the exercise of sentiments of justice by individuals. It also argues that the obstruction of the exercise of sentiments of justice on the part of peasants to attain Heaven-given prosperity was a catalyst for social change. This obstruction occurred especially in the nineteenth century when, in the wake of economic growth and commercialism, peasant demands for rights to the topsoil of the land they tilled questioned customary practices. These demands challenged the brokerage market system in which local elites acted as the intermediaries (or brokers) of contractual partners. This challenge prompted the late Qing government to establish administrative and legal means to reinstall the function that was served previously by the broker. The state attempted to promulgate the terms of exchange of rights so as to stabilize property relations and to break down geographical barriers. State involvement in market operations assisted the growth of commercialism. The state also abandoned its role to uphold the general 'well-being' of society mandated by Heaven. It adopted a role to protect the growth of property in response to the influence
of the new commercial elite on government.

A result of this change in the role of the state was that more peasants were driven off the land and joined the "free" labour force ready to be mobilized by capital in large-scale industrial operations. The intrusion of foreign forces, which accelerated, at times, and obstructed, at others, the process of social change that had already been underway, profited from the use of this labour force. The efforts led by the Chinese revolutionaries to resist foreign penetration and the suppression of the Qing government finally brought to an end the Imperial system in a revolution in 1911. The revolutionary impulse, which was checked by warlordism, was kept alive by the Nationalists, who developed a radical alternative approach to continuing China's transformation to the warlord rule by the 1920s.

The idea of transformation was embedded in the Nationalist theory of revolution. In the western world after World War I, there was a movement towards the establishment of quasi-market societies. This movement was reflected in the developments of the recognition of labour unions, government regulation and involvement in income redistribution. These developments were a source of reference for Sun Yat-sen's formulation of revolutionary objectives. Features of quasi-market social relations in his Principles encouraged the Nationalists in the Guangzhou era (1924-1926) to expand state institutions to accommodate
a wider participation in legislation, to address concerns of labour and the peasants, and to reshape economic relations with the help of Comintern advisors. The development of the worker and peasant movements in the late 1920s, stimulated by Sun's revolutionary strategies of "Uniting the Soviet and Communists and supporting the peasants and workers," posed a threat to the Nationalist elite which, pressed by the imperialists, Chinese bankers and mill-owners, took measures to bring society under centralized state control. The building of Nationalist state power with the use of military and legal force contributed to a disjunction between the theory and practice of the revolution.

In an examination of reasons for, and the consequences of, the disjunction between the theory and practice of the revolution, I argue that the theory of the revolution itself, included in Sun's *Three People's Principles* and Chiang Kai-shek's *China's Destiny*, places an emphasis on individual sacrifice for "national liberty," represented by the state controlled by experts. This emphasis is in part a consequence of the influence of western voluntaristic thinking. It forms the basis upon which Chiang justifies his demands for individual loyalty to the state. It gives rise to essential contradictions in the theory, which become a vital source of discrepancy between the theory and practice, and ultimately contribute to the development of a Nationalist "free market" approach and divert the efforts
from building quasi-market social relations.

The "free market" approach of the Nationalist Government was reflected in its intervention in economic relations in order to enhance fiscal power, to establish control over society and to maintain the growth of property through safeguarding the sanctity of contracts. It was also rooted in the alienation of the Nationalist pursuit of a constitutional government from the demands of the labouring poor for citizenship rights. The exercise of these rights, which is the basis of civil liberty and freedom, and the necessary precondition for the establishment of political and economic institutions of a quasi-market society, was denied by the "free market" approach of the Nationalist Government in the period between 1927 and 1937.

My analysis of this "free market" approach suggests that after the founding of the Nanjing Government in 1927, the assumption that the state represented the "general interest" of society became central to Nationalist rule. The Nanjing Government under Chiang Kai-shek applied force, legislation, compromise, and an understanding of Confucian virtues to establish law and order. Warlords and established elites, who had influence over regional armies and police, were accepted into the KMT and the government in order to achieve national unity. The Nanjing Government suppressed the worker and peasant movements, waged extermination campaigns against the Communists, and coerced
capitalists into paying higher taxes through increasingly centralized economic institutions. It continued efforts to pursue a constitutional government in emulation of the West. Law and order was established only to protect and sustain the enjoyment of property. It was used not to reduce inequality and injustice for labour and the peasants but to maintain domination. Citizens' rights limited political participation. The virtue of obedience was promoted. By a combination of compromise, force, legislation and the appropriation of Confucian virtues, the Nationalist Government developed a greater degree of control over individuals. It compromised the protection of communities by local elites at least in the areas where the Nationalists had influence.

At the end of these developments, there was a shift in the relationship between the state and society. In the Imperial tradition, local elites protected the general well-being of local society against the encroachment of the state. In the Nationalist establishment, the state protected property in co-operation with established political and economic elites against the demands of labour and the peasants. This shift occurred at a time when the social influence on government originating in the struggles of labour and the peasants increased. Labour and the peasants were able to increasingly contest the power of active elites. This contest influenced government.
In the establishment of Nationalist elite rule, the labouring poor, particularly the peasantry, became a more autonomous, organized social force which determined the fate of political revolution in modern Chinese history. The strength of this force was increased by its struggles for citizenship rights, independent of the proclaimed tutelage of the Nationalist State over society. Such independence indicated the growth of individual activism, involving members of this force to exercise sentiments of justice to evaluate their participation in the transformation of social relations. The Nationalists, associated with the established elite, were estranged from this force and ultimately lost to a Communist-led social movement.

It becomes clear that the Nationalist Revolution failed because it did not achieve its initial objectives of building a quasi-market society, in which the state would protect public interest. The Nationalists diverted their efforts from supporting the peasants and workers in the mid-1920s to establishing control over society with military and legal force. They protected property and suppressed the demands of labour and the peasants. An analysis of this failure suggests that although Nationalist theory and practice were radically deficient in preparing for a quasi-market society, the revolution itself was not abortive. It was a conduit for the transformation of the political system. The Imperial tradition of local elites protecting
the local community against state encroachment was replaced by Nationalist elite rule. The revolution was transformative also because it resulted in a "free market" society, which formed a contrast with the Imperial tradition of elite rule and brokerage market system.

To represent the historical context in which the process of change occurred, it is necessary to contrast the two types of Chinese society: late Imperial China and Republican China in the Nationalist period. This contrast entails an analysis of three intertwined developments: (1) social and economic crisis; (2) external pressures on internal political and economic crisis; and (3) the Nationalist political programs included in Sun's Three People's Principles and Chiang's China's Destiny. The contrast provides the background setting against which the present historical perspective is prominently figured. This historical perspective offers an alternative explanation of the causes and consequences of the transformation of China during the Nationalist Revolution to that in the existing literature.
NOTES

1. These views call for attention more than those which dominate the on-going debates, such as the question of whether the 'impact' of foreign influence or internal factors of cultural practice and social structure promoted or retarded "revolution" and "development" in China. It is fundamental because it directly affects not only the present construction of an acceptable form of modern political economy but also a method to determine the causes and consequences of transformation, a point which divides and confuses the approaches to the question in debate.

There are four different approaches to the question; one incurs counterpoised arguments. Based on the focus of their analyses, these approaches are generally known as cultural, historical and technological/demographic explanations, adding onto them the two opposing views of a debate: modernization versus dependency theory. While different views of the cultural explanation examine the adequacy and inadequacy of Chinese culture and social structure in improvising modern economic development (Eastman 1988; Balazs 1972; Gray 1990), Lippit (1978) adopts an historical analysis of the subordination of the merchant class to the gentry and argues that Chinese merchants were concerned more with purchasing a degree to become members of the gentry than with investing in technological advancement. Only did the coming of western influences help Chinese merchants turn attention to technology. Similar to Lippit, Elvin (1973) considers that western influences helped China get out of what he calls "high equilibrium trap," in which high population growth exhausted land resources and pressed the traditional methods of production to their limits. Riskin (1975) rejects Elvin's theory based on his analysis of the economic growth of 1933 when population growth was substantially accommodated by traditional methods of production. For a study of the debate between modernization and dependency theory, see Cohen (1984). A treatment of the debate is found in Chapter Three.

2. Skocpol groups currently important social-scientific theories of revolution in four families: the Marxist which is represented by Marx himself and his ideas, and other three families which are more contemporary, drawing particular themes from classical sociologists such as Tocqueville, Durkheim, Weber, and Marx. According to Skocpol, these three more recent groupings are: aggregate-psychological theories focussing on people's psychological motivations for participating in revolution, represented by Ted Gurr's work, Why Men Rebel; system/value conscience theories, viewing revolutions as purposive attempts to change disfunctional social systems, represented by Chalmers Johnson's Revolutionary Change; and political-conflict theories, seeing revolution as collective violence and conflict over power among governments and organized groups, represented by Charles Tilly's From Mobilization
Skocpol rejects the above theoretical approaches on the following three grounds: one, these theories tend to take a voluntaristic perspective on the causes and processes of social revolutions, a perspective which comes from Parsonian structural-functionalism. Secondly, they tend to focus on intra-national conflicts. Finally, they tend not to differentiate state and society, "or they reduce political and state actions to representations of socioeconomic forces and interests" (Ibid:14). Her unestablished relationship between the state and property-owning society, however, as soon pointed out, leads her to fail to overcome Parsons's voluntarism. Her search for state autonomy exposes her to the influence of voluntarism.


3. Apparently, as Perry points out, the solidarity of peasants that the Communist Party had supplied was based on dismantling and quickly reconstituting local community organizations.


5. Eastman regards nationalism, not class or ideological struggle, as the strongest impetus to the Nationalist Revolution, "whose destructive thrust was directed against warlordism and imperialism, and whose constructive thrust was directed toward the creation of a new and effective political system" (1990:xii). For comments on Eastman's study, see Ranbir Vohra, Library Journal, v.100, April 1975, p.662; Michael Gasster, The Annals of the American Academy of Political and Social Science, v.421, September 1975, pp.163-4; Choice, v.12, June 197, p.585.

6. See especially Eastman's article on "Fascism in Kuomintang China: the Blue Shirts," in which he claims that "the 'fascistization' of the Blue Shirts was an accomplished fact" (1972:16). Chang (1985) rejects Eastman's use of the term 'fascism' and challenges his analysis of the Blue Shirts. The recent study by Huang Daoxuan, moreover, notes that "Under the pressure of public opinion [against Nazism], Chiang Kai-shek had to draw a line between him and [the discussions of] fascist distatorship in November, 1934" (1992:168) and publicly questioned its applicability in China.
7. In fact, Giddens points out, in his Social Theory and Modern Sociology, that the above notion of roles is voluntaristic, "as where roles are 'made' rather than just 'taken', but for most part the idea of role was understood in a deterministic way. Roles are pre-constituted modes of behaviour that shape individuals' actions far more than the reverse" (1987:189). In the light of this point, Eastman (1974) may err in his conception of China as a status-oriented society, in which individuals act according to the roles assigned to them.

8. I thank Yunshik Chang for drawing my attention to this study.


10. Leiss clearly states that this transition is by no means complete because the ideal capitalist society still appears in the fervent rhetoric of "free market" ideologies (1988:119).

11. According to Leiss, the six characteristics are as follows:

   (1) The public or government sector accounts for about one-half of a nation's annual Gross National Product and about one-quarter of its direct employment. (2) There are fully-developed market relations: labor is a commodity, satisfaction of most needs is accomplished through market purchases, and almost all individuals are engaged in numerous market transactions every day. (3) Notwithstanding (2), the state undertakes indirect regulation of the entire economic and direct regulation of a substantial portion of the national economy. (4) The economy comprises a relatively small number of large enterprises, privately or publicly controlled (or a mixture of both), which dominate the national economy. (5) Income and wealth distributions show large and persistent inequalities across sectors of the population. (6) A "welfare floor" protects the least-well-off from being deprived of the basic necessities of life, and in some cases assures a "decent" standard of living. (1988:115)

12. I thank William Leiss for suggesting this expression.

13. I thank Graham Johnson for suggesting this expression.

14. Jurgen Habermas (1989) developed the idea of public sphere. Recently, some western scholars of China discuss the idea. According to Philip Huang (1993:225), public as a third realm bridging between the state and society, has always been
part of Chinese socio-political life. The study of Imperial China in Chapter Two demonstrates that the ('inalienable') right given by Heaven to the subjects of the Emperor to revolt against corrupt government was the central source of search for a just society in which public was formed to protect the well-being of people.

15. Recognizing the role of the state in the creation of public interest, Patricia Marchak notes,

The expanding institution of the state reflected both its basis in private property and its role as a custodian of something more than property, something that, in many ways, it created: the public interest. Legislation, the justification for legislation, the creation of public schools and public transportation - these nurtured the public interest, and with that, a dimension of being "above particularistic interests" that was no longer (if it ever had been) just a masking of the instrumental interests of a dominating class. (1991:40)

16. For an expression of genuine needs, see Leiss (1988:140). While rejecting the ideas of false needs and false consciousness in the discussions of reification and commodity fetishism, Leiss recognizes "... the genuine gratification of quite genuine and deeply-felt needs." Viewed, therefore, from neither a structural nor a cultural point of view, the endowment in individuals to articulate their needs is put to use more importantly upon individually based moral ground.

For a discussion of structuralist and (neo)culturalist approaches to political culture in China, see Perry (1992:1-10).

17. In recent debates over the issue of what characterizes social transformation or continuity in China, opinions are divided between those who stress China's transformation in the rise of "autonomous civil society" and those who concentrate on the persistent influence of confucian tradition of political culture. See, for instance, the articles in Modern China, April, 1993, Rosenbaum (1992) and Wasserstrom and Perry (1992). The present quasi-market model adopts its view, similar to that of Chen Ruiyun (1988), an historian of Republican China in China, and some of participants in recent discussions on contemporary economic and political liberalization in the non-Western world (see World Development, September, 1993), that the quality of the government is indicated by its accountability to the people. This view allows society to change shape upon changing relationships of the government and people. Considering the changes taking place in the very relationships in modern Chinese history, the quasi-market model holds that the late Qing saw the anticipation of civil society as there were signs of the emergence of socially-organized production and social
efforts to build a representative government. The configuration of civil society, however, shifted, in the course of Nationalist Revolution, as the Nationalist State changed its role from supporting labour and the peasants in the mid of 1920s to protecting property in the 1930s.


19. For the expression from Weber, see Vivienne Shue (1988:73). I thank Graham Johnson for drawing my attention to Shue's work.

20. See especially David Strand (1990). I thank Graham Johnson for raising the question of 'strong' society and 'weak' state.

21. Chang Chung-li, Hsiao Kung-ch'uan and Philip Kuhn led earlier studies of Imperial China. Joseph Esherick, Mary Rankin, Philip Huang and others are among recent ones. More in Chapter Two. I thank Graham Johnson for his suggestions.

22. I thank Patricia Marchak and Alexander Woodside for their advice on this analysis.
The Mandate of Heaven (*Tian Ming*) was a widely held Confucian conception of the natural order (*Tao* or Way). It was understood to have bestowed upon the Emperor the right to rule for the betterment of his subjects, and gave his subjects the right to revolt when the Emperor failed to bring prosperity and justice.\(^1\) The understanding of the mandate as the basis from which both the right to rule and to revolt derived indicates that it was the grounds upon which developed both the justifications for Imperial government and peasant rebellions. The former affected official perceptions of justice and prosperity. These perceptions were often used to justify Imperial state power, but they were not always endorsed by peasants. The recurrence of peasant rebellions suggested that peasants not only held the perception of justice and prosperity independent of Imperial state power but also exercised their sentiments of justice against corrupt government. Some, perhaps most powerful peasant rebellions in Chinese history rallied support by the claim "to make the Way prevail for Heaven" (*titian xingdao*) (Shih 1967:293-4). This claim signalled the withdrawal of the mandate.

The different use of the mandate suggests that there were both elements of oppression and resistance in the
relationship between the Imperial state and property-owning society. The contest between oppressive state power and peasant resistance historically offered peasants and their allies an opportunity to build a just society, one which was prescribed by the mandate. This 'just' society would operate based on a harmony between the perceptions of justice held by the rulers and the ruled.

The complex of property relations in Imperial China was established upon the recognition of peasants' demand for land and prosperity through measures of justice, such as low taxation and land redistribution via tuntian (land colonization). These measures were dictated by Confucian principles of benevolent rule adopted by the government. They were used to reduce the level of concentration in landholding and to maintain the growth of prosperity. Together with the practice of self-government and an important degree of social mobility, they tended to prolong a tie between the Emperor and the peasantry which kept Chinese dynastic rule intact and stabilized society. Efforts on the part of peasants and their allies to build the 'just' society enabled China to grow and prosper for more than a millennium without fundamental changes.²

The Confucian conception of the Mandate of Heaven, although it gave the peasants the right to pursue the 'just' society, was, however, never promulgated in a written constitution and fully implemented in the Imperial system.
Subsequently, in the adoption of the Confucian conception of a moral order mandated by Heaven in the Imperial establishment, the society was turned into something considerably different from what the Tian Ming purported to bestow. To maintain a society ruled by the Emperor, a sociology of learning was established among the Emperor's subjects. Those who had more time and resources could devote themselves to higher learning. Those who were learned claimed to be more virtuous and acquired rights and property in order to control those who were less learned. Imperial China, therefore, saw the rise of elites, who served in the government and controlled localities through their hold on family and community organizations, and their dominance of local property rights. The Emperor's subjects were divided into a group of ruling elites and a group of those who were ruled. The elites ruled over the structure of social relationships through systems of government and law, norms and values of learning and the operation of a brokerage market economy. This market economy grew upon the order of local property relations in which the local elite acted as the intermediaries of contractual partners and exercised domination over the local community in resistance to state encroachment.

In late Imperial China, elite rule combined with state power in the face of peasant struggles for rights to land they tilled and the right to organize themselves. These
struggles incited changes in property relations to land, challenged old customary practices, and brought China to a different trajectory of economic development. As Mi Chu Wien notes, in the late Qing,

agricultural labourers were largely free peasants related to their landlords in a contractually-based tenancy system, with legally or customarily protected rights and the capability of forming strong peasant alliances in the village communities. This picture is different from the Sung [or Song] situation ... in which a substantial and probably preponderant number of agricultural labourers were bound to the soil, prohibited from leaving their masters, treated unequally under the law and subjected to personal control and numerous restrictions by their lords. (Hamilton 1990:89)

An examination of the transformation of property relations in nineteenth century China demonstrates that the Taiping Rebellion (1850-1864), in attempting to attain equal distribution of land, expressed peasants' demand for rights to land against heavy rent and taxes (Shih 1967:230-4). When the Confucian scholar elite sided with the government to maintain Imperial rule, its efforts undermined the revolutionary character of the Tian Ming. The right given by the mandate to the peasants to act against injustice was rejected by the Confucian school that dominated nineteenth century statecraft. This school, as Mary Wright (1967:59) notes, emphasized the idea that the objective "principle" on which the state and society were organized was entailed in the Confucian concept of li. This concept encouraged a pyramidal order "with clearly defined rights and obligations for every individual and every group. A general harmony
resulted when these rights were recognized and the corollary duties performed with the state as arbiter" (Ibid:61).

The idea of the state as arbiter justified the suppression of the Taiping Rebellion led by the Qing official, Zeng Guofan, who saw that when people ceased to perform their duty to submit to the 'harmony', "it became not only necessary but right that they be punished" (Ibid:63). The 'punishment', that Zeng inflicted upon the Taipings, was, for him, not only necessary but right to protect the Imperial rule and to defend the 'mandate' given by Heaven (Shih 1967:399-400).

The recognition of the difference in the use of the mandate, that is, the exercise of the right by the state to rule for the 'well-being' of the people and the right exercised by the people to revolt against corrupt government, suggests that the allocation of power in China was determined neither by personality, nor solely by political machinery or laws, but by the nature of the relationships between the state and society. An analysis of the transformation of property relations in nineteenth century Chinese economic history indicates that the power of Imperial property rights was limited. It was contested by the efforts of local elites to safeguard their control over local property relations and by the efforts of peasants to exercise the right given by Heaven against corrupt government. This analysis leads to a conclusion about the
peasants fighting for their rights to the topsoil of land they tilled against elite domination over the local community. The peasant struggles were the seed-bed of China's transformation on the eve of the intrusion of the West. This transformation was inspired by the widely-held notion of the Mandate of Heaven, which recognized an 'inalienable right' of the people to revolt in search for a protection of their welfare.

In what follows, the transformation of property relations in nineteenth century China is examined, first, by a study of Tian Ming in the Imperial tradition of elite rule. This study provides a context in which the transformation of property relations occurred. I, then, analyze the growing changes in property relations of the brokerage market economy. This economy was increasingly challenged as peasants gained rights to the topsoil of land they tilled and as the rise of "free labour" threatened the existence of the household economy.

**Tian Ming and Imperial Elite Rule**

Many Chinese philosophers believed in a universal natural order existing in the minds of people as well as in the physical universe. For them, the Mandate of Heaven ruled the universal natural order to which every natural object belonged, and humanity, as a part of that order, conformed and showed respect (Escarra 1937:250). Some early Chinese thinkers argued that to conform to the mandate was
to follow the Way (Tao) and to be kept in the Way by learning. They believed that in conformity with the Way, a social order was to be controlled from above and government was a search for harmony between the rulers and the ruled. The ruler, who held a sacred trust from Heaven (Tian), relied on his ability to learn by heart the mandate (Ming). The ruled learned it by their observation of the ruler's example. Thus, following the mandate became a central concern in operating state affairs, and learning was its quintessential principle particularly strongly held by Confucianism (Hsu 1975:30-3).

Although the Tian Ming entrusted the emperor to rule in the spirit of benefitting his subjects so as to create harmony, the emperor needed money to fund his government and army. He then taxed his subjects to obtain revenue, and solicited corvee labour to serve in his army and government. In maintaining his rule, he also adopted policies to affect the formation of social relations based on the exercise of rights and obligations, property ownership and transferral, and sentiments of approval and disapproval. In the establishment of the Imperial rule, the Mandate of Heaven was adapted as the ideology of the state, and a tradition of elite rule was established to sustain the stable growth of society.

Historically, views were united on the legitimacy of a direct descent of Tian (i.e., the Tian Zi or the Son of
Heaven) who held the sacred trust of Heaven to be the ruler. Opinions were however divided over how to implement his rule over people in the name of the Ming. Early Chinese statecraft developed in the midst of debates about how to bridge the gap between the mandate and reality. Two different views were developed over the central issue of how to build and to control society for the welfare of the people.³ The Confucianists were devoted to learning about the natural order and to cultivating whatever concerns the public, particularly composed of the wise and the capable, had for the good of society. They argued that much less control was necessary if morality prevailed. They stressed moral education through a system of rites, hoping that virtue would lead people to follow their consciences. They especially adhered to their teacher's understanding of the purpose of government, against which they critically measured government's policies and conduct. As their debates with the Legalists who served in the court unfolded, they eventually found themselves the leading subjects of the Emperor, speaking for both Heaven and the public with a sense of moral conscience.⁴

The Legalists, who advocated state control over social activities in the spirit of law, stressed punishment, hoping that force would make people adhere to righteous conduct.

The rise of the two views occurred in the period when the social activism of Confucian scholars had greatly
enhanced the influence of Confucianism. This was the beginning stage of the so-called confucianization of Chinese society, as well as of Chinese thinking in the Han (206 B.C.-220 A.D.) (Twitchett and Loewe 1986:752-7). Confucianism prevailed as more Confucian scholars served in the court through the established civil service examination system. Legalist ideas were incorporated into penal law to complement the rule of rites to punish those who did wrong. The culture that was developed between scholarly officials and learned members of the public (the gentry) then dominated state politics for a millennium to come.

The application of propriety and institution of rites helped adapt Confucian views of a moral order to the ideology of the state. In the process, the Mandate of Heaven was interpreted to justify a rule by a "learned and virtuous" elite. The emergence of this elite rule occurred when Confucian scholars speaking as public voices switched their role from critics of the government to the emperor's moral subjects working to stabilize society and improve the relation of the state and society within the existing structure (Gernet 1985:xxviii). This change indicated that the mandate had become more ambiguous amidst the institutionalization of rites in the family and state. The ambiguity arose partly because the indoctrination of Confucianism encouraged a more diversified society built upon the intricate networks of social relations dominated by
elites and affected by both Imperial and lineage rules of justice and propriety.

To understand the complex of property relations dominated by elites, and the rules of justice and propriety which regulated these relations in the nineteenth century Chinese society, the following three aspects are examined: Imperial systems of justice and propriety; the family system and elite rule; and local autonomy and self-government. This examination suggests that the Imperial tradition of elite rule was founded on a symbiotic relationship between Imperial state power and the exercise of dominance over the local community on the part of local elites in charge of family relations. This relationship included both elements of oppression and of self-government. It is thus not a surprise that late Qing reformers, such as Liang Qichao and Tan Sitong, rejected the rigid Confucian doctrine in the form of rites, and promoted self-government as a product of the practice of a Confucian moral order.

Systems of Justice and Propriety

The Imperial systems of justice and morality were developed in an exploitative and patriarchal agrarian society in accordance with Confucian ideas of a moral order. Rights and property relations grew in peace and sometimes in war in correspondence with individual sentiments of approval and disapproval of dynastic rules. When injustice causing injuries aggravated contention among the emperor and the
wealthy and powerful individuals (including high officials and relatives of the Imperial family), local elites, and the peasantry, the result might be a change of mandate. To establish a stable growth of rights and property relations, nevertheless, the Imperial state managed to apply fa (law) and li (rites) to maintain harmony through the institutions of moral rules and punishment.

Li (rites) largely operated in a social hierarchy centering around ancestor-worship. Its purpose was to promote proper moral sentiments of justice and propriety in maintaining social harmony between the family and state. For the Emperor to enforce his rule over the family which was independently controlled by the father, he had to transcend the autonomy of the family. It was ideologically done by the acquisition of a title - the Ancestor of All. In the Qing bureaucracy, the Board of Rites was in charge of ceremonies and ritual observances, stipulated in the Book of Rites, a canonical book of Confucianism. The Board of Rites was an important branch of the Imperial administration. It served the purpose of government by cultivating moral sentiments of its officials in harmony with patriarchal rules of propriety revolving around the Son of Heaven. These rules were strict not only about the attitudes and behaviour of all involved in the Imperial court and offices, but also about their types of dress, houses and number of servants owned, that were in
correspondence with their official posts. Any breach of rules was subject to punishment (Jernigan 1905:44-5).

Another key which enabled the Emperor to legitimate his rule over all was the institution of justice to regulate social relationships, especially those in the family.8 This institution was a product of the historical transition of the state from one dominated by the Legalists, who promoted fa (law) as the key to an orderly society to the dominance of the Confucianists, who adhered to rites - the system of moral rules. Fa was used based on the sanction of force to complement the rule of rites.9 The Board of Punishment in the Qing bureaucracy adjudicated law, and reviewed punishments given by lower courts.10 In association with the Board of Punishment, the censorate, a distinctively Chinese political institution, was set up. According to Kracke (1971:319), the Censorate was destined to maintain proper functioning and health of the government.11 The institution of disciplinary measures against the misconduct of bureaucrats represented an effort to establish a reasonably honest and fair system of justice. This effort formed a distinct aspect of Chinese political culture entailed in the relationship between the state and society.

In the Qing dynasty, the law which gave broad moral guidelines in both lower court judgment and upper court review was the Penal Code (Da Qing Luli) published in 1647.
In the Code, kinship relations were observed and family rites reinforced through the regulation of individual behaviour. As there was no concept of individual, (no word for "individual" in Chinese at the time,) a person was conceived as an element discernable in relationships with other persons. Rights of a person could be understood only in the context of his or her involvement in property relations with others. The Code saw individuals either as a person or group of persons who shared common characteristics through family ties and business association and who had rights to life, property and justice. It insisted on proper behaviour by laying out clear punishment to those who verbally abused, hurt and damaged, or killed his or her relatives, or committed adultery. The punishment increased if litigants were closer relatives and if the injured party was a senior male. Homicide, infanticide, neglecting the uncared-for, and taking "stray" children into slavery were subject to criminal punishments.

Rights of a person to property such as marriage presents (dowry in particular) and inheritance were especially protected by the Code in cases where family unity and rights of legal heirs were in dispute. With dowry, it is a daughter's right to share her family property at the time of her marriage. Marriages of people who were in mourning were not lawful and were given severe punishment. That especially included widows. With succession, the law
recognized every heir (including adopted heirs) the right to a share of family property and every family head the right to resist family division.\textsuperscript{13}

An important right that individuals had in the Imperial society calls for special attention. That is the right to bring their complaints of injuries to the magistrate.\textsuperscript{14}

The magistrate as the emperor's representative to the local people and appointed caretaker of the lives of a local community, was particularly responsible for the Imperial rule in accord with the mandate. His conduct was subject not only to the scrutiny of local society but also to administrative surveillance. Any abuse of office faced criminal charges stipulated by the Code. It is thus not a surprise that some view the Code as an administrative law.

The characteristic of justice making in Imperial China is that the magistrate sought a right judgment guided by the statutory law based upon a semi-institutionalized dialogue with kin/community groups which mediated the situation with their well-established customary practices for dispute resolution. As Philip Huang further notes,

The filing of a plaint generally galvanized further efforts at community/kin mediation. At the same time, magistrates routinely commented on each plaint, counterplaint, and petition submitted by the litigants. Those comments were posted, read, or otherwise made known to the litigants. They therefore figured prominently in the ongoing negotiations towards a settlement. Such settlements, in turn, were generally accepted by the magistrate in preference to formal court adjudication. (1993:226)

Justice was therefore provisioned by the order of
rights and property relations and individual sentiments of approval and disapproval of his or her existence in relation to that of others. The pursuit of right to justice was preconditioned by the interplay between state power and social control that gave emphasis to the role of the family in cultivating public spirit and sentiments of propriety.

**Chinese Family and Elite Rule**

As it was understood that the Mandate of Heaven devised a person to preserve his or her existence in harmony with the preservation of others, it became important to cultivate individual sentiments of justice and propriety. This task was naturally taken by families through the exercise of social control, since they played a vital role in arranging social relations into an orderly and stable structure, establishing and sustaining rules of justice and propriety, and cultivating sentiments of approval and disapproval in everyday conduct.

The Chinese family system is characterized by lineages. A lineage (zu) was an extended kinship group tied together by patrilineal relations which were generally distinguished in five degrees especially manifested in the mourning system essential in lineage rites. The stability of the kin group was based on family rites upheld by the dominating values, such as family pride, the ancestral cult, and common ownership of family property. These values were upheld by the family head who managed
family property and made efforts to carry on family virtue and rules of propriety.\(^{18}\)

The Chinese family system, consequently, was patriarchal and dominated by its heads who were themselves large landholders, and its subordinate members were either tenants, or worked as servants and slaves. These heads endeavoured to secure the growth of the lineage based on the support and the contributions of its member families, to whom it provided certain common activities and benefits, and moral well-being. To be able to maintain its growth, each lineage ideally financed its own education and welfare. It funded its own private schools and tutors for its juniors, and offered relief to its poor members within the limit of its resources. It often set aside land (yitian) for collective purposes, such as ancestral worship, lineage temple maintenance, education and relief efforts.\(^{19}\) It was thus understood that the lineage prosperity was maintained by the growth of its property and relatively harmonious kinship relations, which could then in turn help build family pride and public spirit by offering more to ancestral worship attended by all kin and to the community welfare.

The pursuit of lineage prosperity led family heads to draw an interest in the growth of property rights. Their interest in property growth encouraged a concern over the direction of local decision-making, and the implications of
state policies in the local socio-economic development. To act on their concerns, these family heads turned themselves into a group of individuals known recently among students of China as the local elite.20

The local elite had power to swing the direction of local decisions and were qualified to be the voices of the local public. Having served as the examples of justice and propriety, they bore the responsibility of protecting the growth of local society from outside pressure, be it the Emperor, a wealthy and powerful individual (such as a high official or a relative of the Imperial lineage), or a neighbouring community. Occupying a position between the Imperial state and local society, local elites could thus mitigate antagonism between the Emperor and his subjects, although they could also forment it.

The role of local elites as mitigators or instigators was fulfilled largely by the establishment of a rule by elite who differentiated themselves from people by their hold over local property and learning, the last of which prepared them to serve in the government.21 While serving in the government, official elites were able to bring prestige, honour and benefit to their home locality. They thus protected home communities through their ties with the Emperor who used them to rule in order to maintain harmony. They, in turn, used the Imperial ties to protect their domination over local property rights.
While acting as a dominating force in local society, on the other hand, local elites enjoyed the allegiance of such commoners as artisans, merchants and peasants, who sought occasionally either to merge with them, as the merchants did, or ally with them for protection, as did the farmers and the artisans, in the face of pressure from outside. In this event, local elites mobilized local people to defend the community against state encroachment. This common interest in defending the local community against state power formed the basis upon which elites and peasants politically concurred. Since the peasants formed the overwhelming majority of the emperor's subjects, the well-being of this population became a crucial test of how well Imperial rule served the Mandate of Heaven and how well family growth was maintained. This social group gave rise to social mobility either up into the elites or down to the farm labourers and even servants and slaves. Any rapid social mobility occurring in this population would cause social unrest resulting in reform efforts or peasant rebellions. In case of the elites embracing new-comers from artisans, merchants, and peasants, however, the growth of their power was felt in their increasing influence in political affairs.

The elite class grew as some members may have had the benefit of backing from powerful individuals in the Imperial family or certain court officials and made bigger and faster
fortunes than others, who had climbed up the ladder of public services through examinations, a promising avenue to success, and joined protégés of the emperor. At the same time, those who lost, moved downward, joining the ever growing peasantry and the "little and mean," (xiaoren, comprising corvee labourers, servants, family slaves and convicts who had little or no standing in rights and property relations,) as fast as those who went upward through civil service examinations or patronage. It was only when social mobility went downward faster than upward that the Mandate of Heaven would then be invoked to rescue as well as to consolidate the status of the elite against the domination of the nobles and the discontent of the "little and mean" through reforms or even revolt.

Given the interest in securing their control over the local community while defending local property rights against state power, on the one hand, and containing popular discontent, on the other, local elites developed networks of social control, extending their influence either through personal influence or through organizational channels like the family, and community organizations such as the baojia.

As it was long believed that families operate on their own terms so as to maintain the stability of local communities, the state had always accommodated the lineages alongside other organizations, such as the village (xiang) and later baojia, which facilitated ties to the government.
The institution of baojia in local communities under the jurisdiction of the magistrate began in the Song. It was installed in local communities by using single households as its basic unit.

Tanigawa Michio comments that in China,

Local society and state power formed a kind of support-protection bond. *In this sense*, it is not necessarily unreasonable to understand the rationale for the state to lie in its functions of preserving and sustaining local society. (1985:84)

The baojia system was an example of the support-protection bond between state power and local communities. It emulated the organization of the xiang (village) paralleling the kinship organization inside each walled city in the time of Zhou. The cooperative spirit and collective responsibility in each xiang run by a group of lineage elders served as principles on which the baojia was elaborated (Wen 1939:30).

The baojia system helped transmit public concern to the magistrate and at the same time assisted him in fulfilling his duties (Liu 1959:85-6; Qi 1959:103-7). Through the baojia, government intensified its application of law in running public affairs. While pressing for the collective responsibility, it could also ease its effort to collect taxes and corvée services, and to obtain runners to public service and the army. Since the baojia helped maintain peace and order in local communities without the establishment of government-supported police forces (Hucker 1961:27), Zeng Guofan, a powerful Qing official during and
after the Taiping Rebellion, "praised it as a gradual remedy, one that would calm the people as order and firm guidance soothed a child recovering from a long illness" (Wright 1967:137).

The baojia, however, had also facilitated local initiatives since it cultivated public spirit through providing community-funded welfare and education. It helped draft labour "for work on large-scale construction projects on roads and water-ways, irrigation systems, public buildings, and the like" (Hucker 1961:26). It, in many ways, extended services of kinship organizations to an enlarged public. These extended services were always controlled by local elites who dominated village administration (Jamieson 1970:72) and initiated efforts with their influence on governments, and people under their control (Duara 1988). A revival of local elite activities occurred in the late Qing after the Manchu ruling class failed to consolidate its hold over society following the Taiping Rebellion. Social control was strengthened by the increasing local participation in management. As Rankin (1986) notes, local public activities grew, and so did oppositional opinions. Elite activism in the late Qing advanced the tradition of local self-government.

Local Autonomy and Self-Government

In an environment where baojia matched family organizations, the relation between social control and local
self-government was developed between those who controlled the lineage and community and those who delegated state power to local people. The strength of social control can be measured by the influence of local elites on the magistrate. After all, it is in the interaction between the local community and the magistrate that social control and state power met and contested.

The realm in which social control and state power met encompassed the spheres of management of public welfare. The Chinese concept of state responsibility for public education and welfare is as old as the state itself (Lum 1985:iii). But, government efforts for public welfare, though generally initiated by an Imperial injunction, largely depended upon each local government's grain reserves and policies to manage famine relief through tax exemption, price control, and subsidies (Huang 1984:557-66). These state relief efforts depended heavily on the proper administration of the local government and its co-operation with local elites who participated in funding and management of public service and welfare.

As the lowest level of the Imperial bureaucracy, directly in contact with the lives of ordinary people, magistrates played a undeniably important role in keeping an equilibrium between state control and local autonomy and the support-protection bond between the Imperial state and local society. To meet this end, the magistrate was
historically given substantial autonomy in running local affairs. This autonomy was granted in the spirit of the Confucian principle of benevolent rule (Zelin 1984:100). The ties of the magistrate with the central government evolved from noble kinship relations in the zongfa system to reliance on administrative mechanisms such as courts, fiscal systems and agricultural management.26

Xian magistrates were initially given the responsibility to try criminal cases personally and lay charges against offenders. This was in addition to their regular duties to survey xian prisons and listen to complaints. No official was separately assigned to do any of the above (Liao 1969:115). Being at the lowest of the four levels below the Imperial court in the judicial system, xian magistrates operated local courts and prisons, settled minor disputes and sentenced offenders to no more than bambooing.27 To respect local elites, as well as the family system, the magistrate refused to listen to cases that had not been judged according to lineage rules or bylaws of the bao. Being the bureaucrat closest to local people, in any case, he had judicial power to bring immediate impact on local society.

The magistrate was also required to strengthen public grain storage houses in order to control grain market prices and restrain high rent and interests set by wealthy families (Qi 1959:114-21), and to conduct a land survey on which tax
quotas were calculated, and to re-register the area of land that each local household owned. The magistrate also used locally reserved tax revenue to handle welfare relief in time of famine and to fund local public education and welfare. The magistrate controlled the local economy and hence, at least in theory, the well-being of the local people.

A vital duty of magistrates on behalf of the central government was tax collection. The Imperial central government decided a tax quota, primarily on land and corvee. Magistrates assumed direct control over its collection. They could be ordered either to deliver taxes, after collected, to the capital, or to put them in a fund for future local use, or to send them to needy provinces as subsidies. The magistrate, as the local financial administrator, could raise the tax rate while in collection. Different kinds of tax surcharges were also at his disposal. He could additionally determine the manner in which taxes were collected. Taxes could be directly collected but indirectly delivered by setting up a chest or vice versa. With indirect collection, local government runners and clerks could contract the collection of taxes (baozheng) with the magistrate. Or the magistrate saw through a contract for tax payment (baolan) under certain arrangements between a well-off local elite and the tax-payer (Wang 1973).
The right for the magistrate to control the collection of taxes was not absolute, theoretically, since higher level officials came frequently to check on his conduct based on the rules stipulated in the law. There was also the tradition for the magistrate to hold offices in places distant from his home locality, to free him from local pressures for favoritism. While in office, he was not allowed any economic opportunities to purchase land or businesses.

His right was not absolute, moreover, because his behaviour was also closely observed by the local elite who dominated baojia in the xian where he served in office. As he came from outside, he required the assistance from the local elite, who possessed knowledge about local customs and current social problems. Given that any delay of tax collection and other official duties would bring severe punishment to him from his superior, he needed their cooperation in fixing the tax rate and smoothing the tax collection. He, therefore, formed a symbiotic relationship with the local elite (Watt 1972:14). This symbiotic relationship was built on the ground that he relied on the elite for exercising the rights authorized by the Emperor; whereas the elite depended upon him for maintaining the growth of local property rights.

The consolidation of this relationship could mean a self-governed community in which property relations were
safely maintained so as to instigate economic prosperity. However, when the magistrate and local elite failed to look after the issues concerning peasants and the "little and mean," communication between the peasants and the government through the magistrate and local elite was short-circuited. The peasants would then revolt. The peasants would also revolt when the magistrate, conspiring with local elite, abused his right to tax collection by adding surcharges. In the Qing, they formed secret societies, and fought against the government.

The right for the magistrate to control the collection and use of tax was apparently a constant source of corruption. "Inasmuch as neither the official's personal expenses, nor most administrative and service costs were provided for through legitimate government channels, no distinction was made between public and private means or ends in the operation of the official yamen" (Zelin 1984:118). It is inevitable for embezzlement and corruption to find inroads on government when public and private gains on the part of magistrate were unseparated, and when the local elite connived with government runners and even with the magistrate to evade taxes by concealing real local landholding.

Corruption became so rampant in the Qing that the Imperial court renewed efforts to reform the fiscal system. The fiscal reforms in the 1730s, focussing on "huohao
quigong" (the "return of the meltage fee to the public coffers") through legalizing the tax rate and dividing the tax revenue into designated uses, were carried out under the emperor, Yong Zheng. They were aimed to curb the magistrate's power over the use and collection of tax with returning the huohao (meltage fee) to the public coffers, and to eliminate corruption by limiting his access to funds while increasing his subsidy, so that he had no reason to levy additional surcharges or to extort additional customary fees and gifts from his subordinates (Ibid:117-8).

Although the emperor used a secret palace memorial system to guide as well as to check on the implementation of the reforms, the decision to place tax remittances in the care of provincial revenue in effect enhanced the fiscal power of the province (Ibid:168). These reforms, strengthening central state power, had significant implications for the potential development of a strong, modern state. The reforms, however, ultimately failed not least because they met with severe resistance from local government officials and the elite class. They failed also because they were not intended to meet the needs stemming from population growth, commercialization and most importantly the changes in the complex of rights and property relations, but to increase government revenue and renew Imperial rule through reducing corrupt conduct of local governments. It is thus not difficult to agree with
Perdue (1987:4-5) when he claims that China had never had a strong central government until today. In fact, in the late Qing, not only regional concentration of power was on its way to a climax, corrupt government coupled by its high taxation created obstacles to economic advance energized by the growth of property relations.

**Growth of Property Relations and Rise of the "Free" Labour Force**

Elite rule was sustained by the growth of rights and property relations of a market economy under the regulation of such institutions as rents and taxes which gave recognition not only to peasants' rights to Heaven-given prosperity but also to Imperial obligations to the mandate of maintaining harmony. The establishment of this rule was however contested when the rise of commercialism and early industrialism in the late Ming and the Qing fomented changes in property relations against which the old rules in rents and taxes proved cumbersome.

This section is devoted to understanding the growth of property relations in a brokerage market economy. This economy grew upon the early political and economic development of land use. Property relations formed around land use were largely developed among the landholders, the tenants, and the state, and were substantially characterized by an intricate set of claims and obligations, that is, rents and taxes, two institutions that affected the
establishment of the mandate of maintaining harmony. Just settlement of rents and taxes meant less controversial property relations and thus social stability. Problems with rents and taxes could mean social unrest and destruction of the economy. An examination of the historical growth of property relations must therefore be chronological, from the changing property relations to land to early industrialism, in order to delineate the development of the peasants struggling for rights to land against elite domination and the rise of "free" labour in the transformation of brokerage market economy.

Property relations to land

The right of the government to tax was rooted in the theory that the title to all land was vested in the Son of Heaven, who saw to the welfare of the society. He could impose taxes, and appropriate land for public use without compensation whenever he chose to do so (Jernigan 1904:28). However, under the dictate of the Mandate of Heaven, taxes ought always to be moderate so as not to compromise the well-being of the people. In the thousand years of practice, however, taxes had evolved from acknowledging the right of the landless poor to a living to aiding the landlords. This shift was initially reflected in the Single Whip tax reforms in the Ming, and it was reinforced later, as Duara (1988) argues, by modernization policies of the late Qing.
In the Ming under Shen Zong's reign in 1581, tax reforms, known as the "single whip system," were implemented to merge land and corvee taxes on a fixed amount payable only in silver. This tax system was designed to stabilize government income when the landholding was concentrated in the hands of a few nobles who benefitted greatly from the commercial boom. It devastated tenants since they had to first sell crops for silver in the market which was often controlled by big landholders. The reforms incurred widespread bondservant and tenant riots.28 This shift of orientation in taxation largely resulted from the changes in the relationships between the elite and state, and between landlords and peasants. To understand this shift of emphasis in government taxation, it is necessary to examine these relationships first.

The relationships between landlords and peasants emerged by the last centuries of Zhou when buying and selling land became widespread, and when land was concentrated in the hands of the wealthy while peasants were reduced into tenancy and farm labourers (Twitchett and Loewe 1986:28; Wu 1987, vol. I:49-50). Private ownership of land was then not only officially recognized but accommodated.29 From the beginning, private land use and exchange involved not only landlords and peasants but also the Emperor, aristocrats, officials, and merchants. Apart from the private lands of the Emperor such as the palaces,
the Imperial parks and pleasure grounds that were exclusive, and exempted from taxes and all other government dues (Jamieson 1970:90-1), wasteland belonged to the Imperial state and could be brought into use only with Imperial sanctions and registration with the government for levies. Land so entered could be sold or mortgaged afterwards without government interference, like other land in common tenure (Jernigan 1905:135).

Based on his study of the late Qing, Jamieson (1970:91-4) classifies two kinds of land tenure: common, and colony or military tuntian. The lands under the latter tenure were generally granted to certain lineages, and to demobilized soldiers, in consideration of certain specific duties they performed, such as guarding the frontier or furnishing boats and men for the grain transport service between the provinces of the lower Yangzi and the capital. In return for their services they were given certain areas to cultivate, not free of land taxes but charged at a lower rate. The land was not allowed to be transferred outside the lineages. However, as the above kinds of services became abandoned over time, the distinction between colonized lands and lands of common tenure also disappeared. Tuntian, nevertheless, was used and enforced from time to time for reallocation of land throughout history (Twitchett 1962:23; Jamieson 1970:91-4; Wu 1987, vol. II). Especially, when land concentration into the hands of a few wealthy and
powerful individuals, such as relatives of the Imperial lineage and high officials, who enjoyed favourable tax exemption, aggravated towards the end of the Han dynasty, tuntian became a strategy to cope with social discontent and dwindling government revenue. It was repeated by the governments of the subsequent dynasties of Wei, Jin, the South and North dynasties, Sui, Tang, Song, Yuan, Ming and Qing.

Normally land was owned on a tenure conditioned by payment of land tax and corvee, and by official payment and registration on alienation. Traditionally, as Schurmann (1956:509) indicates, property was expressed in land deeds, statutes, and other mechanisms explicating property relations in terms of tian (cultivated fields), chan (productive medium) and ye (a term denoting cultivation in the abstract sense). These terms, he continues, were usually used in the transaction of landed property or inheritance not to establish ownership but to describe the productiveness of property. For possession and ownership, there were terms of zhan and you. Both of them, however, were not equivalent to ownership of property in European sense, since zhan and you in China were not as alienable and transferable as western ownership of property.

In the Han dynasty, property relations to land had gone to a stage where a system of customs had developed to regulate land use and exchange. These customs, as Zhang
(1985:35) implies, were kept basically intact in the following two thousand years. According to the customs, land transactions stipulated in the form of contracts (giyue) would prove ownership of land. In the formation of a contract, a third party (the intermediate, be it a relative, friend, or community leader), whom both contracting partners trusted, should be present and sign as a witness. The copies of the signed contract kept by both sides would then be recognized by the public. The contract, though it was authorized by customary law, was just as viable as if it was authorized by Imperial law, but was required to be registered with the government in order to transfer land tax obligations from the seller to the buyer.31

Inasmuch as the Chinese believed that land was part of the provision of Heaven to family ancestors, they would not want to relinquish ownership of land. Hence, the alienability and transferability of land was hardly absolute.32 Traditionally, there were such practices as dian (mortgage-sales) and mai (sale) in property transfer. Mai was a "dead" and irrevocable sale, under which the seller could not redeem the property upon repayment of the money (Kroker 1959:129), a custom known since at least the Tang. As mai meant an absolute transfer of property from the old to the new owner, dian was much preferred.

Dian was used to execute a property transfer in which
the buyer received full use of the property, but ownership was limited to a given time period. After that period of time, the original owner had the right to repurchase at the original price.

No interest is payable on the one hand and no account of rents and profits is required on the other. The use of the land is simply exchanged for the use of the money, ... Unless the old owner comes forward to redeem, the new occupant becomes absolute owner without further process. (Jernigan 1905:142)

The practice of dian was advantageous to peasants who were short of money in between harvests. Wealthy landholders, however, could also take advantage of dian to accumulate landed property when sellers could not repurchase in time of poor harvest and famine. That forced many peasants into tenancy.

Historically, there were three categories of tenancy: private, monastic, and official. Most Imperial land and land of Imperial lineages were rented out to tenants who paid produce rents, usually a share of their grain crop. Monastic land was rented out under similar provisions. The tenancy of private land was most complex. Across the country there were probably three kinds of rent systems that co-existed: "money rents; rent in kind as a fixed amount of the harvest; and rent in kind as a share of the harvest" (Myers 1970:227). Chen Han-seng categorizes five ways of leasing out the lineage land on which rents were collected:

(1) by apportioning it among all the applicants; (2) by leasing it to these in turn; (3) by leasing it out in one contract to some one person; (4) by using separate
written contracts with a number of people; and (5) by making separate oral agreements with more than one tenants. (1936:42-3)

From this single account one recognizes the looseness of tenant arrangements and perhaps predicts the intricacy of tenancy. Over time, all the above arrangements deteriorated when such developments as government manoeuvres of redistribution of land through tuntian and land transfers through dian or mai jeopardized the status of tenants (Twitchett 1962:24). Such deterioration took place particularly in the commercial boom in the late Qing. The tenants had no other choice but to fight to protect themselves. Given that rents were often fixed in face-to-face relationships and that tenants, as Emperor's subjects, were entitled to Heaven-given prosperity, they therefore deemed it right to acquire rights to land they tilled. Their struggles brought forth the recognition of their "permanent tenant right to land" (yongdian guan).

In the case of dian-mai, for instance, as land prices increased, the seller (now the tenant) demanded a share in the increased land value and thus legal disputes multiplied. To solve the problem, a distinction was made in local areas between subsoil and surface rights, all of which could be transferred through mai or dian.33 This could further complicate the situation of private tenancy but tenants were recognized to have certain rights to land they tilled. As Perdue (1987:151-7) observes, in Hunan, the fee fixed as
rent deposit gave tenants the permanent right to the ("skin" of) land. When land prices went up, disputes also broke out over the increase of rents. In order to motivate tenants to keep investing in land and to avoid tenants' rent resistance, local officials were forced to limit interest rates to three percent per month of the debt to landlord. Inasmuch as they knew rent resistance impaired the ability of landlords to pay taxes, they still had to pardon those who could not pay rents in bad years in order to avoid tenants riots (Wu, 1987, vol. II:335-52). Tenants were also acknowledged by (adjusted) local customary law to have the right not only to pay a reasonable rent but also to keep the surplus.

Perdue (1987:137-43) finds, apparently, that as local customary law became less adequate in judging property rights disputes in the face of increased land value, government stepped in to regulate land markets by replacing white contracts with red contracts, prohibiting redemption rights by officially limiting them in a fixed time period, and adjusting local customary law.34 Meanwhile, provincial codes were developed in response to the diversity of local economic conditions and rules of customary practices. Government intervention, Perdue (Ibid:148-56) notes, assisted the growth of land market and commercialization. By imposing restrictions on redemption rights and thus limiting the rights of the tenant to reclaim
land ownership, however, this assistance, as Yang Guozhen (1988:115) argues, helped stabilize property relations to land. Government intervention, after all, could not effectively deal with the increasing detachment of the peasants from the landlords and mounting legal disputes over land ownership rights unless the government made decisions, as it had done, to expand its legal and administrative means of regulation.

The development of the government to work with local customary laws formed a sharp contrast with the reforms in the late Qing during which foreign models were studied and copied without an effective consideration of the changes taking place in property relations in the countryside. The reform efforts in the late Qing and the Nationalist Revolution thereafter created a process of social transformation under foreign influences, intercepting the transformation of property relations to land which had already been underway. What could become modern China if she were left to take her own course of developing law and order that were in close interaction with the changes in the land property relations? One can only ponder over this question and make speculations based on what historical evidence reveals. Perdue (1987:151-7) suggests, "The best that local officials could do was to treat tenants as commoners with equal rights before the law." Henceforth, many tenants who held the "skin" right of land in effect
became well-to-do peasants.

The group of well-to-do peasants made its first appearance in the Ming and matured in the early Qing. They were seen more in southern provinces along the lower Yangzi and the coast than in the North. Some could be small landholders committed to land and farming. They either cultivated land themselves with or without hired hands, or rented some of their land out to get an income with which to operate a family business in cash crop production (such as growing silkworms, cotton, tea and other commodities), in commerce and handicraft manufacturing. Others could be tenants, tilling the land over which they owned the "skin" right. They could prosper only on the surplus they made with the help of hired labourers after they paid rents and taxes (Fu 1982:132-44, Myers 1980:90-102).

Accompanying the rise of well-to-do peasants was the expansion of cities when more and more landlords left land for hired superintendents to look after. The former direct contact between the landlord and his tenants over rent issues were intercepted by the superintendent. The landlord was now busy with his commercial and manufacturing engagement in the city. He became less concerned about farming but more interested in economic return of the land (Myers 1970:229-34). His imposition of high rents and interests on his tenants forced them into becoming hired farm labourers. This was the beginning alteration of the
relationship between the landlord and the peasant - from tenancy of the latter to the former, to hired labour of the latter by the former (Wu 1987, vol. II:329-35).

Alongside the growth of well-to-do peasants, therefore, there were three classes of people: absent landlords, farm labourers and wholesalers. Intricate relationships were developed among the above classes. The well-to-do peasant was in a tenant relationship with the landlord to whom he paid rents often high enough to make him bankrupt. Part of the rent came from the exploitation of farm labourers who had little resources besides their own labour power. With the wholesaler who served as a broker between the peasant and the market, the peasant sought to bargain a good price but not at the cost of losing good relations (Myers ibid.).

Since the contract between the landlord and the tenant was long enough to enable a surplus production, the well-to-do peasant was motivated to invest in land and became prosperous. However, because the well-to-do peasant was tied to the landlord, the broker and the farm labourer, his status could be as insecure as his business. If the government raised levies, as the late Imperial governments did, the landlord increased the rent, and the well-to-do peasant would go bankrupt. He could also be destroyed by the broker who forced lower prices on him through monopolization. Tensions between him and the hired farm labourer could also cost him dearly, especially when the
latter organized together to take revenge on him.

In the meantime, however, the well-to-do peasant might have found ways to cope with the situation and even managed to expand production through the establishment of a new market for his products, and new business associateships. Soon he became an influential person to be consulted with local affairs in the vicinity. Some members of the family might have obtained a degree after passing civil service examinations, or had purchased one. His chance of maintaining the growth of his wealth was nevertheless slim, given that he had all the above obstacles to overcome: the rack-renting landlord, suppressive broker and landless poor resorting to arms to make a living. On top of all these, the government which imposed on him increased taxes, such as the "single whip" taxation.

When the "single whip" taxation came along, tenants bore its brunt, particularly those tenants who had acquired permanent rights to the "skin" of land and had in many cases to pay both silver and labour for the land they tilled, while the landlords who owned the "bone" of the land, especially those who had moved into cities and engaged in commerce and manufacturing, were favourably exempted. Increased government intervention in the growing detachment of peasants from landlords, reflected in its efforts to control rents and land markets. In any event, it met with resistance from landlords who had grown in number and
resources and had dominating influence in money and land markets. Since the elite landlords were now funding and managing the growing process of industrialization in urban areas, which could provide further sources of government income, the choice that the government had between protecting the poor while curbing the power of landlords and favouring landlords while suppressing the poor was clearly made, especially under the pressure of foreign forces in the late Qing. The government's effort to enhance economic development in the Self-Strengthening programs reflected its decision in the nineteenth century to adopt western model of industrialism in co-operation with the merchant elite.

To understand this co-operation, it is important to recognize that the conflicts between peasants, landlords and the government challenged the Imperial tradition of brokerage market economy. This challenge was accompanied by the fact that property relations became depersonalized and more commercialized as a growing distance (both geographical and social, cultural, economic as well as political) between landlords and peasants was created by the former moving into towns and the latter going bankrupt and becoming farm labourers. It was also accompanied by the fact that the influence of elites on government was increasingly contested by a social influence arising from the struggles of the peasants for rights against elite domination.

This challenge was magnified, on the one hand, by the
development of farm labourers who became more numerous in the late Qing and were ready to be mobilized in large-scale industrial operations. They had no way of protecting their interests in the face of degeneration of social relationships in the local community and the suppression of the late Imperial government on rebels, and were thus left with no choice but to organize themselves into secret societies to defend their right to life. Secret societies, as Chesneaux (1972:5-8) indicates, first appeared in the Yuan when the Chinese were ruled by the Mongolians. In the late Qing, they revived and organized frequentrevolts against the Manchu empire with the aim of restoring Chinese rule.

As the Taiping Rebellion exemplifies, peasant revolt as a right undeniably given by Heaven occurred in history in times of economic chaos and as a result of corruption in government and heavy taxation (Shih 1967:354). The Rebellion pursued an ideal order promised by the mandate in which peace and harmony (tai) as well as equality (ping) prevailed (Ibid:237-8). Although in history, after each rebellion, the newly established ruler began his dynasty with such measures of justice as land redistribution through equalizing land ownership and tax reduction, his efforts were directed, as a matter of fact, to strengthening the relationship between him and his subjects through diminishing the power of big landholders and mitigating the
burden on peasants (Wright 1967:44-5). The result of these efforts in effect was a renewal of Imperial elite rule. The Taipings, however, strived for equal distribution of land by turning wealth "to be shared and enjoyed by all" (Shih 1967:231-2).

This idea has made at least two significant contributions to Chinese thinking: one is that in distributing land according to the number of persons in a household, the Taipings treated male and female members of the family as equals. Secondly, by turning the cultivation of all lands into a collective concern of the people, the Taipings pursued not the traditional pattern of Imperial state ownership, as Shih (Ibid:233) suggests, but perhaps an order based on a more centralized control over more equalitarian social relations. The Taiping economic thought certainly influenced Sun Yat-sen, the leader of Nationalist Revolution, who compared Taiping practice with that of Soviet socialism and identified his Principle of People's Livelihood (minsheng zhuyi) with the Taiping theory of equalization of wealth (Ibid:493-4). The Taiping Rebellion, although it was put down by the government with the help of foreign forces and local militia led by local elites, shook the Manchu empire and planted the early seed of the dissolution of Imperial rule.37

The challenge to the Imperial tradition of brokerage market economy was also magnified, on the other hand, by the
growth of "free labour" who moved into towns and enabled the expansion of urbanization and industrialization. This growing force of "free labour" defied the Imperial tradition of elite rule and ultimately contributed to its demise.

**Early Industrialism and the Industrial Labour Force**

For the sake of revenue, the state generally tried to keep industry and commerce regulated, and thus collusion between officials and the wholesalers and large dealers became a recurrent social and political characteristic of China's early economic history (Kirby 1954:144). A turning-point was however made in the Song dynasty when the government turned to work with merchants instead of executing direct control over them.

In the Song dynasty industries such as mining and manufacturing were either managed by the state or contracted out to merchants and iron masters who owned ore deposits or smelting plants. There emerged probably a substantial number of privately owned large-scale enterprises operating under the supervision of the government. The state assigned smelting tax officials, industrial prefects and so on to secure the state's share in production. A brokerage market system, which allowed government to regulate the market through the licensed brokers who were obliged to pay and to collect taxes, was established and inherited by the Ming and the Qing (Mann 1987:30-5).

As a result, at the beginning of the eleventh century
in the Northern Song, a commercial economy was taking shape while the wide use of money pushed mining and other industries forward to an extent that both output and scale of production exceeded those later achieved during the eighteenth century's industrial revolution in Western Europe. The industries of alum making, shipbuilding, quicksilver, cinnabar production, papermaking and printing in addition to textile industries were greater in scale than in any societies before the Industrial Revolution of the nineteenth century. Many of the achievements were greater than those in Republican China during the first decades of the twentieth century.40

During the growth of commercial economy in the Song, wage labour was widely used in both state and privately operated enterprises. What is known is that government set out general procedures for employers to follow in terms of conditions under which workmen were hired in order to maintain a reasonable level of their well-being (Hartwell 1963:150-4). What is not known, however, is whether workmen were organized into unions to look after their interests. The kind of organizations from the Song that were recorded were the guilds (hang or hui).

In order to bring markets under their control and defend their socio-economic position, Song producers and merchants organized themselves into guilds, which grew especially rapidly in the Qing (Mann 1987:22-5). There were
guilds of producers and merchants. These guilds were organized sometimes by the people in the same trade in a locality to eliminate competition from outside and to defend themselves against government control. They were also pulled together by merchants from the same province but stationing in another province to promote trade in order to provide information and protection to each other.\textsuperscript{41}

The guild often offered protection and welfare relief to its members. It collected taxes for the government under contract. Within a guild everyone except the apprentices had rights to elect and be elected into the board which managed the guild's affairs. Every member contributed to the collective funds which were used for the guild's temple maintenance, festive celebrations and subsidies to needy members.

Apprentices were generally not full members. They were attached to their masters. They received no wages but room and board. They were locked into a kind of familial servitude which perhaps institutionally confined them to be loyal to their masters and hence the guild. As the household economy became threatened by a large influx of mobile labourers, however, and as the scale of business undertakings in the early industrialization of the late Ming and the Qing grew, their confined servitude was challenged. Some of them were pulled into the growing wage labour force. They then felt it necessary to find their own identity once
freed from servitude. Their collective struggle against maltreatment by their employers in the late Ming and the early Qing demonstrates the growth of their strength (Fu 1982:158-70,327-37).

At the same time, the group of artisans who worked side by side with hired labourers and apprentices in family shops, and merchants who ran a family business with hired hands and apprentices, contracting to sell products either made by artisans and handicraft workers or imported by big (Chinese or foreign) wholesalers, grew upon their own hard work and the exploitation of labourers. However, in comparison with the well-to-do peasant in the countryside, the merchant or the artisan faced sometimes tougher barriers. Among them, governments kept a closer scrutiny over the urban merchants and artisans. In Hankow, for instance, family shops were required to post a placard on their doors to give detailed information about the business operation. For the sake of government inspection, the placard had the names of business partners, shop assistants and apprentices (Rowe 1989:39-40). In addition to government control, the merchant or the artisan was also subject to suppression from foreign businesses backed by large capital, which could ultimately drive him out of the market through dumping.

Another threat to the growth of the urban household economy was the huge influx of mobile labourers who were
essentially the rural landless poor coming to cities to make living. This mobile labour force first appeared as a consequence of the commercial revolution of the late Ming. Rowe (1989:43) suggests that the group kept growing in the early Qing "... as a result of further commercialization, coupled with imperial policies favoring freely contracted labor and geographic mobility." They were either brought to cities by labour contractors or came individually, but soon fell into the hands of labour gangs controlled by labour contractors who acted as brokers in the labour markets. This type of organization of labour force made possible production on a larger scale than the family economy, as "these gangs increasingly found work in a wide variety of jobs in the transport, construction, and industrial sectors, at times displacing artisan households" (Ibid.).

Accompanying the development of bankrupt household economy, however, Rowe finds at the same time that some family firms expanded far beyond the household scale. He writes,

It is not easy to determine where these overgrown family businesses leave off and more distinctly "modern" enterprise begin; by the last quarter of the nineteenth century, for instance, we hear of wholesale warehouses with 150 stockboys, banks with 36 clerks, and retail stores employing up to 100 to 200 workers - many of whom still lodged on the businesses premises and were subject to (obviously much attenuated) household-style paternalistic controls. (Ibid.)

These overgrown "family firms" that had survived the destruction of household economy found themselves a growing
political force in organizing efforts to recover the ravaged economy and to reconstruct the social lives of towns and villages after the Taiping Rebellion when the government was incapable of providing a leadership. The established merchants and industrialists who headed these firms became a growing elite whose power was reflected not only in their leadership in economic construction but in their resistance to the government's new tax of *lijin*.

*Lijin* was a one-percent tax on the value of commercial goods sold in the market and an internal tariff on goods transported from a region to another, collected either by local officials, or merchants, or through contracted tax-farming (Mann 1987:3,95-104). It was brought in by the late Qing government to cope with dwindling revenue which had been depleted by wars against foreign invasions. It was a burden on direct producers such as peasants and handicraft workers. It, therefore, met with resistance from guilds until an acceptable level of taxation was agreed on the basis of self-assessment of business (Ibid:130-2). These guilds were also put in charge of collecting the *lijin* tax themselves.

The introduction of *lijin* represented a corner-stone in the development of property relations between the merchant elites and the government, and the artisans. The institution of *lijin* brought local merchants closer together with local government officials, and at the same time
alienated them further from the "commoners" such as the artisans and the peasants (Fu 1982:278-9), who were increasingly forced into bankruptcy and became wage labourers. Their collaboration with local governments reinforced the development of provincial governments growing stronger at the expense of the weakness of the central government. The problem of regionalism finally reached its peak in the early decades of the twentieth century when the Nationalist Revolution of 1911 failed to overcome it. These merchants, through the experience of Self-Strengthening reforms, found that the Imperial rule was unable not only to protect their interest against foreign domination and discontent among the poor but also to accommodate an economic expansion with a central leadership to coordinate regional efforts initiated by provincial governments. As the dissatisfaction of the merchant elite with the government mounted, the late Qing government could not be maintained without reforming itself to meet the pressure of the elite class. The efforts to change the system, initiated by the elite, were welcomed by foreign powers whose influence found inroads on the thinking of reformers and subsequently affected the course of reforms in the late Qing and the Nationalist Revolution thereafter.

The above analysis of the transformation of property relations in nineteenth century China suggests that the Imperial system renewed itself upon the peasants' efforts to
attain a 'just' society in application of confucian conception of the Mandate of Heaven. These efforts ensured the establishment of a reasonably fair system which could operate in accordance with the demands of peasants for prosperity mandated by Heaven.

In the two millennia of application of Confucian ideas, however, the recognition of the right to revolt and question a 'lost' mandate on the part of the peasants was juxtaposted by the establishment of elite rule over the property relations of a brokerage market economy. The elite, which controlled local communities, monopolized the political stage. It occupied a strategic position between the Emperor and wealthy and powerful individuals including high officials and relatives of the Imperial lineage, and the rest of the Emperor's subjects. It strived to establish a rule buttressed by the practice of rites (li) and kinship ties. Its domination over local communities was maintained on the basis of its representation of popular sentiments of approval and disapproval of dynastic rule and the protection of local communities against the encroachment of Imperial power. It was also maintained by the fact that the Emperor stabilized his rule with the help of local elites who claimed to have the right to interpret the Mandate of Heaven and to speak for the public.

Rapid commercialization in the Ming and Qing provided opportunities to realize individual potential and encouraged
social mobility. Many new-comers joined the elite through gains in commercial and other undertakings. Their political activism for recognition of their rights posed a threat to the old members of the elite, including wealthy and powerful individuals having closer ties with the Emperor. The struggle between them and the old members perpetuated social changes in the late Qing.

Bankrupt members of local elites and the commoners, including small landholders and peasants, fell under the tenant category. To defend their livelihood, tenants struggled to secure their holding of the 'surface' of land so as to win rights to till and to dispose of surplus produce outside of rent and interest dues. High rents and interest, however, continued to endanger their livelihood and forced many to become landless labourers. These labourers, who, together with servants and bond slaves, had been at the rim of property relations between the Emperor and his subjects, looked for protection from each other through secret societies. To express their moral sentiments of justice and search for a protection of their welfare, they found themselves struggling for recognition in the unfolding of rights and property relations of wage labour in the early twentieth century. This transcendence ultimately led to the disintegration of the Imperial tradition of brokerage market economy.

Towards the end of the nineteenth century,
consequently, the Imperial tradition of elite rule could no longer maintain the patriarchal order. A variety of social groups sought to change the complex of property relations. This development resulted from aggravated conflict between the labouring poor seeking independence from the elite and the latter attempting to secure its rule over society. It set in motion the social transformation of modern China, a process in which the state expanded its legal and administrative control over society, and a process upon which foreign powers exerted influences. It is to understand this process that we turn to examine, next, the Nationalist theory and practice of revolution, which continued China's transformation.

NOTES

1. See William Alford (1986:936). Alford recognizes the idea of the Mandate of Heaven as the Chinese tradition of Natural Law and suggests, in his debate with Roberto Unger (1976), that the failure of the latter to acknowledge this idea is akin to writing about the modern liberal state without mentioning the notion of the social contract (Ibid:937).

2. I thank David D. Buck for his suggestions on these ideas.

3. During the period of the "hundred schools" in the Eastern Zhou (551-233 B.C.), numerous political thinkers travelled from state to state trying to convince each duke to adopt their opinions. It was a period in which small feudal states constantly bickering or making war upon each other. Renowned scholars, who wanted to restore the harmony and prosperity of the Western Zhou (1122-771
B.C.), initiated the tradition of Chinese political ideas. Among them were Shang Yang and Han Fei Zi, representing the Legalists, and Confucius and his followers, Mencius and Xun Zi. For the present purpose of simple clarification, the history of Chinese political thought is only vindicated by a focus on the two schools: the Legalists and the Confucianists. Even within the camp of the Confucianists who were influenced by other schools of thinking, such as Legalism, Taoism and Buddhism, there are many different voices, each with a specific accent, that cannot be presented here.

4. According to Confucian thought, public (gong) concern was a general good defined by a community, usually with the consent of the state, as opposed to the private, selfish (ai) interests of one or a few. The public sphere in Chinese society captured areas of social control exercised by family, community organizations, urban guilds, and associations of individuals. The purpose of social control was to increase the welfare of the community, and obtain social recognition of and respect for the community. It was also to protect local property rights from outside menaces of state power, big landholders and neighbouring competitors for resources. Rankin suggests that "[i]n any locality there was a generally recognized area of community interest in which consensual decisions were articulated by community leaders and services were managed by local men" (1986:15). These leaders, who expressed public concerns and exercised social control, were the ones who were literate and had stakes in local property rights (Skinner 1971:273). They were interested in serving as community leaders so as to protect their property holding and dominance. They utilized both formal and informal contacts through business and ex-official connections to sway the direction of social control at the local level as well as the levels of the capital of a province or the Imperial court. For more, see Rankin (1993) and Esherick and Rankin (1990).

5. Historically, the opportunity for the Confucian scholars to gain higher status was furthered by the institution of civil service examinations in the Han Dynasty around 165 B.C. "These examinations brought into the government many men of quite humble origin. An increasing proportion of officeholders were educated in an Imperial university (Hanlin Academy) that was expressly founded in 124 B.C.," in a time when Confucianism was gaining official recognition (Creel 1964:156). By the Tang dynasty, civil service examinations had become quite elaborate institutions which impressed European scholars such as Max Weber (1962), whose well-known studies of bureaucracy are still considered classics. Educational institutions, paralleling civil service examinations, were first established in Imperial palaces. They were then increasingly spread out in provincial capitals and county towns after the Song (Huang 1984:536-41). These examinations not only brought people with merit into public service, but also provided a hope to move upward that was open to all (Ho 1962).
6. In fact, Confucian principle of benevolent rule harboured the idea of local government officials exercising autonomy in their pursuit of virtuous conduct. Ku Yen-wu, a leading spokesman of the seventeenth century statecraft, propagated ideas in favour of decentralization, given that the power then was held in the hands of Manchu conquerors, and argued for a strong local government with active participation of the local elites (Ku 1985).

7. In the Qing bureaucracy, the Grand Secretariat (Imperial Cabinet) was of great antiquity and can be distinguished as early as the Zhou (Jernigan 1905:44-5). (Later on in the Qing, the Grand Council was provided in 1730 and gradually superseded the Grand Secretariat, becoming the Imperial chancery or court of appeals.) Under the Grand Secretariat, which had daily audiences with the Emperor, there were six administrative boards: the Civil Board (Li Bu), the Board of Revenue (Hu Bu), the Board of Rites (Li Bu), the Board of War (Bing Bu), the Board of Punishment (Xing Bu), and the Board of Works (Gong Bu). Below the central government, there were either three or four strata in the bureaucratic hierarchy operating in different dynasties. In the Qing it went from provincial governor, through prefect to district and county (xian) magistrates.

Among the above boards in the central government, the Board of Revenue controlled payment contributed to and from provinces. The Board of War and the Board of Works, as their names implied, were in charge of Imperial armies and public works. Both of them could initiate large-scale operations only with the assistance of local governments. The Civil Board controlled the entire mandarinate, regulating its duties, pay, and promotion, the assignment of work and the granting of leave, and distributing the Emperor's posthumous honours or rewards. In association with the Civil Board, a distinctively Chinese political institution grew more important in the Imperial government, namely, the civil service examination system. This system served to bring untapped talent into public service. The examination ranking also then determined subsequent promotions. The civil service examination system and the censorate discussed later, were two aspects of the Imperial heritage that were maintained even after the downfall of the empire in the building of Nationalist Republic. For more, see Twitchett and Loewe (1986:28-9), Jernigan (1905:44-5), Kracke (1971:324-7), Chen (1988) and Hsu (1975).

8. Among most noted studies of Chinese law, Jean Escarra pointed out different meanings of "fa" from western meanings of law. He even argued that there would not be "law" in China if one analyses Chinese "fa" by using western meanings of law. A popular view considers that Chinese law, since it left out property and contractual relationships for customary law, was penal in nature (Bodde 1963:379-98). In any event, state law in Imperial China could only come from one source, i.e., the will of the emperor. There were different terms of law stemming from the throne, each serving specific purposes. In the Qing, there were four classes of
edicts: mandate (zhì), ordinances (zhào), patents (gào) and decrees (chì). They served, in one way or another, to regulate and to harmonize rights and property relations and to achieve harmony between the state and family. For an understanding of the Chinese conception of law on the part of the Imperial government, see Vandermeersch (1985:3-25), Needham, II, 1969, the last chapter; Bodde and Morris (1967:3-39); and Schwartz (1957:25-39).

9. The stringent and punitive 法 which was promoted by the Legalists causes some scholars of today compare Legalist 法 with Western positive law the same way as Confucianist 理 with the Western concept of natural law. See particularly Needham, II, 1969, the last Chapter; Bodde and Morris (1967:3-43) and Schwartz (1957:25-39). For a comprehensive understanding of a history of Chinese law, see Dai (1960).

10. Jernigan (1905:18) helps explain the system: With this Board are associated, at certain periods of the year, the censors and Court of Revision, and when the three are combined they form a Supreme Court for the trial of capital offenses; at other periods of the year there are six minor courts associated, forming the complete judicial bench of Peking, and for the purpose of revising the punishments ordered throughout all the provinces before placing them before the Emperor for his approval.

The magistrate who resided over the lowest court gave first level trial. His judgments were then reviewed by upper courts according to the severity of the case.

11. Although one can trace the roots of the system of administrative discipline in the Zhou (Metzger 1973:268), it was really Tai Zu, the founder of the Ming dynasty (1368-1644), who elaborated the system upon an administrative restructuring of the centralized Yuan dynasty government (Hucker 1978:34-43). During the 1380's reform, Tai Zu built the censorate into a hierarchy and replaced ad hoc bureaus with surveillance offices at local levels. Nevertheless, as Metzger (1973:269-70) points out, historically, outside the capital,

the censorate had no major effect on the centralization of the disciplinary system in any period... At least by early Han times, a tendency had naturally begun to develop for officials holding regular administrative posts to carry out surveillance over their subordinates.

Hence, the censorate was simply reduced to capital offices in representing that institution.

12. I thank Jan Walls for suggesting this idea.

13. For above discussion, see the Penal Code of Qing (Staunton 1966:112-3), and also Book I, II, III of the Third Division, Book II, III, IV, and VIII of the Sixth Division. In retrospect, property relations regulated by the Code were all limited to those
who had access to individually or communally owned properties. Since labour was not recognized as property, family servants and slaves were excluded from its protection.

14. See the Code, Book II of the Second Division, and also for discussion of Chinese magistrates, see Watt (1972:11-22).

15. A lineage (zu), as defined by Liu (1959:1), ... was the consolidating group organized by the numerous component families which traced their patrilineal descent from a common ancestor who had first settled in a given locality. These families either lived in the same community or among several nearby communities in the same geographic region.

Families in a lineage belonged to one of the three types: the small-sized conjugal family with husband, wife and their unmarried children (and perhaps unmarried brothers and sisters); the large-sized joint family with three and four generations living together including married brothers and sons and grandsons; and the medium-sized stem family with two conjugal families, the family of the head and that of one of his sons who served as the stem in the line of the family lineage.

Historically, the Chinese lineage system evolved from the ancient zongfa system in the Zhou. When lesser noble kingsmen had the title to build walled cities to establish their own lineages, inside cities of the Zhou, households (of about one hundred) common descendants were organized into a xiang (village) run by a group of elders who educated villagers in a moral order whereby villagers were mutually responsible for one another's conduct and well-being (Tanigawa Michio 1985:83). In the village, kinship relations overlapped social relations. Only the noble class had lineage organizations.

Since the Zhou, as Liu (1959:4) explains, primogeniture was no longer the practice, the sons had equal inheritance rights, and the family system became quite varied. Yet, the clan organization evolved into another form. People of remote or alleged aristocratic origin found the clan institution gave them more prestige; and the pooling of their individual properties gave them more self-protection and power. Powerful clans not only dominated the local region but won from the centralized state the legal status of "esteemed clans" (wang tsu [zu]) with special privileges in tax matters and civil service appointments.

After a period of decline in the Tang dynasty, the Chinese lineage system gained attention from the Song scholar-officials as the Neo-Confucianist revival stressed the family and its moral education. "They believed the lineage which upheld ethical teachings to be as necessary as the state which upheld the law" (Ibid:5). They favoured the expansion of lineages beyond the limit of the privileged and propertied class. They encouraged small landholders and poor tenants to join a lineage under a wealthy family or together by themselves for reasons of receiving family moral education. Many small families thus joined large lineages for
economic and political protection.

16. As Ch'u (1961:16-7) explains, "A mourning unit includes only descendants from a common great-great grandfather down to his great-great grandchildren. This group constitutes the nine tsu [zu], the unit within which kinship is recognized." This group was the one in which five degrees (wufu) of mourning were defined among kinsfolk. First degree mourning was given to the closest relatives such as father and mother, for the longest period: three years. The higher the degree of mourning, the more remote the relative, and the shorter the period of time in mourning. The least length of time in mourning, for marginal relatives, was three months. One's standing in the mourning system and his or her attitude and behaviour towards a deceased relative before and after the mourning, was shown not only by the length of time one spent in mourning but also by the costume and the material of which it was made. Thus, Dai (1960:24) suggests, a kin member was always able to find his or her five-degree kinship relations in a pictograph. One's pictograph position would also affect his or her status, attitude and behaviour towards others, and power and influence in this social network.

The government's assent to the sovereignty of family relations could in effect collaboratively generate values that were morally coercive and socially oppressive. None could be more oppressive than the values dictating women's attitude and behaviour in their relationships to (in-law) parents, their husbands, their children and others in the family system as well as their relationship to the world outside the family. For more on the life of women in traditional China, see M. Wolf's studies.

17. Family size, usually in correspondence to family economic situation, was accepted as another dominating values (Liu 1959:2-3). This dominating value was sustained by the growth of family property. Henry McAleavy (1955:546) explicates this property.

The general rule was that the fruit of the labour of all family members, whether they worked at home on the family land, or earned money from jobs outside the home, had to be put into the common fund from which the family supported itself and which, on partition was divided among those entitled. To this rule there were certain exceptions. A statute of the T'ang dynasty provided by necessary implication that land granted by the state to junior members of a family as a reward for distinguished government service should not become family property for the purposes of partition,... But more important still was the treatment of property brought by a son's bride on her marriage. ...[T]he objects of her trousseau were her personal property,...

18. As Ho Ping-ti (1962) notes, Chinese families - those that were prosperous and large - could be kept together for three and four generations by diligent family heads. Once they died, families could split among male descendants. More on the Chinese family,
also see H. Baker and M. Freedman.

19. It is thus not a surprise that Duara (1988:86-92) regards Chinese family as both of a corporate group of the common descent line, and an unit of political economy.

20. In the work compiled by Esherick and Rankin (1990), a comprehensive definition of local elites is given, intending to capture both a wide range of individuals and a wide scope of their social characteristics including culture, life-styles, networks, and degree-holding as well as their exercise of dominance with various means over a local arena. Local elites were not all necessarily big local landlords or degree-holders themselves, as the term "the gentry" suggested, but included, as well, public servants, powerful family heads and elders, merchants and important individuals in local society.

Esherick and Rankin suggest that in Imperial China, a clear consciousness of class and status existed both among elites and between elites and masses. This situation appears similar to E.P. Thompson's description of eighteenth century England. (Ibid:308)

I sympathize with their view and find Thompson's definition of class prudent and acceptable. Hill cites the following from him: If we stop history at a given point, then there are no classes but simply a multitude of individuals with a multitude of experiences. But if we watch these men over an adequate period of social change, we observe patterns in their relationships, their ideas and their institutions. Class is defined by men as they live their own history, and in the end, this is its only definition. (1974:247)

21. Schwartz (1966:52) suggests that this rule was based on the polarization between elites who created moral rules and people who learned to accepted them, one which coincided with the polarity between the attainment of virtues to rule and to obey the rule through the observance of rites. Some Confucian scholars wished to see the political relationship between the governor and the governed as the paramount characteristic of all social relations, and the system of rites as a differentiation of those gentlemen (junzi) who were virtuous and worked with their minds from those "little and mean" (xiaoren) who were unlearned and worked with their 'hands'. Kuo Yu, a Confucian scholar, said, "The great men devote themselves to governing, and the small men devote themselves to labor" (Ch'u 1961:227). An ideal social order was believed viable only when the superior and the inferior all attended their business diligently and conscientiously. That the latter should be governed by the former was the order of nature, in which peace and prosperity would prevail. In this order of nature, Confucianists believed that property rights, honor and class distinction were necessary incentives for the cultivation of virtue (Hsu 1975:11).
22. In 1070, during the early Northern Song, an edict on bao and jia was issued with a primary aim to reconstruct the armed forces of the Song. The edict stipulated that every neighbourhood of ten households was to form a small bao (xiaobao). Every ten small bao formed a large bao (dabao), and again ten large bao formed a capital bao (dubao). A person of intelligence and devotion to collective well-being should be elected as the head of the bao (baozhang) at each level (Qi 1959:102-5). In most cases village elders (also elders of kin groups) were elected to head bao. Each bao functioned according to a village agreement (xiangyue) prepared by the members collectively. The village-agreement was used to manage all community affairs and particularly for the settling of disputes by the head (baozhang). Every able bodied male above fifteen years of age was required to join a jia to engage in a neighbourhood watch. The difference between bao and jia largely varied from area to area on the basis of different local customs. As well, different emphasis that each level of state government pursued in different times served to differentiate bao and jia. Basically, a bao was a unit of organization of households which served as a base for jia - a unit of organization of male labourers who could be drafted in time of military undertakings (Wen 1939:24-5).

23. Community granaries run by community organizations for charity and famine relief grew since the Song (Hymes 1986:152-60). When benevolent societies (voluntary associations) made initial appearance as part of the Confucian revival in the late Ming, public welfare building further flourished (Lum 1985:118-9). In promoting Mencius' doctrine of "Benevolence common to all men," members of benevolent societies saw their contributions to public welfare and education through public lectures and readings and philanthropy as their constitutional duties.

24. The baojia system evolved as each dynasty had a particular emphasis in local government from local security in the Song, through local xiang education in the Yuan, to more centralized control in the Ming and more systematized and legalized control in the Qing (Wen 1939). There was a growing tendency for the state to enhance its control of local society through the baojia in order to collect tax and to maintain order.

25. Xian magistrates had conventionally been selected by the central government from the scholars who passed the examinations. In the Song dynasty, however, Wang Anshi determined to reform what had become a corrupt bureaucracy and strengthen xian governments by promoting officials on the basis not only of their performance in the examinations but also of their political views on rebuilding the state (see Qi 1959:86). He started a tradition by writing the names of magistrates into the government archives (Liao 1969:83) and increasing magistrates subsidies (Qi 1959:85). He enlarged the state pay-roll for lower levels of government employees, in order to eliminate unlawful surcharges on ordinary people by government
runners (Ibid.). The result was that the central government tied xian magistrates and employees of the xian government closer to itself. However, at the same time, the magistrate was given greater authority and responsibilities. Thus, one has to look at the situation in which magistrates held official posts before determining the nature of the relationship between state power and local autonomy since the Song.

26. In the area of agricultural management, besides cadastral survey of land and land registration, the magistrate had a duty to urge people to take up agriculture (guannong sang) (Zhou 1959:365-8). In each of his tours of the land and villages, the magistrate encouraged agricultural pursuits and helped peasants with their problems in production (Huang 1984:542-3). The Imperial government paid great attention to agriculture. The art of farming was also particularly valued by the elite-scholars whose interest was primarily in land. The magistrate bore the brunt of the task of seeing that land was managed well and made good use of. This was regarded as an essential objective of the Imperial rule under the Mandate of Heaven.

27. Appeals and severe cases were handled at upper level courts at the district, the prefecture, the province and the capital. Magistrates' judgments were reported at fixed intervals to the immediate upper administration. These reports then served as records of their performance in considering promotion or administrative disciplining. For a detail account of the judiciary in Imperial China, see Bodde and Morris (1967:113-22); and van der Sprenkel (1962). For Chinese magistrates, see Wen (1939) and Watt (1972).


29. Alford notes that the Zhou developed rules to regulate family relations, "contractual obligations, military conduct, monetary affairs, tax administration, and other matters." He continues that "individuals who believed that persons with whom they had contracted had not lived up to their end of the bargain could seek recourse through the government" (1986:929).

30. Tuntian (land colonization) was a practice originating perhaps in the opening of "aitian" (land colonization for the common good) in the state of Jin during the last centuries of the Zhou. It was used to guard transportation such as canals, and other Imperial property, and to defend frontiers against attacks by the northwestern nomadic Mongolian ancestors (Xiongnu). Civilian settlers came to the frontiers historically along with military settlement (Wu 1987, vol. I:95-103).
Duara (1988:181-3) argues that the presence of the third party served not only to personalize impersonal market relations but also guarantee rights of the contractual partners without the state intervening in the process of exchange.

Yang Guozheng, nonetheless, sees in his study of contracts in the Ming and Qing that any transfers of land ownership, although they took place between individual persons, were conducted under two influences: the state and lineage community (1988:73-4). He points out that since land taxes were a major source of state revenue, the state sought to regulate the transaction by placing a red seal on the contract. In fact, since the Yuan, the government prepared standard documents (guanwen shu) to indicate government recognition added to the contract together with the red seal. In time of litigation, this contract was recognized. Contracts without government recognition in the form of a red seal and the standard document, the so-called "white contracts," were often denied by the court.

Perdue (1987:137) explains the appearance of "white contracts" and writes that "In Sung [or Song], red seals were applied and contract tax rose to twenty percent. Thus, 'white contracts' started to appear." Kroker (1959:127) also makes a note of red field and white field. "Red fields can be sold irrevocably, but white fields may not." He moreover finds that "owners of white fields are entitled to cultivate them,..., they are owners of the 'skin of the field' but not of its 'bone' or its 'skeleton'," upon which tax was collected. The question of the "bone" vs. "skin" of the land will be discussed in due course. Jernigan (1905:133), nevertheless, observes in the late Qing that the Code of Qing ordered all lands which were acquired without registration with the public records of the government illegal and to be forfeited. For more, also see Zhang (1985:35-7).

In terms of the influence of lineage community on transfers of land ownership, one sees the influence of local elites. The third party signing the contract as witnesses was likely to be some members of the local elite who were rich, and had influences and an interest in keeping the growth of local property rights.

Kroker notes (1959:140-1), first of all, religious attributions of land ownership to divinity - the god of the earth or other folk figures - in sale deeds of grave land, for example, acted against the alienability and transferability of land. Secondly, joint ownership of family property placing emphasis on ancestral unity prohibited the absolute alienation of land, even though family collectivity seemed to have been more a characteristic of elite families than that of the commoners'. Finally, in relation to the above, property sales in accordance with customary law should be offered first to relatives and neighbours with the intention of keeping property within the "family" or the community (Schurmann 1956:509-14). Custom was therefore against the probability of disposing land by will (Jernigan 1905:133). Kroker (1959:133) even argues that "The land is not deemed strictly to be personal property of the owner or of his family but rather the heritage of
the village community, of which the occupant is a member." However, Duara's (1988) study of rural north China in the first decades of the twentieth century seems to suggest that based on the owner's deliberations, land was sold to outsiders through the mediation of a third party.

33. Perdue (1987:138-40) cites Fujian as an example. Wickberg (1981:212-6) talks about an "one-field three-owner" system in his study of high tenancy rate in leasing lineage land in Taiwan. Wu Tingyu points out, apparently, that the "permenant tenant right to land" (yongdian quan) appeared in the practice of dividing the "skin" from the "bone" of land in the late Song and developed ever since in many parts of the country (1987, vol. II:224-7). He argues that the recognition of tenants' permenant right to land they tilled had different effects on tenants. For those who were rich peasants purchasing this right to expand production and sometimes to rent out the land to earn profit. For ordinary peasants, however, the purchase of this right would not improve their living since they had to pay rents after paying for the right which was usually costly. Yang Guozheng (1988:98-9) argues that the "permenant tenant right to land" improved the tenant relationship in three aspects: one, the rent was relatively fixed and hence stabilized. The second is that the tenant became more autonomous in managing the land he tilled. The third is that the tenant was less dependent and his relationship with the landlord was based more on a contract which stipulated rights and obligations on both sides (Ibid:119).

34. The deeds of dian, ever since widely accepted in the Song, had caused disputes from time to time over ownership rights and brought increasing number of cases in front of magistrates. "There was once great confusion with reference to the right of redemption." Jernigan (1905:142) documented in the late Qing, "The time within which the right could be exercised was very indefinite, and in order that there should be more certainty a law was passed in the seventeenth year of Kien-lung which enacted that the right of redemption must be exercised within thirty years, unless the time was specially mentioned in the mortgage."

35. Myers in fact points out three new obstacles to the growing prosperity of the well-to-do peasant. He writes, By the end of the nineteenth century three new developments began to take place and slowly impinged on the rural economy. First, the import of manufactured goods ruined many handicraft producers and forced peasants to sell their land. Second, the export of agricultural staples came under the control of powerful native and foreign traders, who through credit and price control were able to exploit smaller traders and peasant producers. Third, the establishment of Western enterprise in the treaty ports through special exemptions made it impossible for Chinese entrepreneurs to compete on an equal footing.
These obstacles not only made the well-to-do peasant concerned for his security but also affected the growth of merchants and artisans in cities.

36. Secret societies were usually known as hui, bang or dang. Bankrupt peasants and rural outcasts formed the majority membership of secret societies over which literati, merchants and workers ejected from the conventional order often exercised leadership. Secret societies rejected social conventions since they were pulled together by people who were hostile to the normative order under the Imperial rule. They were strongly committed to a Taoist sense of individual salvation and united, as Wakeman (1972:31) remarks, "by common ritual and a vague sense of brotherhood." "They were ineffect surrogated kinship groups," in the wake of dissipated kinship ties, "offering their outcast and rebellious members the services commonly furnished to the orthodox by their kinsmen," such as those in the family, the lineage, the village, and the guild (Chesneaux 1972:6). Hence, voluntary initiative and individual choice were their founding principles. They therefore became a potential force in revolution. For more on secret societies, see Perry (1980).

37. Chesneaux (1973:25) informs us that Hong Xiuquan, the leader of the Taiping Rebellion, broke with the secret societies largely in Guangxi and Guangdong for ideological reasons: "they refused to follow his attempted Christian syncretism. For his part, he disapproved of their dream of restoring the Ming dynasty, and in 1851 founded his own dynasty - 'The Celestial Kingdom of Great Peace' (T'ai-ping T'ien-kuo)." In addition to the introduction of the divinity of God and spiritual salvation in protestant belief system, the Taipings adopted the western calendar and western public service systems such as a network of railways, postal service, hospitals and banks. The practice of primitive collectivism, in the name of "land under Heaven farmed by all," attracted peasants. However, after the formation of the Kingdom, peasants were distressed by heavy taxes and corvee imposed by the Taiping bureaucratic administration. Internal division within the Taiping Movement greatly weakened it even before its suppression by the Qing government assisted by western forces (Ibid:27-31). The Taiping Rebellion, which engaged the Qing government in battles for a decade, stretching across central China and many parts in the south and north, irreversibly encumbered the empire.

38. Having owned the subsoil of all land and hence all underground minerals, the Son of Heaven ultimately controlled the early industries such as mining and mint manufacturing. By the Han dynasty, a state economy based on salt and iron industries had already been in operation with the forced labour supplied by corvee labourers, soldiers and convicts. The salt and iron industries were brought into the control of the state from being contracted out to merchants, the industries boomed but the management then became bureaucratized. As a result, the industries soon declined (Zhang...
1985:233-41). Hartwell (1963:3) describes the development after the Han. He notes that, after a period of disunion from 220 to 589 A.D.,

The unification of the country under the Sui (A.D. 590-618) and T'ang (A.D. 618-906) in the seventh century resulted in reviving the prosperity of the Han, and at the beginning of the eighth century the pattern of commercial and industrial activity was not much different from what it had been in the first century of B.C. During the next three hundred years the economic landscape of China was to be completely transformed. By the beginning of the eleventh century, the essentially self-sufficient, natural economy of the early T'ang had changed to one in which money formed the most important medium of exchange; the patterns of population distribution had radically altered and movements of people to different regions was accompanied by a phenomenal growth of new urban centres; and novel methods of fiscal administration combined with the localized commerce predominant in pre-eighth-century China.


40. See Hartwell (1963:4-8, 31, 50). There are many theories in the sociology of development. Those noted, such as Wallerstein's (1976) theory of international trade and Wittfogel's (1959) theory of irrigation control, have been applied to explain why China did not continue to pursue its track in industrialization. What Hartwell (1963:107) has expounded may worth considering. After the Mongolians came and established the Yuan dynasty (1279-1368), officials (mostly Mongolians) replaced the appanage holders. The tighter state control was in place of relatively independent industrial management and brokerage market regulation with which the Song government approached industries and merchants. Policies of the Yuan had a marked influence on the Ming and the early Qing.


42. Rankin (1986) studies the growth of merchants of Zhejiang in the late nineteenth century. She finds that many of the merchants stepped out of local financial and mercantile market and into the market of Shanghai - a central financial and mercantile market of late Imperial China. Similar with earlier elite who held offices in areas distance from their home localities, Zhejiang merchants in Shanghai and other urban centres maintained business links with home merchant organizations. In comparison with earlier official-elites who brought home benefits of contacts and channels of influence through office connections, these Zhejiang merchants in Shanghai brought home areas the same advantages but with additional financial and philanthropic contributions. "They invested money at home, provided leadership in initiating projects, and dispensed
their own kind of patronage by providing jobs for men from their lineage or locality" (Ibid:88).
CHAPTER THREE

Contradictions in the Theory of Nationalist Revolution

It is argued that the Nationalist Revolution was a conduit for China's transformation from the Imperial tradition to the Nationalist establishment of a "free-market" society. In the process, a new style of elite rule was developed on the basis of the centralized use of military and legal force. The labouring poor were deprived of key rights, despite the fact that the theoretical objectives of the revolution included building a quasi-market society in which people's rights and livelihood would be honoured equally. The apparent discrepancy between the theory and practice of the revolution raises the question of why egalitarian sentiments resulted in a "free market" society under the rule of the Nationalist elite in solidarity with the propertied class and not a "quasi-market" society, as had been proposed in theory.

Searching for answers to this question, this chapter examines the theory entailed in Sun Yat-sen's Three People's Principles of Nationalism, People's Rights and People's Livelihood, and Chiang Kai-shek's conception of China's Destiny. The later chapters - Chapters Four, Five and Six - will address the Nationalist practice of social transformation.

Sun's Three People's Principles, as the following
examination illuminates, advocates a social order based on a quasi-market society. At the same time, it emphasizes individual sacrifice for "national liberty" represented by a state controlled by experts. This emphasis is in part a consequence of the influence of western thinking, in conformity with the impact of imperialism on Chinese social transformation. This influence on the theory of the Nationalist Revolution came primarily from ideas popular in the West in the late nineteenth and early twentieth century, such as social contract theory, the theory of the sovereign state, social evolutionism, scientific positivism, and Soviet socialism (Bao 1992). Among these ideas, there was an ethical conviction that technological progress in the pursuit of wealth and power was irrefutably desirable. This conviction encouraged the elite to dominate this pursuit. This domination gave rise to a voluntaristic strategy of modern state-building, focusing on the role of the state to represent the "general interest" of the populace in peace and security, to set social goals, and to maintain order over the society of (disassociated) individuals whose moral duty was to be trained as citizens.

This chapter indicates that Sun's Principles reflect the influence of the voluntaristic strategy of modern state-building. They emphasize the power of the state to exercise its right to define which goals best realize the "general interest" of society in "national liberty," the goals to
which individuals are required to conform voluntarily. This voluntaristic influence gives rise to essential contradictions in the theory which become a vital source of discrepancy between it and practice of the revolution.

The examination of Chiang's conception of China's Destiny involves the recognition of the doctrine of "political tutelage" as its focus. The argument is that, for a limited, but unspecified, period, that state would prevail over the people. This doctrine is different from the doctrine of the Mandate of Heaven, the centre piece in the Imperial tradition of elite rule, as discussed in the previous chapter. The doctrine of "political tutelage" is a product of the voluntaristic influence. It advocates the development of the state not only to define goals for the transformation of the order of social relations but also in assuming power over individuals whose moral duty is to conform with that order. It is a product of the voluntaristic influence also because it allows the government to protect the interests of property against the labouring poor. It, thus, deviates from Sun's wishes to honour equally people's rights and livelihood.

In light of the quasi-market model of social relations which is the case for a "de-voluntaristic" perspective, the inherent contradictions in Sun's Principles and Chiang's conception stem from their neglect of the exercise of sentiments of justice by individuals. This neglect leads
not only to the excessive use of state power but also to the repression of the individual will. The result of the Nationalist Revolution in establishing centralized elite rule over a "free-market" society indicates that the theory of revolution was deficient in preparing for a quasi-market society based on more equitable social relations.

The recognition of the influence of voluntarism on the theory of the Nationalist Revolution will shed light on the role of imperialism in China's transformation before and during the Nationalist Revolution. It raises questions about the two opposing views of Andrew Nathan (1972) and Joseph Esherick (1972). These views consider the contributions of western imperialism to the failure of the Nationalist Revolution and the difficulties in the socio-economic development of modern China in the early twentieth century.

Esherick argues that western imperialism not only prevented the growth of modern Chinese socio-economic development but also decisively intervened in the revolutionary movement. He indicates that foreign powers compelled the leaders of the 1911 Revolution to make their revolution acceptable to foreign interests. He also argues that foreign intervention contributed to the partition of China and allowed reactionary forces, such as Yuan Shikai, and subsequent warlord governments, to prevail against the Nationalists and progressive reformers. He concludes that
the imperialist impact was an integral part of the struggle for power which led to China's political disintegration in the early twentieth century (1972:14).

Nathan, on the other hand, suggests that internal factors, such as culture and social structure, carried more weight in causing modern China's difficulties than external forces did - a point of view which Eastman brings to its climax. He insists that the imperialist economic and political effects on modern Chinese socio-economic development, brought about by the treaties, extraterritoriality, foreign loans, and trade, were unclear in their impact and not all were harmful. By way of an "apologetic," he argues that the "foreign role was essentially peripheral," in the partition of China among warlords and that the Nationalist Government of 1927-1937 was not established entirely on the support of a compradore class created by imperialism (1972:6).

The views of Nathan and Esherick, representing two sides of the on-going debate in the China field on economic and political change after 1911, are presently contrasted to a view to be established upon an examination of, first, western voluntaristic influence on the way in which the leading Nationalists envisioned the future of China's transformation. The following analysis of Sun's Principles and Chiang's conception assesses this influence on the Nationalist conceptual preparation for the establishment of
centralized elite rule over a "free market" economy. This alternative view of the impact of imperialism on the Nationalist Revolution recognizes Sun's vision of a quasi-market society for China's future, a vision which is influenced by the West. At the same time, it points out the deficiency of this influence.

Sun Yat-sen and His Three People's Principles

Sun Yat-sen's Three People's Principles of Nationalism, People's Rights and People's Livelihood were all a product of Chinese society of the early twentieth century. They responded to a China which was controlled and pulled apart by alien governments, oppressed by warlords, and overwhelmed by poverty and death in unending internal conflict. Sun Yat-sen wanted China to regain sovereignty, to change from rule by a few to one by all people, and to achieve equal opportunities for all. The Three People's Principles defined these goals.

Sun Yat-sen's vision of a future China was a product of his intellectual development and his active pursuit of social change. Sun began to learn about the existence of anti-Manchu secret societies during his studies at Po-chi Medical Institute in Hong Kong. In 1894 he secretly founded the Restore China Society (Xingzhong Hui) with like-minded intellectuals. The official oath of membership, and the nature of its organization suggested resemblances as well as ties to secret societies. The Guangzhou uprising
in 1895 organized by the Xingzhong Hui invoked the participation of secret societies. It was also then that Sun discovered "... the widespread system of secret societies and their mass character, and sketched the areas in which they were active" (Borokh 1972:135).

After the failures of the Guangzhou uprising in 1895 and the second attempt at rebellion in Guangdong province in 1900, Sun and his Xingzhong Hui realized that they had different goals from the secret societies. They were not committed to abolishing the Qing dynasty and replacing it with another one dominated by Chinese. They aimed, instead, at a constitutional government, which represented greater changes in the socio-political structure and the complex of rights and property relations.

After the Guangdong rebellion, Sun came to Japan to seek asylum and to contact other revolutionaries. During his exile in Japan Sun developed his ideas. He travelled extensively to learn about the West and to raise funds. In 1905 he initiated the formation of the Revolutionary Alliance (Tongmeng Hui, reorganized into the Nationalist Party in 1912), the first political party in Chinese history, to unite all revolutionary forces. His clear objective to build a republic after the expulsion of the Manchus separated Sun from reformers under Kang Youwei. The goals of expulsion of the Manchus and restoration of Chinese rule, nevertheless, were in broad harmony with the
goals of secret societies, even though differences existed in the understanding of the nature of "Chinese rule." Sun's followers continued to infiltrate secret societies and enroll their leaders into the Alliance (Borokh 1972:138-9).

Sun envisaged a republic founded upon the equalization of land rights (pingjun diguan), a view which was influenced by Taiping economic thought (Shih 1967:493-5) and the ideas of John Stuart Mill (Franke 1970:63-5). He designed the Five Powers Constitution (Wuguan xianfa) in an attempt to combine the positive aspects of both western and Chinese state organizations. This Constitution incorporated the three political notions developed in the West - the legislative, executive and judiciary powers, and the two institutions which played a special role in China - the civil service examination system and the censorial system for supervising the conduct of bureaucrats (Tsao 1947:8-9).

Following the idea of a republic constructed upon the Five Powers Constitution, Sun envisioned three consecutive periods in which the establishment of the republic was to be completed in a span of six years. Franke describes the three periods:

The first was the period of military rule lasting until the monarchy or its representatives had been overthrown and the enemies of Revolution destroyed. This period was to last three years. Every district (hsien [or xian]) should constitute a unit in itself. If in any district the necessary preconditions were fulfilled within three years, the second period would begin: 'the rule of the provisional constitution' (Yue-fa chih chih), during which the elected representatives of the people and elected officials in a particular district
were responsible for administering local affairs on the basis of a provisional constitution agreed upon with the military government. The third period (constitutional government) was to begin after six years. At that stage the whole power of government was to be transferred from the military into the hands of Parliament, which was also to be elected by the people, and of the executive bodies appointed by them.

(1970:67)

In 1907, the Revolutionary Alliance adopted a moderate policy towards foreign powers. Having concluded that the revolution could not succeed unless foreign powers stood neutral, Sun and his followers promised to keep all treaties signed prior to 1907 in force and all obligations that the Qing government was forced to fulfil. These included indemnities to be paid partially from maritime custom duties, foreign concessions and settlements to be respected, and those foreigners and their property in areas controlled by the future revolutionary military government to be protected.6

After the formation of Revolutionary Alliance, activities were geared to secretly expanding revolutionary organizations into every province and large town. To avoid further damage to revolutionary organizations after individual arrests by the Qing government, grass-root organizations were forced to operate underground and in linear connections. Only at higher level headquarters were all linear connections brought together under conditions of utmost secrecy.7 Between 1906 and 1908 the Revolutionary Alliance either organized or was involved in a number of
attempted rebellions. In 1908 both the Emperor Guang Xu and the Dowager Ci Xi died. The new Emperor Xuan Tong was only a minor who was guided by the regent - his father. This development favoured the revolutionary movement. In the next two years, the revolutionary party intensified the effort to expand its organization and to prepare for uprisings, one of which eventually toppled the Qing.8

Sun Yat-sen's Three People's Principles originated in the political slogan of "Chu dalu, huifu zhonghua, chuangli hezhong zhengfu" (overthrowing the Manchu Government, restoring Chinese nation, and building a republican government) upheld by the Xingzhong Hui. It represented a turning point in Sun's life from a reformer to a revolutionary, committed to the philosophy of social transformation from a Manchu-dominated monarchy to a republic. The principles were raised as the revolutionary objectives of the Alliance. During the high tide of Nationalist Revolution in 1924 when the Nationalists underwent reorganization with the Comintern advice and in the united front with the Chinese Communists (their party was founded in 1921), Sun spent time exploring his views on the Principles. He then took a more anti-imperialist stance than before. His public lectures at the time became primary sources for later students of his Principles.

Nationalism (minzu zhuyi), People's Rights (minquan zhuyi), and People's Livelihood (minsheng zhuyi), as the
Three People's Principles (sanmin zhuyi), bear a Nationalist vision of a sovereign China with economic prosperity and political democracy. Having recognized that China had just entered the period of developing democracy after overthrowing the autocracy the Qing dynasty, Sun recommends the "Three People's Principles" as the watchword for China's revolution, as opposed to that of the French Revolution - "Liberty, Equality, and Fraternity." In Sun's view, the difference between the two resulted from the different experiences that China and the West had had with autocratic rulers. According to Sun, western tyranny was a more severe type of despotism than that of Imperial China. People in the West fought for liberty for years in order to do away with autocratic suppression whereas Chinese Imperial power was more liberal in its approach to government. Apart from paying the regular grain taxes, the Chinese people had almost no business with the Emperor in their everyday lives. Autocratic pressure was felt only when China was subject to political and economic domination by foreign powers. Hence, China's cry for liberty, he concludes, is foremost for the people's sovereignty, that is, the liberty of the nation and freedom from foreign suppression (Sun 1960:76,84).

Echoing J. S. Mill, Sun states that

... only individual liberty which did not interfere with the liberty of others can be considered true liberty. If one's liberty is incompatible with another's sphere of liberty, it is no longer liberty. (Ibid:73)
He indicates that: "Liberty, to put it simply, means the freedom to move about as one wishes within an organized group" (Ibid:68). He argues that,

The individual should not have too much liberty, but the nation should have complete liberty ... To make the nation free, we must each sacrifice his personal liberty. (Ibid:76)

There are however questions regarding who will define and represent "national liberty" for which individuals are required to sacrifice. If the state or the Nationalist Party is to define and represent "national liberty," as the case viewed by Sun, there is then the question of whether the sacrifice of individual liberty for "national liberty" is a mere justification for the superiority of state power. This justification is an imported expression from the West. The notion of "Obeying the government, because it works for the betterment of the people," justifies the state's guardianship over the cultivation of public virtue congenial with the tradition of voluntarism.

On the basis of the above understanding of liberty and the objectives of Chinese revolution, Sun claims that the Principle of Nationalism is the "doctrine of state" which mandates the way the Nationalist political economy is built. He argues that

if we do not earnestly promote nationalism and weld together our four hundred millions into a strong nation, we face a tragedy - the loss of our country and the destruction of our race. (Ibid:5)

The Principle of Nationalism, according to Sun, connotes
both a united nation with a common national identity, and a harmonious family of all nations.

Nationalism, for Sun, also reflects Chinese tradition, even though it is considered imported. It cultivates an ancient Chinese virtue - love of harmony. Sun reasons that since love of harmony, as China's national spirit, had supported the growth of China for thousands of years, it would also save China from disunity and foreign domination. Nationalism, he argues, can mobilize the natural forces in China, such as blood kinship, common language, common livelihood, common religion, and common customs; the operation of these forces would elevate China to an equal position among the nations, in international affairs, in government and in economic development (Ibid:1). As the "doctrine of state," nationalism upholds "national liberty" which provides the focus in the conception of the Principles of People's Rights and Livelihood. The former prescribes the polity and the latter the economics of the Nationalist establishment.

The Principle of People's Sovereign Rights, Sun maintains, extends people's power and authority in government. He explains that "[t]he power to execute orders and to regulate public conduct is called 'sovereignty', and when 'people' and 'sovereignty' are linked together, we have the political power of the people." Defining the "political power of the people," Sun enunciates that
government is a thing of the people and by the people; it is control of the affairs of all the people. The power of control is political sovereignty, and where the people control the government we speak of the "people's sovereignty." (Ibid:51)

"People's sovereignty," foremost, has two basic functions: protection and sustenance. The former means self-defense, and the latter seeking food. They are "the two chief means by which mankind maintains its existence" (Ibid:52). The utilization of these two means by citizens is, for Sun, the realization of democracy, a process in which citizens claim their sovereign rights to political and economic participation against the subjugation to monarchical rules. Sun thus conceives that "'Equality' is similar to our 'Principle of the People's Sovereignty' which aims to destroy autocracy and make all men equal" (Ibid:77).

Recognizing, however, that human beings are naturally born unequal in intelligence and ability, Sun made a distinction between "sovereignty" and "ability," arguing that "[t]he people of a republic are shareholders, the president is general manager, and the people should look upon the government as an expert" (Ibid:124). Therefore, it is to men of ability and skill that "we should be willing to give the sovereignty of the state ..." It is also based upon the conception of unity of the "sovereignty" of the state and the "ability" of experts that Sun chooses to invest the exercise of the rights to "self-defense" and to "seeking food" in the hands of literate elites.
Sun, subsequently, develops the idea of balancing the political power of the people and the administrative power of the government by giving each side separate and distinct rights. Examining popular western political practices at the time, Sun introduces four rights on the side of the people: suffrage, recall, initiative and referendum. Combining Chinese and western traditions, Sun grants the government five rights stipulated in the Five Powers Constitution discussed earlier, that is, legislative, judiciary and executive from the West, and civil service examinations and censorial system from the Chinese tradition. Sun is satisfied with the balance between the people and government because the government has the power to work and to acquire authority, while the people have the power to control and to check the government (Ibid:145-8).

Restrained by his earlier idea of the people to voluntarily conform with "national liberty" defined by the government, however, his version of the "balanced" relationship between the people and government would ultimately be thrown off balance. An examination of the establishment of Nationalist political economy indicates that the government did assume the five rights which Sun had endorsed, but the people had none of the rights which were due to them.

The third principle, the Principle of People's Livelihood, Sun claims, parallels the idea of "Fraternity"
during the French Revolution (Ibid:77). "It denotes the livelihood of the people," reflected in "the existence of society, the welfare of the nation, the life of the masses" (Ibid:151). The reason why People's Livelihood is raised to a principle, Sun argues, is two-fold. On the one hand, it refers to the growing western social problem of unemployed people losing their livelihood as a result of technological change. On the other hand, it is the Marxist principle of material force as the centre of gravity in history that Sun is inclined to refute. The Principle of People's Livelihood, Sun states, is his understanding of history:

... livelihood is the central force in social progress, and ... social progress is the central force in history; hence the struggle for a living and not material forces determines history. (Ibid:155-6)

Sun's disagreement with Marx actually originates in his rejection of Marx's characterization of material production in industrialized societies. Marx considers the capitalist production to be based on a struggle between the capitalists - the oppressors, and the workers - the oppressed. Sun argues that Marx's conceptions of class struggle and social progress are not a cause-effect relationship because class struggle is a disease developed in the course of social progress. He says that "[t]he cause of the disease is the inability to subsist, and the result of the disease is war." He rejects "the disease of class struggle" because it disturbs the harmony of the economic interests of the society, a harmony which is a necessary precept of social
progress (1960:161). Based on his understanding of movement towards a quasi-market society in the industrialized world at the time, Sun envisions social progress as being made possible by the harmony of economic interests, harmony which is maintained by the state under the control of capable experts.

Like Marx, Sun is fascinated by technological innovations occurring in all fields of industrial production. Unlike Marx, however, he argues that surplus value is not generated by labour alone. Technological wonders, he holds, such as electric engines, steamships, railways, manufactures, machinery, fertilizer, scientific agriculture, and a wide market, are all powerful factors in the creation of surplus value (Ibid:162). He suggests that social progress is made because human beings behind these factors

... want to find a living and to eliminate economic strife that they are introducing public distribution of goods, heavy taxes upon capitalist incomes and inheritances for the development of national transportation and communication, reform of living conditions among workers and of working conditions in the factories, and all sorts of practices which will help to harmonize the larger number of economic interests within the nation. (Ibid:163)

Sun, therefore, finds comfort in the argument that when the capitalists improve the living conditions of the workers, the latter can increase their productivity and produce more for the former. It is from the capitalists that the government collects taxes. A reconciliation and
not a clash of interests between capitalists and workers thus enables society to progress. The harmony of economic interests would also help enhance the class harmony that Sun wants to see and not class struggle.

He, consequently, perceives four social practices in the movement toward a quasi-market society at the time that bring forward progress. These four social practices - social and economic reform, public ownership of transportation and communications, direct taxation and socialized distribution - are overthrowing old systems and giving rise to new systems. It is the constant emergence of new systems that makes constant progress possible. (Ibid:160)

"Social and economic reform," first of all, Sun continues, "means the use of government power to better the workingman's education and to protect his health, to improve factories and machinery so that working conditions may be perfectly safe and comfortable" (Ibid:157-8). Using Germany in the 1920's under the influence of social progress policies as an example, he argues that "[s]uch reforms give the worker more strength for his work and make him quite willing to work; they also greatly increase the rate of production" (Ibid.).

On the growth of public ownership, Sun remarks that smooth and rapid transportation and convenient communication can be assured by the financial resources that the government is able to conjure up, rather than by private institutions. Also, public ownership under government direction prevents the development of individual monopoly
which is regarded by Sun as an obstruction to social progress. He regards direct taxation as serving justice when the government imposes income and inheritance taxes upon capitalists. "Because of the large income of capitalists, direct taxation by the state 'gets much without seeming oppressive'" (Ibid:159).

For Sun, finally, "socialized distribution" is defined primarily by the goods that are distributed not by merchants but through social organizations or by the government. In Sun's understanding, this government involvement in distribution eliminates heavy losses that the consumer suffers from paying a large commission for merchants under the trade system of merchant distribution. It is, in Sun's view, a form of socialized distribution, "or socialism applied to distribution" (Ibid.).

Clearly, Sun's understanding of the movement toward a quasi-market society reflects the recognition of the increasing state involvement in the economy in the western industrialized societies since the First World War. It also mirrors the influence of the socialist tradition emphasizing state regulation of the economy, as represented by the Soviet regime. Sun's incorporation of socialism into his vision of a future China can be seen as the result of his co-operation with the Comintern and the fledgling Chinese Communist Party in his last years.

In his program of economic reconstruction, Sun singled
out two methods: equalization of land ownership and
regulation of capital (Ibid:170-1). Both methods were
policies of radical social engineering which could not be
achieved peacefully. The reason for this is that Sun
proposed the equalization of land ownership through
nationalization and the regulation of capital through
government taxation, both of which challenged the tradition
of a brokerage market economy in which local elites
maintained domination over local communities against state
encroachment. Sun, however, saw these methods as feasible
not only because the Nationalist Republican State would act
justifiably for the betterment of all people, but also
because it would be strengthened by the profit of her own
capital (Ibid:177-84). The methods were feasible, moreover,
because the Nationalist State could serve to build a quasi-
market society so long as it acted, as Sun hoped, to protect
the betterment of all people, not the interests of property.

In the Three People's Principles, Sun developed his
theory of revolution on the basis of an understanding of the
ideas and practices of the movement toward a quasi-market
society of his day and their applicability to China. The
standpoint from which Sun spoke for social progress is
clearly closer to that of a social democrat. He was
concerned with national wealth, the growth of which would
sustain an increase in the general well-being of the people.
His concern, however, reflected an ambiguity, not only in
the conception of class conflict, but also in the recognition of an individual's citizenship rights. This ambiguity arose from the fact that Sun's Principles, while granting individuals the right to supervise government operations, required them at the same time to make sacrifices for what the state dominated by the expert elite defined as "national liberty." This, in turn, provided an excuse for the conservative right-wing Nationalists led by Chiang Kai-shek to argue that Sun had an idea of "the revolution of all the people," and to suppress workers' and peasants' movements in the late 1920s in the name of upholding "national liberty."

With the application of these principles, social inequality would grow as the individual rights of self-defense and seeking food were transferred to the elite who controlled the state and managed and distributed resources, all once in accord with its definition of "national liberty." The rise of elite rule would lead to the repression of the independent pursuit of justice by individuals. It would also coincide with the building of a "free-market" society in which the Nationalist State exercised power to protect the sanctity of contracts, not the betterment of all people as Sun had hoped. Chiang Kai-shek's conception of China's Destiny suggested the development of this "free market" society.
Chiang Kai-shek's Conception of China's Destiny

Writing in 1943, at the time when China was occupied and ravaged by the Japanese, Chiang Kai-shek followed his predecessor, Sun Yat-sen, in considering nationalism as the ideology of the state and aiming to achieve "national liberty" with the elimination of warlordism and the abolition of unequal treaties with foreign powers. He viewed imperialist intervention as both a causal element in the wars between warlords (1947a:111) and a destructive factor in the debasement of China's political, economic, and social fabric (Ibid:76-100). He regarded nationalism as the most important force not only in the eventual abolition of the unequal treaties with Great Britain and the United States in 1942 (Ibid:149-51) but also in the future realization of China's independence and freedom from the Japanese occupation.

Deviating from Sun, however, Chiang envisioned the Nationalist Revolution in accord with his argument that "[t]he Three People's Principles are unchangeable, but the method for putting these principles into effect is not unalterable" (Ibid:110). He chose to abandon Sun's methods of "Uniting the Soviet and the Communists and supporting the workers and peasants." Fearful of threats to his acquisition of power left by Sun, he crushed the workers' and peasants' movements in the late 1920s, waged military campaigns against the Communists and suppressed leftist and
oppositional opinions in the early 1930s.

Explaining his methods in theory, Chiang criticized the Communists and leftist intellectuals for adopting foreign ideas without understanding Chinese conditions. He turned to Chinese history and purposefully selected Confucian virtues and historical events as supporting evidence. The evidence selected represented a simplification and sometimes a distortion of history. As a result, Chiang dressed up his methods with certain "Chinese historical evidence" even though such methods were developed through expanding Sun's voluntaristic argument, which was fundamentally rooted in the West. This argument emphasized the sacrifice of individual liberty for "national liberty" represented by the state. Chiang's stipulation of individual conformity with the Nationalist State drives home the indoctrination of that argument.

In what follows, I shall not reiterate mounting criticisms of Chiang's instrumental use and unjust treatment of history (Jaffe 1947:298-306), but concentrate, instead, on an examination of his explanation of the methods with which the Principles of the Nationalist Revolution were realized.

Restoring the Confucian virtue of filial piety, Chiang first combines nationalism with his principle of individual loyalty, a loyalty which would not only subject the individual to the domination of the Nationalist State but
also reduce the role of the family. As he states,

To fulfil the principle of complete loyalty to the state and of filial piety toward the nation; to be altruistic and not seek personal advantage; to place the interests of the state ahead of those of the family; such is the highest standard of loyalty and filial piety. (1947a:165)

The principle of loyalty is significant, according to Chiang, because, bringing individual interests in line with the "interests" of the state, it would help to establish government authority based on the free and voluntary will of the individual (Ibid:165-6). This principle is significant also because it could prepare for "the united will of all," one which would make possible not only China's independence and freedom from foreign domination but also the realization of the other principles of the Nationalist Revolution (Ibid:112).

Building upon the principle of loyalty, Chiang contemplates the methods with which the two objectives of the Nationalist Revolution were achieved after the realization of the Principle of Nationalism: the realization of the principles of democracy and of people's livelihood (Ibid:156).

Discussing the principle of democracy, he writes,

we must establish China as a strong, closely knit state in its foreign relations, so that it will not slip back into a status of pseudo-freedom and so-called liberalism in which the state and the nation would resemble a pan of loose sand. We must train all our citizens to exercise their governing power, without favoring any particular class; making Chinese politics the politics of all the people, and not class politics. (Ibid:156)
Supplanting Sun's Principle of People's Rights with his principle of democracy, however, Chiang undermined Sun's advice to balance power between the people and the government and emphasized, instead, the role of the government to train citizens. In the course of training, People's Rights were withheld since citizens were educated by the government, particularly with regard to the issues of what their rights are and how to exercise them.

This suspension of People's Rights in the course of training constitutes the basis upon which Chiang understands democracy, a view which has two interrelated aspects. On the one hand, Chiang declares that "[t]he purpose of our Nationalist Revolution is to build China into a state ruled by law" (Ibid:207) because democracy is based on law (Ibid:208). To achieve democracy requires the centralization of state power to enforce the law and to designate the duties and privileges of each individual (Ibid:217). It also requires citizens to "... accept the laws, decrees, and orders with a consecrated mind and solemn purpose, and carry them out in a voluntary and active spirit" (Ibid:212). Not until they had acquired this spirit of voluntary conformity, and not until their duties and privileges had been designated, would citizens have to make do without rights.

As Chiang states, "Only when a man does not neglect his own duty will he be protected by the state, and only when he
exerts himself fully can he urge his countrymen to common endeavor" (Ibid:181). Does this mean that the workers' and peasants' movements were not protected and in fact crushed for not fulfilling their duties to the state? Moreover, is it class politics that the Nationalist Government deprived the workers and peasants of their rights to justice in the pursuit of equality? Is it for the purpose of securing the increase of its own income and the growth of property that the Nationalist Government protected the sanctity of contracts between capital and labour in the name of "national liberty?" Chiang certainly contradicted himself.

Democracy is, in his view, necessarily entailed in a division of labour. As he proclaims,

According to scientific methods, each man's work must follow the principles of division of labor and specialization of duty. Though those that know and those that act should co-operate there would still be a division of labor. Therefore only Sun Yat-sen's theory that "to know is difficult but to act is easy" constitutes a true guiding principle for man's life. (Ibid:188)

This guiding principle, for Chiang, is the division of labour placing those who know and are learned to give orders and make laws. Those who know less, however, follow orders and obey laws so that they are molded by state ideology and learn to accept the demands of the state as free and voluntary demands (Ibid:164-7). Linking the two requirements of democracy (that is, the building of a centralized state and voluntary conformity of the individual with that state), for Chiang, is this division of labour,
insuring that not only those who are learned will control the centralized state but also those who are less learned will conform with it.

Finally, explicating the methods by which the Principle of People's Livelihood is realized, Chiang states that we must continue the productive reconstruction begun during the War of Resistance, and prepare to carry out the Industrial Plan [of Sun Yat-sen]. Production must be the work of the entire nation, so that it will not degenerate into class warfare, or result in an unplanned economy that would be unable to survive in the present world of trusts and state capitalism. (Ibid: 156-7)

In his view, the building of a planned economy is most crucial because

On the one hand, national industries must be developed, and on the other hand, private capital must be brought under control. Thus there will be no real motive for class struggle, since the workers will only enjoy increasing opportunities for employment and the improvement of their livelihood, and will not suffer from capitalist oppression. (1947b:282-3)

This planned economy, according to Chiang, could be built by carrying out the industrial policy, which aimed to "abandon hand labor for machinery, and to unify industry under Government ownership" (Ibid:285). This industrial policy could, for Chiang, create employment because the government directed private capital to its desired projects. He suggested that abandoning hand labour for machinery was inevitable because each man's activities were only a part of the activities of all members of society, and that surplus value was produced not only by labour but by all participants in production, including management and the
capitalists who invested (Ibid:280). It was inevitable also because industrialization, which involved machinery displacing hand labour, was the objective of all the members of society, an objective to which individuals were required to conform.

The increase of government regulation, Chiang further argues, could resolve the land problem because land values are stabilized when the government prohibits private investment in land, as Chiang writes that

The inability of rich men to invest their money in land will automatically equalize land ownership and will prevent these equalized land rights from becoming unequal. (Ibid:284-5)

After they had lost to the Communists and retreated to the island of Taiwan, the Nationalists, applying Chiang's ideas, created a system of individual peasant owners and a class of vigorous capitalists through planning and the use of economic incentives. They distributed income relatively equitably by the systematic allocation of industry throughout the rural areas. They, by adopting what is recently known as the neo-authoritarian approach to government, managed to take Taiwan to the top of the leading economies in the developing world (Gray 1990:406; Baum:1991).

During the Nanjing era, however, the method of using government regulation to create employment had been applied only in the sense that the accumulation of capital (especially state capital), not labour, was at the centre of
attention. Capital was protected when labour was suppressed. The suppression of labour occurred when the real value of labour was not duly recognized and the rights of labourers were denied. As well, as later chapters discuss, land reform was not carried out to resolve the land problem. Rural communities remained to be controlled by landlords who continued to be protected by local governments, while more bankrupt peasants were forced to join industrial labour force or to take up arms to fight for a living.

In sum, Chiang had a voluntaristic vision of the Nationalist establishment, one which was contrasted to the autonomous model of the state in its relationship to society. The Nationalist State was not autonomous because it formed an alliance with the owners of private capital to control the demands of labour. Chiang's vision of a social order was different from Chinese traditional political culture, in which state power had been contested by local elites' efforts to control the local community and peasants' efforts to exercise the right given by Heaven to revolt against corrupt government. The most obvious disparity existed between the practice of local elites representing the public against Imperial state encroachment and the notion of "general interest" represented by the state centrally controlled by the Nationalist expert elite. Chiang's vision also diverted from what the Nationalists
following Sun in the Guangzhou period (1924-1926) had attempted to achieve, namely, the building of a quasi-market society. In that period, the Nationalists had adopted policies to meet the demands of the workers and peasants and supported their struggles for rights to justice in the pursuit of equality.

Chiang's theory is voluntaristic also because it advocated the political tutelage of a centralized state over society based on the institution of rights and obligation. This centralized state protected property against the demands of the labouring poor. Chiang's theory, therefore, contributed to the establishment of a "free-market" society in contrast to the objectives of the revolution to build a quasi-market society. It is to the question of how the Nationalist Revolution resulted in the establishment of a "free-market" society dominated by the Nationalist elite that the study, now, turns.
NOTES

1. For a study of the influence of western statism, advocated by J. K. Bluntshli and others, on Sun, see Xia Liangcai (1992).

2. Sun Yat-sen was a son of a peasant family in a Pearl River Delta village near Guangzhou. He went to Hawaii with an elder brother at the age of twelve and received his Christian education in Honolulu. From 1887 to 1892 he studied medicine in Hong Kong and subsequently settled down as a doctor in Macao (Franke 1970:52).

3. As the Xingzhong Hui founded by Sun Yat-sen grew in southern China and abroad, other independent societies of a similar nature sprang, such as the Liberation Society (Guangfu Hui) in Zhejiang and the Society for China's Prosperity (Huaxing Hui) in Hunan. Huang Xing, for instance, a member of a well-known elite family, after taking part in the attempted coup of 1899 in his home province of Hunan, founded the Huaxing Hui in 1903 in close association with a secret society called the Xiongdi Hui (Society of the Elders and Brothers). Like Huang Xing, members of the Huaxing Hui and the Guangfu Hui tended to appeal to young progressive intellectuals from well-to-do elite families, who had perhaps studied in Japan (Franke 1970:60).

4. According to Franke (1970:60-2), Japan at the time was the haven of Chinese progressive intellectuals whether in their acquisition of knowledge or revolutionary alliance. In 1905, 8,000 Chinese students of science and technology were studying in Japan and more than 13,000 in the following year. This group of people soon became a sympathetic audience to revolutionary ideas.

The Japanese government at the time adopted a policy of welcoming all types of political refugees from China, whether reformers to change the government or revolutionaries to overthrow the dynasty. Franke (Ibid.) remarks that "The best way of serving Japanese interests, it was thought, was by helping to power those who were well disposed towards Japan and who needed Japanese support in order to maintain their position." Therefore, "Soon after the end of the Japanese-Chinese war of 1895, the Japanese, by means of clever propaganda emphasizing their common Asian race and culture, had succeeded in diverting the hatred and hostility of China from themselves and directing it against the real common enemy, the West."

5. See Franke (1970:58). Over the nature of a constitutional government, Sun was separated from reformers under the influence of Kang Youwei in the late Qing. Their views were divided precisely over the question of whether a constitutional government was meant to curtail the power of the Emperor, as Sun would like to see, or to facilitate the traditional rule of the emperor, as Kang and his followers promoted.
6. To discourage foreign powers from supporting the Imperial government, the revolutionaries also declared that foreigners on the side of the Qing were regarded as enemies of the revolution and goods provided to the Qing would be confiscated. See Franke (1970:68).

7. As Franke (1970:71) reveals, the headquarters of the Revolutionary Alliance were originally in Japan. Later on, the Japanese government did not want to bear unnecessary complications with the Qing government. Sun Yat-sen and other leaders were expelled from Japan. They moved to the French Indo-China, where the French authorities granted them protection.

8. After many attempted rebellions in southern provinces of Guangdong and Guangxi failed due to the government’s enhanced vigilance, revolutionary activities advanced into central and northern China in 1910 (Franke 1970:72). In October 1911 Wuchang Uprising signalled the downfall of the Qing.

9. Sun Yat-sen, in fact, considered western individualism as an evil consequence of the excesses of liberty (Ibid.).

10. The essence of China’s ancient virtue to adhere to harmony, Sun explicates, born in The Great Learning (Da Xue, a Confucian canonical text), lies in the teaching to "Search into the nature of things, extend the boundaries of knowledge, make the purpose sincere, regulate the mind, cultivate personal virtue, rule the family, govern the state, pacify the world." Notedly, this virtue is to be acquired by anyone, not just the one who governs the state. Sun’s view reflected a dominating intellectual sentiment at the time, see Chen Gaoyuan (1992) and Zheng Yunshan (1992).
Towards the end of 1927, Chiang Kai-shek began to gain dominance over the Nationalist Party by establishing state power centrally controlled by the Government in Nanjing. His power was, however, fragile in the face of challenges from both within and without the KMT. Externally, Chiang was pressured by foreign powers, particularly Japan, which had great interests in China, and by the Chinese Communists. Internally, he had to overcome many obstacles in his aim to build a strong central government. He sought to subdue regional militarists with a "Program of Military Reorganization and Disbandment." After the purge of the Communists in 1927, he organized a "Party Rectification" campaign to wipe out Communist influences on leftist elements within the party. He centralized control over local affairs by helping local governments and police against those local Nationalist Party organizers who had been influenced by leftist ideas. He engaged in Nationalist state building by utilizing the most effective means of the military force at the disposal of the government in Nanjing. The use of force to control the party, the army and citizens, which characterized Chiang's "free market" approach to government, significantly impeded the development of democratic processes required for achieving the objectives of building a quasi-market society.
In explaining the failure to build a quasi-market society, the following three chapters examine the process in which the Nationalists continued China's transformation from the Imperial tradition of elite rule over a brokerage market economy to their establishment of centralized elite dominance over a "free market" economy in the era between 1927 and 1937.¹

This chapter concentrates on the establishment of Nationalist elite rule through an analysis of the relationship between the adaptation of foreign influence and militarization of state power. To understand this relationship, it is necessary to examine the process in which the Nationalists contended regional militarism, which grew alongside foreign forces exerting influences on the struggles for power between old and new elites since the late Qing. This forms a central aspect of the Nationalist effort to continue China's transformation from the Imperial system to a constitutional government. It is a process which is examined in two ways: first, the centralization of control over regional military forces in order to remove their threat to the Nanjing Government and impose on them a centralized budget; second, the unification of the party and state to counter the independent growth of local governments.

One ironic result of this centralized control is, as Bedeski (1981:viii) suggests, "that a unified State exists
in China today due in large part to the State-building efforts and successes of the Kuomintang (KMT) during the Nanking [or Nanjing] period (1928-1937)." These efforts of containing regional military forces and independent development of local governments affected the way in which the Nationalists expanded administrative and legal means to secure the growth of property.

**Historical Conditions of Centralization**

Western powers with a military force unimaginable to the Qing government arrived at the southern coast in the middle of the nineteenth century and demanded special rights. Beginning in 1842, when the Treaty of Nanjing was signed between the Manchu and British governments, China was compelled to open treaty ports along the coast where foreign powers mapped out each of their territories of influence governed under the laws of their own countries. The so-called concession governments were set up to control every aspect of life in these territories. Crimes involving foreigners had to be brought to their own territories and tried by their own courts. A Mixed Court consisting of a Chinese magistrate and foreign consular-officers was used to judge cases involving Chinese in the "International Settlements" (Jernigan 1904:222-9).

The imposition of these arrangements was advantageous to foreign trade and expansion in China but weakened the Qing government. In the period after the 1840s, foreign
penetration accelerated the disintegration of the Imperial order which was built on an intricate network of social relations dominated by local elites, which represented local society against state encroachment. This order of rights and property relations underwent transformation in the formation of Nationalist elite rule. This transformation is reflected predominantly in the changing style of elite activism. The Nationalist elite, which was oriented to change, sought to establish a constitutional government to ensure its participation in national affairs. Such norms were deeply influenced by foreign practices. The Nationalist elite vied with other elites who were keen to maintain the status quo with arms. Labour and the peasants struggling for citizenship rights saw the conflict among elites as not meeting their interests. This section will discuss this process of change from the reform efforts in the late Qing to the founding of the Nationalist Government in Nanjing.

Initial Reform Efforts in the Late Qing

The process of transformation in the late Qing began, as nationalist sentiment developed among the Chinese and questioned the ethnicity of the Manchu ruling class. The Taiping Rebellion, which waged battles against Manchu domination for nearly a decade and a half in the 1850s and 1860s, had great consequences for the Qing government. In assisting the suppression of the rebellion, foreign powers
demonstrated a superiority of arms. They impressed leading Qing provincial officials, Zeng Guofan, Li Hongzhang, and Zuo Zongtang, who felt a need to build China militarily.

After the Taiping Rebellion, these provincial officials suggested the self-strengthening program. They initiated an effort to embark on the building of arsenals and dockyards, under state supervision, with the employment of western expertise and the exploitation of government corvee labourers (Zhang 1979:21-68). A railway was constructed from Tangshan to Tianjin to transport materials under Li Hongzhang's governorship, and Hankou-Beijing and Hankou-Guangzhou railway lines were built under Zhang Zhidong, the governor-general in Nanjing.

At the time when provincial officials considered that advanced military machinery gave the West superior power over China, Wang Dao argued that western superiority actually lay in its scientific learning (Cohen 1987:176-9). Gao Fengqian, however, conceived that western superiority lay in government. He saw the western science of government as constituting not only the rule of norms and standards but also western politics. Neither of them, he reasoned, was dispensable to the government of an orderly society (Wang 1987:102). These latter perceptions became more influential after the Chinese defeat in the Sino-Japanese War in 1895. This defeat further depleted China's sovereign rights and its protection of the domestic economy. It also signaled
the failure of the effort to strengthen the Qing militarily. This failure stemmed from the fact that the effort, itself, lacked coordination from the centre as political and military state power became increasingly concentrated in the hands of provincial officials. In the face of the disintegration of the Imperial system, the intellectual elite began to push for reforms in the late 1890s and the first decade of the twentieth century. The influence of foreign ideas encouraged the changing style of elite activism: that is, having performed their traditional role in public welfare and education, elites now acquired resources, such as modern education and news media, which could broaden their influence in national affairs and the processes of government.²

The first wave of reform began when the Qing government was forced to sign the treaty of Shimonoseki with Japan after China's defeat in the Sino-Japanese war in 1895. Prominent nation-wide scholars were in Beijing to take the metropolitan examination. Reform-minded persons like Kang Youwei were greatly disturbed by the humiliation of China's partition by foreign powers. Kang recognized that lack of modern weaponry and technology was not the entire answer to China's obvious weaknesses. He argued that a great number of fundamental changes were necessary in the organization of state and society. The Emperor Guang Xu read Kang's memorials. Severe resistance, however, from the anti-reform
party headed by conservative nobles, including the Empress Dowager, prevented Kang's ideas from circulation in the capital. It was not until 1898 when foreign affairs became critical, that popular support for reform finally moved the Emperor Guang Xu. Kang was called upon to supervise the Wuxu Reform program, which lasted for One Hundred Days.

During the reform, Imperial decisions were primarily made to encourage such developments as

- the introduction of scientific, especially technical, studies and courses of instruction on the Western model,
- the improvement of agricultural methods of production,
- the introduction of military training on the Western pattern,
- the establishment of a university at Peking,
- the modernization of the school system,
- the abolition of the traditional civil service examination system,
- the drawing up and publication of an annual budget for government expenditure,
- the abolition of sinecures,
- the dismissal of officials who opposed reform, etc. (Franke 1970:48)

These decisions greatly upset conservative elements in the government which aborted the reform. Reformers were persecuted and the Emperor impeached. The reform, though short-lived, reinforced efforts to set up modern educational institutions modelled after Western practices. It also gathered together a group of reformers, besides Kang Youwei, such as Liang Qichao and Tan Sitong, who questioned the foundation of Chinese society and Confucianism (Kwong 1984:125-6). Their ideas encouraged the 1900's reform efforts. These efforts reinforced the growth of regional political and military power in two aspects: one was the institution of self-government, and the other was the
institution of a constitutional government. The former served to bring local elites closely working with the government rather than local people. The latter offered elites an avenue to influence national affairs.

Reform in the Last Decade of the Qing

After the failure of the 1898 reform, social discontent agonized local officials. Measures that they took to maintain social security prompted further reform efforts. As early as 2 October 1901, an edict was issued to approve the proposal for reforms from Zhang Zhidong in Hubei and Liu Kunyi in Jiangsu with an intent to attain more effective government by adopting foreign methods. The edict gave local officials the authority to define their efforts in light of their local conditions.

In Shanxi, reform efforts led by Governor Zhao Erxun in 1902 and 1903 were largely focussed on the community (xiangshe) level below the county (xian). The so-called xiangshe reform was seen by Governor Zhao as the first necessary step of changing the system. With the increasing number and magnitude of market towns, the lower level administration was required to be strengthened (Ibid:30). The reform efforts were primarily targeted at curbing corrupt local leadership through the public nomination (gongju) of a leader (shezhang) by the community.

According to the Shanxi provincial regulations on xiangshe reform, the shezhang was to be elected only by
members of the community who possessed ten mu or more of land with valid documents. The electorate were to meet and recommend a list of nominees. The magistrate then was to select one from the list. With this provision, impediments were expected to be reduced in selecting persons who would uphold public good. As a result, well-to-do peasants, besides village elders, could be elected to the post of shezhang (Ibid:52-3), or to a post among sub-district leaders in a xiang, a town, or a village that had a title like gongzheng, gongzhi, or gongren. The composition of local elites, therefore, began to exhibit a shift in leadership style from traditional community leaders representing the interest of the community against state encroachment to the newly-elected shezhang who

was specifically charged with the responsibility of overseeing the actions of the people, and of reporting those who did not yield to his authority or follow the directives sent down from the district yamen. (Ibid:53)

The establishment of local police (tuanhian) at the disposal of shezhang would reinforce his power over people. The shezhang was given a salary to make him feel more obligated to his job and thus tie himself closer to the government. Ultimately, the goal of the "people to administer the people, the power (guan) still residing in the ranks of officialdom" (Ibid:41), was achieved. The result was however the alienation of local elites from local people. The moral and cultural dominance of local elites over society, although endorsed by local people, was now
supplanted by a new political and military power authorized by the government.

In contrast to the Shanxi xiangshe reform, another model, developed in Zhili province, was based more on foreign ideas. In August 1905, Yuan Shikai, governor-general of Zhili, obtained Imperial consent to conduct reforms following the Japanese example. He employed vocal young scholars who had studied Japanese government in Japan after the Meiji reforms. He emphasized the Japanese model of self-government as a way to constitutionalize the Chinese monarchy. His efforts served to incorporate local elites in local public administration and to institutionalize their participation in central government affairs.

In Tianjin, the capital city of Zhili, a Self-Government Bureau (Zizhi Ju) was established on 29 August 1906 to experiment with Japanese representative assemblies. Specialists were encouraged to formulate a prototype model for other provinces to follow. Yuan Shikai proposed a formal administrative structure based on the hierarchy of subordination of villages and towns to cities, cities to districts, and districts to prefectures (Ibid: 101-2). In accordance with this scheme, self-government organizations were to be established at each level. The fact that the first experiment with local self-government was located in Tianjin suggested a concentration of reform efforts in cities rather than in villages, and encouraged
the direction of reforms to be from the top downwards.

In contrast to the xiangshe reforms in Shanxi, the self-government council in Zhili invested local power not in one person, the shezhang, but in the council which was expected to participate in the management of local affairs as a legislative body overseeing the conduct of an executive board. Delegates elected by the local council would then in turn be elected to the provincial and national assemblies. According to the Tianjin self-government regulations, the members of the local council were elected by people of the community who could meet the electoral requirements. Apart from property ownership rights, education was a central requirement of the electorate. In part it was because the regulations of "self-government" had to be studied and appropriately applied in local affairs.10

Between the two models of reforms, Tianjin's example was favoured by the Qing court.11 The Tianjin model allowed the government not only to regulate the procedure of reform but also to train local leaders in the management of local affairs. Soon after the Self-Government Bureau was established in Tianjin, an order was thus issued by the Imperial court to call on all provinces to set up self-government bureaus.

The impact of the local self-government reform in Tianjin was profound. The application and popular education of self-government potentially favoured those members of
society who were young, literate, and eager to receive recognition of their rights, an otherwise impossible goal in the traditional system of domination. The idea of local self-government appealed to these people because it offered an opportunity for them to participate in government processes even if they were neither traditional elites nor local elders. These people included merchants who were in one way or another associated with foreign agents and would have liked to see China adopt a life-style similar to that of the countries of their foreign patrons. They also embraced those who had a stake or saw potential success in the growing industrial and commercial businesses.

Cities were filled with such people who came to seek opportunities or to acquire resources (such as education and business skills), and therefore imbued with enthusiasm for self-government reforms. This enthusiasm particularly displayed itself in the appearance of increasing numbers of newspapers and civic associations and societies. In the countryside, on the other hand, local self-government reform institutionalized the participation of local elites in government affairs and, thus, reassured local elite domination by striking an alliance between local elites and government military and police forces.

When local self-government institutions were being set up in the country, the Imperial government in Beijing gathered all prominent scholars knowledgeable in
international political affairs to work towards the establishment of a constitutional government. Shortly after the Imperial court announced its intention on 1 September, 1906, ad hoc commissions were organized to investigate foreign governments and to prepare legislation for the organization of a representative assembly. The Compilation Commission proposed a consultative assembly (zizheng yuan) at the national level to facilitate public discussions (gonglun) and to prepare for the representative assembly.

Three methods were recommended to be used in the selection of the consultative assembly. These were the nominations by the emperor, by the metropolitan bureaucracy, and by provincial officials based on recommendations from educational societies, chambers of commerce, and various bureaus and offices associated with local self-government under the jurisdiction of magistrates. In the end, the body was largely made up of government officials and representatives selected by provincial leaders.14

At the same time, the Qing court attempted to apply the western type of cabinet administration. Eleven ministries were rearranged in 1908: respectively, the Ministry of Foreign Affairs, Measurements, Rites, Military Defense, Justice, Communication, Interior, and Ministry of Agriculture, Industry and Trade, and Academics, and the Censorate. In March 1911, the Qing court issued regulations on the administration of the cabinet and its subordinate
offices. The noble kinsman Yi Kuang was appointed Prime
Minister (Yang 1958:2-4). This government reshuffle did
little to change the nature of the government, given that
the Prime Minister was appointed by the Emperor from among
his close kin. This move provoked the revolutionary action
by radical reformers following Sun Yat-sen, who had already
been thwarted by the government draft of the
constitution.15

The 1911 Revolution and Power Struggles Thereafter

An opportunity favourable to revolution presented
itself in the event following the Qing government's decision
in the Spring of 1911 to nationalize all the railway
systems, including the parts still under construction. This
nationalization effort was attempted with a loan from the
foreign powers (England, France, Germany and the United
State) to cover the costs. The move toward centralization
roused opposition in provinces, particularly, in Hunan,
Hubei and Sichuan. It outraged the interested parties in
the provinces, chiefly local governments.

An armed insurrection supported by secret societies and
local elites quickly spread out under the "movement for the
protection of the railway" initiated in Sichuan. Before the
rebellion in Sichuan was put down by government troops, a
revolt broke out in the garrison of Wuchang, Hubei, on the
Yangzi River on 10 October 1911. The rebellion successfully
took control of the whole city and the first Republican
Military Government was founded. Soon revolutionary fervor spread throughout China. Provinces of Hunan, Jiangxi, Anhui, Zhejiang, Fujian, Jiangsu, Yunnan, Guizhou, Guangdong, Guangxi, Shaanxi, Shanxi, Sichuan and Shandong declared independence from the Qing government. In a few months, Gansu and the provinces in the northeastern China followed suit. In many of these provinces revolution occurred without bloodshed, when provincial governments joined the revolution and revolted against the Qing court. Former Qing provincial governors in command of the army became governors of revolutionary military governments (Zhang 1986:54-61).

In November 1911 representatives from the independent provinces assembled to decide on a central government. On 29 December, Sun Yat-sen, upon returning from the United States, was elected as the acting President of the Provisional Government in Nanjing. Quickly, however, Sun realized that real power lay in the hands of the army under former Qing provincial officials and not his government. He found it impossible to exercise authority without the support of the regional forces.

In the meantime, Yuan Shikai in Beijing, having just been brought back by the Qing court from his retirement to save the dynasty, was given the authority by an Imperial edict on 12 February 1912 to organize a provisional republican government after the emperor relinquished his
power. The next day Sun stepped down from the Presidency in favour of Yuan Shikai chosen by the Qing court, hoping Yuan could be the person powerful enough to unite different forces in the country. On 10 March, Yuan, with the support of military forces, took over the Presidency in Beijing, as the seat of the Republic, in the face of opposition from revolutionaries in southern and central China. Newly invented state institutions were moved north where Yuan's military and political power lay.

The significance of the Uprising lay obviously in its termination of the Imperial system and the commencement of a new order. In the first meeting of the representatives of independent provinces in November 1911, the United States' presidential administration was chosen as the model of government as opposed to the French cabinet system. According to the "Organizational Principles of the Provisional Government" passed at the time, the acting President was elected by provincial representatives who together formed the provisional legislative assembly which declared its formation on 28 January 1912. The Provisional Government had the departments of foreign affairs, interior, finance, military, communication, and business. The provisional central court acted as the supreme legal institution whose judges were appointed by the President. In later revisions of the Organizational Principles by the legislative assembly between 7 February and 8 March, 1912, a
Provisional Constitution took shape. One significant change in the Constitution was to replace the presidential administration with a French-type cabinet system. This was an attempt to curb the power of the presidency taken over by Yuan Shikai.

After Yuan assumed the acting Presidency of the Republic, the Provisional Assembly (Canyi Yuan) reconvened in Beijing on 29 April 1912. There were about 120 attendents representing three major parties: the Republican Party (Gonghe Dang), the Revolutionary Alliance (Tongmeng Hui), and the United Republican Party (Tongyi Gonghe Dang). The Republican Party, formed by the moderate Republicans and the Lixian Pai (constitutionalists) of the late Qing, advocated centralism and a strong state power under Yuan. The Revolutionary Alliance promoted local self-government and hence acted against Yuan's centralized state building. The third party, the United Republican, offered a compromise between the first two. A fourth party, the Democrat Party led by Liang Qichao, was made up of reformers and some retired members of the Revolutionary Alliance at the time of its reorganization. As Yuan’s regime was established, unity was achieved at least temporarily. In less than a year, the Provisional Assembly was closed. The parliament was to be established as the provisional constitution stipulated.

After vigorous campaigns among all parties, the Nationalist Party held forty-five percent of the seats while
the Republicans, the Democrats, and the United together held about twenty-five percent, when the parliament comprising the senate and the house of representatives first convened on 8 April 1913 (Chen 1988:11-5). On 31 October, 1913, the draft constitution was passed. During the months of its compilation, debates broke out about Confucianism, local self-government, and style of administrative institution. Despite opposition from Nationalists and radical reformers, Confucianism was recognized as the state religion, local self-government postponed, and the style of cabinet administration adopted to restrict Yuan's power.

Witnessing the success of the Nationalists, Yuan Shikai hastened to control the parliament by force. He ordered the murder of the Nationalist parliament leader, Song Jiaoren, split the Nationalist group in the parliament through bribes, and persecuted other Nationalist representatives (Chen 1988:11-13). As the Nationalists were greatly weakened, Yuan ordered the parliament to meet to nominate himself as the President on 6 October 1913. He initiated the revision of the Draft Constitution, accusing it of a Nationalist conspiracy. Immediately on 4 November, he banned the Nationalist Party and later, on 10 January 1914, dissolved the parliament (Zhang 1986:116).

Yuan organized an administrative conference on March 18, 1914 to draft his Constitutional Compact, which was passed on May 1. The President was given overwhelming
authority, including the recognition of his office as a life-long position. To follow his idea of a constitutional monarchy, Yuan restored the Consultative Assembly on 20 June 1914, appointing himself as its leader (Zhang 1986:109). He persuaded the assembly to agree that China was ready for a constitutional monarchy. He assembled provincial militarists in Beijing to force a consensus. Finally, on 12 December, 1915 Yuan became the emperor. Japan recognized Yuan as emperor as a gesture to acknowledge his concession to its "Twenty-One Demands," a concession which provoked strong opposition.19

At the same time, Sun Yat-sen called on people to impeach Yuan Shikai. Soon sentiments against Yuan's regime spread across the country. On 22 March 1916, Yuan was compelled to withdraw his claim to the monarchy. He died on June 6.

At this time China was divided politically. In the North, regional militarists fought one another in order to take control over Beijing. After Yuan's death, different warlords tried either to continue the practice of republican government in Beijing or to restore the monarchical system. The constitution and the parliament were used or ignored for the convenience of building warlord rule.20

In southern China, especially in Guangdong, the Nationalists had a stronger influence. To stop Yuan Shikai from becoming an emperor, Sun Yat-sen started a Second
Revolution against Yuan for "protecting the cause of constitution" (hufa yundong). In September, 1917, the Protecting-Constitution Military Government (Hufa Jun Zhengfu) was formed with Sun the Chief-Marshal. While the southern Parliament under Sun's leadership contemplated the problems of what form of government was more appropriate for China and how to achieve a national unity bound by constitution, opinions concurred on the view that the only potential unity could arise from a federation of self-governed provinces.21 This view seemed not only impossible to be realized at the time, it was also abandoned when in 1923, Sun Yat-sen prepared to reorganize the Nationalist Party upon the advice of Comintern and with the co-operation of the Chinese Communists.

The United Front and the Division

The reorganization of the Nationalist Party was inspired in part by the Soviet Revolution which impressed many Chinese intellectuals. During the May 4th Movement, the first Comintern agent, Gregor Voitinsky, arrived in Shanghai. He served to draw together intellectuals into the Comintern. Among them were anarchists, Marxists, various Socialists, Republicans and anti-Confucianists, including Chen Duxiu - a founder of the Chinese Communist Party - and his followers, and Sun Yat-sen's close associates, Hu Hanmin and Dai Jitao. They came to meet him with heterogeneous senses of what they were looking for. Hu and Dai were not
as enticed by the Marxist theory of class struggle as they were by Lenin's theory of struggles of oppressed colonial and semi-colonial peoples against imperialists. Perhaps for that reason, "The intervention of a foreign power in the form of the Comintern in internal Chinese party politics," turned Hu and Dai away as determined opponents of the Communists (Franke 1970:116).

Before Voitinsky operated in Shanghai, the Soviet government announced its intention to renounce all concessions and rights, including the right of extraterritorial jurisdiction, that the Czarist government had acquired in China. This gesture in recognizing China as a sovereign country touched many Chinese, including Sun Yat-sen who continuously, (though vainly,) sought out foreign powers to support his cause.

Like other Chinese intellectuals, Sun was impressed by the Russian Revolution. When the Comintern proposed to form a link with Chinese revolutionaries, Sun accepted its help to reorganize the Nationalist Party and to rebuild the republic. While the diplomatic exchange went on between Sun and the Comintern, the Chinese Communist Party (CCP), born in 1921 with a commitment to Marxist ideals and a united front of the working class and petty-bourgeoisie, sought an alliance with Sun for the cause of national independence. The co-operation between Sun and the Communists took place alongside the political and military
restructuring of the Nationalist Party following the Soviet model (Wilbur 1983:5-8).

In early 1923, Sun Yat-sen and the Russian delegate Joffe issued a joint statement of co-operation. In the autumn, a group of Comintern advisers led by Michael Borodin came to Guangzhou to assist Sun, while he sent Chiang Kai-shek as his representative to Moscow to study the formation of the Soviet party and the red army (Chen 1988:121-45).

At the First Nationalist Party Congress in January 1924, Sun's Three People's Principles were reinterpreted. A stance against imperialism but in favour of the working people characterized the new interpretation: "Uniting the Soviet and the Communists, and supporting the workers and peasants." Two important documents were passed; the Constitution of the Nationalist Party, and the Essential Decisions on the Republican Government Organization, which outlined Nationalist restructuring (Ibid:124-27). The Party Congress was the legislative body. The Central Executive Committee (CEC), the highest party apparatus, administered standing military and civil affairs between biennial sessions of the Party Congress. Sun died on his way to Beijing to negotiate with the warlord government for unification in early 1925. With his death went the idea of peaceful unification. The Nationalist Republican Government was founded, according to his will, in Guangzhou on 1 July 1925. Wang Jingwei was the President. A year later the
government initiated the Northern Expedition against warlords (Zhang 1986:192-5).

In retrospect, when Sun Yat-sen and his fellow Nationalists began to develop opposition to the northern warlords after the revolution was usurped by Yuan Shikai, they based themselves in Guangdong because they were all Cantonese and had support from Cantonese and overseas Chinese. They were also in alliance with local militarists, such as Chen Jiongming, who were interested in their cause of overthrowing powerful warlords in the north. Since militarists were not fully committed to the Principles of Nationalism, People's Rights, and People's Livelihood, the alliance of Sun with Chen was tenuous. When Chen organized a coup against Sun, incited by foreign powers and northern warlords, Sun's "Military Government for the Protection of the Constitution" (HuFa Jun Zhengfu) was greatly damaged and Sun himself had a narrow escape (Zhang 1986:183-5). Sun learned from this incident that his cause of building a republic required a revolutionary army loyal to the revolutionary goals. Therefore, during his Nationalist reorganization, the Whampao Military Academy was created to initiate a military force under the Nationalist Party leadership.

The Whampoa Military Academy (Huangpu Lujun Xuexiao) outside Guangzhou was formed to train a reliable officer corps, following the Soviet model. Training at the academy
went beyond military education. Students were given party, political, revolutionary training in the Three People's Principles, propaganda, and the tactics of revolutionary warfare. Among the staff members as well as students of the academy, Communists and Nationalists formed a mixed composition. They later formed the backbone of both parties in their political and military careers.

When the Nationalist Northern Expedition, of which Chiang Kai-shek was in command, started from Guangdong on 1 July, 1926, the country was divided among the warlord Sun Chuanfang in the southeast, his nominal superior Wu Peifu in Central China, and Chang Zuolin's Fengtian forces in the north. The Kuomintang army, due largely to its solid military training and effective political education, demonstrated its superiority over those under the warlords. The central areas south of the Yangzi River in Hunan and Jiangxi were quickly captured by it. In August, the Yangzi metropolis of Wuhan, Hubei, fell in its hands. By the end of the year, part of the political leadership of the united front moved from Guangzhou to Wuhan.

The Nationalist Party, at this time, was far from united. Contention for Sun's mantle divided it into factions headed by Wang Jingwei, Liao Zhongkai, Chiang Kai-shek, and Hu Hanmin. Sun Fu (Sun Yat-sen's son) led the young Nationalist group known as the "Western Hills" faction (after the meeting that was held in the Western Hills as
part of a right-wing conspiracy against the united front in late 1925). The most divisive issue was the united front of the Nationalists and the Communists. This united front supported the workers' and peasants' movements against "local bullies and evil gentry." The labouring people's movements organized by the Communists and the left-wing Nationalists, such as Liao Zhongkai whose popularity ascended during the Hong Kong seamen strike, posed a threat to the right-wing Nationalists who would not see "local bullies and evil gentry" as their enemies. The right-wing, led by Hu Hanmin, staged the murder of Liao.

The person who contributed most to the upsurge of right-wing movement was Dai Jitao, a renowned party theoretician who had served as Sun's secretary and personal assistant after 1911. Three days after Sun's death, Dai published an article demanding that party members observe the traditional practice of "filial piety" to the late founder. Having been troubled by the thought that many revolutionary youths began to listen to the Communists, whom he saw as taking advantage of the united front and the inaction of the Nationalist leaders, Dai wrote the following in his article "The National Revolution and the Kuomintang."

In order to secure the survival of the Chinese Republic, we have first to secure the survival of the KMT; in order to secure the survival of the KMT; we have to give free rein to the (development of the) monopolistic, exclusive, unitary and dominative nature which is absolutely necessary for the survival of the Three People's Principles' KMT. (Wang 1985:55)
With this ideological assurance, the right-wing members staged the "Zhongshan Gunboat Incident" of 20 March 1926 directed by Chiang Kai-shek, accusing Communists of conspiring to overthrow the government. The incident, though it was meant to be a signal to and not the final showdown against the Communists, was enough to impel them to act against Chiang.27

The success of the Northern Expedition boosted Chiang's popularity. His open dispute with Wang Jingwei occurred when Chiang turned down the Wuhan Government's decision to advance north to link up with Feng Yuxiang, an established warlord in the northwest, who, joining the Kuomintang in 1926 on a trip to Moscow, had maintained links with the Guangzhou and later the Wuhan Government. He marched eastwards, instead, to his home province of Zhejiang and the rich province of Jiangsu in the lower Yangzi. In the spring of 1927 he defeated warlord Sun Chuanfan and brought Zhejiang and southern Jiangsu under his control. At about the same time, Feng Yuxiang entered Henan.

The complete rupture came in March, 1927 when Chiang was expelled from the CEC as a result of his deliberate absence from the meeting at which proposals were put forward by Borodin and Communists to expand trade union organizations and to deepen the peasant movements by addressing the problem of land to tillers.

During the stalemate, Chiang obtained financial support
from capitalists in Zhejiang and Jiangsu. He also began to seek a compromise with specific foreign powers, for on entering the Yangzi valley he faced hostile foreign warships at the mouth of the river. With the support of the capitalists and foreign powers, who all wanted to stop the worker and peasant movements, Chiang launched a campaign against the Communists. He tried to persuade the Wuhan government to move to Nanjing and to collaborate with him in the anti-Communist campaign. When his proposal was rejected, he turned to Hu Hanmin for a new alliance. He suppressed the worker movements and established a National Government in Nanjing on April 18, with Hu the Chairman (Ibid: 139).

Chiang's action destroyed any hope for reconciliation between Nanjing and Wuhan for the time being. The cooperation between the Kuomintang and the Communists continued in Wuhan. The exit of the right-wing faction further strengthened the position of the Communists. During this period, however, the Wuhan Government was increasingly under political, economic and military pressures. Radicalized worker and peasant movements led by the Communists brought a breakdown of the socio-economic order and paralyzed industry, trade and government finance. Random killings of "local bullies and evil gentry" and the confiscation of land and property left terror and chaos in the countryside. Many officers and party members, whose
property was endangered, began to revolt. The united front was finally terminated by a military coup of the troops stationed in Wuhan. On July 16, 1927, the Communists were expelled from the Nationalist Party. Trade unions and peasant associations were disarmed and suppressed. The cooperation between the Nationalists and the Communists ended with overwhelming damage to the latter. The Communist Party was banned and went underground. The hostility between the two parties escalated, following the founding of the Communists' own army in August, 1927, comprised of forces from the peasant army veterans of the Autumn Harvest Uprising in Jiangxi, and Communist members in the Nationalist army stationed in Nanchang (Wilbur 1983; Wang 1985).

The Northern Expedition, meanwhile, was carried on by both sides of Nanjing and Wuhan Nationalists on two different routes. In early June, 1927, Wuhan's forces defeated Wu Peifu and Zhang Zuolin and took Chengzhou, while Nanjing's forces defeated Sun Chuanfang and Zhang Zongchang and took Xuzhou. A year later, Nationalist forces entered Beijing with the help of warlords who collaborated with the former against other warlords, marking the end of Northern Expedition. Consequently, a considerable part of the country was united, and, for the time being, directly or indirectly under Nationalist control, although the unity remained fragile as regional military power was not fully
The Fourth Plenum finally convened at Nanjing in February, 1928 to mark the beginning of party unification of Wuhan with Nanjing. Resolutions were passed to officially purge Communists in a Party Purification Campaign. All the departments responsible for peasant, worker, merchant, youth and woman movements were ordered to be abolished on the ground of "obstructing the Party's effort to represent the interests of the populace as a whole" (Wang 1985:162-6). They were all to be replaced by a "Mass Training Committee." This focus on training the populace by the Nationalist Party indicated the commencement of the second stage of the revolution - political tutelage ("xunzheng"). The process of social transformation in China, thus, arrived at another stage in which the Nationalists began to establish their centralized rule in solidarity with existing military and political forces against the growing strengths of labour and the peasants. This development diverged from Sun's wish to support the worker and peasant movements in the building of a quasi-market society.

Centralization of Control over the Army

To end the Northern Expedition, a truce was reached through striking a compromise, in which the Nanjing Government gained the allegiance of regional militarists, such as Feng Yuxiang, Tang Shengzhi, Zhu Peide, Li Zhishen and the Guangxi clique only when they were accepted into
Nationalist Party politics. This trade-off was reflected in the composition of the CEC. In 1929, "About one-third of the CEC memberships consisted of professional military officers, representing the major regions of the country," were elected at the Third Party Congress (Bedeski 1981:87). The notion that whoever controlled the majority in the CEC would then have control of the party was no longer effective when the conflict between party factions, leaders and regional militarists took place right in the CEC. Bedeski (1981:57) finds that in the years of late 1927 and mid-1931, "the party was controlled by a coalition of moderate-to-conservative intellectuals as well as militarists who represented regional interests," headed by Hu Hanmin and Chiang Kai-shek.

This development, Bush (1978:83-4) argues, greatly affected the Kuomintang's organizational integrity. The infiltration of regional militarists into the party brought their dictatorial style of government in a clash with Nationalist efforts to build a modern republic. This clash was undoubtedly a cause for the Nationalists to abandon their revolutionary principles and popularity. It was also an issue that the Wuhan left-wing Nationalists under Wang Jingwei took to challenge the legitimacy of the Third Party Congress in a revolt against Nanjing. This revolt was particularly targeted at Chiang's effort at centralizing the regional armies at the time of the congress.29
In 1929, the control over the military was taken over from the provinces of Guangdong and Guangxi — where the Kuomintang had drawn the bulk of its support in the previous stages of development — by men from Chiang’s own native province of Zhejiang and its neighbour Jiangsu (Gillin 1970:837). This shift occurred during the Program of Reorganization and Disbandment, which was proposed to curtail regionalism. The scope of regional military power and political influence was usually supported by the wealth of the areas that were under the control of a particular militarist. Therefore, two related purposes of the program were: one, for the central government to sever the finances of each regional militarist from his own control, and two, to reduce the burden of a large standing army.30

According to the Program of Reorganization and Disbandment, the General Headquarters of the Commander-in-Chief of the army, including the navy and the air force, was established in Nanjing in March 1929. The previous Nationalist army of about 2 million men was reduced by about 1,200,000. The reduced army of about 800,000 was administratively divided into eight districts. Each division was stationed in a designated area where it was responsible for the maintenance of local peace and order. The old regional army organizations were abolished. Provinces were allowed to organize only Provincial Militia at their own expense. The entire national army was operated
on the basis of a unified budget centrally controlled in Nanjing. The Central Reorganization and Disbandment Commission was set up to execute the program as well as troop maneuvers (Bedeski 1981:34-8).

Each progress of the Reorganization and Disbandment Program represented a gain for the central government in Nanjing and a loss on the part of regional militarists. The program incited conflicts between Chiang's central government and regional commanders from the very beginning. These conflicts ultimately resulted in military confrontations. Frictions first took place in the south between the central party in Nanjing and the left-wing faction under Wang Jingwei in Wuhan, who challenged the Third Party Congress and its programs of political tutelage, and demanded a provisional constitution and greater regional autonomy. The central government accused Wuhan rebels of illegally withholding revenue from Nanjing. Troops were dispatched and the Wuhan rebels were suppressed. Wang Jingwei was expelled from the party (Bedeski 1981:62-4).

When Guangxi militarist Li Zongren, leading southern militarists, revolted against Nanjing and demanded regional autonomy in May 1929, the Nanjing Government's effort to centralize control of the troops was seriously challenged. The reason is largely that Li was one of the three regional militarist representatives in the Nationalist Government besides Feng Yuxiang and Yan Xishan in northern China, and
that he was made the first Chairman of the Reorganization and Disbandment Commission as a token of Chiang's wish to keep the alliance with Guangxi. When the rebellion was joined by Zhang Fakui, the Commander of the Fourth Division in Hubei, the central government hastened to use both force and bribery to cause a split within the rebel force. The anti-Chiang front collapsed by January 1930 as Zhang Fakui and Li Zongren were prevented from joining forces. Zhang fled to Hunan. Li retreated back to his home province, and rejoined hands with Bai Chongxi, a collaborator in the Guangxi clique. By the end of the year, the Nanjing Government reconciled themselves with Li and Bai in order to fight together against the Communist forces which were growing rapidly in Jiangxi-Hunan (Bedeski 1981:40-3).

North China was still not controlled by Nanjing. The political landscape was divided among Feng Yuxiang in Henan, Yan Xishan in Shanxi and Zhang Xieliang, the heir of Zhang Zuolin, in the northeast. After Chiang's campaigns smashed Wuhan rebels under Wang Jingwei, Feng Yuxiang, a long-time ally of the former Wuhan government, waited for a chance to revolt.

When Zhang Fakui, who had defected to Nanjing earlier, led a revolt himself towards the middle of 1930, party dissidents quickly joined, responding to Wang Jingwei's call for resistance against Chiang's dictatorship. Regional militarists in Henan, Shandong, Kansu, Jilin, Liaoning,
Heilongjiang, Fujian, Sichuan, Shanxi, and others, participated, claiming to be the "Party-Defending National Salvation Movement." This movement was a major intra-party conflict at the turn of the 1930s. In this conflict, the Nanjing regime underwent its most serious crisis. The settlement of the dispute lay finally in military conquest (Wang 1985:257-69).

The conflict began when Feng Yuxiang and Yan Xishan declared independence from Nanjing. In July 1930, the Enlarged Plenary Session of the Enlarged Central Committee was held in Beijing. Wang Jingwei and his followers attended. Feng Yuxiang and Yan Xishan were both elected to the committee to recognize their participation in the anti-Chiang united front. At the Session, local self-government was reemphasized. A committee headed by Wang Jingwei was set up to draw up a Provisional Constitution (Yue Fa), to guide the party's political tutelage of society. Two other issues discussed at the session were: holding a new and legitimate Nationalist Third Party Congress, and the convention of the "National People's Conference" (Wang 1985:269-71). On September 1, an enlarged Conference was held in Beijing. A rebel central party standing committee was elected as was a national government with Yan Xishan the Chairman declared formation.

A crucial element in the failure of the anti-Chiang secession was held in the hands of Zhang Xueliang, the
militarist in the northeast including Manchuria. Since he inherited his father's (Zhang Zuolin) marshal title, and his territory as well as his enemies - the Nationalist army and Yan Xishan, he took a neutral position throughout the rebellion. With the increasing threat from Japan to invade Manchuria, however, Zhang was obliged to seek an ally to counteract the Japanese. He gave allegiance to Nanjing and was appointed its political representative in north China replacing Yan Xishan. The secessionist revolt was finally suppressed by attacks from Zhang in the north and Chiang in the south by the end of 1930 (Bedeski 1981:68-9).

In 1931, Guangdong and Fujian set up secessionist governments demanding greater local representation. This revolt was instigated by Chiang's rightist ally, Hu Hanmin, who was against, among other things, Chiang's proposal for a Provisional Constitution at the fourth CEC Session in November 1930, interpreting it as a compromise with the leftist sentiment within the party. Hu's supporters from Guangzhou set up a secessionist government with the help of Wang Jingwei and the Western Hills faction. Chiang was forced to resign. The new government was inaugurated on January 1, 1931 with Sun Fu the leader. On January 28 Wang Jingwei took over the leadership.

The Japanese invasion of Manchuria and subsequent attack on Shanghai incited public sentiments, which favoured a united front to attend national defense. The public
sentiments brought Wang's government to an end. Chiang was restored as Chairman to open the third Plenary CEC Session, at which he regained control over a party more united than before. Hu Hanmin refused to attend. Wang Jingwei and Sun Fu were included and Feng Yuxiang was reinstated as a CEC member. A resolution was passed to establish a National People's Assembly scheduled for 1933 in preparation for constitutional government and to convene a National People's Congress (Guomin Dahui) in March 1935. This congress would adopt a permanent constitution which would formally mark the beginning of the final stage of the Republican Revolution envisaged by Sun: constitutional democracy. It, in fact, did not convene until 1946, a year after the war (Chen 1988:330-1).

The two important aspects of the failure of the dissident movement at the turn of the 1930s, as Bedeski (1981:40-4) indicates, were: one, the Guangzhou-Wuhan rail link, completed in 1930, which made it easier for the central party in Nanjing to mobilize troops from the Yangzi valley south or north. Secondly, the capture of Wuhan which further offered Nanjing a leverage in preventing Guangxi rebels from joining forces with the northern secessionists centred in Beijing.

Furthermore, the secessionist movement was largely based on a compromise between the Wuhan faction and regional militarists, which doomed the future of leftist
Nationalists. Wang notes that

Instead of a United Front of peasants, workers and petite bourgeoisie (i.e. 'common citizens'), as they had proposed, the Reorganizationists [the Wuhan leftist faction under Wang Jingwei] entered a United Front of the Western Hills Faction and the regional militarists. (1985:271-5)

They thus betrayed their own ideals as well as their radical followers. Since Wang Jingwei failed to obtain control over the party in the secessionist rebellion, he formally concluded the two-year reorganizational movement against Nanjing in 1931. The "left Kuomintang," thereafter, became nominal and the truly politically as well as ideologically committed "left" disappeared from the Nationalist political scene.

Soon after the intra-party conflict, a policy was adopted by the Nanjing Government to "Pacify Internally and Concede Externally" ("An Nei Jang Wai"), despite Japanese advanced into northern China. Military attacks on the Communists emanated from the adopted policy. The retreat of the Communists in 1934 from Guangdong, Hunan and Jiangxi into the "Long March" marked an end to the heavy Nationalist extermination campaigns against bandits (Communists) in those areas. For the Nanjing Government, the Communist retreat meant a further removal of buffer zones between the Yangzi valley and south-north China. Hu Hanmin's death and Wang Jingwei's absence removed two contenders for Sun's mantle, and offered Chiang the chance to increase his control over the party and the army. But, his policy of
"Pacifying Internally and Conceding Externally" angered many Nationalists who saw it as a surrender to the Japanese. In June 1936 military leaders of Guangxi and Guangdong rebelled against Nanjing, urging the central party to declare war on Japan. The revolt was settled in favour of their demand for regional autonomy. Nonetheless, the policy was not changed.

Public sentiment mounted high. But only when Zhang Xueliang detained Chiang Kai-shek in Xian in late 1936, demanding a united national front against the Japanese invasion, did Chiang change his policy under duress. He was released upon a promise to form a united front with the Communists who, after the "Long March," were thriving in north-central China. The war against Japanese occupation finally broke out in 1937 after the Nationalists and the Communists entered cooperation for the second time and lasted till the end of WW II. The cooperation did not last throughout the war. Disunity frequently occurred.

The process of military unification, however, remained an exceedingly important project throughout the 1930s and the 1940s. In fact, as Gillin (1970:849) argues, without the Nationalist regional commanders who, disgruntled by the demobilization efforts that took place in the late 1940s, defected to the Communists, the latter's triumph would not have come so soon.

In all, the centralization of military power in the Nanjing era proceeded through military confrontations
between the central party leadership and regionalized factions, such as the factions of Wuhan, Guangdong and Guangxi (the so-called Liang Guang), and the north. In the process, the Nationalists compromised their goals of building a quasi-market society as warlords and militarists were incorporated into the state apparatus. This compromise created not only a disparity between the Nationalist practice and its theory of revolution. As well, it engendered dissensions between the party, mobilized as it was by previous policies of the united front, and the government which was still dominated by old bureaucrats and local elites.

**Unification of the Party and Government**

As far as the Nationalists were concerned, the state was comprised of an integrated political system of the Nationalist Party, the Republican Government and the army. Since the system was structured after the Soviet model, the party became the decision-making body. Decisions made by the Central Executive Committee were the guideline of state policies.

When Chiang Kai-shek tried to secure his control over the party, he waged a purge against the Communists followed by the Party Rectification Movement, which served to unify the party through purification. Leftist elements in the party from the centre down to local party branches, influenced by the previous policies in the Guangzhou era
favouring workers' and peasants' movements with the involvement of the Communists, were "rectified" and in effect, eliminated. The result was a centralized control over the party.

In Jiangsu, Geisert finds that as a result of the recruiting effort during the co-operation between the Nationalists and the Communists in the mid-1920s, many people from so-called xiaokang families (lower well-to-do families), such as small landlords, rich peasants, teachers and tuition-free students, that is, small property owners and young intellectuals, became Nationalists. These people were often local activists who wanted to change and to protect their endangered rights from the encroachment of the more powerful elites in alliance with warlords. They were attracted to then radical Nationalist ideas. In the Nanjing era, the central state sought to promote the idea of the "revolution of all classes united" in order to discredit the earlier leftist propaganda of "local bullies and evil gentry as revolutionary enemies." This inconsistency of Nationalist policies led to a fragmentation of the local party branches from the central party.

During the Party Rectification Movement, the Central Party Organization Department headed by Chen Guofu, a close follower of Chiang, was set up. Its first task was to change the tradition in which provincial delegates to the party congress were selected by local party branches.
The catalytic event took place before the convening of the Third Party Congress on 15 March, 1929 when a close competition for the party's leadership emerged between Chiang Kai-shek and Wang Jingwei. If local delegates to the congress were allowed to be selected by local party branches, Chiang was worried that Wang would have a majority vote (Geisert 1979:82). Thus, the Central Organization Department adopted a system "by which the lower level congress chose twice the number of delegates allotted it, and then the upper level party committee selected the proper number of delegates from that slate of nominees" (Ibid:82-3). This selection allowed the central party not only to control the delegates but also to designate a factional categorization of the delegates. Although with this method, the Nanjing central party eventually acquired control over local representation at the National Party Congress, at the time, however, it incited the secessionist movement against the Nanjing central party discussed earlier.

As the Nationalist Government was appointed by the Party Congress among its delegates, central government officials were also directly involved in the party leadership in which the strength of a faction lay in its influence on local governments through personal connections. Factional conflicts in the party were often accompanied by friction between the party and the government, between government institutions, and between upper and lower party
or government apparatuses.

In the era between 1929 and 1949, the Republican Government did not make efforts to replace old local governments. In many areas, local governments were still in the hands of old bureaucrats and magistrates who had both influence over local society and administrative know-how. Their influence in the local community was strengthened by their control of local police. These bureaucrats and magistrates mostly joined the revolution, as it came along, in order to preserve their dominance over the local rights and property relations. They did not seem to have been committed to the revolutionary principles. The discrepancy between their interests and these principles ultimately brought them at odds with local party organizers who tried to carry out programs of redistribution adopted during the Guangzhou era. Conflicts arose between the local government and its supporters who were interested in maintaining local property relations, and local party organizers who were sent down to bring changes through educational programs. Hence, in many areas, the party and the government were at loggerheads. Local governments, particularly the county (xian) governments, were under the influence of powerful local elites (Geisert 1979:6). These local elites, urban merchants or rural landlords, shared a similar interest in protecting local autonomy from the control of the central state, on one hand, and on the other, in maintaining the
status quo against leftist Nationalist agitations for change. They thus found affinity with the central state in eliminating leftist influences, but resisted centralized control over local affairs. Their cooperation with the central state in the former endeavour was, however, enough to weaken their bargaining power over the latter issues.

To resolve the problem of party-government disputes, Chen Guofu proposed new regulations, accepted by the central party in mid-1927, to endow xian party organizations, which controlled all local mass organizations, with both the "right to supervise (jiandu)" xian governments and the "responsibility" to make suggestions, if asked. The regulations stipulate:

that the local party could not compel government action. The hsien [or xian] government for its part had the responsibility of giving financial and other support to the party, but was not supposed to "interfere in party affairs." To prevent the use of direct action in disputes, when dissatisfied with the government the hsien party was to ask the provincial government; hsien governments were likewise to present their grievances to the provincial government for solution on the provincial level. (Geisert 1979:133)

These new regulations significantly rebuffed a feeling that the party should be the supreme arbiter of state affairs. They of course undermined party power. They seemed to adhere to the rhetoric that "The government is not to interfere in party affairs; the party is not to interfere in administration" (Geisert 1979:133-4). Despite disenchantedment from many provincial and xian party leaders who were against the new formula to resolve party-government
disputes, the implementation of the regulations certainly provided a venue for the central party to achieve the ultimate goal of 'centralization through unification'.

Many Nationalist Party and Government leaders, in fact, favoured a strict 'functional separation' of clearly defined tasks between the party and the government at all levels. Hu Hanmin advocated that party organizations lead mass movements through their charge of public education and training masses for self-government, while the xian government administered finance and public security through the control of local police (Geisert 1979:132). Under this postulation, conflicts between the two institutions were inevitable, provided that the xian government was controlled by mostly old bureaucrats with close ties to powerful local elites, on one hand, and on the other, xian party organizations being headed by youthful intellectuals who worked to mobilize local people to eradicate the unequal order of property relations. Any social movements organized by party organizations were subject to sanctions by governments which controlled the police and finance. Violent clashes between police and mobilized citizens became a serious problem that aroused the concern of the central government.

When disputes between the xian government and xian party organizations were to be settled by the provincial government, local affairs in the xian were inevitably
susceptible to control from higher authorities, especially in cases where the central party stepped in to "assist" the provincial government. Given that factionalism dominated Nationalist politics in the Nanjing era, settlements of local disputes were thus often sought by bringing in the solicited support from upper level party factions. This development seemed to have retained some characteristics of past social organization, such as personal connections and regional allegiance. The difference, however, was that these characteristics were now accompanied by an ideological interplay between the party and the government.

At the root of disputes, consequently, between the xian government and xian party organizations lay the differing approaches to local elites. The xian government's approach to local elites usually constituted a factor in government corruption and incompetence. Given that xian government officials were often old bureaucrats profiting from their relationships with local elites, their attitude to people sent down from upper party agencies to organize xian party headquarters was bound to be hostile. Enmeshed interests allowed local elites to provoke xian government officials into actions against local party workers who saw these elites as bullies and evil gentry. Conflicts of interest between the party and government at the local level reinforced a desire to establish central state power, one which could define and represent unified interests. The
growth of this state power was clearly assisted by a reliance on the propertied, merchants, landholders and capitalists, with little modification of local political and administrative structures.

As Geisert (1979:144-5) points out, the Party Rectification Movement provided an opportunity for the Central Organization Department to control local party organizations. Not only was the rectification little more than the takeover of the provincial party headquarters by centrally-appointed persons close to the faction under Chiang Kai-shek, and similar personnel turnovers at the xian level. But as well, most of the newly appointed local leaders had no objections to the central party's policy that attacks on local elites were harmful to social order and stability. During and after the rectification movement, the central party, thus, required Zhejiang Kuomintang organizations to shift their attention from rent reduction campaigns to socially less provocative activities such as pro-government propaganda, and literacy campaigns (Ibid.). The result was less dispute between the xian government and xian party organizations, since "after the onset of rectification even that deprecating term [local bullies and evil gentry] for local elites virtually disappeared from party parlance" (Ibid.). Then, the party turned inward. Party meetings were dominated by a consideration of organizational, financial, and personnel problems. They rarely advocated or even considered measures that seriously conflicted with the
interests of local elites (Ibid.).

One thing that illustrated the party's relaxed policies towards local and non-party elites was the party's torpor in promoting land reform. This was because of local elites' vehement opposition to the program of "land to tillers," from which they would, of course, have little to gain. It was thus a success on the part of the xian government backed up by powerful local elites when the program of land reform was postponed at the Third Party Congress (Ibid:148).

The success, however, that the xian government achieved during the Party Rectification Movement was far beyond the postponement of land reform. According to Geisert (Ibid:150-1), during the rectification movement, the central party instructed party organizations at different levels to take the following measures to avoid confrontations with the government:

For example, its representatives to a party-government conference apparently acceded to a ruling that hsien [xian] parties which were in disagreement with hsien governments could not publish their opinion on the issue without prior approval by the provincial party; this likely reduced the ability of hsien parties to rally public and party opinion against the government. The provincial party committee also narrowly defined the role of hsien parties, preventing them from establishing committees to handle properties confiscated from undesirable elites, saying that this was an administrative function which properly fell into the realm of government responsibility. The committee similarly barred hsien parties from recommending persons to hold government and educational posts. More significantly, the Provincial Rectification Committee disbanded all hsien executive committees that were involved in any disputes - including those with governments - and appointed rectification committees in their place. This must have displaced many of the
party leaders who had been active in monitoring local governments. In addition, a provincial party-government conference determined that the party would disseminate whatever propaganda the provincial government deemed necessary. In essence this reduced the party to a propaganda arm of the government - a gross violation of the principle of party rule and leadership of the revolution.

From appearances, the government seemed to have obtained the upper hand over the party, at least at the local level, after the Party Rectification Movement. On reflection, however, what this appears can still be considered a part of the centralization process because the decision-making power was concentrated in the hands of upper party agencies, such as the Central Organization Department. This centralization of power had a profound impact on local society. Without local party organizations overseeing the xian government's behaviour, corruption remained untempered. Local elites protected by local governments continued to enjoy the unequal order of property relations and ordinary citizens had no protection from either the party or the government.

In the above discussion, one theme stands out: namely, centralization was systematically carried out through a shift in government policy from working to change the unequal order of property relations to maintaining order by protecting property. The result was a power transfer from local party organizations to upper level party appparatuses. Relaxed emphasis on revolutionary goals, such as land reform, helped bring about unified policies of both the
party and government after the party rectification. A question, however, arises, as to whether the relaxed policies of Nationalist party-government towards local elites meant a rapprochement of the Nationalist State with them. In other words, had the Nationalist Party turned to serve the interests of the landlords and capitalists? An answer seems premature without analyzing the Nationalist strategies to build a "free market" society.

In the meantime, however, it suffices to suggest that foreign influence perpetuated the development of regional militarism, over which the Nationalists exerted force to bring it to accord with their rule. In the course of contending regional militarists, the Nationalists compromised their revolutionary goals of supporting the struggles of labour and the peasants for justice and equality. The establishment of Nationalist elite rule, instead, was based on its involvement with the old warlords and bureaucrats to maintain the order of rights and property relations. The policy of the united front, focusing on land reform and redistribution, was displaced by those of the Nanjing Government which emphasized a centralized control over society and conformity to order. This shift represented a change from an aim to build a quasi-market society to establishing a "free market" society.

This change developed in the course of the practices of those up-coming elites, whose interests would not otherwise
be recognized in the Imperial order of rights and property relations. Their demands for change directed their activities and created a new style of elite activism. The use of foreign resources such as mass media enhanced their contribution to social influences that had consequences and implications beyond their locales. Their influence irreversibly transformed Chinese society from its Imperial tradition of elite rule to a social reality created by an elite, grouped under the Nationalist leadership, who made efforts to centralize control over society through the adaptation of foreign influences and militarization of state power. These efforts, forming a centre-piece of the "free market" approach, protected property, suppressed the demands of labour and the peasants, and decisively hampered the movement toward the building of a quasi-market society.
NOTES

1. The era between 1927 and 1937 can generally be divided into three periods to which the discussions of the following three chapters loosely correspond. The first period (1927-1932) covered the military manoeuvres that the central party in Nanjing took against regional militarists, and ended with the Japanese occupation of northeast China. The second period (1932-early 1935) saw inter-party conflict between the Nationalists and the Communists, climaxing in the Nationalist Extermination Campaigns against Bandits (Communists). Two other developments were intertwined with the anti-Communists campaigns: socio-economic programs, such as the rural reconstruction program and industrial construction program (zhengli), implemented partly to raise funds for the government campaign-chest and partly to establish order with the help of constitutional reform. The last period (1935-1937) witnessed the dichotomy between the Nanjing Nationalist Government, which continued to focus on exercising control over society, and public agitation against its reconciliationist policy on the Japanese invasion. The Nationalist elite, bowing to public demand, entered a united front with the Communists against the Japanese. At same time, it continued its program to regulate the economy in an attempt to cope with high inflation and high unemployment caused by the Great Depression and the war.

2. In close contact with Shanghai, for example, as Rankin (1986) has studied, a meeting-point then of intellectuals and western ideas, Zhejiang elites were involved in the establishment of modern educational institutions to introduce western science and technology, and to provide opportunities for the currently popular statecraft-oriented education. They were also among early staff members of Shen Bao, one of the earliest newspapers in China. This paper served as a channel to link the public on the lower Yangzi with politics in Beijing. Through Shen Bao and other papers, elites advocated popular education. They also engaged in debate. Two views emerged out of the debates on a search for new political relationship between the government and the public. "One called for officials who were more responsive to outside views. The other urged increased opportunities for outside opinion to influence policy" (Ibid:162). In either view indicated a clear demand for public participation in political processes.

3. Further anti-Manchu activities led by secret societies instigated the critical event of 1900 in Beijing and northern China, known as the Boxers' Uprising. It took place when the conservative clique in the palace worried about the possibility of the Emperor Guang Xu coming back to continue reform after the Dowager died. They wanted to eliminate the reform-minded Emperor altogether. They used the Boxers, who were essentially against foreign elements, to stage their attack on the impeached Emperor, whom they accused of copying the West. With a twist of anti-foreign
influence, the Boxers were manipulated by them to make the placement of a new emperor a reality.

The Boxers, who originated in Shandong province, entered Beijing and waged a campaign against foreigners and the Chinese who were under foreign influence. This incited an allied force of ten foreign nations to plunder and ravage the city. The Boxers were exterminated, but Chinese society was traumatized more than ever before.

4. The edict states:

The officials within and without the capital are entrusted with the duty to consider what should be reformed, and what ingrained habits should be disposed of, in order to correct the current predicament. The essential reforms outlined in the joint memorial of Liu Kunyi and Zhang Zhidong should be put into practice at once. (Thompson 1985:14).

Much of the following discussions on the self-government reforms is informed by Thompson.

5. In fact, xiangshe reforms in Shanxi, in many respects, were to regenerate the spirit of bao and jia at the grass-root in order to maintain local order and unify the feelings and opinions of the people with the emperor. At the same time, the magistrate could be relieved from much of his crush of litigation on water rights, taxes, and various lawsuits between villagers. Many of these lawsuits could be settled by good mediation initiated by the shezhang (Thompson 1985:41-2).

6. Because social mobility and migration had disrupted the traditional lineage order of rights and property relations, it became difficult to have the shezhang selected by the village elite or elders and sanctioned by the yamen after investigation as all earlier dynasties had done. In fact, lineage organizations were preserved better in the South than in North after the Song dynasty. Throughout the Mongolian forceful southward migration in the Yuan, frequent battles waged by the Chinese against northern Mongolian and Manchu neighbours in the Ming, and Manchu domination in the Qing, the northern part of China had always been the battle-ground and the place for new settlers. Loess land in central north China and intermittent floods from the Yellow and the Huai River, could not provide enough wealth to support large lineage organizations. Migration of large landholders into cities had left opportunities for peasants to become self-proprietors. Migrants from other provinces had joined up with bankrupt tenants and formed a local farm labour force. All these transformed the relationship between landlord and tenant, the character of the local elite, and patterns of local dominance.

7. All these terms had a character gong for public because the people who held these posts were concerned with public affairs.
8. After the Chinese defeat in the 1895 Sino-Japanese War, Japan increased its influence on China by playing the card of common Asian descent. Japan sheltered reformers who ran away from persecution by the Qing government, over which it also kept a close watch. Especially in 1905, Japan made itself a decisive model for China after it defeated Russia in Manchuria. This event amazed Chinese intellectuals, who soon decided that Japan offered the way for the Chinese to gain wealth and power.

9. Tianjin reformers believed that local self-government would provide the practical experience necessary for Chinese people to participate in a constitutional form of government (Thompson 1985:112). The idea to institute self-government councils at the sub-district level was in part to amend poor local leadership. Reformers argued that if the members of a self-government council were elected to represent the wishes of people in the community, not their own wishes alone, the council would have to be operated on the principle of "majority rules" which fostered public-mindedness (gongde xin) among local leaders. The separation of (legislative) council and (executive) board, based on Japanese experience, was furthermore geared towards the establishment of a balance of power and administrative surveillance. Only in this way, reformers thought, could social progress be expected from public-oriented local leadership, and could abuse of power among local leaders be eliminated (Ibid:121-2).

10. See Thompson (1985:120-1). According to Zhang Guofu (1986:7), the Regulations of the Self-Government Bureau stipulated that suffrage was limited to those male natives of the province above age 25 who had three years or more experience in teaching and civil service; who had at least a gongshe degree or middle school education; who used to be civil or military officers at least the seventh or fifth rank; and who had 5,000 yuan assets, and those non-natives of the province who had 10,000 yuan assets in the province.

11. In fact, as Thompson (1985:Chap.IV) documents, the Shanxi xiangshe reform model was never rejected by the court. It was treated as an alternative reform strategy to the Tianjin model, especially during conflicts between factions in the court. Most of the debates at the time revolved around two related issues, which are still relevant in China today.

One issue, in terms of constitutional government, concerned the significance of local self-government. Did it mean a re-structuring of district and sub-district administration in order to address some of the structural deficiencies of local administration? Or did it mean mobilizing the population in terms of participation in administrative and political discourse? The second issue: At what level in the administrative hierarchy should local self-government reforms begin? Should reform efforts begin in urban areas such as provincial capitals, prefectural seats, and flourishing
commercial areas? Or should it begin at the sub-district level, primarily rural in nature, thus providing the foundation for subsequent reforms? The crucial elements in the policy debate turned on interpreting local self-government either in terms of local administration or political mobilization, and whether the flow of reform efforts should move from urban centres toward rural areas or in the opposite direction. (Ibid:149)

12. On the other hand, people who would not gain in this reform were unquestionably the vast population of labourers and the illiterate urban-rural poor. They had neither stake in property nor education to be qualified for the right to vote.

13. In the early twentieth century, the political and economic status of local elites, and their traditional rights and property relations with others, were changing. The abolition of the traditional system of civil service examinations in 1905 threw local elites in disarray, particularly those who used to cling to their titles as Confucian scholars. The opium invasion, the Taiping Rebellion, the Boxers' Uprising, and the coming of western missionaries and foreign businessmen questioned local elite domination. In many rural areas, local self-government councils were turned into councils of local elites (shenshi hui). This sort of local administrative reforms, however, did little to improve rural life. Heavy taxes and unstable social conditions forced many poor people to join secret societies or bandits. Provincial armies grew fast in order to contain local peasant rebellions. These armies lived directly off the resources of local people. Corruption often became a method for local elites to maintain safety from government threats as well as from local banditry. Local resistance to reforms existed partly because the Qing government itself was becoming increasingly unpopular among rural residents.

14. Because of power struggles between the Imperial conservative party and reformers over who would control reform policies, the inaugural convention of the National Consultative Assembly (Zizheng Yuan) was delayed till September 1910. The assembly had one house. Fu Lun, a noble kinsman, was the first chief-director; and Shen Jiaban, a chief architect of the legal reform, was the first vice-director. The assembly was to decide the annual budget, the annual deficit, taxes and state bonds policies, laws and amendments, and decisions specifically assigned by Imperial edicts.

Important decisions were passed during the preparation stage of the assembly. Besides the drafts of codes to be discussed next chapter was the issue of Charters of Local Self-government and Provincial Consultative Assembly (Yang 1958:5-6). These regulations, passed respectively in 1906 and 1909, foretold a system of two levels of local self-government. The level of districts, prefectures and provinces constituted the upper stratum above the lower level of villages, towns, and cities. Acknowledging
vast regional diversities, the regulations contemplated the necessity for each locality to determine its own self-government guidelines within the limits of the regulations (Ibid:23). The idea of having the right for each local community to govern its own affairs stipulated in a written constitution was certainly a major departure from conventional conceptions of government. For details, see Zhang (1986) and Yang (1958).

15. A draft constitution was written in 1908 including guidelines for the exercise of Imperial rights and the rights of the assembly. It gave the emperor the supreme rights to assemble and dismiss the national assembly; to approve law and agenda to and from the assembly; to promote and demote officials; to command the army and declare war; to authorize judicial decisions; to dispense rewards and favours; and to determine the budget of the court. In the end, it left the assembly few rights but duties.

To respond to popular discontent, the Qing government hastily convened the National Consultative Assembly for the second time, on 22 October after the 1911 Uprising. A document of Nineteen Articles was issued, as a last resort to rescue the fading empire. The document, largely modelled after the British Charters, was very different from the draft of 1908 written in close imitation of the Japanese Constitution. It extensively limited the power of the emperor and expanded the rights of the assembly. It promulgated that emperor's rights were given or withheld by the assembly, which was given legitimate power to pass constitution and laws. According to the document, the Prime Minister was to be elected by the assembly and not appointed by the emperor. No members of the Imperial lineage could assume the offices of Prime Minister, ministers, or chief provincial official. The document of the Nineteen Articles was commemorated as the first written constitution which ever existed in Chinese history (Zhang 1986:11-3; Yang 1958:10-3). The concession from the Qing government was drastic. But, the fate of the Qing Empire was doomed and nothing seemed to be able to save it in the face of the heightening outburst for change.

To look back at the reforms in the 1900s, Conservative elites representing a small group of nobles and Imperial court officials saw the Qing empire as vital to maintain their privilege. Liberal elites theoretically headed by Kang Youwei, who soon fell into conservative camp after the downfall of the Qing, were interested in reforms and revitalizing the Imperial rule. A constitutional monarchy was acceptable to liberal elites, who saw themselves as constitutional monarchists, perceiving the constitution as an instrument of the Imperial rule. Radical reformers, grouped under Sun Yat-sen, who finally led the Republican Revolution and brought the process of social transformation to a benchmark, would not be satisfied by a constitutional monarchy. They would like to see state power constrained by law and public surveillance. In the reforms of the 1900s the two forces found a common ground in the rule of law on which a constitutional government convened.
16. In the months of the Provisional Government in Nanjing, policies were issued to confiscate properties of the Imperial dynasty and its officials who had fought against the Revolution, to protect private property and business, and to encourage economic activities by organizing Bureaus of Business (Shiyè Shì) in provinces under the Department of Business (Shiyè Bu). The Government called on the male citizens to cut their pigtails—the symbol of Qing subjects, and female citizens to unbind their feet. It also issued a decree banning opium (a drug that had been brought to China by early imperialists), gambling and trade in human beings. To enforce order, the Government adopted the Qing New Penal Code and other new laws drawn during the late Qing reform movement as transient provisions, with the old severe punishments and forced confession removed. Open court, and defense lawyer, were planned to be instituted. All these provisions characterized a scheme of the new order, one in which western ideas of government would have to be accommodated while old ethos and social structure would have to be done away with. For more on the above discussion, see Zhang (1986:61-94), Wang and Xu (1986), Yang (1958), Liu (1963), and Pan (1935).

17. The Provisional Constitution was composed of General Principles and the Chapters on People, the Assembly, the State Council, the Court, and the Appendix. It stipulated that senators were elected by provincial governors and former consultative bureaus from the late Qing reforms. The representatives of the House were elected by those men at the age of twenty-one or over who had 500 yuan worth of assets, paid two yuan worth of tax and had primary school education or the equivalent. The Provisional Constitution also stated that the citizens of the Republic were recognized to have rights to life, property, freedom of speech, publishing, public gathering, association, communication, and belief. They had rights to appeal, litigate, participate in examinations, and to vote and be elected. They had duties to pay taxes and serve in the army.

18. The Draft Constitution of 31th October 1913 is also known as Xiantan Xiancao (Heaven Altar Draft of Constitution). This is because the draft was written at the Heaven Altar site in Beijing. For more, see Yang (1958), Zhang (1986:116-22), Wang and Xu (1986:200-2), and Pan (1935:54-62).

19. As western powers increasingly engaged in the First World War in Europe, Japan saw an opportunity to expand its influence in China. As early as the beginning of Yuan Shikai's regime, Japan supported Yuan with loans to strengthen his army, bribe venal persons in the parliament, and consolidate his power over civil and military structures. In the beginning of 1915 Japan went on to exploit the situation by imposing the "Twenty-One Demands" on Yuan, who had to postpone his plan to proclaim the Emperor. According to Franke (1970:88), Japan had worked secretly on revolutionaries seeking independence in Manchuria and Mongolia, and on expanding its interest in the South. Yuan Shikai's centralism
became an obstacle to its plan of pursuing special local interests. Japan much nurtured the idea of a divided China ruled by Yuan Shikai and Sun Yat-sen, both of whom were dependent on and hence loyal to it. In so thinking, Japan sheltered the revolutionaries, most of whom had influence in southern China, from Yuan's clutches. When "the Japanese hoped to force Yuan on to a course acceptable to Japan by means of the Twenty-One Demands," "the Japanese had a good case for threatening to give active support to the revolutionaries if their demands were rejected by the Chinese government, for Sun Yat-sen had given the Japanese government written assurances of extensive political and economic concessions in return for their desired help against Yuan Shih-k'ai [Shikai]." History tells that Yuan angered people by accepting the Japanese demands without consulting them.

20. The first to sit in the president's seat, on 29 June 1916, was Li Yuanhong, a warlord from Anhui backed by Japan. Duan Qirui was the Prime Minister. The dissolved parliament was called to reconvene (Nathan 1976:65-9). The Draft Constitution was brought back to discussion. Debates arose on the issues of Confucianism, local self-government and the model of administrative institution but had no result. Additional conflict appeared between the government and the parliament over the former's recommendation to follow Japan and to declare war against Germany. The Nationalist opposition refused to attend the discussion. Li Yuanhong invited Hebei warlord Zhang Xun to Beijing, whose troops expelled all members of the parliament. Hence, the parliament was dissolved for the second time, on 12 June 1917. Zhang Xun ousted Li Yuanhong and restored the last emperor of the Qing Pu Yi, on 1 July. Kang Youwei, who remained loyal to the Qing, took an active part in the event of restoration. On the 12th, Duan Qirui brought troops from Anhui and reoccupied Beijing. Feng Guochang succeeded Li as president and Duan remained the prime minister. If the event had served any purpose, it would have been an opportunity for the cabinet and the parliament to reduce the presidential power that Yuan Shikai had accrued. When Xu Shichang, a peace broker, took over the presidency in October 1918, the office became weak, allowing the cabinet at the time to win the battle for power over the parliament (Ibid:103-24). Temporarily, peace between the north and the south, and among rival warlord factions had prospects. This peace prospect was a result of an outburst of nationalist sentiments for unity between southern revolutionaries and northern warlords (Pan 1935:86-102). However, the outbreak of war between the northeastern warlord Zhang Zuolin backed by Japan and the central-plain warlord Xu Shichang supported by Britain and the United States over the control of the Beijing government smashed the dream for peace. Soon the conflict between warlords resurfaced in 1920, again in 1922, and 1924 (Nathan 1976). The vision of unification was once again blurred. In the few years, the Beijing government, at the fringe of collapse, was constantly subject to war waged between warlord factions, vying for power. Foreign powers, particularly Japan, were behind every military manoeuvre by
backing one or another opposing parties.

21. Public discussions and debates broke out over the pros and cons of a federation of self-governed provinces. One opinion argued that unification could be achieved only through an American type of self-government in provinces. Another opinion asserted that disparity would be widened between provinces as a result of self-government. For more, see Pan (1935:103-19). Hunan took the lead in this movement. As Perdue (1987) points out, Hunan as a junction point between south and north had developed rapidly since the late Qing. Being a better-off province, Hunan shared an interest in retaining its power in revenue management with provinces such as Zhejiang, Jiangsu and Guangdong.

22. In August, 1922, the Comintern representative Maring suggested that the Chinese Communists should join the Nationalist Party and form a group within it rather than an independent group alongside it. Although Chen Duxiu and other Communist leaders resisted the suggestion, eventually at the Third Congress in June 1923 the Chinese Communist Party officially agreed to Maring's request, accepting that the Nationalist Party was the centre of all revolutionary forces and that the Communists should join the Nationalist Party as individuals without prejudice to their Communist membership.

23. The first paragraph of the statement read:
Dr. Sun is of the opinion that, because of the non-existence of conditions favourable to their successful application in China, it is not possible to carry out either Communism or even the Soviet system in China. M. Joffe agrees entirely with this view; he is further of the opinion that China's most important and most pressing problems are the completion of national unification and the attainment of full national independence. With regard to these great tasks, M. Joffe has assured Dr. Sun of the Russian people's warmest sympathy for China, and of (their) willingness to lend support. (Franke 1970:132)

24. There were about 165 provincial representatives, Communists Li Dazhao, and Mao Zedong were among them. In the elected CEC (Zhongyang Zhixing Weiyuanhui), the highest organ of the party, the Communists were allowed one-sixth of the seats. With less representation and probably less consultation in decision-making, the Communists in the Nationalist Party were thus not placed closely under the direction of Sun but that of the Comintern. Borodin and other Comintern representatives enjoyed the support of the Communists who formed a close group within the Nationalist Party (Wilbur 1983:8-13).

25. According to Chen Ruiyun (1988:141-4), the military commandant was Chiang Kai-shek. The Party representative was Liao Zhongkai, Sun's right-hand. General Bluecher headed the Comintern military
advisers. Zhou Enlai, a Communist, was deputy leader of the political department.


27. Earlier Chiang stood in between the left-wing and the right-wing camps. As he consolidated his control over the Kuomintang army through his command of the Northern Expedition, he showed more interest in assuming the power left by Sun than ever before. However, he saw the increasing power of the Communists in their organization of the working people's movements as an obstacle to his attempt to control the party and the government. He soon threw his influence behind the right-wing groups. The incident occurred when Chiang was suspicious of the Communists working with Wang Jingwei against him. He ordered to seize the gunboat "Zhongshan" anchoring off his headquarters at Whampoa and arrested Li Zhilong, the acting chief of the Naval Bureau and a Communist. He then "declared the martial law in Canton, and had his troops disarm the guards protecting the residences of the Russian advisers and the headquarters of the Communist-controlled Hong Kong-Canton strike committee" (Wilbur 1983:47-8).

28. Note that in order to distinguish the context in which regional militarism developed in the late 1920s and the 1930s from that in the earlier period, the term, regional militarist, is used instead of warlords. Old warlords were conservative and hostile to the revolution. After 1927, regional militarists started to develop ties to the Nanjing Nationalist Government.

29. At the Third Party Congress in March, 1929, the "General Principles of the Period of Political Tutelage" based on Sun's "Program of National Reconstruction," was passed. According to Sun, the army was to relinquish its dominance once the country was united in order to allow the party to exercise its political tutelage over society. Only then would programs of social, economic, and political reform have a chance to succeed in preparing for the building of a constitutional government. The situation at the end of the Northern Expedition was, however, far from Sun's expectation. The party was weak. "The exercise of party sovereignty could extend no further than military control permitted" (Bedeski 1981:77-8). The reorganization of the Kuomintang leadership with regional military representatives hardly meant that Chiang had acquired control over regional military forces.

30. The public, particularly the business community in Shanghai, Chiang's revenue base, was very enthusiastic about the program, even though concerns were also genuine about the gloomy employment prospect for disbanded soldiers. China Weekly Review in Shanghai voiced the concern of the growing ranks of the Communists and the various bandit bands that were roaming south and central China, as a result of the growing number of disbanded soldiers. See China
31. In August 1929, a few months after the issue of the program, a report came out of the Disbandment Enforcement Conference, stating that "The central government controlled only a few provinces," (to be precise, only two provinces, Zhejiang and Jiangsu,) and regional militarists continued to dominate their areas (Bedeski 1981:37). In fact, it may not be too much to say that the provinces over which the National Nationalist Government in Nanjing had effective control were primarily Jiangsu and Zhejiang, two rich provinces in China at the lower Yangzi valley. Chiang Kai-shek came from Zhejiang where he drew his loyalty in all inter or intra party conflicts. Jiangsu, next to Zhejiang, had the seat of the National Government in Nanjing. Shanghai was right at the door-step of the capital with a most developed business community contributing funds to the government revenue. It is therefore not a surprise that contemporary students of Republican China, such as Geisert (1979), Stross (1982) and Coble (1985), choose to focus on the development of these two provinces in the decade between 1927 and 1937.
CHAPTER FIVE

Forming the Social Relations of a "Free Market" Society

In the preceding analysis of the centralization of control over the military, party and government, there is a clear indication that the Nationalists deviated from the initial theory of revolution. The Nationalists led by Chiang Kai-shek, instead of "supporting the peasants and workers" as Sun Yat-sen's Three People's Principles had recommended during the Guangzhou era (1924-1926), co-operated with such political forces as regional militarists, old magistrates and local elites, and suppressed the peasant and worker movements in the Nanjing period. The task of this chapter is to characterize the nature of this disparity by addressing the question of whether the Nationalist regime was established in protection of the growth of property. The Nationalist practice was more congenial with the establishment of a "free market" society than many believe, as Rawski indicates in his account of the changes in the Chinese economy during the half-century preceding the Second World War.

This "free market" society differs from Sun's vision of a future China because the government neglected the needs and rights of labour and the peasants. The Nationalist Government, as Rawski (1989:26) suggests, kept public spending small although its share of military outlays was
large. The public sector remained at a minimum although the Nationalists confronted regional interests in part to enhance state involvement in capital accumulation. The private sector dominated the civilian economy, "with the forces of the market outweighing administrative measures by a wide margin" (Ibid.).

There are these indicators of the growth of a "free market" society under the Nanjing Nationalist rule. One is based on the competition between small, traditional businesses and large, modern enterprises that was fought broadly in the marketplace, although government intervention at times played a decisive role (Ibid:xxiv). Such important industries as telephone, railways and national banks were controlled by the Nanjing Government and offered services that traditional operations could not provide. Traditional modes of business continued to function according to inherited patterns and to develop linkages with new enterprises (Ibid.). These inherited patterns included a brokerage market system, with merchants and local elites acting as the intermediaries of contractual partners (Ibid:52-3), and tankuan, a tax on the community as a whole to enforce collective responsibility (Duara 1988). The Nanjing Government, in response to the demands of merchants and mill owners, adopted means of licencing, taxation and a system of production quota to encourage producers of an industry to form a Lianying She (corporation). This
corporatist approach, however, as Shang Mingxuan (1992:204-5) suggests, favoured big and modern producers and limited tongyie jingzheng (competition in the industry). It protected the accumulation of Chinese industrial capital when the government incorporated foreign businesses into the Lianying She and restricted their activities (Ibid:212-3).

A second indicator concerns the disparities in the distribution of income and wealth that continued to grow as the Nationalist Government had no political will as well as resources to set up welfare programs for the poor. The government's ability to extract from society was limited to areas over which it had control, and the taxes it imposed, were mostly used to fund its war chest and police force. Its programs of rural reconstruction, in particular, were used to establish order and to raise revenue more than to elevate poor people's livelihood. Its exercise of force protected the sanctity of contracts between capital and labour. That is to say, it protected property.

What accounts for the growth of a "free market" society, rather than that of a quasi-market society? An explanation of the discrepancy between the theory and practice of the revolution is by no means as straightforward as the assumption that the Nationalists abandoned Sun's theory. In retrospect, to pursue Sun's goal, the Nanjing Government adopted policies to build the economy and, at the same time, to develop a centralized control of
the military and party-government. It implemented policies of rural reconstruction and promoted co-operative movement under the program of political tutelage.

The struggles for power in the party, however, and conflict between the Nationalists and Communists created different interpretations of Sun's theory and, hence, affected its application. The existing complex of rights and property relations, moreover, was contingent on the realization of the Nationalist objectives. Social forces, such as regional militarists and established political and economic elites, both of whom strived to maintain their dominance over the order of rights and property relations, tempered the Nationalist social programs of rural reconstruction, legislation of the factory law and the trade union law, and the increase of tax and duties. The presence of foreign interests imposed limitations on the Nationalist practice. Foreign domination constrained Nationalist ability to increase revenue through regulating domestic economy and raising tax and tariffs.

The subsequent interaction between the Nationalist practice and these forces helped shift the Nationalist objectives from their revolutionary commitment to "supporting the peasants and workers" to a desire to establish rule with military and legal force. The efforts of the Nationalist Government to consolidate its rule through regulating economic relations dominated by political
and economic power exercised by the above constraining forces encouraged an expansion of state involvement in maintaining the growth of property, a process which was first initiated in the late Qing.

One reason for the discrepancy between the practice and theory of the Nationalist Revolution, therefore, lies inside the growing state involvement in shaping the course of transforming brokerage market economy. In the process, foreign forces, both political and economic, in forms of treaties, indemnities, loans, investment and trade, exercised influence on the ability of the state to protect the growth of property. They also brought up a business class and provoked anti-imperialist, anti-exploitation sentiments among Chinese labourers, who then stood up for the recognition of their citizenship rights. Without an understanding of this process of the state expanding power in order to contend with foreign and Chinese political and economic forces and to secure a taxable base from the late Qing to the founding of the Nanjing Government, it is obviously impossible to explain the growth of a "free market" society, in which the Nationalist elite abandoned public support through its efforts to protect the growth of property in suppressing labour and the peasants.

Foreign Influence and Rising Modern Economic Relations

Foreign relations gained significance historically only
in the middle of the nineteenth century when British
gunboats forced open the Chinese gate. Foreign economic
activities began with trade, which enabled foreign merchants
to profit from either selling to the Chinese or buying from
them to ship to foreign markets. Initially, foreign
merchants were restricted to the treaty ports, where they
invested in trade-related industries.

Apart from shipping, insurance, and banking, which were
necessary to promote trade, they began to establish
factories in the treaty ports, and to take advantage of
Chinese labor and raw materials. Quite naturally,
their manufactures were first in the fields of ship
repairing, shipbuilding, and processing for export...
In the 1880's, a number of foreign concerns were
established in the treaty ports to manufacture such
products as matches, paper, soap, and drugs, which had
previously been imported. (Hou 1965:7)

These foreign industries in treaty ports employed
largely urban labourers, men, women and children. When
foreign businesses invested in mines and railways in central
China, they created the miners, the railway and the dock
workers who, together with treaty port workers, formed the
early Chinese industrial labour force. The creation of this
labour force enabled the rise of modern economic relations
that were organized not by families but by capital with the
assistance of the state.

Initiating the process, therefore, are the foreign
economic activities which helped dissipate Chinese self-
subsistence economy with loans, treaties and indemnities.
Indemnities were mostly paid from custom dues and salt
tax.1 The treaties gave foreign powers extra-territorial
rights to expand spheres of interest, lease land, open
businesses in treaty ports, and most importantly to control
Chinese tariffs. As Hou notes,

The Treaty of Nanking [or Nanjing] of 1842 for the first time imposed limitations upon China's freedom to fix her customs dues according to her own fiscal needs or economic policy. The tariff rates fixed at the time of the treaty were approximately 5 percent ad valorem for all imported and exported articles... For many years [since then] the effective rate was never more than 4 percent. (1965:107)

Loans, like treaties, served to control the Chinese economy because "the creditors used the fact that they had lent China money, as an opportunity for encroachment into the internal affairs of China." A Nationalist official explained:

While merchants and other individuals were technically the lenders of money, the foreign governments of the creditors, and their representatives, participated officially and in this way the interpretation and application of the terms of the loans were more or less treaties between China and the Western Powers involved. (Kao 1946:7)

China was first involved in foreign loans in 1861 when the Qing government needed money to put down the Taiping Rebellion. It was however not until foreign loans were used to fund the early stage of modernization in the reconstruction movement in the last years of the nineteenth century that they began to play an important role in Chinese politics. It was also not until the First World War, when world economies began to change alongside the success of the Soviet Revolution, and with wide-spread anti-imperialist sentiments among Chinese people which pressed the government
to stand up to foreign powers, that the Nationalists had an opportunity to negotiate better terms of loans in the Nanjing era.

Given that "the largest part of the capital employed came ultimately from land" (Feuerwerker 1959:16), Chinese merchants did not have enough capital to compete with foreign businesses in China. The rapid expansion of foreign trade, investment and technology transfer challenged the native family economy but also made possible the growth of "compradore capital." This capital first appeared after the treaty of 1842, one which authorized foreigners to do business in China through the delegation of Chinese merchants. The surging nation-wide emphasis on economic development during the Yangwu Yundong (the Self-Strengthening Movement), born around 1864, according to Feuerwerker (1959:16-7), provided an opportunity for this capital to grow. The subsequent guandu shangban (government supervised and merchant managed) system channeled the capital into government desired industries, (among them military machinery topped list,) through the administration of zhuanban quan (the right to open a firm and to monopolize businesses) (Shang 1992:211). Hence, a modern industrial sector grew.²

Since taxes and commercial levies were largely under provincial control, the central government did not have the financial capacity to provide the movement with a central
focus and direction; ultimately, these industrial efforts took a regional character (Feuerwerker 1958:13-6). Provincial governments supervised the construction of railroads and production of mines and mills after shipyards and military manufacturing factories were set up.

Mines and mills were opened with official assistance or reorganized, if already in operation, under the guandu shangban system. In general, railway construction was more strategically important and hence more guandu (government supervised). Mills and mines like Zhang Qian's Tasheng cotton mill in Nantong, Jiangsu and the China Merchants' Steam Navigation Company were more shangban (merchant operated) with the backing of powerful provincial officials (Myers 1980:132; Feuerwerker 1958:16). In all, early Chinese modern industry was, in various ways, sanctioned and assisted by the powerful provincial leaders who held significant sway over state power in late nineteenth-century China (Feuerwerker 1958:13-6).

The Chinese defeat by the Japanese in 1895 forced China to sign with foreign firms, the British in particular, for more loans to cope with the war and to pay indemnity to Japan. This defeat indicated the failure of industries sponsored by governments during the Self-Strengthening Movement. This failure, as Myers (1980:128-9) reveals, overwhelmingly resulted from the inefficient use of public funds and merchant capital by corrupt officials and thus
resulted in low or no profit margins. Official tight managerial control also upset merchants. Myers suggests that

these enterprises were built in advance of any tangible demand and without any real understanding of the kind of demand and price necessary to cover average unit costs. Numerous initial management errors quickly snowballed and produced high, fixed costs, which were rarely reduced. (Ibid:130)

This defeat also offered foreign powers an opportunity to obtain "favoured nation" status and to divide China into their own "spheres of interest." It cost China not only huge indemnity payments but the right to control foreign activities on Chinese soil. Foreign merchants who made handsome profits in trade with China explored economic opportunities further into the interior. An expansion in their economic activities corresponded to an increased investment in railway construction. By 1894, there were reportedly 101 foreign commercial firms doing business in China. They employed 34,000 people, about two-fifths of the 83,000 industrial work force (Myers 1980:130). Chinese merchants quickly perceived that investing in foreign businesses was more profitable and safer than investing in state-sponsored enterprises. By 1900, Chinese merchants owned about 60 percent of the shares of all foreign-run companies in the treaty ports (Ibid:128). Ultimately, these Chinese merchants started to run their own enterprises with an access to overseas markets established through their foreign patrons. In addition to foreign trade connections,
these Chinese merchants also adopted foreign managerial techniques.

As a result, foreign economic penetration helped bring up a Chinese business class, especially in the treaty ports. The background of this class may not have been of a uniform elite origin. As the saying goes, apprentices in foreign firms may have learned some "knacks" at making quick money (Ibid:132-3). Despite their diverse origin, they shared a common goal of economic prosperity. In Zhejiang, for example, between the end of the Taiping Rebellion and the 1911 Revolution, parts of the economy relating to silk, cotton and coastal trade flourished, even though improvement of production relied primarily on modifying existing handicraft technology (Rankin 1989:62-72). The importance here is that this business class not only continued industries that the government was unable to look after since the military defeat of 1895, but also invested in new businesses. They were determined to remove impediments preventing the achievement of their goal. They tried to maintain a uniform voice in the dialogue with the government and with foreign businesses through chambers of commerce - a representative organization of different guilds that was formed with legal recognition (Yu 1992:39-42, Fewsmith 1985).

The young business class wanted to ensure the protection of their rights and interests by forming a
constitutional government, one which would guarantee their participation in national affairs. The growing industrial capital under their control strengthened their bargaining power against the Imperial government, which needed their financial assistance more than ever before. Their desire for change was also reinforced by a demand arising from foreign interests in China.

The absence of a civil code guiding judgments on tort and contract disputes, apparently, awed foreigners, whose businesses were constantly in conflict with those of native Chinese. They were embarrassed by the diversity of customary laws. The lack of absolute alienability in property transfers frustrated western practices of property appropriation and imperialist expansion. Although the concession governments and the Mixed Courts were utilized to protect western interests from such Chinese restrictions, the inconvenience of bringing disputes occurring elsewhere to the International Settlements in the coastal treaty ports caused foreigners to press the Qing government to change the situation. After foreign allied troops entered Beijing to crush the Boxers' Uprising in 1900, Britain, the United States and Japan, demanded an indemnity of 450 million customs taels. They also proclaimed that if the Qing government revised the existing law and "adopt the law as the same as everyone else," they would give up their judicial rights in China.
In 1902, the Imperial court assigned Shen Jiaben and Wu Tingfang to revise Qing law. The first Law Codification Commission (Xiuding Falu Guan) was formed two years later. Upon extensive examination and translation of western and Japanese laws, a number of new legal acts were issued and compiled in the Grand Qing Guang Xu New Acts (Da Qing Guang Xu Xin Faling). When the officials who were involved in the revision came to a conclusion that the Qing Penal Code (Da Qing Luli) did not differ in principle as a criminal code from criminal laws of other countries, they simply changed punishments in the Qing Code from five to four categories: death penalty, imprisonment, detainment, and fine. In so doing, the severity of physical punishments in the Qing was lessened and the emphasis on capital punishment was reinforced. Despite vehement resistance from the conservatives who refused to relinquish the principle of rites (li), the Grand Qing New Penal Code was passed by majority votes in the National Consultative Assembly in 1910, the second year after the new Emperor Xuan Tong ascended the throne.

An effort was made to compile a Civil Code in 1907. Since the Grand Qing Penal Code treated all offences as criminal cases, much of the Civil Code had to be imported from western jurisprudence. The Japanese Civil Code was chosen to be closely followed. Japan had completed her civil and commercial codification in 1896, which was
modelled principally after the German codes. With the help of the similarity between Chinese and Japanese, the Qing code compilers were facilitated with a technical legal vocabulary already developed in the Japanese legal literature. The eventual outcome was a Draft Civil Code of the Qing (Da Qing Minlu Caoan), which was published right before the downfall of the Qing.9

The compilation of a Commercial Code initially began on 5 March 1903. Commercial Codes of other countries were translated. On 16 July the Ministry of Trade was set up. Wu Tingfang was appointed the Minister. In December the Company Act of the Commercial Code was drafted. The Bankruptcy Act was drafted in 1906. After a year of study by the Law Codification Commission with the assistance of Japanese scholars, a Draft Commercial Code was finished in 1909 in two Books of General Principles and Company Act, mainly dealing with the procedure and organization of businesses. The Qing fell before the Commercial Code was published (Zhang 1986:29-32). As Yu Heping (1992:41) notes, the Draft Commercial Code was an adopted foreign product. The Civil Code and Commercial Code did not closely observe Chinese practice of commerce embodied in, for instance, dian-mai (mortgage-sale) and collective arrangements for debt payments. Nor had they incorporated Chinese practices of different tenancy and land rights.

The impact of the legal reform in the first decade of
the 1900s on the social transformation in China was, however, profound. Having separated different natures of litigations in application of law, legal reform efforts incorporated a western concept of "judgments according to law" in discrepancy to the traditional practice of "judgment based on the magistrate's sense of right and wrong and of mediation in the context of social relations" (Chapter One). Having utilized law to regulate social relationships in the name of "freedom of contract," legal reform efforts enabled an attempt to subject customary practices to uniform state law. The early Republic adopted these efforts and revised the new Qing codes, which had been used as transient provisions. It further transplanted the western jury system and defense system into Chinese courts. It also introduced the western practice of separating the judicial system from administration and legislation, aiming to achieve the "balance of power" in government. The former Ministry of Punishments was changed into that of Justice, executing law. Local courts were set up in separation from local administration (Zhang 1986:37-9).

The government under Yuan Shikai, while revising new Qing codes, issued laws dealing with commerce and business-related personnels, and commercial behaviour in commercial exchange, insurance and transportation, more broadly than before. These laws were drafted also in consultation with business people. In 1914, as Yu (1992:42) discusses, many
local chambers of commerce disapproved the new Draft Chambers of Commerce Code. They rejected the government's control over their activities and pressed to maintain the umbrella organizations of the general chambers of commerce at the provincial level and the All-China Federation of Chambers of Commerce. They asked for an Investigation Act from the then Ministry of Agriculture and Trade. The Draft was finally amended in response to their demands.

During the First World War, West European powers, especially Great Britain, were tied in Europe and reduced their involvement in China. Japan and the United States seized the opportunity to expand their influence and economic holding particularly in the textile industries in China. From the beginning of Yuan Shikai's regime, Japan supported Yuan with loans to strengthen his army, bribe venal persons in the parliament, and consolidate his power over civil and military structures. In the beginning of 1915 Japan went on to exploit the situation by imposing the "Twenty-One Demands" on Yuan, who had to postpone his plan to proclaim the Emperor.\textsuperscript{10} Yuan's acceptance of the Japanese ultimatum issued on 7 May 1915 considerably damaged his prestige in China. When Japan returned the favour by recognizing Yuan as Emperor at the end of 1915, the Chinese were outraged. Yuan was compelled to yield to public sentiments.

China joined the Allies in the war against Germany in
1917 under foreign pressures. If there were any convincing reasons for Chinese to be at the war, it would have been a hope to win back, especially the former German rights and deeds of ownership in China, during the peace settlement. This hope arose partly because President Wilson of the United States had presented a fifth point in his declaration before the end of the war "when he predicted a free, impartial and absolutely unprejudiced settlement of all colonial questions" (Franke 1970:92). In 1918, this hope was challenged when Japan brought back the Twenty-One Demands against the Beijing warlord government, dominated by Duan Qirui, which attempted to attain the tariff rate of 5 percent ad valorem on all imported and exported articles.

At the peace conference in Paris after the war in 1919, Chinese demands to take back its sovereign rights and to revoke unfair treaties did not get support among the Allied nations, not even from the United States. In the end, all German rights and interests in China were transferred to Japanese domain. This settlement in favour of Japan invoked an angry outcry from the Chinese. The subsequent event became a conduit for the anti-imperialist and anti-traditionalist New Cultural Revolution in 1919, which represented a benchmark in modern Chinese nation-building.

The event began three days before the fourth anniversary of the delivery of Japanese "Twenty-One Demands" when a demonstration initiated by thousands of students at
the University of Beijing gathered in front of the Tiananman on 4 May 1919. They carried banners which said, "China belongs to the Chinese," "Restore Chinese rights in Shandong," "Reject the Twenty-one Demands," "Refuse to sign the Paris Peace Treaty," and "Punish all traitors." They demanded the resignation of the three pro-Japanese politicians including Cao Rulin (the Minister of Communication), who were thought to be responsible for the acceptance of the Treaty. The government under Duan refused the students' request for dialogue. Outraged as the students were, they marched to Cao's house. The police rushed to the scene and arrested a number of students. Cao escaped. The demonstration was basically orderly and without bloodshed on the day. But, the arrests inspired further public repulsion (Franke 1970:92-5).

To show solidarity in their demand for releasing the arrests, the students of Beijing colleges and universities were joined by students across the country. The first nation-wide student union was formed in Shanghai called Zhongguo Xuesheng Lianhehui (Chinese National Students' Union). A large number of professors and lecturers, including the President of the University of Beijing Cai Yuanpei, supported the students. An appeal was sent out from Beijing to boycott Japanese products. Further demonstrations and strikes followed throughout mostly urban China. Different occupational and trading groups joined
strikes in support of the boycott, one which lasted for a year. Chinese workers for the first time in history held public demonstrations on a large scale in Beijing, Tianjin, Shanghai, Hankow and other cities, uniting themselves with the movement inspired by the students.

Compelled by the popular resentment, Duan's administration in Beijing finally agreed to free the arrested students, remove friendly policies to Japan and annul their hostile attitude towards anti-Japanese activities. Cao Rulin and two other politicians resigned. In all, students realized their demands with the support of the general public in cities.

Given the scale of the movement and what it had achieved, the May 4th Movement of 1919 was unprecedented and set a milestone in Chinese relationships with foreign powers. It conjured up a popular feeling of nationalism, a feeling that spread more widely than the railway loan event which incited the Wuchang Uprising in 1911. To understand the profound impacts of the May 4th Movement, one needs to examine the development of Chinese moral sentiments of the time. This development went beyond the politics in Beijing and the event of "Twenty-One Demands." The Paris Treaty served only as a catalyst that stirred up Chinese energy of passion or will. The impact of the movement could not be simply estimated by the actual days of demonstrations. It should be considered in the light of various dramatic
developments ranging from mobilized sentiments against Yuan Shikai's restoration of monarchical rule in 1915, through the worker and peasant movements influenced by the introduction of Marxist ideas (which in part led to the founding of the Chinese Communist Party in 1921, and to the united front between the Communists and the Nationalists in 1924). These developments not only represented the struggles of labour and the peasants for the recognition of citizenship rights but also demonstrated the growth of individual activism.

Over all, the situation in 1919 was economically different from that of 1911. As European goods gradually ceased to come to Chinese ports, China now had an opportunity to extend her own industry and fill the market with her own goods. In the 1910s, the textile industry, corn milling, and production of goods such as matches, cigarettes, cement, canned food, etc, substantially increased (Franke 1970:97). According to two sets of incomplete records, Chinese-owned industry grew more than two-fold in the years between 1913 and 1920. "The first records 698 factories with an initial capitalization of Ch$ 330,824,000 and 270,717 workers in 1913, while the second notes 1,759 factories with an initial capitalization of Ch$ 500,620,000 and 557,622 workers in 1920" (Feuerwerker 1977:17). Increasing industrial employment attracted large numbers of peasants away from the traditional social
structure based chiefly on family ties and into urban
centres. They came to important railway junctions, such as
Jinan (Shandong), Suzhou (Jiangsu), Shijiazhuang (Hebei),
areas newly added to the list of already heavily
concentrated centres such as Shanghai, Tianjin, Hankow and
Guangzhou. Increasing Japanese and American imports,
however, impeded further opportunities for the development
of Chinese industry. This impediment forms one reason for
the wide response to the appeal of boycotting Japanese goods
in the anti-imperialist event of 1919.

The decade following the death of Yuan Shikai was also
marked by public discontent aggravated by conflicts among
warlords over the control of the government in Beijing. The
warlords may have all been motivated by an intention to
unify the country into a single state by way of military
conquest. They shared the interest in raising money to fund
army troops, mostly at the cost of the people's livelihood.
Incessant warfare among warlords devastated the lives of
peasants. Soldiers serving in warlord armies were no better
than brigands. Franke (1970:139) notes that "defeated or
unpaid soldiers soon became bandits, reverting to soldiers
again, if a warlord needed them and could pay them." The
autocratic rule of warlords incited popular resentment,
particularly expressed in workers' strikes and peasants'
organization of secret societies to defend themselves
against bandits and the warlords' increased taxes. Public
sentiments inspired Sun and ultimately led to the formation of the united front between the Nationalists and the Communists. Secret societies such as the Red Spears (Hongying Hui) and the Big Swords (Dadao Hui), widespread in the countryside, provided a base for the Communist effort to organize peasants. The demands of workers for the right to unionization were finally incorporated into the Nationalist effort to build a quasi-market society.

During the united front, Sun and his government adopted policies to restructure the economic system and to improve the zhuanli zhidu (the system of licensed monopoly) of production (Zeng 1992:114). Under Nationalist regulations in Guangzhou, all productive organizations of the same industry, including guilds and manufacturing, both traditional and newly established, were encouraged to join local Tongye Hui (a corporatism in an industry), which was then subject to the supervision of the Ministry of Industry and Trade. According to the "Special Economic Accounts of Industry and Trade in Guangdong and Guangxi" (1948:137-49), prices and the quality of products and services were standardized. Business operations under local Tongye Hui were credited with government loans as well as tax reduction in their initial stage of capital accumulation. As a result, guilds and manufacturing were tied closer to the government via an intermediate organization - Tongye Hui.

Remaining individual businesses, furthermore, were
encouraged to form co-operatives. The co-operative movement first developed in the period between 1919 and 1927, in primarily three areas: production, supply and demand, and credit (Chen 1948:345-53). It began essentially with individual initiatives and was then recognized by the Nationalist Government and protected by law. With the organization of Tongye Hui and co-operatives, guilds began to disintegrate. (Only until the 1950s, however, after the Communists took over the power and initiated socialist construction, were guilds finally reorganized into collective organizations on a nation-wide scale.)

Paralleling regulations on Tongye Hui, new policies were also adopted by the Nationalists at the First Party Congress in early 1924 to support peasants and workers. The Communists had engaged in developing ties with workers and peasants earlier. Now in co-operation with the Nationalists, issues of labour and land were discussed. In September, the Trade Union Act was drawn, recognizing the legal rights of trade unions to strike and to participate in making decisions on working conditions and hours (Jin 1991:107). All working people were required to join trade unions parallel with the Tongye Hui in each industry.\textsuperscript{13} Nobody could work without joining a trade union. The members of a trade union would benefit from collective bargaining with members of Tongye Hui. In May 1925, at the second labour congress, held in Guangzhou, representatives
demanded regulations on minimum wages, the 8-hour working day, and improving working conditions for woman and child labour. All these demands would be addressed in an impending labour law to be drafted at the second Nationalist Party Congress in 1926. Soon however, the Nationalists, upon turning against the Communists, changed their attitude towards workers. The proposed labour law was abandoned (Zhang 1986:198-201). The organization of trade unions, in any event, energized the labour movement which grew rapidly in the following years, first, as struggles supported by the Nationalist Government in Guangzhou, and then, as independent activities outlawed and crushed by the government in Nanjing.

The Communists heading the department of peasants in the Central Executive Committee of the Nationalist Party believed that peasants had to be organized like workers in order to gain equal rights to land. In July 1924 the Regulations on Peasant Associations were issued, intending to reform rural organization and to install a national hierarchy of peasant associations from xiang (village), xian (county), to province. Communists, such as Mao Zedong, recognized the revolutionary capacity of secret societies and saw a prospect for co-operation between the peasant associations and the Red Spears. Such noted Communists as He Long, Peng Pai, Zhu De, and Liu Zhidan, joined secret societies while involved in the party's peasant campaign
At the First Nationalist Party Congress, decisions were passed to fix land rent and tax, to prohibit any surcharges, and to conduct land surveys through registration. Peasants' right to land was dealt with first in the form of "rent and interest reduction." In the program which Mao Zedong directed for the Peasant Movement Training Institute in Guangzhou in 1925, he shared his knowledge about peasant life and secret societies with trainees. Many young activists attended courses on how to organize peasants before they were dispatched to the countryside (Franke 1970:135). Subsequently, the peasant movement headed towards a new stage, especially in the provinces of Guangdong and Hunan, between 1925 and 1927, encouraged by the Nationalist policy of "rent and interest reduction" and "down with local bullies (tuhaos) and evil gentry (lieshens)." In 1927 the membership of peasant associations amounted to two million, about ten million if the families are counted. As Franke (1970:144) reveals, where the peasant associations gained power, landlords were attacked, and bandits were liquidated.

The improvement and reorganization of primary schooling, the establishment of co-operative societies for buying and selling and for credit facilities, and the repair of roads and dikes were also undertaken by the peasant associations.

During the right-wing Nationalist campaign against the united front in 1927, the trade union movement was
suppressed and peasant associations were dissolved. Economic reorganization came to a halt at least temporarily. The Nationalist efforts, however, to improve the livelihood of the people and to involve peasants and workers in economic and political processes, that is, efforts taken by the united front to meet peasants' and workers' demands, brought home a recognition that peasants and workers were a political force which should not be neglected. The potential exhibited in their movements troubled Chiang and his followers, who were subsequently resolved to build a centralized state power to contain their demands.

The Growth of a "Free Market" Society

After the break with the Communists and the collapse of the leftist Wuhan government, the Nationalists took rapid steps to establish control over society. By 1929 most of the provinces including Manchuria recognized the authority of the Nanjing Government, though they still retained considerable freedom of action and control of their regions. Apart from the military preoccupation against Nationalist rebels and the Communists at the beginning of the era between 1927 and 1937, the Nanjing Government made efforts to establish law and order more than any previous governments had done since 1911. Their efforts were felt in all walks of life.

The temporary national unity after the Northern Expedition marked the beginning of a new stage in the
Republican Revolution: *xunzheng* (political tutelage by the party under the guidance of a provisional constitution). On October 19, 1928, the Nanjing Government declared that the unification symbolized the successful completion of the first stage of the revolution led by the military government and the beginning point of the second phase of the revolution. In this second phase the government focus was shifted from defeating warlords to socio-economic construction. Its prime tasks were to administer and prepare citizens to exercise rights directly, once county (*xian*) self-government was installed. To prepare for self-government, citizens were trained to serve in such targeted projects as population registration, land survey, and the development of social security and transportation (Pan 1935:164-7).

The notion of "training," however, was paternalistic. It implied that the government questioned the ability of the people as citizens. The designated activities in which citizens were trained required citizens' co-operation with the government more than their initiative to govern. This case was clearly presented in the draft of the constitution.

At the Fourth Plenary Session of the Third Congress of the Nationalist Party in December 1932, a constitution was drafted. It was revised and finally passed on 16 October 1934. The revised constitution was a retreat from the draft, as suggested by a contemporary observer, Pan Shufan.
According to the draft constitution, all citizens, men and women, of all classes and nationalities, were equal in front of the law. They were recognized by law to have rights to elect and dismiss government officials, and to make and restore laws, and duties to pay taxes and to serve in the army and the public offices. They were allowed freedom of life, movement, housing, speech, publication, religion, association, and gathering. All citizens of twenty years of age and above had the right to directly elect a county or district representative to the National People's Congress. Any citizens of thirty years of age and above had the right to be elected after passing the examination. The National People's Congress constituted the legislature in which citizens' rights were exercised. The draft constitution also stipulated that the President should be elected from the population of civilians and retired soldiers. He should not be directly responsible for administration. The executive minister appointed by the President with the approval of the Congress was responsible for administering standing affairs. The governors should be elected by people directly but only appointed by the central government before self-government was complete.

The revised constitution, as Pan (Ibid:275-90) points out, made significant changes: first, regulations on the election of representatives to the National People's Congress, and the presidency election, were incomplete and
subject to future legislation. Secondly, the provinces were to be under direct control of the central government. Thirdly, candidates for governor should not be soldiers or retired soldiers of less than three years. Consequently, the citizens' right to elect was withheld. Their rights and freedom, moreover, as Pan reveals, were protected only when they were not in conflict with the government or the law-making body, because "'the laws that restrict or annul citizens' rights or freedom are made on the basis of the necessity of social order and public interest'" (Ibid:277). Thus, Pan reasons that when citizens' rights and freedom had no protection against the "social order" and "public interest" as defined by the law-making body, citizens would have none but moral duties (Ibid.).

New laws, including the Civil Code, were issued from revising laws and regulations previously passed by early Republican governments. Traditional Chinese systems of justice were thought for the most part no longer applicable and relevant. New laws regarding property ownership and transferral continued to take no account of the needs of the great majority of the people and were intelligible only to a small group of privileged citizens who had had a modern education. These laws were thus largely unbinding and unaccountable to the majority of the population. Laws affecting "social order" and "public interest," however, such as the labour law, were mandatory and left little room
The efforts of the Nationalist Government to develop constitutional reform, as part of the Nationalist endeavour to establish order, remained insufficient and ineffective in the face of public outcry for change in both the countryside and cities. Workers' demands for minimum wages, better working conditions, humane treatment on the shopfloor, aggravated labour-capital conflict. Rural poverty and inequality urged peasants to stand up for their own rights as tillers.

The Nationalists realized that withstanding the momentum for change could not be a long-term strategem. Their effort at establishing order with force brought them only alienation from the people. In the name of maintaining "social order" and "public interest," the Nationalist Government in Nanjing launched the "New Life Movement" in 1934 to revive Confucian "virtues of social conduct"—righteousness, conscientiousness, compassion and self-respect (respectively 仁, 义, 信 and 礼). It sought to regenerate the nation politically, socially and economically. It also intended to control individuals by encouraging them to accept voluntarily such values as, Chiang himself uttered, "the endurance of suffering and a tolerance for hard work, and especially the habit and ability of unified action, so that they will at any time sacrifice for the nation" (Eastman 1990:68).
In containing social demands, the Nationalists abandoned their leftist intentions to bring forth change against "local bullies and evil gentry" and adopted a rightist orientation to establishing order and the control over society. Many Marxist (especially, Chinese) historians regard the shift as the point at which the Nationalists turned to serve the propertied, especially the capitalists. They have found evidence in the Nationalist suppression of mass movements in favour of the propertied class in the late 1920s. Recent studies have questioned the Marxist view and argued that the Nanjing Government did not distinctively serve the interests of the propertied. To establish order, the Nationalists alienated some elites and protected others. They might have adopted corporatist strategy to deal with industrial relations as Fewsmith has argued, and even allowed, in the case of Bush's study, textile industrialists to defend their interests by utilizing opportunities offered by factional conflicts within the government. They, nonetheless, may not have ruled as autonomously as Eastman and Coble suggest. The determination of the nature of their rule necessitates a deliberation of the relationship between the Nationalist State and property-owning society. This deliberation will generate a contrary view to that of Eastman and Coble. The Nationalists did not establish control over society above the influence of social forces.
Examining Nationalist practice in the Nanjing era, I find that the Nanjing Government sought to control society through, in addition to force and compromises, administrative measures and social programs, including the rural reconstruction and nationalization of the economy. The objective of its control was to protect the growth of property and to secure a taxable base. This objective was particularly reflected in the Nationalist Government’s effort at safeguarding contracts formed between capital and labour and at obtaining the sovereignty of tariffs from the influence of foreign powers.

The question to be addressed, therefore, is how the Nanjing Government, in order to reach its goal, developed policies that affected both domestic and external relations. These policies were interrelated and formed an integral part of the efforts of the Nationalist elite to consolidate its rule over the formation of a "free market" society. In the following pages, policies affecting domestic socio-economic relations will be examined in relation to the development of the rural and urban lower Yangzi valley, covering the provinces of Jiangsu and Zhejiang, after a discussion of the policies affecting external relations.

**Policies Affecting External Relations**

To establish the legitimacy of their rule, the Nanjing Nationalists persuaded most of the foreign powers to recognize their government and to conclude unfair treaties.
Belgium, Italy, Denmark and Spain, agreed to rescind their extra-territorial rights in China from 1st January 1930 (Cheng 1992:153). Other powers such as Britain and France relinquished their rights in China once and for all only after they were decisively weakened by the Second World War (Franke 1970:160).

The Nanjing Government also renewed efforts to retrieve tariff autonomy. As Hou (1965:108) notes,

> The indiscriminate tariff as applied to different commodities and the inflexibility of the system with regard to change of rates finally came to an end in 1929, when after a long struggle China succeeded in regaining her tariff autonomy. The effective tariff rate on imports (the ratio of actual import duty revenue to total import value) rose from 8.5 percent in 1929 to 29.7 percent in 1936.

These efforts enhanced the Nanjing Government's bargaining power in the negotiation of loans from the United States, which was a major loaner at the time: primarily, a wheat loan in 1931 and a cotton-wheat loan in 1933. In 1937, on the eve of the war against the Japanese invaders, a loan from Great Britain, Germany, France and Belgium, was secured by credit of the country rather than by customs revenues or salt tax.”

Chinese textile industry, however, as Bush reckons, did not gain much from the exercise of retrieving tariff autonomy since duties on import both from other regions and from foreign countries were charged as part of the lijin
Chinese mills were made to pay increased tax when Japanese-owned mills ignored their tax duties (Bush 1978:254-6, 319-23). Poor harvest, furthermore, resulting in lack of supplies also forced Chinese mill owners to purchase cotton yarn from Japanese merchants, who "smuggled" foreign supply into China with the help of Japanese gunboats in the 1930s (Ibid.). To save Chinese industry, after the crisis reached its depth during the Great Depression, the Nationalist Government used the central bank, created by it in Canton in 1924, to issue loans to help recover (Dong and Li 1988:80-4). The control by this bank of other commercial banks enhanced not only economic integration through unifying monetary policy but also the government's fiscal power over industry, resulting in the highest growth in pre-1949 China (Ibid:86-98; Sun 1989:438-51).

To ascertain the establishment of a "free market" society in the context of the Nanjing Government contending domestic forces to protect the growth of property, we have to examine the intricate relationships between the participants of the economy, such as the government, industry, foreign pressures and rural suppliers. To characterize the magnitude of the poor harvest which caused short supply in textile industry, I shall first discuss the rural problems that haunted the lower Yangzi valley.

In the Rural Lower Yangzi Valley

Nationalist leftist policies in the Guangzhou era gave
peasants a hope of owning a piece of land. But during and after Chiang Kai-shek's suppression of the peasant movements, the hope was dismantled and land reform went down the drain (Zhang 1992:135). The efforts of local elites to maintain the order of property relations coincided with the government's efforts to establish order and to increase taxes. These latter efforts to centralize control over local affairs in turn incited wide-spread resistance.

As Duara (1988:75) points out, the development of Nationalist systems of administration is "a process that is itself induced by the increased extraction and the intervention of the state in local society." That is to say, the Nationalist Government continually increased taxes to consolidate its rule, despite its effort to implement the programs of rural reconstruction, intending to solve rural poverty and problems of poor harvest and disaster-related famines.

Tax increases in 1932, for instance, as part of establishing a centralized control over local economy, led to unrest joined by peasants and local elites in the countryside, where the economy was already in difficulties. The lijin tax, which was frequently used by local authorities to raise revenues, was abolished in 1931. In its place, a centralized tax system was enforced in part to curb the independent growth of local governments and regulate the economy (Han 1991:120-1; Dong and Li 1988:55-
The traditional practice of tax-farming was prohibited because it benefitted village heads and government runners more than the government itself. Instead, police and quasi-bureaucratic officials such as the head of bao and jia were responsible for collecting taxes. As a result, although the government increased its revenue, the expenses for maintaining local police also went up. Corrupt police were often as harmful to peasants as bandits were.

Given that the unequal property ownership was at the root of rural problems, any intentions of redistribution could incite public disputes between those who wanted to keep the status quo and those who demanded change. In the end, the Nationalist desire to maintain order overwhelmed their intentions to change. Such desire was welcomed by local elites who wished to keep the order of property relations. Linking up with local police and the xian government, local elites continued to prevail. Their dominance was in fact more coercive when it was combined with the Nationalists' apparently contradictory programs. These programs included the rural reconstructions which were utilized to maintain the order of property relations more than to improve rural living standards.

When the Nanjing Government initiated the program of "rural reconstruction," intending to solve agrarian problems (Stross 1982:97-100), rural co-operatives were encouraged.
In Jiangsu, credit co-ops, co-operative workshops, and agricultural co-ops were mobilized to improve economic situations. But, as Eastman (1990:213) notes, "members of the rural elite - landlords, rich peasants, and merchants - controlled the cooperatives, and they decided who would receive loans and at what rates of interest."

Many efforts at rural reconstruction and social education in preparation for local self-government were, in fact, carried out by non-governmental institutions such as universities and private business establishments. These efforts tended to be channeled into achieving such goals as literacy and productivity without the benefit of a fundamental structural change.\(^2\) As part of the agricultural education programs, universities set up rural laboratories and sent students to the countryside to promote new agricultural technologies and crops.

But it soon became clear that the question of raising the standard of living in rural areas was inseparable from the general social and political situation, especially questions of land ownership and tenancy. (Franke 1970:162)

Stross (1982:78-113) finds in his study of western Jiangsu that although the Nationalist Party and its local affiliations were more active than the government, after "rectification," both of them avoided the problem of unequal land ownership and instead, emphasized land surveys (more for the sake of expanding the government's tax base than for land redistribution). Therefore, land surveys caused
resistance from both peasants and rural elites across the countryside.

Money for reconstruction programs, Stross further points out, was often invested in local police and administrative expenses, roads, and educational apparatus, not directly in improving peasants' living conditions (Ibid:133-9). He adds that although peasants seemed to have increased in western Jiangsu, as a result of absentee landlords leasing land and family divisions, their lives and the lives of the tenants and semi-tenants were by no means better in the 1930s than before. High rent and human-related disasters, such as floods, draughts, and pests, contributed to poor harvests. Bureaucratic incompetence often caused reduced productivity. Bandits, in coalition with local police, devastated the peasants' lives. Their livelihood became worse during the Japanese occupation between 1937 and 1945 and the civil war between the Nationalists and the Communists from 1945 to 1949.

One effect of the rural reconstruction programs, as Franke points out, was, however, that

The increasing education of the peasants in connection with the programme of rural reconstruction contributed to their growing awareness of their exploitation by landlords and officials and to their increasing determination to stand up for their own interests. (1970:162)

Geisert notes that in rural public disputes peasants seemed to ally with different forces depending on what issues were involved. Many times they were provoked by
local elites to resist government intervention, the use of new agricultural technology and reconstruction program because the real aim on the part of the increasingly alienated government was to establish central control and to extract. At other times, they were motivated to join local party organizations to bring down local governments and "local bullies and evil gentry," especially, when the local elite joined the xian government to strip them of their already limited means of existence. Although they allied with different forces at different times, peasants did not seem to be divided on their opposition to the government (at whatever level).

In comparison with the Nationalist approach to rural reconstruction, the suppression of labour movements in the late 1920s foretold the Nanjing Government's stance in industrial policies, a stance which benefited capital more than labour. This stance brought the Nanjing Government into close interaction with the capitalists and labour contractors. This interaction was characterized by, on the one hand, a conflict between the capitalists' interest in maximizing profit and the government's interest in extracting revenue, and on the other, their common objectives to attain national independence and to control labour. They collaborated over the suppression of labour movements. At the end of the collaboration, the capitalists and labour contractors found themselves making a series of
trade-offs with the government. Sometimes, the capitalists, such as mill owners and bankers, were able to grab, for their own use, opportunities offered by factional conflicts among Nationalists. Most of the time, however, they were used by the government to build state power and protect the growth of property. To elaborate the above assertions, we will take a look at the Nationalist involvement in the urban economy of the lower Yangzi valley.

In the Urban Lower Yangzi Valley

Chiang Kai-shek's open antagonism to the Communists and labour movements comforted the capitalists who were against organized workers. Chiang's appointment of Song Ziwen (or T.V. Song), the descendant of a wealthy merchant family and brother-in-law of both Sun Yat-sen and Chiang Kai-shek, won further confidence of the Chinese and foreign business community in Shanghai. The Shanghai capitalists, troubled by the labour-capital conflicts of the 1920s, were willing to collaborate with Chiang if he promised to secure their businesses and to "keep social order," even though they did not like the way in which he increased taxes. As Bush (1978) notes, for the promise of "keeping order," mill owners, however, traded off their bargaining power against tax increases.

Constant military undertakings by the Nationalist Government required the business community to fund the war-chest. Factory tax and import-duties were raised in 1931,
but were resisted by mill owners, and eventually put into effect in 1934. Buying government bonds became nearly compulsory when the government threatened mill owners with force. Often, as Bush (Ibid.) reckons, mill owners counteracted the government's financial demands with personal contacts and with manoeuvres of political opportunities presented in Kuomintang factional conflicts. They resisted the government's imposition of taxes, duties and bonds with the excuse of invoking labour strikes. Their resistance held off factory tax increases for three years.

In all, the Nanjing Government developed a centralized control over the economy through its use of administrative and legal force. It enlarged the state holding of capital through issuing bonds and nationalizing big banks and major industries such as transportation and communication (Dong and Li 1988:63-4). To develop urban economy, private property was protected and businesses were regulated. Trade unions and their counterparts (associations of employers or chambers of commerce) were required to register with the government. To maintain the on-going process of accumulation, both capital and labour were organized and sanctioned by the government.

In the case of business owners, the Nanjing Government used the central bank to help them recover from the crisis brought about by the Depression. It protected the growth of Chinese modern industry by assisting the formation of
Liangyeng She (corporations) and mitigating the pressure from foreign competitors (Wang 1992). The relationship between the Nanjing Government and the capitalists, however, was by no means easy going. The uneasiness of the relationship partly arose from the government's objectives to establish control over accumulation, and to overcome both internal and external constraints on the security of a taxable base.

Labour, on the other hand, was suppressed by the Nanjing Government in the name of maintaining order. During the Nanjing era, three strategies were adopted to control labour:

The short-term strategy, which tended to be applied in periods of peace, was to rely on mechanisms of mediation and arbitration... A second strategy, of a short-term desperate nature, was the imposition of martial law. This was usually employed during a military campaign. The third, long-term strategy to promote social legislation on a West European model in the hope of reducing or even eliminating the causes of labor unrest. (Bush 1978:166)

Applying these strategies, the Nanjing Government utilized the old labour gangs and contractors, who had assisted the Nationalists in suppressing Communist-led labour unions in 1927 (Gourlay 1953). Labour contractors, who used to dominate the urban labour force, did not like the Communists who vied with them in order to influence labour during the worker movements in the 1920s. They welcomed the Nanjing Government which reinstated their power over the government-sanctioned labour unions, the so-called
"yellow" unions (Ibid.).

When mediation and arbitration were called upon in cases of disputes, these unions were entitled, as labour representatives, to negotiate with the management and the government mediation machinery, such as the Ministry of Industries headed by Chiang's brother-in-law, Kong Xiangxi.23 Their roles as labour representatives, however, had limitations inasmuch as their power as exploiters and labour contractors alienated them from workers. Also, the government's frequent use of marshal law during Nationalist military campaigns proved a more effective strategy than mediation. So far as mill owners were concerned, they were satisfied with the fact that although the mediation and arbitration mechanisms were irritating, cumbersome, and often ineffective, the combination of these institutions and martial law managed to keep the lid on labour (Bush 1978:166).

The Nationalists also continued with labour reform, a vestige of previous leftist concerns. According to Bush (Ibid:168), because mill owners recognized that government mediation machinery had an ability to interfere in intra-mill relations (which often led to mill owners making compromises potentially favourable to "labour") they demanded that the government set up a framework to facilitate a settlement of disputes that both capital and labour could respect (Ibid.). To meet this demand, Zhu
Mucheng, head of the Labour Department of the Ministry of Industries, was assigned to draft a factory law.24

In early 1929 the Factory Law was drafted and sent to the Executive and Legislative Yuan and other interested bodies to be discussed. As Bush (Ibid:170) explains,

The draft law, applicable to factories that employed more than thirty workers, would have banned labor by children under 14 years of age, set limits on the time and types of work that laborers between 14 and 16 years of age could do, prohibited night work for women, restricted employers' rights to dismiss workers, established the norm of the eight hour day with extensions to ten hours in exceptional cases, provided for break periods and vacation days, called for minimum wages based on local conditions, mandated profit-sharing up to 45% of net profit after deductions for the company reserve fund, established Works' Councils composed of employer and employee representatives to settle disputes, and dictated a number of other welfare measures. These radical changes in the structure and control of factory operations were to be enforced by a system of fines and a corps of inspectors to be created by the Ministry.

Worries about these proposals quickly spread across government departments and business communities. Besides the question of whether the law was appropriate to Chinese conditions of the time (which was pretty much an alibi on the part of the capitalists to keep full control over their businesses), a major concern, shared by all, was whether the law could be enforced on foreign-owned factories before the end of extra-territoriality (Ibid:170, 320).

In 1929, Chiang Kai-shek waged military campaigns against the challengers of his government. The draft factory law was set aside until the end of the year when it was finally approved. The approved law erased some of the
radical elements in the draft law - such as, "approval of work contracts by local authorities, mandated profit sharing, and long periods for notice of termination and for severance pay" - which were less favourable to mill owners. The amended law was approved, but, as Bush (Ibid:173) argues, a date for its implementation "and the regulations setting up the inspectorate all had yet to be legislated." After all, the question of its enforcement on foreign factories had to be dealt with still.

In the end, the labour law that was actually in control of labour activities was the Labour Union Law of 1929, which was passed to prevent the resurgence of labour movements repressed in 1927. In spite of being modified by amendments, Epstein argues that the law retained a "police" character, because the law not only placed labour unions closely in the hands of government but also curtailed labour unions' right to strike. According to the 1947 Amended Trade Union Act, trade unions were organizations that only saw to workers' education and co-operative welfare. Article 28 stated that

In the event of a labour dispute, a strike shall not be declared until conciliation proceedings have been taken, nor then unless it has been decided by a majority of the total number of members on a ballot taken at a general meeting of the union. When labor disputes are being arbitrated or ought to be arbitrated according to law, no strike shall be declared.

These regulations gave the Nanjing Government enormous leverage in the control over labour, because it could impose
martial law at any time with an accusation of illegal strikes, an event which often happened in the Nanjing era. Except for the unions that were sanctioned by the government, workers' independent activities were entirely prohibited. In the period of war against Japanese occupation, moreover, labour activities were further restricted, despite the co-operation between the Nationalists and the Communists beginning in 1936. They were curtailed on the rationale of "upholding national interests" in the struggle for independence.

Beginning in 1937, factories were badly damaged by Japanese planes and invasion forces. Some moved to the interior along with the Nationalist retreat. Many large mills were moved to Hong Kong. The only survivors were probably those factories which were mostly foreign-owned, located in the International Settlements (Bush 1978:291-5). During the civil war between the Nationalists and the Communists in the last few years of the 1940s, the Nanjing Government banned strikes almost unconditionally (Epstein 1949).

In all, Chiang Kai-shek's concern with the control over labour was consistent with his objective of unification of the country and the establishment of Nationalist law and order upon the increase of accumulation. His suppression of labour movements was perhaps tied to his concern for a safe passage to transport his troops to their destinies in
various military campaigns. His military campaigns against the Communists formed perhaps a strategy to reserve an open gateway to the interior in time of a Japanese invasion (Bush 1978). The suppression of the Communists and labour movements, however, served to pull capitalists into a closer relationship with the Nationalist Government. It was partly because the capitalists shared the same concern as the government for a submissive labour force and supported the Nationalist demands for tariff autonomy. The pressure on the capitalists to generate funds for the government operation was however heavy, a factor which also produced much conflict and mistrust between them.

During their military campaigns to consolidate the Nanjing state power, the Nationalists betrayed the political aims and social programs associated with building a quasi-market society. While protecting the growth of property with the use of military and legal force, the Nanjing Government denied the demands of labour and the peasants. Although the economy grew in the context of traditional business operations building linkages with modern enterprises through competition at the marketplace, as Rawski (1989) presents, it ultimately arrived at the peak of its pre-war growth on the eve of the Japanese invasion.27

There were intricate reasons for the Nationalists to contribute to the growth of a "free market" society and not that of a quasi-market society. Besides the inherent
problems in the theory itself discussed in Chapter Three, social forces, such as regional militarists and established landlords, merchants and old bureaucrats, pressed the Nationalist elite to maintain order. These forces became driven increasingly closer to the use of force to secure their stakes in property in the face of demands of the labouring poor for justice. Public sentiments for change challenged the Nationalist establishment of order. When Chiang saw the public sentiments for change as a threat to his rule, he responded with force, co-option and corruption, and alienated himself from labour and the peasants.

In the theory and practice of the Nationalist Revolution, imperialism had undeniably played a role. The effects of imperialism could be comprehended only within the history of the social transformation of modern China. In that history, foreign influence had instrumentally assisted changes. The most noted change was the replacement of Imperial elite rule by a new style of elite rule. In other words, the "rule by virtue" of the Imperial elite was superseded by Nationalist elite rule better characterized by the western notion of "government by law."

Modern Chinese history of the early twentieth century witnessed that government by law was established by the exercise of military, political, and legislative power. This power, embodied in the Nationalist State, was by no means autonomous and above social influences. This state in
fact grew in interaction with social forces demanding either for change, on the part of the underprivileged labouring poor, or on the part of property-owning elites, for maintaining the status quo. This interaction provided a context within which the legitimacy of the state was constructed. The social construction of the legitimacy of the Nationalist State was, first, based on its use of force to rule in protection of the growth of property. This rule was then challenged when a social influence originating in the struggles of labour and the peasants was able to contest the power of active elites. The ultimate political defeat of the Nationalists by the Communists was due predominantly to the abandonment by the former of support from peasants and workers.
NOTES

1. Nathan (1972: 3-4) explains that Chinese Maritime Customs Service was run by foreigners in close contact with foreign governments. "The proceeds collected by Customs were directly turned over to the service of foreign debts; when in 1917 a surplus appeared, the Powers took over the right of approving its release and restricting its use."


Feuerwerker (1958: 9) divides this period of early industrial development from 1862 to 1911 in four phases. I here group his first (1862-77) and second (1878-94) together for the reason that they both covered the Self-Strengthening Movement. The second period (1895-1902) commenced from the Sino-Japanese war in which the newly-built Qing marine was destroyed by Japanese warships. The Treaty of Shimonoseki granted foreign powers the right to engage in investment, without restriction, in industries, such as mining, transportation and manufacturing. The last period (1903-1911) witnessed an intense foreign economic rivalry in China and diminution of official involvement in the operation of industries and the replacement of guandu shanban undertakings by privately owned enterprises.

3. As Feuerwerker (1958: 9) notes, the most important kuan-tu shang-pan [or guandu shangban] companies were the China Merchants' Steam Navigation Company (1872), the K'ai- ping Coal Mines (1877), the Shanghai Cotton Cloth Mill (first planned in 1878; after the Hua-sheng Cotton Mill), the Imperial Telegraph Administration (1881), the Mo-ho Gold Mines (1887), the Hanyang Ironworks (from 1896), the Ta-yeh Iron Mines (from 1896), the Imperial Bank of China (1896), and the P'ing-hsiang Coal Mines (1898).

Feuerwerker also points out that the essential aspects of the guandu shangban system could be found in virtually every Chinese industrial or commercial undertaking before the end of the Qing. I understand these essential aspects as official assistance in the processes of raising capital, controlling labour and securing market.

4. As discussed earlier, foreign investment in railroads often took the form of loans. The terms of loans costed China her independence. The terms of railway loans usually gave the lender the right to share the administration and management of the railway, control of the railway finances, and power in determining the charge of transportation. All of these infringed upon China's development of her economy as a whole (Kao 1946: 46).
5. There was not a demarcation between this business class which had foreign contact and the industrialists who grew out of family businesses as artisans and merchants. They could all be involved with foreign businesses in one way or another through commercial or financial relationships. Members of this type of businessmen constituted the growing body of national capitalists in China.

6. When the Qing Government could not pay, "an arrangement was made whereby it could be settled over a period of thirty-nine years, at four percent annual interest. The total sum of principle and interest amounted to almost 1,000 million customs taels" (Kao 1946:7-8).

7. Among the new legal codes drafted and published in the last decade of the Qing dynasty, most important ones besides the Constitution were the new Penal Code, the Draft Civil Code, the Draft Commercial Code, the Criminal Juridical Code (draft), the Civil Juridical Code (draft), and the Law of Legal Compilation. Many of them served as the first draft for the Republican law compilation. For detail, see Zhang (1986:38).

8. This interference in the Chinese legal system and government led the natives to believe that Chinese law was inadequate as it was primarily penal in nature. According to Bodde and Morris (1967:77-112), in the law of Qing, there were five categories of punishments: light bambooing from 10 to 50 nominal blows; heavy bambooing from 60 to 100 nominal blows; penal servitude from 1 to 5 years plus bambooing; life exile from 1,000 to 5,000 li (a 1,000 li about 333 miles) plus bambooing; military exile from 2,000 li to deportation plus bambooing; and death penalties including strangulation, decapitation, and death by slicing. A few western witnesses of Chinese prison situations commented that they were reminded of Dickens and his prisons.

9. The code covered areas of General Principles, Obligations, Rights over Things, Family, and Succession. "Books I, II and III including 1,316 articles were printed in 1911, the publication being dated the 5th day of the 9th moon of the 3rd Year of Huan Yung. Another 253 articles forming Books IV and V were completed and published later on" (Hsia et al 1944:xii).

10. The Twenty-One Demands were presented in five sections: The first section concerned the transfer of German rights and interests in Kiaochow and Shantung; the second concerned special Japanese interests in Manchuria and Inner Mongolia; the third concerned Japanese control of the largest Chinese ironworks, the Han-yeh-p'ing works, in which Japanese capital was already involved; the fourth stipulated that places on the coast should not be leased to any third power; and the fifth dealt with the extensive use of Japanese 'advisers' in all political, military, economic and cultural institutions throughout China, so that Japan would virtually control the
entire public life of China. (Franke 1970:88)

England and the United States intervened when they saw their own interests were threatened. After negotiations, the demands were substantially modified. Many points were changed except the one of the first section: the transfer of German rights and interests to the hands of Japanese.

11. The Chinese delegates presented a memorandum of seven points: "(1) renunciation of spheres of influence or interest; (2) withdrawal of foreign troops and police; (3) the withdrawal of foreign post offices and telegraphic agencies; (4) abolition of extra-territorial consular jurisdiction; (5) relinquishment of leased territories; (6) restoration to China of foreign concessions and settlements; and (7) tariff autonomy. Further demands included the transfer of German rights in Kiaochow and Shantung and the abrogation of the Twenty-One Demands enforced by the Japanese in 1915" (Franke 1970:92). An agreement had however already been made between Japan and European Allied nations, England and France, before the peace conference in Paris. Franke acknowledges that this agreement was kept secret from China and the United States until the conferance.

12. According to Franke (1970:93), the articles 156-8 of the Treaty of Versailles read thus:

Article 156. Germany renounces, in favour of Japan, all her rights, titles and privileges - particularly those concerning the territory of Kiaochow, railways, mines and submarine cables - which she acquired in virtue of the treaty concluded by her with China on March 6, 1898, and of all other arrangements relative to the Province of Shantung.

All German rights in the Tsingtao-Tsinanfu Railway, including its branch lines, together with its subsidiary property of all kinds, stations, shops, fixed and rolling stock, mine, plant and material for the exploitation of the mines, are and remain acquired by Japan, together with all rights and privileges attaching thereto.

The German State submarine cables from Tsingtao to Shanghai and from Tsingtao to Chefoo, with all the rights, privileges and properties attaching thereto, are similarly acquired by Japan, free and clear of all charges and encumbrances.

Article 157. The movable and immovable property owned by the German State in the territory of Kiaochow, as well as all the rights which German might claim in consequence of the works or improvements made or of the expenses incurred by her, directly or indirectly, in connection with this territory, are and remain acquired by Japan, free and clear of all charges and encumbrances.

Article 158. Germany shall hand over to Japan within three months from the coming into force of the present Treaty the archives, registers, plans, title deeds and documents of every kind, wherever they may be, relating to the administration,
whether civil, military, financial, judicial or other, of the territory of Kiaochow.

Within the same period Germany shall give particulars to Japan of all treaties, arrangements or agreements, relating to the rights, title or privileges referred to in the two preceding Articles.

13. Clearly, this Nationalist approach to industrial relations, namely organizing employers and employees into separate unions, in parallel with each other, was a type of corporatist strategy which was popular in the West, especially in North America, in the early decades of the present century. This strategy was also adopted by the Nanjing Government to reorganize local chambers of commerce in the lower Yangzi area in the 1930s.

14. See Jin (1991:104). In 1927, the Wuhan left-wing Nationalists and the Communists in a joint session discussed the issue of "land to tillers." But the draft resolutions on land never became effective, as the Nanjing Government turned against the united front and was hostile towards peasants (Zhang 1986:202-12).

15. The Nanjing Nationalist Government drafted the Civil Code in 1931 on the basis of the Qing Civil Code issued shortly before the Qing was overthrown. The Nationalist Civil Code had five divisions: General principles, Obligations, Rights over Things, Family and Succession. For detail, see the translation of the Code by Ching-lin Hsia et al.

16. See, for instance, R.C. Bush (1978), J. Fewsmith (1985), and B.R. Geisert (1979), and P. M. Coble (1986). Among the studies, Bush, rejecting Coble who finds that the Nationalist Government used more coersive means to control the Shanghai capitalists, argues that the textile industrialists in the lower Yangzi were able to defend their interests by exploiting internal party factional struggles for their benefit. Fewsmith, on the other hand, sees that the adoption of corporatist strategy in reorganizing chambers of commerce allowed capitalists a representational access to decision-making, a view which is carried further by Geisert (1982) in his formulation of a pluralist model of Kuomintang rule.

17. There must be other factors affecting the changes in China's position in obtaining loans. One could arise from the fact that Chinese economy grew noticeably in the 1930s as Rawski's (1989) painstaking effort shows. Another could be that the Nationalist Government's campaigns against the Chinese Communists found echos in the western world.

18. Hou (1965:108) explains that the Qing government imposed the lijin, a tax on goods in transit by land or by water from one province to another or from one district to another within the same province, as well as on goods for export on their way to the treaty ports and on imported goods after entering China. Before the
Nationalists retrieved tariff autonomy in 1929, foreign powers used treaties to avoid lijin. Due in part to foreign pressure, lijin was finally removed in 1931, and replaced by the factory tax and other duties (Bush 1978:138-63).

19. Up till early 1930s, changes in many parts of the countryside were inconsequential. This was particularly true in north China (Myers 1970). In northwest China, however, in the Communist base areas, land redistribution was systematically carried out abiding by the principle of "land to tillers."

20. As Stross (1982:171-9) argues, due to poor relations between the government and peasants, agricultural extension programs of educational work and rural improvement were largely more successful when they were run by universities and colleges in conjunction with private and semi-official agencies than directly by government. Even so, peasants questioned program workers' connection with the government.

21. Bureaucratic inefficiency, according to Stross, became essential sources of frequent disasters, such as flood, pests, drought and low crop yield. Insufficient government funding for earthwork, drought, pest and flood control, aggravated rural problems. Stross argues that even if central investments were assigned for rural programs, they were skinned off many times by corrupt officials before reaching their proper uses. Government police and guards were additional threats to peasants. They robbed peasants like bandits, on their "business" trips to villages. All these contributed to government alienation from the peasantry. For more, also see Myers (1970).

22. See Bush (1978:158). Apart from mill owners' resistance, there were other crucial factors that need to be considered: primarily, the foreign control of Chinese tariff and the impact of the world Depression, which hit China badly. Mill owners struggled at the brink of bankruptcy in the face of shrinking markets and material supply. Business downfalls led to mergers so as to resist foreign competition (Wang 1992:195-213).

23. This was in part the reason why the Communists were not successful in mobilizing labour strikes in the early 1930s. Moreover, the earlier Communist policy, following the Soviet experience of urban uprising, urged workers to go on strike without due care for the loss of their lives in the face of the white-terrorist rule. The failure of strikes disappointed and alienated workers.

24. Zhu had been sent round the world by the National Committee in 1923 to investigate labour conditions and organizations in Europe and North America. According to Bush, "he studied the reforms that governments, private organizations, and individuals had made to improve conditions for workers, and consequently became a strong
supporter of protective social legislation, workers' education, and the cooperative movement" (1978:169).

25. See Epstein (1949:54) and Friedman's supplement on the same issue.


27. For more on the growth, also see Dong and Li (1988:105-9).
CHAPTER SIX

From Elite Activism to Individual Activism: Transformation of Public Influences on Government

The preceding chapters have demonstrated that the Nationalist Revolution was transformative because China shifted from the Imperial tradition of elite rule over a brokerage market economy to one in which the Nationalists established centralized elite rule over a "free market" economy. The establishment of a "free market" society, in which the Nationalist Government protected property rather than the public interest, marked the failure of the revolution to achieve its theoretical objectives of building a quasi-market society. The revolution failed not simply because it carried on the process of militarization and centralization of state power, one which commenced in the late Qing, and was, thus, susceptible to values and practices of the political culture dominated by old warlords and established political and economic elites. The failure also revealed the extent to which the Nationalist pursuit of a constitutional government was influenced by imperialist actions and western voluntaristic thinking. Such thinking repressed the individual will, and such action made more persuasive the Nationalist claim of "national liberty," to which the individual was required to conform.

The demands of workers and peasants for citizenship rights against the proclaimed tutelage of the state was part
of the transformative nature of the Nationalist Revolution. This transformation was reflected in the changing relationship between the state and society, particularly in terms of public influences on government. Elites attempted to influence government so as to preserve their dominance over society through the management of property relations. The struggles of workers and peasants for citizenship rights was part of an effort to attain justice for all through the exercise of sentiments of justice. They involved individuals approving or disapproving Nationalist policies. Disapproval of Nationalist elite rule by workers and peasants indicated the failure of the Nationalists to create a constitutional government, a key objective in building a quasi-market society.

The increasing interest in ideas of self-government, democracy, social justice and equality, emanating from the pursuit of a constitutional government, encourages the independent exercise of sentiments of justice by individuals. Constitutional government, through its coordinated policies and plans, reflexively responds to social influences derived from public pressures and, in turn, changes its role. It upholds public interest in accord with the rules of justice developed upon the independent exercise of sentiments of justice by individuals. An harmonious and mutually reinforcing relationship between the pursuit of constitutional
government and the exercise of sentiments of justice is essential in preparing for the necessary precondition of a concept of modern democracy that is "de-voluntaristic."

These two aspects were reflected in the developments of the Nationalist Revolution. Specifically, they were reflected in the struggles of workers and peasants for the exercise of citizenship rights, on the one hand, and on the other, the efforts of the intellectual elite to apply foreign ideas of a constitutional government. These developments were, however, often in collision. Intellectuals were more interested in gaining national power and wealth than meeting the needs and rights of labour and the peasants, who formed the majority of the population.

Some advocated foreign ideas in order to change Chinese socio-economic conditions, which they often regarded as backward. Others, like Kang Youwei and his followers, sought to preserve Confucianism in a constitutional framework and were, thus, used by leaders of the propertied groups who desired to resist change and maintain power and wealth. Disagreements over the question of what constituted a future China further alienated intellectuals from the labouring poor and resulted in discordant relationship between the pursuit of a constitutional government and the struggles of labour and the peasants. It is this discord that was reflected in the Nationalist "free market" approach to China's transformation in contrast to Sun's theory of
Although the Chinese Communists began to work with workers and peasants in the early 1920s, their pursuit of the Soviet revolutionary strategy of urban uprisings led to a massive loss of workers' lives and a general decline in their relationship to all workers. Only when the focus of their policies was shifted to the organization of peasants did the revolutionary transformation in China become nationwide in its consequences and implications.

In the following pages, I shall discuss the relationship between the struggles of the labouring poor and the intellectual pursuit of constitutional government. I will first establish the significance of the publicization of ideas for change in the transformation of social influences on government from the reform movements of the late Qing, through the May 4th New Cultural Revolution in the early 1920s, and to the united front between the Nationalists and the Communists in the Guangzhou era. I will then discuss the growth of peasants' and workers' movements with the involvement of the Communists and the leftist Nationalists.

The publicization of the ideas of freedom and democracy, during the Nationalist pursuit of a constitutional government, inspired individuals to exercise sentiments of justice and to express approval or disapproval of the social relationships in which they participated.
Individual participation in the pursuit of a constitutional government indicated that both labour and the peasants made choices in terms of their approval or disapproval of their relationships with the Nationalist Government and in relation to the consequences of their participation in the transformation of social relationships under the Nationalist rule. The Nationalist pursuit of a constitutional government ultimately failed because it was based on an effort to build centralized state power in rejecting the demands of labour and the peasants. The eventual failure of the revolution to achieve its objectives of building a quasi-market society was therefore predominantly a result of the Nationalist abandonment of the support of labour and the peasants.

**Intellectual Pursuit of Freedom and Democracy**

During the reform movements in the late Qing, there was a shift in the style of elite activism. Formerly, local elites worked to protect property rights against state encroachment. Later, different elite groups came into conflict in their efforts to change the system through the building of a constitutional government in order to defend against foreign penetration. These efforts institutionalized elite dominance in political and economic processes at the national level. The institution of elite rule in the central government was a result of competition of ideas of democracy among Chinese intellectual elites.
The publicization of their debates on these ideas led to an increased awareness of them and the expansion of public activism.

When Kang Youwei, Liang Qichao, Tan Sitong and other reformers in 1898 began to question Chinese tradition, asking what made China a lesser power than the West, they focused upon traditional norms and social structures, particularly family relations. They believed that family relations, which were created to help maintain the Imperial rule, distorted Confucian teaching. They sought to preserve Confucianism in a constitutional framework while restoring it to its "real" form.²

When the rule by elites based on their monopolization of Confucian education was eroded by the abolition of the civil service examination system and the prevalent new thinking accompanying the Republican Revolution of 1911, Kang Youwei and Chen Huanchang founded the Confucian Society (Kongjiao Hui) in 1912 and aimed to maintain Confucianism as the state religion. They publicly campaigned for the idea of rites, which was eventually reintroduced by Yuan Shikai as the state ideology in his short-lived constitutional monarchy. The succeeding Beijing warlord governments continued Yuan's effort, since Confucianism could be used as a means to ward off revolution.

In the years after the 1898 reform movement, however, increasing foreign influence on Chinese thinking led a
younger generation of Chinese intellectuals to change their perception of tradition. Western ideas of freedom and democracy encouraged young intellectuals to challenge Chinese values and to adopt foreign practices of social reforms. The self-government reform in the late Qing provided a platform for these intellectuals to publicize ideas of self-government and a constitutional government.

The self-government school, founded in 1906, was to train local elites from each district in the prefecture of Tianjin to participate in the self-government reform efforts (Thompson 1985:125-7). Teaching was shared by returning students from Japan and visiting Japanese professors. Learning covered self-government, elections, census, local finance, educational and police administration, economics, and law. After a four-month program, students who passed the final exam were sent back to their home districts to assist the magistrate in carrying out the self-government reform. At the same time, reformers in Tianjin recognized that the implementation of local self-government also included the vast majority of the population - the illiterate and semi-literate. Members of the Self-Government Bureau were hence selected to give lectures in public gathering halls. Their effort at publicizing self-government ideas and regulations was aimed to embrace a broader urban audience of ordinary men and women being temporarily excluded from the activities of the reform.
This effort on the part of intellectual reformers in Tianjin was designed to incorporate the public into their scheme of constitutionalizing Chinese monarchy and not intentionally to accommodate the demands of the labouring poor.

Witnessing both the experiences of the reform movement during the last decade of the Qing and the twists and turns of the aborted revolution by Yuan Shikai in the first decade of the Republic, young intellectuals believed that the authoritarian elements in Chinese society originated in Confucian values. They saw the teaching of the past, especially Confucianism, as an obstacle to progress. They, therefore, opposed warlord regimes and engaged in a struggle for progress.

During the campaigns against Yuan's restoration of the monarchy, the magazine Xin Qingnian (New Youth), first published in Shanghai in 1915, became a rallying point for leaders in the struggle for progress. Its founder and editor, Chen Duxiu, devoted the magazine to criticisms of the Chinese tradition and the promotion of western ideas. He and his magazine viewed that the issue of individual freedom set China apart from the West. They thought that traditional Chinese society and culture suppressed individuals. The only way for individuals to gain freedom and independence was to be liberated from the chains of
traditional Chinese culture and social relations. This liberation had to start with the breaking away from Confucianism. Their demand to abolish Confucianism was distinctively expressed in a joint reply by Chen Duxiu and Hu Shi to a reader's letter published by the magazine on October 15, 1918. "The old literature, old politics, and old ethics have always belonged to one family;" they wrote, "we cannot abandon one and preserve the others" (Liu 1972:51). This reply expressed the sentiments of a campaign against traditional Chinese culture, especially classical Confucian teaching of rites, which made its debut during the May 4th Movement in 1919.

In his well-known essay "The Diary of a Madman," Lu Xun bitterly satirized traditional culture for its hollowness and falseness. Wu Yu responded with "Cannibalism and the Doctrine of Etiquette." He claimed that,

In The Diary of a Madman it says, when I open a page of history and begin to read it, the words 'harmony, righteousness, morality and virtue' are to be found everywhere. I read it attentively half the night and realized then, reading between the lines, that the whole book consisted of nothing more than two words - 'eating men' (ch'ih jen).

I think one perceives quite clearly from this diary that the real content of history is cannibalism, while humanity, righteousness, morality and virtue is only a facade. All those man-eaters, slippery, cunning people, hiding under a cloak of the Doctrine of Etiquette have had the cloak removed by him [Lu Xun].

Wu Yu went on:

It is time we realize that we do not live for the princes! Nor for the sages and the wise men! Nor do we live for the principles of the Doctrine of Etiquette. What does 'distinguished sir' mean? What
does 'devoted sir' mean? Such words are only the snare which those cannibals have laid to fool us. It is time we realize that 'to eat men' is the same as 'to preach the Doctrine of Etiquette'.

The 'distinguished and devoted sir' was obviously referred to the Confucian scholar who distinguished himself from ordinary people (baixing) by his acquisition of literary wisdom and moral virtue. Wu Yu saw that the very nature of this distinction lay in his education to rule. If Wu Yu rejected Confucianism because it promoted elite rule, Chen Duxiu and Hu Shi rejected tradition entirely on the ground that Chinese culture had made people incapable of an active response to the challenge of the West (Liu 1972:42). For Chen and Hu, China could only survive with a "new culture" similar to that of the West. Hence, a cultural transformation necessitated a process of westernization.

For Chen and Hu, western superiority over China was a consequence of democracy and science. By a gradual and "organic assimilation" of western culture, they hoped to jettison the traditional social order (Ibid:48). They then devoted their energy to an interpretation of western thinking, and political and social practices. Ideas of western liberalism, such as those held by the Manchester School which aimed for the liberation of the individual from all restraint with the help of science, was regarded as the science of high import. Chen and Hu hoped that Manchester-School individualism would enable Chinese individuals to free themselves from all ties with tradition,
especially Confucianism, and to make achievements similar to those in the West, the United States in particular.

American influence in China increased when European nations were engaged in the First World War. An American way of life was promoted. John Dewey, Hu Shi's mentor, came to Beijing University at the end of the first decade of the present century, and advocated the ideas of distinguishing good beliefs from bad through investigation, and conducting community life through the instrumental use of natural forces.6 His philosophy of the power of the community prompted an article in New Youth by Chen Duxiu, "The Basis for the Realization of Democracy." It was the first time that Chen talked about possible democratic organizations at the grass-root level (Franke 1970:108). He discussed this grass-root level of democratic organizations in a recourse to the past. He suggested that there were

... certain institutions of local self-administration and professional or other associations that had existed in China for a long time. There were wide areas of life not touched by the official administration of government in traditional China; these were left to the initiative of the people.7

It was perhaps Chen's recognition of grass-root initiatives as a basis for democracy in China which prepared him to accept Marxist ideas and be transformed into a Marxist. The Soviet experience of Marxism certainly involved the mobilization of many people in carrying out a revolution. In China, Marx had not been introduced in great detail, given that he had little to say about the country -
an unindustrialized society. It was only after the success of the October Revolution in Russia that Marx began to reach some Chinese intellectuals. Lenin's version of Marxism particularly attracted Chinese revolutionaries. The success of the Russian Revolution was regarded as not only a success of the proletarian revolution against capitalist domination, but most importantly that of the liberation of colonial and semi-colonial peoples from imperialist domination.

The "Society for the Study of Marxism" sponsored by Li Dazhao, (an ex-member of the Revolutionary Alliance under Sun Yat-sen,) represented the first Marxist influence in China. Mao Zedong, Zhang Guotao, and other later important figures in the Communist movement, were members of the society. They were soon joined by Chen Duxiu. The New Youth under Chen's editorship began to take an interest in Marxism. These activities enhanced the preparation for the founding of the Chinese Communist Party in Shanghai in 1921, and the subsequent co-operation between the Communists and the Nationalists in an effort to restructure the Nationalist Republic after the Soviet model.

Historically, the Republican Revolution of 1911 turned Chinese people into citizens or gongmin. They were no longer commoners or baixing. This change was gradual as a new social order was still in the making. People did not initially understand what it meant to be citizens. They could not tell the difference between 'citizens' and
'commoners' until the New Cultural Revolution in 1919, when Confucianism — the centre-piece of the past, was challenged. The past was especially challenged alongside the introduction of western concepts of liberty, democracy, and citizenship.

The introduction of the concepts of liberty, democracy, and citizenship was however interjected by ideas of bourgeois liberalism primarily centred on the protection of property and the influence of Soviet-style Marxism. The subsequent adoption of the Soviet Model in the Nationalist restructuring in the middle of the 1920s reinforced the Nationalist notion of political tutelage of the party over the people and a voluntaristic understanding of liberty, democracy and citizenship. Military engagements between the Nationalists and regional warlords, and later between the Nationalists and the Communists after the break of the united front further contributed to social chaos and intellectual confusion.

The introduction of Marxism, however, encouraged sentiments of disapproval of imperialist domination among people. Intellectuals under the influence of Marxism recognized that revolution could be achieved only by uniting social forces for change. The co-operation between the Nationalists and the Communists prepared the building of a united front of intellectuals with labour and the peasants. The building of the united front was an effort by
intellectuals to incorporate into their revolutionary agenda the demands of labour and the peasants for the rights to labour and to land, and most importantly, to a full and free life.

**The Struggles of Labour and the Peasants**

In the Soviet experience of revolution, urban workers constituted the backbone of revolutionary force. Chen Duxiu, Li Dazhao and the majority of early Communists in China were inspired by the Soviet Revolution and organized Socialist Youth Leagues in Shanghai and Beijing to mobilize workers during and after the birth of the Communist Party.

Throughout the early twentieth century, the conditions of workers' lives in China were atrocious. As Rigby (1980:14-5) points out, if "working conditions" were meant to include at least, the physical state of the workplace, hygiene and safety, and hours worked, holidays and rates of pay; and at a more personal level, the treatment workers received from the management particularly on the shopfloor, long working hours, poorer working conditions and physical abuse exposed Chinese workers, particularly male child labour in mines and female child labour in mills, to danger and violence.

Methods of aggressive management, especially in Japanese textile mills, invoked resentment among Chinese workers. The first workers' open strike occurred in a Japanese mill in Shanghai for a week in February 1919. The
workers opposed the piece-work system, beating of workers, and the employment of under-age female labour (Ibid:16). During the May 4th Movement urban workers combined forces for the first time with students and members of the urban population. Their participation demonstrated that they became a distinct political force and endeavoured to gain recognition not in the form of secret societies but in open strikes.

After the First Congress of the Chinese Communist Party in Shanghai in 1921, the All-China Labour League was set up. The Communists then engaged in labour organization, particularly among the miners of Anyuan in Hunan and the railway workers in central and northern China. The worker movements in the period between 1919 and 1927 showed that the labourers, the former "small and mean" people, were no longer in the category that had been little taken into consideration in the order of rights and property relations in Imperial China. They were no more nominal commoners (baixing), the protection of whose interests depended upon the cultivation of morality on the part of elites. They now sought to gain recognition through the struggles for unionization and the right to labour.

1922 witnessed the first wave of strikes across the country, the most significant of which was the Beijing-Hankow railway strike of early 1923. Strikers demanded shorter working hours, increased wages, and improved working
conditions, but above all the right to organize into unions. This nation-wide wave of strikes was quelled by the warlord Wu Peifu's government in Wuhan, which conducted a massacre of railway workers on February 7, 1923. A new stage of labour organization, however, soon began upon the formation of the Shanghai Labour Federation led by the veteran leaders of the railway strike in association with thirty other unions. This new wave of strikes took place with the Communists and the Nationalists co-operating in an effort to restructure the Nationalist Republic through the mediation of the Comintern.

The Communists and the Nationalists, although they entered into co-operation in 1924, did not stop competing for the control of labour organizations. Workers were initially dominated by labour contractors, who headed various secret societies like the Elders Society (Gelao Hui) and the Green Gang (Qing Bang) operating in big cities such as Shanghai. In the 1910s the Green Gang expanded rapidly and became dominant in the lower Yangzi valley (Lust 1972:190-200). When the Shanghai Labour Federation was first founded, it was strongly influenced by secret societies which also maintained close ties with Chiang Kai-shek and his right-wing group of the Nationalist Party. Communist Li Jihan had to join the Green Gang in Shanghai in order to contact urban workers (Chesneaux 1972:13-4).

The Nationalist policy of co-operation provided the
Communists with an opportunity to work more actively among Shanghai workers. The Communists operated the worker's newspaper, *Min-kuo Jih-pao*, and set up a number of night schools, clubs and societies for workers in the most concentrated industrial areas in Shanghai, a city which was still under warlord Sun Chuanfang's rule (Rigby 1980:18-9). Communist intellectuals such as Li Lisan came to evening classes on culture and politics to discuss workers' lives and to explain the significance of the collective struggle for rights to a higher pay. The Communists succeeded in calling the Second National Labour Conference in Guangzhou in May 1925 on behalf of the Shanghai Labour Federation, at which a resolution was passed that "economic struggles of the workers be turned into political struggles, in this case, the national struggle" (Rigby 1980:31). It was a Communist success in activating the labour movements which, in turn, posed a threat to the fragile power structure in the Kuomintang after the death of Sun Yat-sen.

The labour movements during the co-operation between the Nationalists and the Communists were encouraged by Nationalist policies against imperialism. The two most noted in 1925 were the May 30 Movement in Shanghai which prompted nation-wide strikes, and the Hong Kong seamen's strike which began on June 19. The trade union behind the seamen's strike in Hong Kong was directly controlled by left-wing Nationalists who were supported by Communists in
the party. The year-long strike was in conjunction with a boycott of British ships and goods which lasted until October 1926. When the strike created supply problems in Guangzhou and affected the Nationalist effort in planning the Northern Expedition against northern warlords, Chiang Kai-shek began to give in to pressures from the local chamber of commerce and foreign powers. He backed off from supporting strikers, who were subsequently asked to go back to work. The assassination of Liao Zhongkai, the head of the Labour Department of the Kuomintang, was the beginning of the right-wing attack on the left (Wang 1985).

The May 30 Movement in Shanghai was motivated by a Chinese resentment against the Mixed Court arrangement by which foreign imperialist actions were protected. The movement began with a demonstration of students and workers, which was fired upon by police under the command of a British sergeant. Reacting against the lack of response by the warlord government, the Communists set up the General Trade Union (GTU) which immediately upon its formation called for a general strike against the imperialist action and the warlord government. The GTU successfully took the movement to a higher stage when the participation of the general public, including store-owners and bankers, magnified the strength of the strike.\textsuperscript{10}

A split over the question of who constituted the target of the movement, however, eroded the united front. Dai
Jitao came to Shanghai to argue that a revolution of all classes did not sanction a struggle against all businesses of foreign and Chinese concerns. He gave a lecture on the "philosophical foundation of Sun-wenism," suggesting that Sun had called for a "national revolution" of all people, a revolution resulting from the confrontation between the "enlightened" and the "unenlightened," and not between classes. This claim helped break the united line of strike in Shanghai. The General Chamber of Commerce which had agreed to join the strike quickly attempted to negotiate with the concerned foreign businesses. The Shanghai Labour Federation dominated by the Green Gang upset by the GTU's increasing influence over Shanghai workers, and organized gangs to raid the GTU's headquarters. The split during the May 30 Movement finally led up to the event in April 1927 following Chiang Kai-shek's arrival in the lower Yangzi valley.

Chiang, having already waged a power struggle against the Communist-supported left-wing Nationalists, obtained financial assistance from the capitalists in Zhejiang and Jiangsu and sought a compromise with the foreign powers. With their support, Chiang launched a campaign against the Communists.

From March 11 to 17, [1927] Chiang ordered his subordinates to suppress the labor unions and Party branches in three Kiangsi cities, Kan-chou, Nanchang and Kiukiang, all of which were loyal to Wuhan and dominated by the CCP. On March 23, after Chiang moved his headquarters to Anking, Anhui, his followers again
destroyed the CCP-controlled labor union and Party branch in that city. (Wang 1985:133)

Upon arriving near Shanghai on March 26,

Chiang found his forces approaching a stalemate with the city's labor union which, as elsewhere, was dominated by the CCP. The union had organized a provisional municipal government after the retreat of the warlord troops, and was competing with the KMT military in controlling the city. (Ibid:134)

Marching into the city,

Chiang launched the bloody purge against the Communists and leftists in Shanghai and Nanjing on April 12. About 5,000 people were estimated to have been killed in Shanghai during weeks of massive arrests and executions. (Ibid:138)

With the help of the Green Gang, Chiang crushed the labour unions. Worker movements came to a halt. The Communists were thereby greatly weakened. They subsequently learned that an ultra-leftist approach to revolution motivated by a desire for a quick success through urban uprisings was a mistake. They were obliged to shift the focus of their policies from organizing urban workers to mobilizing rural peasants.

In the Soviet experience of revolution, peasants were not at the centre of the revolutionary concerns. The Comintern advisers and their close followers, who clung to the Soviet Model of a proletarian revolution, did not seriously consider the strategy of mobilizing peasants. Only Mao Zedong and a few other Communists went to work in the countryside. Their experience led them to conclude that the most important revolutionary force in China was the poor
peasants. Without their support the revolution would never succeed.\textsuperscript{12} Between 1925 and 1927, the peasant movement grew, particularly in Guangdong and Hunan, incited by the Nationalist policy, favouring "rent and interest reduction" and the overthrow of "local bullies and evil gentry." This movement had limitations given that the needs and rights of the peasants were not directly addressed and that land reform did not materialize.

In the peasant movements of the mid-1920s, the left-wing Nationalists played an important role. Without their support, peasant movements could not have been as far-reaching as they were. In fact, as Geisert indicates, the Nationalist Party, particularly during the years of its cooperation with the Communists, drew its membership largely from the xiaokang families, small landlords, well-to-do peasants, (both of whom most likely owned land on which they worked with or without hired hands, and hence were the ones attacked by bandits and taxes,) and teachers and tuition-free students.\textsuperscript{13} These people represented a growing force in the countryside as the number of small self-propertied peasants increased, a growth in part resulting from absentee landlords who moved into towns. They welcomed the Nationalist policy of "down with local bullies and evil gentry;" that is, those who dominated rural communities in association with wicked warlords, corrupt bureaucrats, the compradore class, imperialist agents, and bandits. Their
support of the Nationalist policies certainly strengthened the Nationalist Party and contributed to the success of the Northern Expedition against warlords.

While the left-wing faction agreed with Communist demands for a broad eradication of enemies, other Nationalist members, particularly those who came from upper classes of landlords, merchants, and bankers, felt threatened. Dai Jitao counteracted Communist demands with the slogan, "guanmin geming" ("revolution of all the people"), manufactured from Sun Yat-sen's idea of "revolution of several classes united." According to the right-wing Nationalists, the primary targets of the revolution were imperialists and warlords. "Local bullies and evil gentry" were required to be disciplined only by means of administrative and judicial institutions (Geisert 1979:54-5). Consequently, conflicting policies between the left-wing and the right-wing of the Nationalists not only caused the confusion about Sun's theory, but also instigated instability and the segmentation of the Nationalist Party.

Upon the expulsion of the Communists from the Nationalist Party, trade unions were disarmed and placed under the control of the Nationalist Government. Peasant associations were dissolved and old bao and jia organizations were restored. Although the Nationalists proceeded with the implementation of Sun's idea of xunzheng (political tutelage) after the founding of the Nanjing
Government, their policies sought to establish the centralized control of the party and government rather than to carry out the building of a constitutional government which recognized people's rights as Sun had proposed. Public sentiments of disapproval of the Nationalist rule loomed high. Wang Jingwei discussed in 1929 that the constitution was a contract between the citizens and the government, stating rights and duties on both sides. Without a constitution, he argued, a dictatorship would develop in due course (Bedeski 1981:68). Hu Shi, a veteran of the May 4th Movement, and other intellectuals, writing in Xinyue (New Moon) magazine in the late 1920s, questioned the nature of political tutelage and demanded a constitution to insure citizens' rights to make laws (zhì) separate from the government's rights to govern (zhì) (Pan 1935:202-15).  

A constitution was passed in 1934. People's rights were, however, not recognized. The constitution was adopted only to establish the legitimacy of Nationalist elite rule over society. As Bedeski (1981:38) notes, 

The judiciary system was inhibited by the interference of military authorities, and civil rights were often denied by the army. In the tripartite system in which government, party, and army jurisdictions frequently overlapped, the military arm usually prevailed, with the resultant enfeebling of civil authority.

Under the program of political tutelage, moreover, individuals to be trained as citizens were deprived of all rights to exercise their sentiments of justice and to express opinions other than the government's. Laws were
enforced only to maintain order and to eliminate opposition, and not to administer justice. A dictatorial regime developed as a result of the militarization of state power and the excessive use of force. The use of military force to establish control over individuals more than to deal with problems central to the demands of labour and the peasants undermined the Nationalist pursuit of a constitutional government. The disparity between this pursuit of a constitutional government and public demands alienated the Nationalist Party, a party that had turned itself into an instrument of elite rule. As Eastman (1990:4) suggests, the Nationalist Party became an avenue for those who wanted to shengguan facai (become an official and to grow rich). It became a party that failed to serve as a conduit for the building of a democratic, quasi-market society, and a party that eventually suffered a political defeat by the Communists due to its abandonment of support from labour and the peasants.

NOTES

1. This tendency may still prevail as some of the commentators of the Tiananmen student protest in 1989 perceive. See the collection by Wasserstrom and Perry (1992).
2. Kang's understanding of the real form of Confucianism includes the Confucian revival in the Song, when scholars endeavoured to clarify classical Confucianist teaching of virtue in the practice of social norms of rites (li). To modify the overwhelming compulsion of li, neo-Confucian scholars like Zhu Xi, Cheng I and Wang Yangming, argued that personal innate goodness could be actualized through conscious self-cultivation to its utmost extent in doing the right and not the wrong. The process of self-cultivation was to learn to conduct oneself morally according to the Law of Nature or the Mandate of Heaven (the Way). The learning entailed going to nature and investigating into the reasons of natural objects — i.e. the "evidential investigation" (kaozheng). This manifested a liberalized interpretation of Confucian learning. This new learning based on the cultivation of one's mind, feeling and nature, for Neo-Confucianists, could still be better achieved under the auspices of li.

3. According to Franke (1970:101-2), Chen Duxiu was a student in Japan at the turn of the century. Though perhaps detached from the revolutionary movement in Japan, he played an active part in the 1911 revolution in Anhui, his home province. After its failure, he took refuge in a Shanghai foreign concession where he engaged in the New Youth publication. In 1917, he was invited by Cai Yuanpei, the President of the University of Beijing, to join the faculty of literature there. Soon his New Youth colleagues like Hu Shi and Lu Xun joined him in Beijing. Very soon the University of Beijing became the centre of the May 4th Movement.


5. Russell (1984:579-80) helps explicate the origins of Manchester School individualism. Ever since Descartes, Russell writes, the outlook of the typical scientific discoverer has perhaps the smallest dose of individualism. When he arrives at a new theory, he does so solely because it seems right to him; he does not bow to authority, for, if he did, he would continue to accept the theories of his predecessors. At the same time, his appeal is to generally received canons of truth, and he hopes to persuade other men, not by his authority, but by arguments which are convincing to them as individuals. In science, any clash between the individual and society is in essence transitory, since men of science, broadly speaking, all accept the same intellectual standards, and therefore debate and investigation usually produce agreement in the end. He continues:
This form of liberalism dominated the English eighteenth century, the founders of the American Constitution, and the French encyclopaedists. During the French Revolution, it was represented by the more moderate parties, including Girondins, but with their extermination it disappeared for a generation from French politics. In England, after the Napoleonic wars,
it again became influential with the rise of the Benthamites and the Manchester School. Its great success has been in America, where, unhampered by feudalism and a State Church, it has been dominant from 1776 to the present day, or at any rate to 1933.

6. For more on Dewey's ideas, see Russell (1984:774-82).


8. Franke (1970:117) notes that "In the summer of 1921 there were Communist groups apparently in existence in Peking, Canton, Shanghai and in the province of Hunan... Communists from different parts of China met in Shanghai and their delegates founded the Chinese Communist Party. No record of the proceedings has been preserved; hence, neither the exact date nor the names of all the participants are known. Later, however, 1st July, 1921, was fixed as the foundation date and duly celebrated. References to those taking part are conflicting; there were approximately twelve and Mao Tse-tung [Mao Zedong] was certainly one of them... The leading role in the organization was played by Ch'en Tu-hsiu [or Chen Duxiu] and Li Ta-chao [Li Dazhao]."

9. As Rigby (1980:17) describes, after the railway strike, a number of leaders of the Peking-Hankow railway strike, mainly Hunanese, fled to Shanghai, and it was at their instigation that the Shanghai Labour Federation was formed. The Federation had some thirty original member bodies, and consisted of a mixture of genuine labour unions, such as the seamen's union, textile workers, Shanghai machine workers, and other societies and organizations such as the Chinese Workers Self-help Society, Joint Association of Cantonese Workers, Union of Chinese Veterans of WWI, the Union of Anhui Residents of Shanghai, etc. Total membership was around 300,000. The Federation was responsible for organizing a number of new unions, including tram-workers, barbers, Wusung steel factory workers, and also set up an Association of Labour Youth to train cadres.


11. The labour movements in the 1920s, however, although they were put down, had lasting effects. As Rawski (1989:ch.6) notes, workers' wages in many areas did go up along with economic growth in the early 1930s.

12. Mao's conclusion was presented in his "Report on an investigation of the peasant movement in Hunan," in March 1927.
13. Most of the traditional schools were privately run by wealthy local elites. Since the turn of the century the number of public schools multiplied. Even though tuition to public schools was granted free, poor peasants would not be capable of keeping up with the expenses and time of schooling. Most tuition-free students were from xiaokang families. See Geisert (1979:21-3).

14. For more on the 'Human Rights Group' headed by Hu Shi in the late 1920s and early 1930s, see Bao Heping (1991). For the debate at the same time on the future of Chinese politics between the group gathering around the magazine, Duli pinglun (Independence), promoting the idea of "democracy with dictatorship," and that around the magazine, Zaisheng (Rebirth), rejecting the idea of dictatorship, and the 'Blue Shirts', advocating fascist ideology, see Huang Daoxuan (1992).
CHAPTER SEVEN
Transformative or Abortive? Concluding Remarks on the "De-Voluntaristic" Perspective

In order to understand the nature of the Nationalist Revolution in China between 1927 and 1937, I have attempted to construct a quasi-market model of social relations to achieve two broad objectives. One has been to develop a theoretical perspective on the relationships between the individual and society, the state and society, and the rule of law and pursuit of justice. I have termed this perspective "de-voluntaristic," in contrast to the voluntaristic ideas of Talcott Parsons. Voluntarism, as understood by Parsons, is the genesis of an autonomous model of the state. This model influenced the existing western literature on the Nationalist Revolution. A second objective has been to apply this "de-voluntaristic" perspective to examine the policies that were adopted by the Chinese Nationalist Party, the Kuomintang, to transform China between 1927 and 1937. The goal of the revolution was initially predicated upon the creation of a quasi-market society. I argue that this goal was neglected when the Nationalists adopted the "free market" approach after 1927 to deal with China's transformation. This approach led to the failure of the revolution. My arguments are an alternative perspective to the existing western interpretations exemplified by the work of Eastman, Skocpol.
and Hall.

The quasi-market model allows the state to operate according to the rules of justice which are established and amended by individuals, who exercise sentiments of justice to articulate their needs and to influence government through their voice of concern about a public interest. The state changes its role in response to public influence on government. In contrast to the voluntaristic ideas developed by Parsons, centred on his emphasis of individual conformism to the hierarchy of ('transferable') rights based on proprietorship, the "de-voluntaristic" perspective adopted here sees the recognition by society of 'inalienable rights' of individuals to exercise sentiments of justice to attain a full and free life as the precondition for movement toward a form of modern political economy that is both just and fair.

This distinction sets apart quasi-market society from a type of modern political economy characterized by "free market" ideologies. Such a "free market" society is one in which the state protects property and suppresses the needs and rights of individuals. In a quasi-market society, however, the state operates to protect the rights of individuals to a full and free life more than to transform "public opinion" into power which is then used by it to control society. While the former represents the desired point in history, the latter a point of transition, at which
the exercise of sentiments of justice by individuals is obstructed by the rules of justice, particularly the rules executed by the state in solidarity with the propertied elite. This transition occurs when public influence on government dominated by active elites nullifies the struggles by labour and the peasants to establish the legal recognition of their citizenship rights to participate in political and economic processes and to attain the means of an equally full and free life. In the process, the state protects the interests of property and fails to safeguard the public interest. It also builds the coercive force of the military and police power to buttress its rule rather than strengthens its institutions of social welfare through its involvement in redistribution, regulation and the redress of injuries (Chapter One).

The quasi-market model helps explain China's transformation during the Nationalist Revolution and provides an alternative to the analysis existing in the literature. This explanation is based on a comparative study of the two types of Chinese society, Imperial China and Nationalist Republican China. In Imperial China, the tradition of elite rule was maintained on a basis of 'government by virtue' justified by a Confucian ideology, the goal of which was to attain social harmony through the paternalistic pursuit of "provision" by local elites, who protected local communities against state encroachment. The
brokerage market economy, under Imperial elite rule, operated through a system in which merchants and local elites acted as the intermediaries of contractual partners (Chapter Two).

The "free market" society established during the Nationalist Revolution built a new style of elite rule based on government by law. The use of military and legal force centrally controlled by the Nationalist elite featured the pursuit of a constitutional government, which suppressed labour and the peasants. The "free market" economy, under Nationalist elite rule, was developed on the systems of market relations in which the state increasingly functioned to protect the sanctity of contracts and security, that is, to protect property (Chapter Five).

A fundamental difference between the two types of society was the role of the state which changed from preserving the general well-being of society mandated by Heaven to protecting the growth of property in alliance with the propertied elite. This changing role of the state represented a distinct transformation. This change was not caused by the persistent influence of Chinese political culture alone. It was also created by external forces, which exercised influences on internal power struggles over the control of militarization and centralization of state power, in the decades before and during the establishment of Nationalist elite rule (Chapter Four).
This fundamental difference in the role of the state in the Imperial and Nationalist periods reflected changes not only in its relationship to society but also in the nature of public influences on government developed during the revolution. These changes appeared in the context in which workers and peasants contested the power of active elites. The power of active elites was indicated in their successful efforts to maintain their rule over society through the management of property relations. The social influence arising from the struggles of labour and the peasants for citizenship rights was characterized by their efforts to attain justice for all through the exercise of sentiments of justice by individuals. These struggles indicated the growth of individual activism. They also indicated that workers and peasants became more autonomous, and formed part of an organized force which determined the fate of the political revolution in modern Chinese history. The political defeat of the Nationalists by the Communists was due largely to the disapproval of the former by this force (Chapter Five).

To further characterize the transformative nature of the Nationalist Revolution, it is necessary to compare its theory with practice. Sun Yat-sen developed his Three People's Principles of Nationalism, People's Rights, and People's Livelihood on the basis of his observation of the development of a quasi-market society in the world during
World War I and economic recovery thereafter (Chapter Three). Sun's principles were influenced by western voluntaristic thinking, like other ideas popular at the time, including the Soviet version of Marxism, scientific positivism, and social evolutionism. He claimed that "national liberty" represented by the state constituted the "general interest" of society, for which individuals were required to make sacrifices. This undermined his vision of a China based on quasi-market social relations in which the state would protect public interest in response to the demands of labour and the peasants. His argument about the transfer of individual rights to the state provided the basis upon which Chiang Kai-shek advocated the principle of individual loyalty to the Nationalist State. Neglect of the independent exercise of sentiments of justice by individuals ultimately contributed to the building of the "free market" society.

While the inherent contradictions in the Nationalist theory of revolution prepared the road for the Nationalist "free market" approach, external and internal forces exercised influences on the application of the theory and created disparities in practice. External forces influenced the internal struggles for power among regional warlords, established political and economic elites, intellectuals of different ideological orientations and mobilized labour and the peasants. External influences, which were especially
reflected in imperialist action and western voluntaristic thinking, repressed the will and made more persuasive the Nationalist claim of "national liberty" for which individuals were required to conform. They contributed to the diversion of the Nationalist effort from attempting to honour equally people's rights and livelihood in the restructuring period to using military and legal force to protect property against the demands of labour and the peasants in the Nanjing era. The revolution resulted in a "free market" society with the state increasingly functioning to protect the sanctity of contracts and property. The Nationalist State alienated itself and eventually lost to the Communists due to a lack of support from peasants and workers.

The failure of the Nationalist Revolution to achieve its objectives was rooted in the deficiency of its theory and the alienation of the Nationalist pursuit of a constitutional government from the demands of labour and the peasants. The exercise of citizenship rights, which is the basis of civil liberty and freedom and the necessary precondition for the establishment of political and economic institutions of a quasi-market society, was denied by the Nationalist theory and suppressed during the practice of Nationalist policies to pursue the social transformation of modern China in the period between 1927 and 1937. This is, in my view, the "de-voluntaristic" perspective of the
Nationalist Revolution. It is also how the Nationalist Revolution must be evaluated in the course of social transformation of modern China.

This perspective also allows us to explain the long-range development of twentieth century Chinese history in which the Communists triumphed in 1949 as a consequence of the Nationalist efforts to build a centralized state power at the expense of the freedom of the citizen's will, a development which further provoked the rise of the labouring poor and their participation in the revolution led by the Communists to defeat the Nationalists. The former, moreover, upon following the Soviet model to build socialism while continually pursuing the centralization of state power and suppressing market relations in the decades since 1949, realized that Soviet socialism led China to a less promising future. Not until the late 1970s when the Chinese Government implemented the reform efforts did the legitimacy and potential of market relations and individual rights to a full and free life begin to be recognized.

The quasi-market model of social relations, however, engages us in drawing a demarcation line for future Chinese development between the construction of a "mixed economy" and entrenchment of a "free market" economy. The former offers a promising future and yet requires the government to adapt to public interest, especially the demands of labour and the peasants for justice in the attainment of equality.
The latter, which the Nationalist Government managed to establish in the 1930s, has been ascertained by the loss of the Nationalists to the Communists as an eventual setback. It could perhaps become a cost in the future where the current Chinese Government would choose to ignore public interest, and to use state power to protect the interests of property, represented especially by an alliance between the "new rich" and the bureaucratic elite.

Consequently, the quasi-market model of social relations as the case for a "de-voluntaristic" perspective offers a developmental scope of analysis not least because it provides superior explanations of the events in modern Chinese history in a logical, coherent mode. It is also because this perspective embraces a transformative attitude which permits us to shed the shackles of the past, and to contemplate promises of the future.
The "De-Voluntaristic" Perspective

The quasi-market model of social relations is developed as the case for a "de-voluntaristic" perspective. It opposes voluntarism centred on individual conformism to the state which protects rights based on proprietorship. It combines the concept of sentiments of justice, developed upon the ideas of Smith and Marx, with Leiss's elaboration of Macpherson's view of a quasi-market society. It considers the recognition by society of "inalienable rights" of individuals to exercise sentiments of justice so as to attain a full and free life, as the precondition for movement toward a form of modern political economy, that is just, fair and acceptable, in which the state protects public interest more than property.

The development of this model is based on the understanding that a fundamental departure from voluntarism emanates only from a study of the history in which social contract theory justified the protection of property as the end of government by law in superseding the views of the 'original contract' between 'ruler' and 'people' in the earliest contractarian analyses. These analyses gave prominence to the contractual relationship, which imposed obligations on both ruler and people, over a unilateral consent. The contract, as Michael Lessnoff (1990:10) notes, was mainly invoked in order to justify resistance to rulers.
Classical contract theorists, such as Hobbes, Locke and Rousseau, neglected these earlier analyses. They were concerned with the origin and justification of "institutions of political authority, centralized government and positive law" in the establishment of civil (or political) society, in which individuals voluntarily live under the rule of law for its protection (Ibid:2). These concerns transformed traditional concepts of justice, natural law, and the freedom of the will. They espoused a new belief in the value and rights of the individual as the proprietor of his own person and capacity. This new belief of what Macpherson (1990) terms possessive individualism buttressed the contract theory. It led a search for ideal formula by means of which men could preserve themselves in peace and security within a commonwealth. This search was dominated by the elite who emphasized the rule of law over the needs, rights, or wills of the individual. The domination of law as a function of justice based on the obligatory acceptance by individuals for their own interest and upon their own will gave rise to a jurisprudential argument. This argument was distinctly voluntaristic and ultimately became an outstanding characteristic of the whole subsequent liberal tradition (Ibid:1).

In what follows, I shall first explore the legacy of voluntarism in the history of social contract theory and indicate its influence on the conceptions of social
relations between the individual and society, the state and society, and the rule of law and pursuit of justice. I then discuss the efforts led by Smith and Marx to reject the social contract theory. Smith's search for the independence of the labouring poor from the tradition of elite activism inspired Marx, who then revived the ideas of human equality in individual emancipation and freedom. These ideas support the "de-voluntaristic" perspective developed here and place it in the tradition of democratic liberalism, which encapsulates efforts to displace voluntarism (Figure 4).

The Legacy of Voluntarism

Voluntarism, from the Latin voluntas ("will"), applies to theories which regard the will as prior or superior to the intellect or reason.¹ Voluntarist theories emerge in history in rejection of Plato's idea that men perceive certain ends or goals by their reason and then direct their wills to achieve these ends or goals. Voluntarist theories hold that ends or goals are not first perceived as ends and then willed. Ends become such only because they are willed. Since the will is the first to move humans, it therefore is incapable of fallacy or error. There is thus no such idea as rational or irrational will, although one may will imprudently in relation to other things that one wills. There is also no such idea as good or bad ends as products of the will. There is only a good or bad end as an object of one's desire or aversion, independent of its being
willed. To do good is believed within the power of the will and is, according to Cicero, a seminal spokesman of Stoicism, to preserve liberty and to act "'as slaves to the public interest'." (Skinner 1984:214-5) Good, wise behaviour is none other than prudence. It is, consequently, admitted that although good and bad ends of action are different in different persons as their passions, desires, appetites, or wills sometimes differ and vary in degrees, the will of doing good as a virtuous conduct is equally endowed in everyone.

This idea that "all men are by nature free and equal" was in fact widely accepted by theorists, (particularly those who were concerned with the origin and justification of the existence of political authority,) in medieval Europe (Lessnoff 1990:3). To explain the state of affairs that "some rule and others are ruled and not as free," medieval theorists incorporated the idea and proposed that subjugation to political authority could be legitimate if it resulted from the exercise of one's free will. They sought "[t]o rest political authority and political obligation on contract," that is, to rest it on an agreement, "an agreement which actually creates that authority and that obligation" (Ibid.).

This agreement creates political authority because it is an exchange of undertakings, or promises, by which each contractor acquires an obligation to act in a particular way, and a right that his fellow contractors also act in some particular way. And these
rights and obligations are conditional – the right of each contractor is conditional on fulfilling their obligations. (Ibid: 4)

Since a contract reciprocally limits both authority of the ruler and obligation of the ruled to obey and since it is fixed to an historical act or acts, medieval theorists even claim that

all kingdoms and principates, ..., originated when men, following nature and reason, choose a ruler and bound themselves to (conditional) obedience in a 'contract of subjection' (pactum subiectionis), made 'in order to be ruled, protected and preserved'. (Ibid: 7)

This claim not only admits that political authority exists to meet certain needs of the people but also gives rise to the idea of the 'original contract', for breach of which a king could be stripped of his throne (Ibid.).

When propertied Englishmen used armed force to put down social revolt and to restore the monarchical rule in seventeenth century Britain, however, the Hobbesian "voluntaristic" ethics arose "with its emphasis on naked force and power" (Hill 1980: 20). Hobbes translated voluntary obedience into a virtue in the maintenance of order favoured by propertied Englishmen. To prevent "anarchy," Hobbesian theory argued, people were subject to rule by a sovereign, since the sovereign's rule was necessary to protect their natural right to preservation from injury by one on another's. As a result, this sovereign had not only a domination over rights voluntarily surrendered by individual citizens (Rapaczynski 1989: 97-100)
but also the only means to enforce contracts (Lessnoff 1990:10).

At the same time, Locke assembled pieces of the medieval enterprise of 'original contract' in a somewhat Hobbesian state of nature. The result was innovative and responsive to the growth of early capitalist production in England. The dynamic energy and individual productive capacity at the time encouraged Locke and gave rise to his defense of natural rights and autonomy of individuals. He invoked the idea of natural law and pronounced the notion of subjection to political power of law based on consent. He wants the state to enforce the law of nature and protect rights of individuals to self-preservation. He insists that the limits of legitimate authority of the state derive,

not from any contractual obligation of the ruler, but from the (quasi-Hobbesian) premise that the authority of rulers derives wholly from rights voluntarily alienated by individuals, and also from the obligatory force of the law of nature, which for Locke is independent of any contract. (Ibid:11)

That law, he hoped, made by learned legislators with innate conscience would realize the state of nature through protecting the properties of all and thus bringing justice equally to all.² He championed the supremacy of law in his formulation of a tripartite political system comprising the legislative, executive, and federative power. This formulation, although it made him the forefather of the modern American socio-political order, reinforced the unity of rights and the virtue of justice at the pursuit of power,
that is, the making of law.

Locke's formulation of the tripartite system undermined his claim to the idea of natural law because it was based on the view of legitimate authority derived from power over rights of individuals, particularly those who were propertyless and outside government protection. His revision of voluntarism in his jurisprudential ideas not only materialized Hobbes's separation of liberty from obligation in the subsequent development of liberal tradition, but also reinforced the status quo of elite rule in disjunction to the traditional pursuit of human equality. His jurisprudential voluntarism was soon challenged by Smith and later Marx as it allowed an individual or group to exert its will over others, particularly those unpropertied who made a living by selling their labour power.

Rousseau, unlike Locke, rejects the 'original contract' as the basis for legitimate political authority. He allows for only one contract to create a sovereign people. The government can be the agent of the will of the sovereign people (Lessnoff 1990:14). Rousseau began his revision of voluntarism with his rejection of its genesis as "he portrayed the original contract as a trick by which the rich were able to fasten their rule on the poor" (Ibid.). He thought no more of the original contract as the basis for legitimate political authority and pursued an ideal contract which would fix an ideal form of government as the equal
legislative authority of all citizens. This contract would also preserve the equality of the state of nature—namely, the liberty of all citizens (Ibid.).

The government, according to Rousseau, preserves the liberty of all citizens because it acts upon the 'general will' of the people, a will which never errs (Rapaczynski 1989:244). This will, like the individual will which is known through reason (Ibid:242), is arrived at through a process of careful reasoning, or of political cooperation, among willful individual citizens in a political community (Ibid:252). If for Hobbes the meaning of life is self-preservation and for Locke moral self-sufficiency achieved through property ownership, Rousseau is clearly a critic of the natural-right tradition as he considers that the insufficiencies of will to live a meaningful life "are remedied by putting an individual's action in the context of a community of agents" (Ibid:251). Rousseau attributes the life styles upheld by Hobbes and Locke as characteristics of a civil society based on competition. He prefers a political community of equals established upon a contract. This contract is able to call for political obligation because it is achieved by the 'general will' reached through a process of political cooperation among those who regard happiness and self-sufficiency as "results of a consistent realization of an ideal of life of which man himself is the author and which he brings about through his own freedom and
spontaneity" (Ibid:255). Only through this process of reasoning could individuals acquire education into moral agency which separates them from the state of nature and puts them in a political community of equals. This political community

is not a pragmatic but a moral creation; it is designed not to solve problems essentially preexisting and independent with respect to it, but to respond to an inner need to which it itself is the answer. (Ibid:253)

This inner need of individuals for a tightly integrated social system is, for Rousseau, compatible with freedom.

Rousseau's vision of an ideal community based on contract, as Rapaczynski (Ibid:254-5) expresses, is an illusion because it is already implicit in the self-enclosed world of the civilized man, who can rationally establish self-identity, "independently of both his subhuman, natural existence, and his relationship to other people," but through his own reasoning. It is an illusion also because Rousseau, in reaction to the existing social order in which inequality grows between the haves and the have-nots, downplays the significance of production in human life (Ibid:280) and envisions that every individual in the ideal community "'obeys no one but himself, and remains as free as before'." (Ibid:256) Rousseau's critique, nevertheless, of the liberal tradition, especially its absence of a social and historical dimension of individual life and 'naturalization' of the institution of private property (Ibid:280), led efforts to displace voluntarism, including
those of Smith and Marx. 3

**Smith and Marx: Political Economy of Capitalism**

Adam Smith, brought up in the Scottish Enlightenment with a keen interest in the emerging order of commerce, sought to understand the growing market society of eighteenth century Britain from an historical and materialistic perspective of moral sentiments and rules of justice. He promoted justice in the right of the poor to subsistence and in the cultivation of moral sentiments of approval and disapproval of social relationships, prior to the protection of property claims of the possessors, particularly in urgent necessity. 4

Smith, however, failed to distinguish market value of labour from its productive value, a difference which underlies the unequal and exploitative relations of exchange in capitalism. Not until Marx rejected Smith's theory of classical political economy upon discovering the production of surplus value did the right of the labouring poor to a share of social wealth begin to be recognized by society. Not until the struggles of labour for their rights as labourers, inspired by Marx's critical theory of political economy, were accepted as a legitimate form of political participation did justice in the cultivation of moral sentiments of approval and disapproval of social relations begin to have broader implications as the necessary precondition for movement toward an acceptable form of
modern political economy.

The development of political republicanism at the time, in any event, prepared Smith to take a stand different from Locke, though he was greatly influenced by the latter. Smith rejected Locke's theory of voluntary contract and transcended his argument that the right to self-preservation was natural and that the function of government was to preserve the enjoyment of property (Winch 1978:49-53). Smith incorporated Cicero's discussion of the virtue of justice in his theory of moral sentiments, and developed a concept of rights which connected his theory of moral sentiments with that of jurisprudence. He formulated a system of political economy in which the government was designed to promote public welfare more than to preserve the enjoyment of property. His view of justice transformed Locke's position that justice was by and large the result of prudential law-making. He instead anchored his analysis of justice on the concept of injury and sympathetic resentment. Justice was thus achieved on the basis of the cultivation of moral sentiments and the enforcement of rules. This incorporation of moral sentiments and the enforcement of rules gives rise to two readings of Smith: the civic moralist (or the civic humanist) and the science of the legislator (or the jurisprudential). The former focuses on the cultivation of moral sentiments, and the latter on the exercise of the rules of justice. In what follows, I shall
discuss the two opposing interpretations of Smith, in an examination of his theory of moral sentiments, justice and market society.

Formulating the theory of moral sentiments, Smith adopts the Stoic idea of natural harmony as the universal ethic, and sees human sympathy as the basis of social bond (Raphael and MacFie 1976:7). To cultivate human sympathy, individuals are required to acquire moral sentiments and to indicate approval or disapproval of relationships between the existence of the individual and the preservation of society. These sentiments are acquired along with the acquisition of virtues of justice, prudence, beneficence and self-command. The acquisition of moral sentiments helps the individual gain a sense of moral identity, through the understanding of mutual sympathy for one another's pain and misery, hence resulting in a restraint of action from chaos or arbitrariness (Phillipson 1983:183-6). The cultivation of moral sentiments, moreover, nurses a sense of right and wrong based on adequate detachment and understanding in complex social situations which are bewildering, cause conflicting sentiments, and inflict injury. Consequently, for Smith, moral sentiments, upon which human practical reason is established, constitute the rational grounds for recognition of injury against the individual as a person, member of a family and citizen, and are therefore the rational ground upon which justice is observed.
In the idea of human sympathy, there is a concept of rights which the individual has acquired along with the acquisition of moral sentiments. Smith distinguishes rights, as Haakonsen (1981:100) discusses, between perfect rights and imperfect rights. A perfect right is the right against one specific contender as opposed to an imperfect right against all others. He believes that individuals have natural rights to body, liberty and reputation, distinguished from acquired rights such as property rights. Although he echoes Locke in arguing that the origin of property is in labour (Marchak 1991:29), he sees that this property could only be a right when the expectations of its use are recognized by others as reasonable (Haakonsen 1981:106-7). Both natural and acquired rights, as Haakonsen interprets Smith, share the same foundation, that is, individual resentment at the injuries.

Explicating the concept of injury, Haakonsen quotes from Smith: "'Justice is violated whenever one is deprived of what he had a right to and could justly demand from others, or rather, when we do him any injury or hurt without a cause'" (Ibid:100). The resentment in reaction to an injury, Haakonsen summarizes, "is proportional to the severity of the injury done, and accordingly we get rights and the corresponding rules of justice ordered into a scale of importance" (Ibid:101). A relationship is henceforth established between individual resentment at injury and
rules of justice through the exercise of rights.

Explicating this relationship, Haakonsen interprets Smith:

The concept of 'injury' is understood in pure spectator-terms: what the relevant, actual spectators—such as judges and juries—in a given society recognize as injury is in legal terms injury in that society at that time and is definitive of its rights and laws. And what the impartial spectator recognizes as injury is definitive of absolute rights and justice. (Ibid:100)

The differentiation of recognition of injuries by judges and juries from that by the individual makes it clear that the latter is independent of the former. To understand this independence requires us to examine the relationship between individual moral sentiments and laws through the exercise of rights. Smith offers an explanation in his analysis of the rules of justice.

The rules of justice, Winch (1983:261) understands Smith, must be supplemented by a history of social development capable of locating forms of injuries that human beings had inflicted on one another, "and of revealing the kind of positive legal institutions which had evolved to deal with such injuries." The right to locate and to redress injury first and foremost, as Raphael and MacFie explain, depends upon individuals' sympathetic resentment:

Our more complex judgments of merit and demerit, justice and injustice, depend on the reactions of gratitude and resentment to benefit and harm respectively, not simply on the benefit and harm themselves. And even though the pleasant or painful effects of action are relevant to the moral judgment passed upon it, they are primarily the effects of this particular action upon particular individuals, not the more remote effects upon society at large. (1976:13-4)
This is a natural pattern of moral judgment, which is practiced by individuals at all times. Therefore, universal rules can be established on the basis of on-going principles of psychology and morals which explain human moral sentiments, particularly, the resentment which is aroused by acts of injustice and which sanctions punishment for injuries to lives, reputations and property (Winch 1983:261). However, given that rights are acquired for particular reasons, (such as resentment at the injuries,) and also dependent upon their effective recognition, they are therefore within the vicissitudes of history and can be explained only in their historical context. Consequently, as both human relationships with nature and forms of property are subject to change, it is possible that "[d]ifferent forms of regimes have different causal properties, different social psychologies and correspondingly different ranges of objective moral entitlement to the allegiance of their subjects" (Dunn 1983:132). Smith discusses both of these tendencies, that is, universal and historical, in the practice of justice in his distinction of distributive justice from commutative justice. As Haakonsen discusses,

The idea that pain misery are more pungently felt than pleasure and happiness and that sympathy with the former is more distinct and universal is of the greatest importance for Smith. It is with this contrast between what we might call the positive and the negative in morals that he opens his discussion of justice in The Theory of Moral Sentiments. (1981:84-5)
Justice, thus, could be viewed as either a positive or negative virtue. A positive virtue is distributive justice, since "'Justice consists in the proper exercise of all the social and beneficent Virtues'" (1981:99). Discussing positive virtues, Haakonssen finds Smith saying,

'the mere want of beneficence tends to do no real evil. It may ... justly excite dislike and disapprobation: it cannot, however, provoke any resentment which mankind will go along with'... 'Beneficence is always free, it cannot be extorted by force, the mere want of it exposes to no punishment'. (Ibid:85)

Smith is therefore understood to have the view that distributive justice, dealing with the allocation of resources according to claims of needs, or deserts, or merit, that is, imperfect rights, "was not properly in the domain of law, but of morality" (Hont and Ignatieff 1983:25). The acquisition of these rights depends upon humanity and moral values. This is the seed-bed of his treatment of distributive justice, a point which the civic moralist interpretation of him likes to note.

Commutative justice is, on the other hand, a negative virtue, since it alone, as Haakonssen (1981:99) understands Smith, can be called justice, "and the rules of justice define our rights by laying down what actions constitute injuries against us." The function of justice is commutative because "it dealt with the attribution of responsibility and the punishment of injury among individuals" (Hont and Ignatieff 1983:24-5). The reason lies with justice itself, Haakonssen (1981:85) quotes from
Smith, "'of which the observance is not left to the freedom of our own will, which may be extorted by force, and of which the violation exposes to resentment, and consequently to punishment'." The rules of justice, Winch (1983:261) argues henceforth, provide prerequisite for social existence "largely because they dealt with pains or injuries that could be more easily discerned than their virtuous opposites - those embodied, for example, in codes of beneficence." In other words, "imperfect rights," "such as 'generosity, compassion and foresight in matters of government'," do not entail a strict reciprocal obligation as they are commanded by humanity, not by law (Hont and Ignatieff 1983:29).

To insure the needs of the poor, there is an argument developed by Grotius, Smith's predecessor, that an imperfect right could be fixed into a perfect one when "rights of desert and claims of need" - for instance, the right for a fair price and the right of theft in necessity - were permitted to entail a strict reciprocal obligation (Ibid.). This transformation of an imperfect right to a perfect one, although it is claimed that injuries to rights could be easily recognized by law, puts distributive justice out of the functions of government and into those of market. A concern, nevertheless, instigating the transformation of rights, from the vantage point of Smith's interest in the virtue of justice, was of course the protection of the needs and rights of the poor, since the poor needed a fair price
for the sale of their labour and food which they could not afford in times of dearth.  

Formulating the establishment of political and economic institutions of a market society, Smith viewed that the protection of the rights of the poor to subsistence could be found only in the market place, where "strict reciprocal obligation" based on rigid enforcement of "to each his own" would be served, and where the function of justice was strict, as it would recognize the independence and "natural liberty" of all parties involved.  

His view of commerce as a favourable avenue to ("strict") justice was espoused upon at least two assumptions: one was that principles of a strict reciprocal obligation prevailed in the process of exchange. The second was that commercial society offered favourable conditions for individual liberty and independence, including the independence of the labourers. These two assumptions are found to have flaws in the following examination of his theory of market society.  

To begin his theory of market society, Smith envisaged that the social structure of a commercial society was based on two principles: the economic mechanism facilitating the progress of the division of labour, and moral judgments in the market place.  

To explain the increase in productivity, he pointed to the fact that the high degree of co-operation between specialized functions not only saved time in production but also increased interdependence among
producers. The point that "everyone acquires the goods he needs through exchange," Campbell and Skinner (1985:119) write, "leads directly to the discussion of price and allocation." At the same time, the point that everyone is dependent upon everyone else for goods one needs leads to the other principle of the social structure of market society, namely, moral values in the market place which affect the system of pricing and hence allocation.

Smith argued that the system of pricing would guarantee the needs of the poor and the rights of the labourers by "an invisible hand"; that is, if the market for labour and the market in food were free of intervention, their prices would balance out in such a way that the labouring poor would never go hungry (Hont and Ignatieff 1983:14). He asserted that regulation of any sort in the realm of exchange was undesirable, since it interfered with the ability of market to protect individual liberty through competitive pricing. His rejection of regulation was moreover based on his belief that natural liberty in the market system guaranteed the economic condition of competition necessary for the enforcement of common rules of propriety in market relations. His theory of moral sentiments is therefore designed to show that the happiness and prosperity that accompany a life of liberty could only come to those who have managed to take advantage of the rules of propriety in market relations.
Smith, nonetheless, recognized that the growth of "natural liberty" in the market place provoked the antinomy of needs and rights, as the rich and powerful took advantage of "strict justice" in commerce to strive for their excessive needs at the expense of the diluted rights of the poor and weak. He recognized the problem that the social forces of capable gentry, the benumbed labourers and the demoralizing merchants and manufacturers had unequal status in the market place. He reckoned that the three constituent orders of market society, i.e., land, labour and capital, could not be expected to generate the wisdom and virtue necessary to preserve liberty for all. In fact, as Phillipson argues, Smith found the third order, capital animated by 'the wretched spirit of monopoly', sought to exploit the gullibility of government and the landed classes and the vulnerability of the poor to construct a commercial system which interrupted the free flow of labour and capital, distorted the natural price of labour and commodities and even threatened to unsettle the very foundations of commercial society itself. These 'tribes' of monopolists 'like an overgrown standing army' had become formidable to government and Parliament. (1983:193)

This ultimately leads Smith to pin hopes

... for the survival of a free society upon the intelligent and commercially-minded gentry whose very circumstances ensured that they would be responsible to a model of a commercial polity whose regions were far enough from the capital, from 'the great seat of scramble of faction and ambition', to be 'more indifferent and impartial spectators of the conduct of all'.

Contemplating this commercial polity, according to a civic moralist reading, Smith envisages a moral and
political discourse upon the social and ethical significance of face-to-face relationships between independently-minded individuals in the context of commerce, whose working principles are friendship and propriety (Phillipson 1983:198-9). In this discourse, the existence of law and government, Phillipson interprets:

... could be explained in terms of natural principles and it was only by respecting the sense of regional independence which they aroused that the opulence and happiness of the subject and the liberty of the state could be preserved.\(^{16}\)

Upon this understanding, law and government are to preserve "the happiness of the subject" and "the liberty of the state." Justice is served upon the observance of the legal rules which safeguard the citizen's life, liberty and property (Stein 1979:622-4). The observance of the rules of justice is however achieved by the exercise of individual moral sentiments in the conduct of the impartial spectator. Dunn (1983:131-2) suggests that if the social function of the government is the institutionalized protection of individual and collective long-term interest against their short-term self-interest, individuals have a moral duty to obey the government, or to resist it. Either, Dunn reckons, must rest upon individual faculties of immediate egocentric prudence and the reflective beneficence of the long-term advantages and disadvantages of compliance or resistance to governmental authority (Ibid.). He concludes that "political obligation rests psychically on non-rational
deference, the principle of authority, and it rests rationally on utility" (Ibid:133).

Dunn's demarcation between psychical deference and rational sense of utility with regard to political obligation, however, has not convincingly dealt with Cicero's crucial contention that observing the virtue of justice is invariably conducive to serving the common good. What is at stake is the recognition of "[t]he fact that the difference between 'what may be called the natural state of our happiness' and 'the highest pitch of human prosperity' is 'but a trifle'" (Haakonssen 1981:84). The question unanswered is under what circumstances political obligation is justifiable, particularly when the preservation of "our happiness" is incompatible with the preservation of "human prosperity," or vice versa. This becomes an issue that jurisprudential readers take to argue against civic moralists.

Winch, for instance, argues that the principles on which the above civil obedience is based, namely deference to authority and a sense of public utility, require an empirical or historical study of the relations of wealth, property, rank and dependence in society. Without such a study we cannot know to whom deference is shown - the old, the strong, the wise, the rich and powerful - and why a sense of public utility dictates obedience in some circumstances but not others. (1983:261)

In other words, the question raised has to do with the historical texture of social relations, which not only generates injuries to individual rights but also frames the
two psychological principles on which civil obedience is exercised. Therefore, the question really is: what form of political institutions could be built to redress the injuries in the texture of social relations within which the injuries first occur? Also under what circumstances could civil obedience to the government be justified? Winch suggests that Smith's liberty could be attained in commerce, but only under circumstances in which a political and legal order existed that was capable of being consciously adapted and extended to take account of the increasing complexity of the social relationships and processes of change released by the advent of a society in which 'every person is in some measure a merchant'. (1983:257)

To build this political and legal order, Smith is found to have first abandoned the constitutional principles of the civic humanist tradition, and adopted the newly emerged British doctrine of parliamentary sovereignty (Robertson 1983:177). Under parliamentary sovereignty, centralized forms of government and the regular administration of justice separate from the executive arm of government are essential preconditions for the establishment of political institutions of market society. The separation of justice from government administration, in effect, leads to exclude justice from the domain of government and in part to put it into that of a market system. Having feared that magistrates only protect the propertied, Smith believes that the adequate subsistence of the labouring poor requires neither the generosity of rich individuals nor the
interventions of the magistrate. Only a justice institution independent of government administration, which, of course, he expects to have tolerance for adequate regional independence, could actually protect the needs of the poor and thus call forth civil obedience to its representation of both individual and collective long-term interests. Winch takes this to mean that Smith ultimately bows to jurisprudence and that his political economy is a branch of the science of the legislator (1983:263), a science which is tainted by influences of jurisprudential voluntarism.

Between the two interpretations, the civic humanist praises Smith on the same point the science of the legislator approach criticizes him: his polity of the market society. The civic humanists see that he defies a more conventional morality, that is, the "voluntaristic" ethic. His ethic is predominantly Stoic. They note that he endeavours to seek independence and autonomy for the individual, on the one hand, and the establishment of complex social relations upon the principles of sympathy, on the other. His inquiry into the moral and political questions of how much face-to-face relationships between independently-minded individuals could be cultivated and how they enabled human beings to acquire moral sentiments, a sense of justice, political obligation and even personal identity (Phillipson 1983:198) has opened new spectrum for modern students to examine market society. To neglect this
aspect of his contribution to the study of modern society is therefore to fail to understand him.

An immediate problem with the civic moralist interpretation, however, is that it is less critical of the fact that Smith's concept of the "invisible hand" regulating market relations undermines the heritage of Stoicism, since it does not encourage political participation in government process. This thus becomes a point with which the science of the legislator readers argue that Smith is apolitical, because he hopes that in the face of the contradiction between the self-seeking interest of the rich and the unmet needs of the poor, which ultimately incites social change, the market would adjust itself to the changing environment with the help of justice institutions. He does not foresee active political participation on the part of citizens to resolve the above contradiction which restricts the rights of the labouring poor.

The labouring poor, moreover, Smith believes, could be protected by a fair price for their labour in the market place, when the prices were actually determined by the demand or need of the commodity. He speaks of the "market price of labour," when really what he refers to is the cost of labour; and he speaks of the "natural price of labour" when what he refers to is actually the supply price of labour (Campbell and Skinner 1985:119). Both prices of labour, however, do not directly take into account how much
value the labour actually produces. This problem of the discrepancy between the market value and the productive value of labour is left for Marx to unravel. Before resolving this problem, any discussions of a fair price for labour is illusory.

In a summary of Smith's contribution, Hont and Ignatieff (1983:15) find E. P. Thompson crediting him "with the first theory to revoke the traditional social responsibility attached to property," a responsibility which they call a vestigial, traditional moralism. "To the extent that favouring an adequate subsistence for the poor can be called a moral imperative" (Ibid.), moreover, he is found to have rescinded a science of legislators "disinfected of intrusive moral imperatives." He, instead, argues in favour of the cultivation of moral sentiments of approval and disapproval of social relationships as he believes that sentiments of propriety could transform citizens' understanding of morality, justice, and even their economic and political behaviour.

While repudiating jurisprudence for its neglect of moral imperatives in the service of justice to the needs of the poor, Smith excels Locke's concept of natural rights bound by law in his construct of "natural liberty" bound by moral conscience. While continuing Stoic heritage in individual pursuit of virtue, he grants the individual the right to comply with or to resist governmental authority on
individually-based moral grounds. At the same time, promoting individual independence, including the independence of the labouring poor, he develops the tradition of liberal thinking by recognizing the inadequacy of the cultivation of moral sentiments among the elite and the concentration of rights in the hands of legislators. He therefore transforms the liberal tradition for its delegation of the societal interest by the elite, and transcends the traditional pursuit of justice in the legacy of elite activism (Hont and Ignatieff 1983:12-26).

In the process, however, of incorporating both rights and moral sentiments in his theory of political economy, Smith may have emphasized moral autonomy and the establishment of civic virtues at the cost of active political participation. He may be driven to characterize rights and virtue, or law and public spiritedness in tension with each other by removing the "allocation of resources according to needs, deserts or merit" from the functions of government and putting it in those of a market system. The result could then be that government was "seen largely as a matter of balancing, checking and harnessing interests rather than calling forth public spirit and virtue" (Winch 1983:266). Subsequently, justice institutions would inevitably be subject to the influence of the rich and powerful without adequate political participation on the part of the labouring poor. The labouring poor, though
rightly recognized by him to have sold their labour and not just service, would be left unprotected. He therefore failed to resolve the problem of how to achieve equality while the exercise of rights was concentrated in the hands of elites, the problem which tangled his predecessors. This failure represents a fundamental fallacy which E. P. Thompson (1971:83-93) recognizes in the new political economy overtaking the traditional moral economy in eighteenth century England. It is to address the problem of inadequate political participation on the part of the labouring poor in Smith's theory of political economy that Marx began a critique of political economy.17

While celebrating Smith's intellectual contribution in Grundrisse, Marx writes,

It was an immense step forward for Adam Smith to throw out every limiting specification of wealth-creating activity - not only manufacturing, or commercial or agricultural labour, but one as well as the others, labour in general. With the abstract universality of wealth-creating activity we now have the universality of the object defined as wealth, the product as such or again labour as such, but labour as past, objectified labour. (1973:104)18

Building on Smith's recognition of value in labour in general, Marx argues that the importance of the "universality of the object" lies in the universal application of market relations, which he sees "as the conditions under which every person can explore the full range of potential human capacities for creativity and enjoyment" (Leiss 1988:91). He relates the above view of
market relations to the historical development of capitalism and suggests that capitalism has a civilizing and liberating mission, as Leiss notes, to break down geographical barriers and previous static modes of production which had limited the expression of needs, the very limitation that had constricted the human capacity for enjoyment and thus human development itself. Marx therefore understands that capitalism provides "a necessary presupposition for the eventual emergence of human individuality and freedom" (Leiss *Ibid:*90).

As the dehumanizing effects of industrial capitalism became increasingly evident in the early nineteenth century, however, Marx saw more poverty and social inequality than Smith had been able to predict a century earlier. He was no longer satisfied with Smith's conception of labour, which he found inadequate to explain industrial capitalism. He began to argue that

Political economy confuses, on principle, two different kinds of private property, one of which rests on the labour of the producer himself, and the other on the exploitation of the labour of others. It forgets that the latter is not only the direct antithesis of the former, but grows on the former's tomb and nowhere else. (1977:931)

Upon the discovery of the problem of confusing two kinds of labour which hid the precise relationship between the creation of value and human activity, Marx was able to see the nature of exchange, the essential manifestation of industrial capitalism.
Marx first separates labour power from labour. He argues that labour in general, present in all human activity, could not be exchanged, but labour power could, and is in fact the creator of wealth. Labour power becomes a unique commodity within the capitalist system. He sees that as commodities are anything produced with certain use values for the purpose of exchange, the value upon which commodities are exchanged involves relationships between producers creating an equivalence between different types of labour. The formation of value is based on a relationship between the use values of commodities. That is exchange-value which appears as the quantitative proportion "in which use-value of one kind exchanges for use-value of another kind" (Marx 1977:126). This exchange-value, he considers, has taken a specific form in capitalism, because the value of a commodity under capitalism is the expenditure of social labour power in the production of the commodity. This labour power, he holds, generates a higher value than it is commensurated at the labour market. It is upon this denotation of surplus value created by labour power and appropriated by the capitalist that Marx develops his labour theory of value.\textsuperscript{19} It is also at the vantage point of seeing surplus value as a source of accumulation in capitalism that he recognizes fallacies in classical political economy which emphasizes liberty in exchange.\textsuperscript{20}

Marx began his political economy of industrial
capitalism by, first, examining labour as a process. The labour process under capitalism, according to him, commenced with the purchase of labour power by the capitalist and ended in the process of the subordination of labour to capital. In his view, the purpose of capitalist labour process was to produce not just use-values but rather commodities whose values exceeded the sum of the values of labour power and means of production consumed in the process of production, namely, the surplus value. Hence, the capitalist labour process was seen to have particularly two characteristics. "First, the worker works under the control of the capitalist to whom his labour belongs; ... Secondly, the product is the property of the capitalist and not that of the worker, its immediate producer" (Marx 1977:291-2).

In relation to the above discovery, Marx develops his polemical theory of alienation. He shows that the accumulation of capital ties capital and labour in an antagonistic relationship in which the former has control over the latter. As capital is, for him, the objectified labour for which now the labourer still works, the effect of alienation is created in the midst of commodity exchange. Swingewood explicates that effect.

The individual within a society dominated by exchange values feels that he is no longer influenced by personal, human processes but rather by impersonal, external and alien forces. The transformation of all activities and products into commodities created a social world characterised by the movement of things.
According to Marx, alienation occurs exactly when labourers, having objectified themselves in nature and society, find their activities only operating on them as an external, alien and oppressive power - capital. He identifies four main characteristics of alienation: human alienation from nature, from the self, from the 'species being', and from each other (Bottomore et al 1983:9-15). Capitalism, in his view, alienates human beings essentially from their own activities, from the product of their labour and thus turns the labourer's product into an alien object. Hence, the more the workers work the more they find themselves dominated by the world of objects that their own labour has created.

For labourers, Marx points out, the alienation resulting from the capitalist labour process turns them into proletariat. In the relationship between the classes of the capitalists and the proletariat, he thinks, the oppressive power is not only omnipresent at the workplace where the laws of capitalist production work to keep the two classes serving their ends in the relationship. So far as Marx and his followers are concerned, the capitalist state also works in favour of the maintenance of the on-going process of accumulation through its dominating force and political machinery. Subsequently, Marx became unsatisfied with Smith's delineation that market created a situation in which
individual independence would prevail. For him, so long as labourers are subject to the subjugation of capital their independence, freedom and equality are no more than wishful thinking.

Marx reckoned that freedom of the labourers from alienation would historically necessitate a revolution. In search of a way for labourers to liberate themselves from the subordination to capital, he pushed Smith's visionary view of independence forward and added to it a radical twist. Unlike Smith, who eventually pinned his hopes upon the gentry, Marx placed his hopes entirely on the proletariat for a revolution to abolish capitalist property relations in the realization of Communism. He claimed, in the *Communist Manifesto*, that "[t]he distinguishing feature of Communism is not the abolition of property generally, but the abolition of bourgeois property." That is because, he adds, what

the wage—labour appropriates by means of his labour, merely suffices to prolong and reproduce a bare existence. We by no means intend to abolish this personal appropriation of the products of labour, and appropriation that is made for the maintenance and reproduction of human life, and that leaves no surplus wherewith to command the labour of others. All that we want to do away with is the miserable character of this appropriation, under which the labourer lives merely to increase capital, and is allowed to live only in so far as the interest of the ruling class requires it. (Macpherson 1978:61-2)

Thus, in effect, Marx's vision of proletarian revolution is in practical terms a demand for rights of the proletariat to labour, and to freedom and equality.23
Emancipation of the proletariat, for Marx, a move towards restoring humanity by way of eliminating alienating factors, such as capitalist property and relations of production, was not only possible but inevitable. Marx believed that labourers were brought together in a close intercourse of industrial undertaking provided the essential source of class consciousness. This objective underpinning of class consciousness was assured by "the subjective awareness by the worker of his freedom, his similarities with other workers and the authority and power of a dominant class" (Swingewood 1979:114).

Marx believed that bourgeois morality could not serve the interests of the proletariat. Doing away with the values and institutions of the past required a revolution.

As well, a proletarian revolution was inevitable because it would bring humanity to a better socio-political order based on a more equitable method of allocating resources. Marx considered that the more equitable method of allocating resources was based on the principle of "to each according to his or her needs," and not "to each according to his or her labour." This principle signified that the right of the labourer would no longer be based on his or her labour but upon a unity of rights and needs.

Subsequently, in the relationship between the individual and society, Marx sees the individual as an active, transforming agent. The individual, for example, in
his *The German Ideology*, is capable of freeing himself from suppression while transforming historical conditions and relationships (1968:76). This individual is also in a dialectical relationship with society which defines the individual as an historical, social being, as he claims:

Only in association with others has each individual the means of cultivating his talents in all directions. Only in a community therefore is personal freedom possible... The starting point of individuals was always themselves, but of course themselves as they were in their given historical conditions and relationships, not 'pure' individuals in the sense of the ideologists. (*Ibid*:74)

It is therefore noted that Marx has advanced Smith's political economy by upholding the idea that the individual and society are in a dialectical relationship. It is from that perspective that Marx is able to envisage social change from capitalism to a social order based on more equitable social relations. His contribution to the tradition of liberal thinking, particularly embodied in his analysis of social change becomes a point of reference for those who are committed to equality and social justice.

A point, however, in Marx that the author finds contradictory to his commitment to individual independence has to do with the question of by what mechanism the individual carries on or transforms the dialectical relationship with society. He has this suggestion. Class consciousness with which individuals identify serves as a mechanism to link the individual with society. It is also a transformative force which unites individuals to change
capitalist social relations. As Marx is predominantly concerned with the transformation of capitalism, he sees class consciousness as a mechanism to channel individuals to sacrifice for the common cause of overthrowing capitalist domination. Early Marx stated in *The Holy Family*:

> If enlightened self-interest is the principle of all morality it is necessary for the private interest of each person to coincide with the general interest of humanity... (Bottomore et al 1983:153)

A crucial question, therefore, arising from the above suggestion is: under what circumstances "the private interest of each person" necessarily coincides with "the general interest of humanity?" Without addressing this question in depth, the claim of "self-interest coinciding with the general interest" could be used to suggest the possibility of the state, even a Stalinist state, emerging to represent the "general interest" in the form of a "common plan" with which individual interest coincides. Subsequently, it is with the interest of the elite who dominates the state, not the "general interest" or the "common plan," that "the private interest of each person" is expected to "coincide." Without an adequate recognition of the rights of individuals to exercise sentiments of justice, the independence of the labourers, even if it has been gained in a revolution, could be sacrificed once again for the goals set by the state.

In retrospect, both Smith and Marx nourish the conception of liberty as equal opportunity for the practice
of citizenship. They reject the voluntaristic views of liberty as rights to self-preservation and to the use of natural resources, views which are developed upon the recognition of rights based on proprietorship. They equally repudiate the atomist view of individual liberty to be sacrificed for peace and order under the rule of a sovereign. They postulate, instead, that individuals achieve genuine liberty by cultivating their own civic virtues, not by appropriating wealth, that is, "other people's labour." A break-through from the tradition of voluntarism is made possible only after Smith questioned its founding principle: the delegation of societal interest by elites. As Smith had provided insights into the relationship between the merchants and the labourers, Marx was able to follow with a more critical analysis of their descendants in the rise of industrial capitalism: the capitalists and the workers. Marx was as well able to address what Smith had intended but failed to achieve in the end - the independence of the poor. His call for transformation of the subordination of labour to capital as the first step to the independence of the poor brought Cicero's vision of justice in the attainment of human equality back in the tradition of liberal thinking. His revolutionary manifesto for individual emancipation stimulated social movements of the late nineteenth and early twentieth century. The theory and practice of social
transformation of modern China in the early twentieth century provided an important case study of the era.

Although Smith and Marx initiated the construction of an alternative perspective of history to voluntarism, they, nevertheless, failed to successfully address the question of by what mechanism the relationship between the individual and society can be established so as to promote equality. Smith emphasized the cultivation of virtue in the marketplace as a way of building equality, and in the end neglected the promotion of political rights of the labouring poor. Marx focused on the acquisition of rights of labourers through revolution against unequal relations of production and sacrificed, in the process, their independent exercise of sentiments of justice to evaluate their participation in the transformation of social relations. They both lost balance between the pursuit of rights and that of the virtue of justice, and hence failed to obtain fundamental independence for the labouring poor.

Case for a "De-voluntaristic" Perspective

To continue the efforts of Smith and Marx to seek the independence of the labouring poor from the tradition of elite activism, the dissertation formulates the quasi-market model of social relations as the case for a "de-voluntaristic" perspective, one which combines the concept of sentiments of justice with Leiss's elaboration of Macpherson's view of a quasi-market society. The concept of
sentiments of justice is developed upon adopting Smith's construct of the independently-minded individual, who has a natural endowment to hold a sense of the essential justness in social relationships, and upon adhering to Marx's search for individual emancipation and freedom from subordination.

The quasi-market model of social relations, in application of the concept of sentiments of justice, agrees with Leiss that despite the significant and constant gap between the rich and the poor, the polarized classes of the capitalists and the workers become marginal groups of the growing public (Leiss 1988:130). The model accepts that it is appropriate to abandon orthodox Marxist two-classes analysis of society. It suggests, instead, that only a quasi-market society which recognizes 'inalienable rights' of individuals to a full and free human life based on their exercise of sentiments of justice and not proprietorship has the necessary precondition for movement toward an acceptable form of modern political economy, in which the state protects public interest in response to social influences on government.

In this quasi-market society, the recognition of 'inalienable rights' of individuals to a full and free human life is directly related with their exercise of sentiments of justice and the role of the state to protect public interest. This relationship has profound theoretical implications. First and foremost, individual rights to a
full and free human life are inalienable and exercised upon individually based moral ground as they are derived from the exercise of sentiments of justice by individuals themselves. That is their exercise of sentiments of justice to articulate their needs that gives rise to the establishment and improvement of the rules of justice which recognize and stipulate their rights. Following the above, justice in the rights and needs of individuals is determined, not by law or lawmakers, but ultimately by individuals who exercise sentiments of justice to evaluate and to express approval or disapproval of social relationships in which they participate. Their expression of approval or disapproval provides the rational ground upon which the rules of justice are established and amended, and upon which their rights are recognized. It is in accordance with the rules of justice that political and economic institutions, forming the institutional totality of the quasi-market society, operate to uphold public interest. Consequently, "[t]here are no major (and very few minor) questions of economic policy that are not by the same token also political issues" (Leiss 1988:116), or in other words, an assimilation of the political and economic relations emerges from the influence of the exercise of sentiments of justice by individuals on the operation of political and economic institutions.

In the light of this assimilation, the exercise of sentiments of justice by individuals, as the basis for the
recognition of rights and establishment and improvement of the rules of justice, is the central mechanism by which modern political and economic institutions protect public interest in response to social influences on government. As a result of the operation of this mechanism, civil society is also a political one in which both non-governmental activities and matters of government dovetail to uphold public interest through the building of an effective social welfare system. At the same time, political culture is not independent of the state. It, instead, incorporates ideas about the making of justice in non-governmental relations and the state involvement in distribution and the redress of injuries.

In the remaining section, I shall focus on this central mechanism by discussing three important relationships between the exercise of sentiments of justice and the recognition of rights, and the establishment and improvement of the rules of justice, and finally between the operation of political and economic institutions and social influences on government. All the three relationships are formed and transformed in order to attain justice in the rights and needs of individuals in equal relationships with others. They develop upon the principles of human equality and the harmony between the practice of citizenship and the pursuit of a public good, principles which are superseded by voluntarism. Let me, thus, begin with these principles.
Since the early development of democratic liberalism, inequality is a given fact, which is reflected not only in the ability and wealth by which individuals are differentiated from one another but also in the geographical environments to which individuals are differently confined. In the face of these natural inequalities, equality grows, thus for liberal theorists, only in the realm of social relations upon the practice of citizenship. Liberty as rights and the virtue of justice are historically developed to champion citizenship and to promote political participation and cultivation of moral sentiments of the citizen. Liberty is the freedom to act in the interest of the public. The virtue of justice, residing in the individual will, is the inner perception of righteousness and the reflection of that perception in the conduct of the self in relation to that of others. This virtue of justice is the practice of citizenship in the maintenance of human equality, the equality that is reflected in the undiscriminately endowed capability to obtain, what Pocock (1983:235) terms, "the moral disposition of the self towards the maintenance of a public good." Liberty and justice are therefore related at the point of the practice of citizenship, when liberty as rights pertains to an ultimate justice and when the virtue of justice pertains to the innate ability to exercise moral sentiments. They relate in the realm where justice for all is the goal of cultivation.
of moral sentiments by individuals in equal relationships with others.

This relationship between liberty and justice at the point of the practice of citizenship to attain human equality, however, was historically overwhelmed by the expansion of voluntarism. The recognition of naturally endowed independent will of individuals was abandoned in the face of the emphasis on the role of the state to protect property and to maintain peace and order on behalf of the individuals who voluntarily alienated their rights. A growing tension emerged between political values embedded in liberty and justice when individuals were required to surrender their rights to the state for its protection of their freedom and its service of justice. This tension resulted from the diversion of the establishment of elite rule from the pursuit of human equality. A distinct development in this diversion was the practice of rights based on proprietorship, a development which becomes the genesis of possessive individualism.

To dissolve the tension between liberty and the virtue of justice, it is necessary to revisit the concept of rights. If "ius [a right] takes its departure from a myriad starting points in the possession, distribution and administration of things" (Pocock 1983:248, emphasis added), the existence of rights remains predicated upon one's exercise of proprietorship over material objects or claims
over abstract elements such as labour power and knowledge; that is, if I take the liberty to spell out Pocock's concept of "things." Even though Pocock rightfully identifies rights as a fundamental issue in political relations between persons and in the political processes of a society, the view of rights based on proprietorship is inadequate to enhance the growth of justice and hence to make the world less unequal. The reason is that rights based on proprietorship discriminate against the poor, who have proprietorship over none sometimes including their lives. If the lives of the poor were excluded from the above term of "things," the poor would just be on the outside of political and economic processes in which individuals are likely defined in terms of the property transactions in which they are involved.

The idea of rights based on proprietorship, moreover, is obsolete in dealing with the rights of labourers in the face of such modern industrial developments as the separation between ownership and management in shareholding enterprises, the growth of transnational corporations and state-ownership. Labour-capital conflict is no longer as clearly laid out between the workers and the capitalists as Marx saw it more than a century ago. The idea of rights based on proprietorship would surely support the role of the state to protect property more than the needs of the labouring poor. It equally supports the domination of men
over women since it has not recognized value in housework largely
representing women's labour. A unity of rights and needs of the
labourer envisioned by Marx in his principle of "to each according
to his or her needs" is not only desirable but also necessary.

The idea of rights based on proprietorship is also inadequate in the
face of international relationships, particularly the relationships
between the rich countries in the North and the poor Third World
countries in the South, resulting from previous imperialist practices.
When poor peoples in the South demand to improve their standards of
living, such endeavour requires assistance from rich peoples in the
North; rights based on proprietorship work equally against the poor
and in favour of imperialism. Furthermore, in the wake of
environmental concerns against the ideology of "progress" in "human
mastery of nature," rights based on proprietorship fail to support
the claims of animals' rights, earth's rights and so on that have been
used to redefine human relationships to nature. Clearly, the idea
of rights based on proprietorship, which buttresses the foundation
of voluntarism, frustrates the pursuit of human equality and of a
harmonious relationship between human beings and nature.

As it is discussed earlier, Smith distinguishes natural
rights to life, reputation and liberty from acquired rights to property. Following this distinction, Smith argues that
rights in both classes are subject to change in history, since they exist upon their use and effective recognition. This attribute is shared by all manners of rights, including the right to govern and to resist undue governmental authority. Although rights are recognized and exercised alongside the changing environments of individual relationships to nature and society in history, they are not discovered by law or law-makers but by individuals who independently exercise sentiments of justice to articulate their needs and to evaluate their participation in social relations.

The exercise of sentiments of justice is therefore extremely important in the recognition of rights. It is important because sentiments of justice are exercised by individuals to articulate their needs in the interest of a common good and to express approval or disapproval of social relations in the observance of justice.

Sentiments of justice are individual expressions in reaction to day-to-day events occurring in everyday social relationships. They are cultivated to obtain the sense of the self as equals with all others and to indicate approval or disapproval of social relationships in which he or she participates in order to attain equality through the pursuit of justice. Whether as the inner perception of righteousness or as a quality of social relationships between the self and others, sentiments of justice are
exercised in two different patterns: sympathy and beneficence, on the one hand, and on the other, disapproval and resentment. In reaction to injuries, for instance, the two patterns of sentiments lead to action either to assist the injured in sympathy or to seek justice in a pursuit of redress out of resentment. In either way, action is taken in accord with the will for an ultimate justice. This action is the exercise of sentiments of justice, upon which individuals form a public and are linked with society governed by the state. The pursuit of justice gives rise to the exercise and recognition of rights, which are not necessarily based on proprietorship.

These rights are exercised upon an individually based moral ground. This individual moral ground is cultivated along with the acquisition of a sense of independence and responsibility. When the acquisition of the sense of independence and responsibility increases the recognition and exercise of rights, the increasing use of rights enhances the cultivation of the sense of independence and responsibility. Consequently, so far as the cultivation of individual moral sentiments is concerned, the virtue of justice as a disposition of righteousness and rights as both claims on and duties towards others provide one with a sense of both self identity and the essential justness in the conduct of moral relationships with others. When sentiments of justice work to attain equality in social relationships
between the self and others, they enhance one's courage not only to acquire the self but also to reach out to others. Therefore, the liberty to exercise sentiments of justice as rights promotes equality in the pursuit of justice for all, a pursuit which in turn cultivates proper moral sentiments to make best use of rights.

Given that citizenship not only entails the acquisition of an independent mind and a moral sense of the betterment of the self in relation to others, it also involves the political participation of the self in equal relationships with others in the allocation of social resources so as to support their varying exercise of self-actualization. This participation begins with the exercise of sentiments of justice to establish and to improve the rules of justice, by which modern political and economic institutions operate, and to elect a representative government to protect public interest through an adequate system of regulation and distribution.

There are, therefore, two levels at which the exercise of sentiments of justice promotes political participation of citizens. At one level, the exercise of sentiments of justice cultivates a sense of individual independence which is ideally demonstrated, in Smith's view, by the internal harmony of the individual in external harmony with others of equal world citizenship. The unity between individual independence and the external harmony of sentiments is
achieved through the exercise of sentiments of justice by individuals to give mutual sympathy and to seek a redress of injuries so as to build agreements and to resolve disputes in the conduct of everyday lives. The establishment of these agreements is the basis upon which to conceive public interest.

The pursuit of these agreements, at another level, directly gives rise to the establishment and improvement of the rules of justice by which modern political and economic institutions operate. As has been discussed earlier, moral sentiments, according to Smith, can be explained by on-going principles of psychology and morality. These principles of sentiments, Winch understands Smith's view, particularly exist in dealing with the resentment which is aroused by acts of injustice and which sanctions punishment for injuries to lives, reputations and liberty. They are therefore the rational grounds upon which the rules of justice are established and amended to regulate social relationships by laying down what constitutes, among other things, injuries and to enhance equality in social relationships through the maintenance of harmony of sentiments.

Between the rules of justice established to regulate social relationships and the exercise of sentiments of justice by individuals, there is a fundamental relationship which is intrinsically central to the conception of public
interest. That is the relationship between the existence of self-preservation and the preservation of others in society, a critical issue in the allocation of resources. The harmony of this relationship results from an intricate interplay between the rules and sentiments of justice. The intricacy of this interplay is reflected in the development that, on the one hand, sentiments of justice provide rational grounds for the establishment and improvement of the rules of justice, by which the political and economic institutions of the quasi-market society operate. The rules of justice, on the other hand, exist not only for upholding public interest in accord with social influences on government, but also upon their effective acceptance by individuals.

The acceptance of the rules by the individual, in other words, is the precondition for the proper operation of political and economic institutions of the quasi-market society, because the individual acceptance of the rules is based on the evaluation of his or her existence of self-preservation in relation to the preservation of others. That is to say, the approval or disapproval by individuals of the relationship between self-preservation and the preservation of others depends upon the choice between one's immediate egocentric concerns with individual short-term self-interests and socially reflective concerns with collective long-term self-interests. The former concerns
urge the individual to be prudent, and the latter to be beneficent. The acquisition of the virtues of prudence and beneficence, on the one hand, assists the individual to pursue justice in a way that one's right would no longer be another's duty as it has been conceptualized ever since the medieval revival of natural rights tradition. Rights and duties would be seen as the two sides of the same moral person who, when contemplating his or her right, would also be conscious of a moral duty to make the interest of others prevail when the right is being exercised. This conception, embedded in Cicero's contention that the observance of justice is invariably conducive to serving the common good, is integral not only in the growth of a moral person but also the proper conduct of the representative government.

The acquisition of prudence and beneficence, on the other hand, helps the individual make moral judgment of accepting or resisting rules of justice. The result of this judgment is the acquisition of the virtue of self-command. The importance of the exercise of self-command in evaluating the operation of modern political and economic institutions is, as Dunn claims earlier, for the individual to make judgment of the advantages and disadvantages of obeying or resisting political authority. The individual's independent and responsible judgment is the basis upon which social influences on government is conceived and the proper operation of political and economic institutions of the
quasi-market society is realized. The proper operation of institutions, in other words, is demonstrated by their ability to reflect and to adjust to public demands and by their potential to protect public interest through the building of a reasonable social welfare system. It is only when the state operates in response to the exercise of sentiments of justice that the individual as citizen has the potential of "sharing self-rule with a number of equals without the need of prior translatio" (Pocock 1983:249). For Smith and Marx, such self-rule is best achieved in the wake of self-government at the level of the local community.  

The present "de-voluntaristic" perspective, consequently, points out two interconnected, parallel developments in the building of a quasi-market society. One, by redefining rights based on the exercise of sentiments of justice, the perspective brings rights in line with justice in the attainment of human equality. This new definition, secondly, permits the political and economic institutions to develop accountability to citizens because it is based on the view that the ownership of property is not the sole factor in the operation of institutions and exercise of rights, but the individual's independent pursuit of justice in the attainment of equality is.  

By insisting on the proper operation of modern political and economic institutions based on their response
to the exercise of sentiments of justice by individuals, the present perspective has potential to overcome the difficulties that Smith and Marx had left behind.\(^3^2\) Reinforcing Smith's view that the labouring poor are independent in the market place, it insists that, on the one hand, the independence of the poor can be obtained only through the recognition by society of their "inalienable rights" to exercise of sentiments of justice to articulate their needs. This exercise of sentiments of justice, on the other hand, not only cultivates the sense of independence and responsibility on the part of the poor, but also enhances their practice of citizenship in the process of government. The emphasis on the importance of the independent exercise of sentiments of justice by individuals to evaluate the operation of modern political and economic institutions, consequently, not only dissolves Smith's problem of neglecting the exercise of political rights of the poor, but also overcomes Marx's problem of sacrificing the individual for the good of societal interest.

The perspective with its emphasis on individual independence and human equality also contributes to the tradition of democratic liberalism which has helped create hallmarks in human history, ranging from the edifice of body politic ruled by the elite in Aristotelian ideas, through the human equality of Ciceronian Stoicism, to the struggle for the independence of the labouring poor championed by
Smith and Marx; each based on a pursuit of actualization of the individual has irreversibly transformed human society.

The present perspective continues the historical development of the independently-minded individual from the rise of elite activism to the rise of the labouring poor exercising rights independently from the domination of elites. It promotes the independence of the individual, whose effective exercise of sentiments of justice preconditions not only the proper operation of political and economic institutions of the quasi-market society but also the future development of individual relationships to nature and society.

This perspective, moreover, offers the necessary theoretical directions to the following analysis of China's transformation during the Nationalist Revolution. The formulation of quasi-market model as an acceptable form of modern political economy represents the desired point in history against which both the theoretical objectives and outcome of the Nationalist practice are evaluated. The two perceived, intertwined developments in the process of attaining the point — namely, individuals exercising sentiments of justice to bring forth the recognition of their rights to a full and free life and to influence political and economic institutions to protect public interest — foretell the revolution to be transformative. In fact, what is most revolutionary of the social
transformation of modern China is the rise of labour and the peasants who exercised sentiments of justice to attain citizenship rights independently of elite domination. The achievement of this struggle is just as profound and just as irreversible as the downfall of the Imperial state.

NOTES

1. For the following discussion on voluntarism, see The Encyclopedia of Philosophy, v. 8, 1967:270-2.

2. He insisted that "Natural law and its derivative rights stand as a general moral framework roughly in accordance with which lawmakers frame laws appropriate to the given circumstances" (Tully 1980:30). Those rights included the right to resist undue governmental authority. Therefore, these laws made by lawmakers were effective and binding as they were made to enforce the law of nature.

Locke, moreover, concentrated on the issue of equal distribution of common property in the fabric of morals and politics of social relations by way of clarifying two natural rights, namely, rights to preservation and to the means of subsistence. Both of these rights, according to Locke, meant not only the absolute right in something but also common right to use. Locke saw the common right to use as essentially an outcome of an arbitrary process of distribution by the exercise of laws over the rights of individuals. His jurisprudential treatment of the common right to use, therefore, led him away from Cicero's promotion of virtue of justice into legal positivism. Explicating individuals' absolute rights in something, on the other hand, Locke utilized Grotius' concept of dominium utile (or the right to use) and argued that labour as work was in accord with one's own will, and hence the product should belong to the person who worked on it as an object of use. His argument of the absolute right in the product of one's labour dealt with primarily labour in the form of cultivated field and its products, and not wage labour. He, henceforth, neglected the growing injustice imposed upon the industrial labour force and left unresolved conflicts in capital-labour relations.
3. John Rawls (1971), on the other hand, attempts to renew social contract theory upon a recourse to the 'original contract'. His construct of the "original position" as a purely hypothetical situation where the "veil of ignorance" conceals all knowledge of unequal endowment from the reach of contractual partners (Ibid:12) takes him to a level of transcendentalism. It also undermines his objective to attain justice as fairness in a modern political economy, where

The taxation of inheritance and income at progressive rates (when necessary), and the legal definition of property rights, are to secure the institutions of equal liberty in a property-owning democracy and the fair value of the rights they establish. (Ibid:279)

Rawls's principles of social justice intend to support the equal assignment of the basic liberties, in accord with which the state redistributes wealth from rich to poor (Ibid:546). His intent to establish the recognition of equal liberty in meeting basic needs of individuals agrees with the present effort to recognize their 'inalienable rights' to a full and free life as the precondition for movement towards a form of modern political economy that is just, fair and acceptable.

4. Smith witnessed the growth of population and rural economy particularly manifested in local economic restructuring accompanied by increasing numbers of government's land surveys in eighteenth century Scotland. The increasing government involvement in maintaining economic growth instigated conflict between government and local gentry - small land owners - who wished to free the land market and to raise loans commercially. The Scottish local gentry actively took a quasi-governmental function to protect local property rights while increasing agricultural productivity, absorbing surplus through enclosures and strengthening village organization. These struggles remind us of what Chinese local elites were trying to accomplish in the late Qing, as described next in Chapter One. For further study of eighteenth century Britain, see E. P. Thompson's Whigs and Hunters, and also Smout (1983:67-72).

The urban industrial economy, on the other hand, profiting a few, increasingly grew at the expense of poverty suffered by the labouring many.

5. While seeing history as a causal process of human beings subsisting only upon each other's assistance in society, the bonds of human society, Dunn (1983:120) explains, are moral sentiments which are shaped not by an authority external to humanity nor the human race as a whole, but by the individual's practical reason established upon experience. This human practical reason, which constitutes the rational ground for human action, is the source of the cultivated sentiments. The cultivation of moral sentiments, in Smith's view, is required to deal with complex social existence in everyday life.
6. Winch (1983:260) interprets Smith that natural wants and passions, which are common to all humankind at all times and places, in fact, nurture wisdom and prudence since they are exercised with the application of moral sentiments in differing physical and economic circumstances.

7. To further explicate the theory of moral sentiments, Smith created a mental construct - "the impartial spectator" - as an ideal individual of world citizenship, and of wisdom and virtue (Raphael and MacFie 1976:7). The cultivation of moral sentiments, for Smith, is to acquire "the impartial spectator," or "the demi-god within the breast" who approves one's behaviour to be worth the pain and disapproves other's action which causes injury. The cultivation of the two parts of the self, the "man in the breast" and the "real man," one checking on the other, becomes the key to the desire of keeping out of harm and maximizing happiness, on the one hand, and of locating and redressing injuries, on the other. Consequently, the impartial spectator maintains harmony with the acquisition of mutual sympathy, and recognizes injury with the exercise of moral sentiments of approval and disapproval of one's own conduct in relation to that of others.

8. As E.P. Thompson (1971) notes, in the wake of the hungry crowds of the eighteenth century England, the debates broke out over bread prices and the grain trade between the new political economy of commerce represented by Smith and the old moral economy of provision maintained by the paternalist regulation of prices by elites. Rejecting the paternalist interventionist model, Smith hoped for a model of natural and self-adjusting market system, working for the good of all. As Hont and Ignatieff (1983) point out, Smith was especially concerned with the poor, arguing that the poor did not depend upon their masters to provide them with subsistence. When confronted by the question of "whether the government should align the force of law with the property rights of grain merchants or with the claims of the poor in distress?" he followed Hume and endorsed the magistrate the right to open private granaries and to distribute grain to the poor in the "case of most urgent necessity" (Ibid:21). As a result, "he insisted in the all but absolute priority of the property rights of grain merchants and farmers over the claims of need made by poor labourers" (Ibid:22).

9. See Hont and Ignatieff (1983:29-43). In Capital, Marx once gave this brilliant summary of Smith's vision of market system:

> The sphere of circulation or commodity exchange within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, let us say of labour-power, are determined only by their own free will. They contract as free persons, who are equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each
enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to his own advantage. The only force bringing them together, and putting them into relation with each other, is the selfishness, the gain and the private interest of each. Each pays heed to himself only, and no one worries about the others. And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence, they all work together to their mutual advantage, for the common weal, and in the common interest. (Bottomore et al 1983:156)

10. Studying the economic mechanism, he saw that the activities of agriculture, manufacture, and commerce were characterized by the division of labour with the pattern of exchange facilitated by the use of money. This mechanism was the market which helped to generate an increase in productivity and co-operation. See Campbell and Skinner (1985).

11. This, though from appearance has been used by big business to attack government regulation, really argues that the market must be free of "regulation of any sort," including regulation by monopoly. What modern capitalists want in their claim for a "free market" is their monopoly of market free of government regulation, - what is actually denounced by Smith.

12. Phillipson (1983:188) adds:
   If the Theory of Moral Sentiments is seen in this perspective, it appears not simply as an account of moral behaviour in general but as an account of the peculiar moral constraints which are placed on the citizens of a commercial society, and it was offered in the belief that it would help them to learn how to turn their social experience to their advantage as moral agents who were anxious to maximize their happiness and preserve their sense of self-respect.

13. Thus, Hall's simple equation of commerce and liberty in his understanding of Smith is far from complete since it does not take Smith's discussion of justice and propriety into account.

14. In fact, Smith's description of the effect of utility upon individuals' perception of happiness, beauty and well-being in general is amongst the most successful aspects of his study of moral sentiments. As Campbell and Skinner (1985:168-9) point out, Smith is well aware of the fact that the division of labour comes with social costs. Commercialism not only generates "'deformity and wretchedness'" but also affects individual capacity for moral judgment.
15. See Phillipson (1983:197). A question is however raised about the gentry's capability of upholding Smith's system of natural liberty, especially with respect to the interlock between the gentry and the merchant and manufacturers developed in the case of early industrialism in China (Chapter Two).

16. See Phillipson (Ibid:196). Could this point be compared with the Chinese example of the presence of a third party in formulating contractual arrangements and in facilitating face-to-face relationships in the operation of commercial processes, over which the government sought to extend control through taxation without infringing upon regionalized customary laws? As Duara (1988:181-2) notes, "The presence of a third party known to the two contracting partners," as a relative, friend or leading figure in the community, signifies the significance of the "face" of a honoured person, whose virtual synonym is trust. The existence of both aspects reinforces common rules of propriety, because the presence of a mediating party trusted by both contracting partners, who were encouraged to act with sentiments of propriety, would in effect help guarantee the rights of the partners to a contract. It thus in effect personalizes impersonal market relations. Also see Chapter Two.

17. A century later, Smith's anticipation of the independence of the poor, and moral and fair exchange of market relations, remained a mirage held ironically as the central argument for "laisser-faire" by those who had the vantage of the market, the very same individuals from whose clutches Smith wished to set the poor free. Only until Marx developed a critique of Smith's classical political economy did the independence of the poor and a fair price for the labourers take a new meaning. Also only until then was capitalism critically examined.

18. In the rise of industrial capitalism, as Smith witnessed, the very production, exchange and consumption of wealth increasingly called upon the socialization of labour through the institution of the division of labour and the use of technology. Upon the recognition of value in "abstract, general and social labour," Smith was seen to have transformed Lockean labour theory of property, particularly revolving around the so-called "right to use" in association with land utilization, possession of the fruits of land with one's input of labour, and commercial activities. This transformation has significant historical implications mainly because the recognition of value in labour provided the initial ground upon which labour could be seen as property and labourers could begin to demand rights over their own labour power.

19. Marx divided labourer's working day into necessary labour whose value was used for replenishing the labourer in the form of wages, and surplus labour whose value was accrued to the capitalist in the form of surplus value. He saw that that surplus value was expropriated and turned into capital. This is what Marx described
as capitalist accumulation when writing that, the transformation of the individualized and scattered means of production into socially concentrated means of production, the transformation, therefore, of the dwarf-like property of the many into the giant property of the few, and the expropriation of the great mass of the people from the soil, from the means of subsistence and from the instruments of labour, this terrible and arduously accomplished expropriation of the mass of the people forms the pre-history of capital... This expropriation is accomplished through the action of the immanent laws of capitalist production itself, through the centralization of capitals. (1977:927-9)

Marx thus argued that only in capitalism did exchange value become predominant particularly in association with the accumulation of capital. He regarded accumulation not only as the locomotive of capitalism but also as the centripetal force that determined the ultimate end of social life reinforced by the capitalist state.

20. Marx argues that the commodity exchange of labour power assumes a particular material form of exchange which makes labour power appear as a property of the form. The particularity of this form, as Marx exposes in Grundrisse, is that equality and freedom are no longer the principles upon which exchange takes place, as envisaged by Smith. He (1973:245) writes,

when the economic form, exchange, posits the all-sided equality of its subjects, then the content, the individual as well as the objective material which drives towards the exchange, is freedom. Equality and freedom are thus not only respected in exchange based on exchange values but, also, the exchange of exchange values is the productive, real basis of all equality and freedom. As pure ideas they are merely the idealized expressions of this basis; as developed in juridical, political, social relations, they are merely this basis to a higher power. And so it has been in history. Equality and freedom as developed to this extent are exactly the opposite of the freedom and equality in the world of antiquity, where developed exchange value was not their basis, but where, rather, the development of that basis destroyed them.

The social relation, generated in the market place under capitalism, is, therefore, according to Marx, not one of equal exchange but of exploitation.

21. Marx argues in Capital that labour process, is purposeful activity aimed at the production of use-value. It is an appropriation of what exists in nature for the requirements of man. It is the universal condition for the metabolic interaction [Stoffwechsel] between man and nature, the everlasting nature-imposed condition of human existence, and it is therefore independent of every form of that existence, or rather it is common to all forms of society in
which human beings live. (1977:290)
Thus, the labour process is composed of the elements of human purposeful activity, of the object on which the work is performed and of the instruments of work, the last two of which are, often, objectified labour included in the means of production. The third element, the instruments of work, is a complex of things with the mechanical, physical and chemical and nowadays computing properties that human beings use to implement and expand their productive capacity.

22. The above two characteristics, for Marx, differentiated the capitalist labour process from any other labour processes, such as slavery, serfdom and medieval handicrafts. Labourers under capitalism did not own the means of production with which they worked, as in the case of slavery. But, different from slaves, labourers owned their labour power. Marx also saw that the capitalist labour process was one in which conceptualization of work was severed from execution of work. In other words, it was a process in which the labourers was not only alienated from organization of work but also gradually deprived of the knowledge of its process as they were specialized in working on one aspect of the product. This set labourers apart from the serfs and the craftsmen who owned not only some means of production but also the knowledge of the work processes. Finally, as the outcome of the subordination of labour to capital, labourers did not have claims on their products, thus very much unlike the serfs and craftsmen who made decisions over disposition of their products including paying for rents and taxes.

23. "Right to labour" is presently viewed in the light of Marx's concept of capitalist labour process in which the labourer loses control of the work process and most importantly his product. Thus, a right for the labourers to gain control over their labour would have to start from having a say in the production, management and distribution of the products of his or her labour.

24. This in fact provides a perspective of Marx's concept of ideology. Ideology, Swingewood interprets Marx, could be seen, as the legitimization of social existence, striving to emasculate any awareness within common-sense of social contradictions and conflicts. That is, in Swingewood's words, it is a 'material force', a kind of cement which binds together the social structure of class societies. Ideology exercises a stabilizing role in society: as Marx wrote, the dominant ideas of each epoch are those of the ruling class—a theorem, which, translated into sociological terms, suggests that society is legitimised through 'everyday knowledge' or rather, the dominant ideology is transmuted into ordinary, mundane ideas. (1979:82)
However, as reflective, everyday, common-sense knowledge of society, ideology in Marx's conception could also be looked at "as a contradictory structure which can resonate both the values of the
25. Admittedly, Marx is foremost devoted to a polemic critique of capitalism. He does not offer elaborate discussions on the future society. The same with ethics. His suggestions are vague and ambiguous. His followers are left with interpretations and persistent faith. They are mostly divided into two groups on Marxist ethical theory. One, represented by Kautsky and Lenin each in his own way, stresses that morality is part of the class-based ideology and thus a thing of the past. Yet, the other, represented particularly by Marxists of the previous decades' Yugoslavia, continues the moral component of Marxism, arguing for acquisition of morality for human emancipation as a process to Communism. I am inclined to sympathize with the latter, as I have argued that morality is in the vicissitudes of history, but there are also universal rules of morality explicating moral sentiments.

26. The inevitability of communism, in Marx's view, lay in its superior system in which a "common plan" based on social consensus provided adequate mechanisms of coordination and management in organizing economic activity from the expropriation of raw materials, the mobilization of labour, and the processes of production and distribution of the products of labour. See Capital (1977:171-2). Marx believed that a social agreement could be achieved through laws democratically drafted and voted on in a context of self-government formed representatively by the associated producers themselves. See Marx's The Civil War in France (1932:404-5). The institution of self-government, Marx envisioned, would facilitate the order of communist society, where freely associated producers working collectively with socially owned means of production controlled the process of production and their collective product. With the help of this order, Marx foresaw that,

society by regulating the common production makes it possible for me to do this today and that tomorrow, to hunt in the morning, to fish in the afternoon, to carry on cattle-breeding in the evening, also to criticize the food —just I please — without becoming either hunter, fisherman, shepherd or critic. (1968:22)

27. Specifically, in the history of Latin, as Tuck (1979:8) discusses, rights had two significant origins. One came from the use of rights in the context of divine judgment as a synonym for 'law'. They were regarded as objectively right and discoverable. The other was from the use of rights in the context of the right way in which two disputants should behave towards each other. Rights therefore prescribed not only the code of acceptable behaviour but also the standard practice of citizenship in conducting social relationships.

Based on the above practice, rights were utilized to cultivate the individual's capacity to practice citizenship in equal relationships with others in a political system. In such a
political system, the practice of citizenship is the pursuit of
equality in the enjoyment of freedom in the cultivation of civic
virtues under the rubric of justice for all.

28. As doing good is virtuous and a result of prudence, Cicero, a
seemingly spokesperson of Stoicism, argues that human beings have equal
ability to do good. He sees virtue with four components: prudence,
justice, courage and temperance, and suggests that all of them are
required if the highest earthly duty is to be fulfilled, namely, to
serve the community and to secure liberty (Skinner 1984:214-5). The
existence of liberty, in Cicero's view, can only be preserved, "if
we act 'as slaves to the public interest'" (Ibid.). Cicero posits
that this is particularly the case with the preservation of the
virtue of justice. As Skinner suggests,

Cicero had argued in De Officiis that the essence of justice
consists in the avoidance of iniuria, of harm contrary to iur
or right. Such harm arises in one of two ways: either as the
product of fraud or of 'brutal' and 'inhumane' cruelty and
violence. To observe the dictates of justice is thus to avoid
both these vices, and this duty lies equally upon us at all
times. (Ibid.)

Therefore, the significance of Cicero's virtue of justice lies in
his contention that acting in the public interest does not exclude
the importance of observing the virtue of justice. It also lies in
his recognition that human equality arises from the equally endowed
capability to observe justice in the course of acting to the public
interest. The growth of equality was made possible by the
observation of the virtue of justice, a quality endowed equally in
individuals to serve the common good with good faith and humanity.

29. The Stoics, for instance, believed that "the individual life is
good when it is in harmony with Nature," since the law of nature
which determined the course of nature also designed ends in human
life. Consequently, in one sense,

**every** life is in harmony with Nature, since it is such as
Nature's laws have caused it to be; but in another sense a
human life is only in harmony with Nature when the individual
will is directed to ends which are among those of Nature.

**Virtue** consists in a **will** which is in agreement with Nature.
(Russell 1984:262)

For the Stoics, therefore, the first principles underlying human
knowledge were the innate ideas of natural law. Knowing about
natural law was learning to acquire virtue. "Since virtue resides
in the will," it became the end itself that "rests entirely with
the individual" (Ibid.). Consequently, this belief in the
individual will to acquire virtue independently becomes the root of
the liberal concept of "autonomous person."

30. Voluntarism arose alongside the recognition of private
proprietorship as a right over others during the Roman imperialist
expansion and thereafter in the medieval period. As Tuck (1979:10)
explains, in the late Roman Empire, "the Emperor was now someone
a whom all citizens had bilateral relationships, and who claimed
be able to intervene in their social and economic life in a wide
variety of ways." Rights became more admitted as means to control
resouces through the ownership of property (i.e., dominium) in the
bilateral relationships between the citizen and the Emperor.
Freating dominium as a right (ius), although it began at the time
as an imperfect right - an indeterminate right against the state,
the public, the Emperor, that is, all others, became a pivotal
point at which rights began to diverge from their origins as
standards of conduct.

When, in fact, medieval philosophers sought to apply the earlier
vision of human equality in the use of individual property rights
as a vehicle for individual citizens to defend themselves against
the encroachment of the Roman state, they resorted to the Greek
convention of positive legal institutions, and argued that men had
natural rights to self-preservation, and thus, began the natural-
right tradition.

31. As it has been discussed earlier, both Smith and Marx foresee
a self-governed local community as an environment in which
citizenship is exercised so as to attain equality in social
relationships. In this event, one can simply not neglect modern
developments of autonomous community operations and workers' self-
management practices for the purpose of protecting natural
environment and of combating capital flight manoeuvred by
transnational corporations. One also can not even ignore the recent
events in the former Soviet Union and Eastern Europe where people
create public spheres to seek solutions to local problems which the
state is incapable of solving. One is furthermore alerted by the
latest development of aboriginal peoples around the world who
strive to preserve their heritages in demanding the right to self-
government. These developments, and many others, add new materials
to the revival of the liberal concept of self-government.

32. As it has been pointed out earlier, when Smith formulated the
independence of the poor, he saw that they had only imperfect
rights granted at the mercy of elites. Upon recognizing that the
government tended to be controlled by the rich and to often neglect
the needs of the poor, he contemplated that the poor could be
substantially protected only in the market place when they entered
into the process of exchange independently and not represented by
elites. He therefore fixed the poor's imperfect rights into perfect
ones by putting them in the market system where injuries were
recognized by the rules of justice and where people, he hoped,
would act by the rules of propriety. Smith had certainly not
counted entirely on the "invisible hand" to warrant justice in
exchange, as he was fully aware of the fact that market itself
could eventually generate monopoly and hence inequality. He hoped
that the cultivation of moral sentiments of players in the market
place would give birth to market relations between independent
individuals who excelled in virtues of justice, self-command,
prudence and benevolence, on the one hand, and sympathy for others,
on the other. He therefore neglected the importance of political participation on the part of the poor.

Marx, on the other hand, asked individuals to sacrifice themselves for the cause of a revolution for emancipation.
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Zhang Ying

Zheng Yunshan

Zhong Zhuoan

Zhou Jinsheng

Zhou Xingliang
FIGURE 1

The Quasi-Market Model of Social Relations
FIGURE 2

The "Free Market" Model of Social Relations
FIGURE 3

The Model of (Local) Social Relations in Late Imperial China

(LOCAL) GOVERNMENT

TRANSFER PAYMENTS

WELFARE RELIEF

TAX

LOCAL SPENDING

PROPERTY MANAGEMENT

INDIVIDUAL ACTIVISM

BROKERAGE MARKET

HOUSEHOLD PRODUCTION

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FIGURE 4

The "De-Voluntaristic" Perspective

Voluntarism and the social contract theory

Adam Smith: moral sentiments and rules in a market society

Political economy: from value in labour to the independence of the labouring poor

Karl Marx: emancipation - a two-classes analysis

Civic humanist interpretation: moral sentiments

Macpherson and Leiss: a quasi-market society

Conditions for the rise of seven characteristics of an acceptable form of modern political economy

The exercise of sentiments of justice by individuals