China's Development
Capitalism and empire

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In the 30 years of reform most Western economists not acquainted with China have repeatedly announced its doom. A return to state planning or the opposite, a collapse of the political regime, Soviet style, was foreseen. Policies and performances have often been gauged against the ideology of the perfect foresight market equilibrium fostered by unbridled individual rationality. Reality, however, has put this flawed perspective into question. Obviously, Chinese reform is not a convergent process toward any normative concept of an optimal economic equilibrium. It is an ongoing co-evolutionary process of economic structures and social institutions.

The theory of regulation of capitalism, contrary to orthodox economic thinking, which elevates the market as an all-powerful coordination mechanism, acknowledges that institutions of civil society, in-between markets and the state, interact constantly with the economic dynamics. Not only do they play an important role in alleviating tensions between economic actors, setting conventions and informal rules of behavior that foster trust and reduce uncertainty, their consistency or their conflict with one another contributes to defining a mode of economic growth that evolves over time. Such institutions are rooted in the past and, anchored in the culture of the people, transmitted through generations. They shape beliefs and patterns of behavior, and make valuable contributions in absorbing shocks. Therefore understanding and exploring China’s path today requires us to recognize the peculiarities of China’s historical trajectory, its social fabric, and collective memories that derive from very ancient cultural traits but still exercise strong influence on the behavior of its population and the configuration of its society.

Stemming from the distinct process of state formation of imperial China, this chapter attempts to identify the basic social institutions in Chinese tradition that have played eminent roles in stabilizing social orders while being conducive to creativity and continuous change. These social institutions evolved over time but, together, they formed a self-consistent system that has contributed strongly to the relatively uninterrupted continuity of Chinese civilization. They are of essential importance for us in understanding where the sense of togetherness lies in China and how this sense of togetherness translates into a mode of legitimization of the state that is profoundly different from the democratic Western states and logic of economic dynamics divergent from the classic growth models based on European experiences.
Early history of state formation of imperial China

Chinese civilization is far from being the most ancient in human history. Both Egypt and ancient Mesopotamia emerged much earlier than China. However, for one recognizably similar civilization to remain from pre-Christian age down to modern times, China stands out distinctively. Especially long-lasting was the Imperial Age of China, which started after the unification under the Qin (221–206 BC) and consolidated during the Han dynasty (202 BC–AD 220). The succeeding regimes in the following 2,000 years maintained key Han imperial institutions. Many so-called “Chinese” cultural, social, and political features were formed during this long imperial age and have far-reaching influences on the behaviors of Chinese people even today. Most of the traits synthesized in this chapter would be oriented on this historic period.

Imperial China is not simply a centralized and united empire. Its true identity lies with the maintenance and reproduction of certain social and political orders. The formation of these orders was a complex and ever-evolving historical process shaped by both the given circumstances and chance factors. In this part of the book we display the earliest formational stages of imperial China’s basic orders by outlining the history from Western Zhou (1122–770 BC) and especially Eastern Zhou (770–256 BC) to the early Han Empire (202 BC–AD 220). During this historical period, especially around the turning point of Qin’s unification (221 BC), Chinese civilization experienced fundamental socio-political developments which altered how Chinese people interact and coordinate. These developments eventually enabled the emergence of macro orders with which we identify imperial China, or even today’s Chinese civilization.

The decay of the feudal system

Under the reign of Western Zhou, China resembled much of feudal Europe. The first kings of Zhou parcelled out the kingdom as large fiefs among the king’s sons and brothers, who assumed titles equivalent to duke, marquis, and count. The king (also called “the son of heaven”) had strong feudal monarchical power and was able to allot newly conquered territories to his faithful followers or kinsmen.

However, in the Eastern Zhou period this feudal system began to collapse. Certain vassals grew more and more independent along with the increment of their powers. They defied the authority of “the son of heaven” by annexing the smaller fiefs and warring among themselves. This was a period of political fragmentation. The first half of the period is referred to as the Spring and Autumn period (770–404 BC) when the Zhou kings continued to reign by default. Over time, military conflicts became fiercer and more frequent to an extent that the second half of Eastern Zhou is vividly named the Warring States period (403–221 BC). By then the Zhou king had completely lost his power and all smaller fiefs were conquered and absorbed by the seven largest states whose rulers began calling themselves kings in 335 BC as a symbol of total denial of the sovereignty of Zhou.

The Warring States

During the Warring States period China exhibited completely different behaviors compared with the later imperial one. In fact, it is far-fetched to call the Warring States “China,” as a unified Chinese identity was purposefully dismantled. Brutal and continuous wars required the people of each state to seriously consider the question of who belonged to “us.” Strong national identities were developed with the state one came from rather than with the Zhou kingdom. Hence each of the major states had its distinct identity based on its own history and specific culture. The uniqueness of these identities was accentuated in order to arouse sharp patriotic emotions and foster tighter military unity. The natural family ties were intentionally cut or minimized in particularly aggressive states like Qin. Constant warfare required iron control by the governments over people and land. Family-based societal organization was too loose to serve this purpose. Often strong family attachments would even hinder direct commands from the state to individuals, thus sabotaging the efficiency of military and economic mobilization.

The most famous case against family ties in the Warring States period was the reforms applied by Shang Yang (390–338 BC) in Qin state. Not only did he apply a strict direct domicile registration system to every individual Qin resident, he also forcefully broke the patriarchal lineage. No two male adults, given they were father and son or brothers, were allowed to live in the same household. Tax contributions were doubled for those who did not follow that policy. The warring states usually took active roles in supporting trade and other commercial activities, with the purpose of seizing higher fiscal revenues to sustain their armies and to build massive defense walls. The emergence of government-led coin casting serves as proof of this pro-commerce attitude. Politically, centralized bureaucratic control began to be favored and thus created demands for professional administrators. For the aristocrats who had lost their fiefs and status, the opening of those positions served as great opportunities for social advancement. Many of them started different schools carrying diversified socio-political proposals and travelled from court to court in search of a wise king to implement their theories, or at least give them a job. Philosophical thinking and political theories flourished. Among those wandering scholars were the most influential philosophers in Chinese history, such as Confucius (around 551–479 BC), Mencius (around 370–290 BC), Laozi (around 600–470 BC), and Zhuangzi (around 369–286 BC).

Regardless of how deeply Confucianism and Taoism were ingrained into Chinese civilization in the imperial age, they were by no means the dominant schools of thought in the Warring States age. The chief early competitor of Confucius was Mozi, born around or soon after the death of Confucius. In Mozi’s theories we can easily pick up elements that resemble Christian teaching, or even Puritanical ones. Mozi preached “universal love” as against the “graded love” endorsed by Confucius, which was dependent on the specific relationships among individuals. Mozi believed that the interest of all would be better served if “everyone would love every other person as much as he loves himself” (Mozi, IV, 14). He was also strictly utilitarian. He advocated measures to enrich the country, increase the population, and bring order to
the state. He envisioned rigidly disciplined organizations in which the subordinate at each level would follow the lead of his superior in all matters. It is believed that, for a while, his ideas may have had greater currency than Confucianism (Fairbank and Reischauer 1979: 51).

Another school that prevailed first in Qin state and then the whole of China after the unification under Qin was the Legalists. They were hard-core. The only thing that mattered for them was how to make a prosperous and militarily strong national state. And the only way to achieve this objective, in their mind, was by setting up strict laws and harsh punishments. All aspects of life should be regulated so as to produce maximum wealth and military might. Counting on people's moral virtues was regarded naive. This school reached its ultimate triumph at the famous "Burning of the Books" event, which took place immediately after the centralized Qin Empire was founded. During this event, all works of other schools were destroyed, and only those of the Legalists remained.

Had Chinese history and civilization gone on with the trend described above, it would be plausible to envision a China (more possibly in plural form) similar to European-style national states. Constant external threats to the regimes of the ruling class would have inspired strong political ambition and nationalist sentiments. The domestic societal organization within the state would have been much more compact than a family-based agrarian society. A more pluralist society would have emerged. The core social relationship would not have been that among the members of organic families but that among clearly institutionalized organizations (such as religious cults, city states, or national states). Cities, with heavy walls for defense purpose, would have taken a central role in the construction of a state, instead of the poorly protected rural area. A sharp division between citizens and peasants might have emerged, with quite possibly a superior class composed of warriors. Political power would likely have turned to local military and financial powers to strengthen the regime, but at the same time been hijacked by the voices of those local powers. Formal rules, including written laws, would have quite possibly been the main mechanisms to regulate the coordination among the population, instead of the often arbitrary and amorphous regulatory mechanisms that prevailed in imperial China such as authoritative persons, "guanxi" (social networks), and moral values. And, of course, Confucianism would have never achieved its prominence, as it was so impractical in gathering the population to counter external threats. A better-organized school such as Mozi's would have served well as a unifying ideology. At some point in history, China could have even had its own version of "renaissance" or produced its own Montesquieu.

Yet, it so happened that Chinese history did not go that way.

The unification under Qin and Han

In 221 BC Qin's king, Ying Zheng (259–210 BC), united China. He called himself Shi Huang Di (literally "the First Emperor"). Following the advice of his Legalist chief minister Li Si (259–210 BC), the First Emperor was determined not to divide the country up again. He carried out harsh reforms to foster a united Chinese identity and a centralized political structure. All feudal states were abolished but new, small provinces were established and were under the direct command of the emperor. Weights, measures, coinage, and even the axle lengths of wagons were standardized. Thanks to him, the Chinese written language was consolidated in a single form, which is practically the same as it is today. He laid out a radiating system of roads throughout his empire, beat back the barbarians of the north, and built up the Great Wall as a permanent defense and explicit mark of China's northern frontier. He conquered the far south, the Canton region, which had never before been part of China. Although the harshness of his reign finally devastated his own dynasty shortly after his death, China was radically transformed during the 11 years of his reign.

After several years of civil wars, when Liu Bang, better known by his posthumous title, Han Gaozu, established the Han dynasty (206 BC–AD 222), the first long-enduring dynasty of the new unified China, a new era in Chinese history opened. The Chinese people, rulers and farmers alike, found themselves in quite different circumstances from those faced by their ancestors. A massive population (59,594,978 was the reported population of a census carried out in AD 2) sharing the same language cohabiting in so vast a territory had never been achieved before.
The once frequent life-or-death battles suddenly disappeared from the everyday life of the ordinary Chinese. The only dangerous neighbors of China, the nomadic Tartar peoples, were concentrated on the northern frontier. Central government allocated heavy military strength to guard it with the help of such defense works as the Great Wall. But in the west China was naturally guarded by the Himalaya Mountains, inhabited then by harmless or we savage tribes. The long coast on the southeast side was also naturally calm as, at that time, travelling through the Pacific Ocean was still infeasible. To the south the Chinese advanced into what is now Vietnam, absorbing smaller tribes along the way.

When wars became remote, identity became united and government singular, the logistics of Chinese social and political structuring altered, and civilization had the opportunity to evolve on a fundamentally different path.

The predominant issue for the survival of the empire and the continuity of a royal family’s regime was no longer to increase military strength but to sustain domestic order. The Han dynasty inherited the Qin’s centrally controlled bureaucratic system. A large body of bureaucrats was selected for their merit, not birth. The emperor had direct and absolute power over the personnel system of this vast bureaucracy. Integrating educated elites into a centralized bureaucratic system was a stone that hit two birds. Not only did the emperor gain considerable help with his rule, but he also deprived local elite groups of their human resources and political independence. For most of imperial history, the Chinese royal house endeavored and succeeded in establishing direct political control over its population while curbing the powers of other institutionally distinctive groups, which could have grown into independent political identities. This extreme centralization of formal political organization removed the root of political fragmentation and the basis of a pluralistic society. Instead of searching for compromises with aristocratic, religious, and financial groups as their European counterparts did, the imperial Chinese emperors instead preferred and were able to rely directly on farmers, especially scattered small-scale, self-sufficient rural families. Agricultural taxes were always the main source of fiscal revenue for the imperial regimes in China. Except for the slim layer of scholar-bureaucrats, farmers made up the overwhelming majority of the population. The larger part of private wealth was in the hands of landlords. There was no caste system or any blood-determined aristocracy system to define who would be farmers and who would be landlords. All depended on the natural order of market, work, merit, and a little spin of the wheel of fortune.

Why patriarchal families?

The reasons why Han Chinese adopted the patriarchal family as their spontaneous way of societal organization could be manifold. Minimized state intervention and relatively fewer external threats, thanks to the geographical and political features of China, had definitely created space for the growth of the family system. The economic structure may have also contributed. Han civilization was based much more profoundly on crop agriculture than European civilization was. The fact that animal husbandry and commerce played a lesser role in the overall economy means that the Chinese population had fewer opportunities for geographical movements, Crop agriculture fixed the population with their land. As Professor Feng Youlan (1895–1990) pointed out,

The farmers have to live on their land, which is immovable, and the same is true of the scholar landlords. Unless one has special talent, or is especially lucky, one has to live where one’s father or grandfather lived, and where one’s children will continue to live. That is to say, the family in the wider sense must live together for economic reasons. Thus there developed the Chinese family system...

(1948: 21)

Deeming economic structure the only determinant of social fabric is debatable, but we agree this influence cannot be excluded.
Organizing the whole society on a family-based system is also consistent with the socio-political ideals of several main philosophical schools that emerged in the Eastern Zhou period and have influenced Chinese civilization ever since. The most extreme would be Laozi, founder of Taoism, who advocated total laissez-faire, so that families could control their own lives with no pressure from any other social or political group larger than a village. However, the school that had most influence on consolidating the family system in China was Confucianism, which elaborately connects patriarchal family order to social and even political ones.

As with many other Chinese philosophers in history, the highest political objective for Confucius was peace and social stability for everywhere “under the heaven” (“tian xia”). Confucius believed that long-term social stability could not be achieved without respecting the innate psychology of human beings. “Sympathy” (“ren”) was thus identified by Confucius as the key human affection to bond people with and to base his ideal society upon. And the strongest sympathy is usually felt among those who are closest, such as family members. The farther away and more unfamiliar people are, the less they would feel for each other. Thus a Confucian society can be envisioned as billions of overlapping circles. Every individual is at the center of a circle. The intensity of sympathy (social bonds) he can feel for others wanes with the radius distance of these others from him. This is the “graded love” we mentioned before. Extremely self-centered as it may seem at first glance, this concept actually represents altruistic goals, because no one is alone in this world and everyone falls into certain social relationships, the most basic of all being family relationships: “Ren consists in loving others” (Analects, XII. 22). If every father can behave as a loving father to his sons, and every son acts as a son who loves and respects his father, if elder brother and younger brothers, husband and wife, elder and junior, ruler and subject, and so on, really love the ones they care about and do what they should do for their loved ones, then people are able to fulfill all their obligations in society and be a worthy member of it. Moreover, as everyone is in different social circles, carries different social roles, and has different people close to him, this graded love can hence weave a complex net encompassing the whole society, and serve as a universal bond among people and lay down the foundation of social stability and peace.

Thus the logic of structuring an ideal society, in Confucius’s mind, is based upon families, and to be more specific, patriarchal ones. Social relationships outside a family are often translated into personalized terms too. The Chinese often compare their teachers to their father and call their best friends brothers and sisters. The political system is also an embodiment of family order. The emperor has supreme authority over the country just as a father does over a family. This might be the reason why Han Wudi (156–87 BC), one of the most influential Han emperors, who was in fact Legalist in nature, chose to use Confucian principles as criteria in selecting his bureaucrats.

It is amazing how Chinese history completely changed its tide in less than a hundred years. The Legalists, who enjoyed exclusive power in Qin, were barred from any official position in the court of Han Wudi, while Confucianism was established as the official teaching for the empire. This ideological and political arrangement further boosted the legitimacy and popularity of patriarchal families as the major design of societal organization in China. The predominance of Confucianism and the prevalence of the family system in China were two mutually reinforcing historical processes. The moral foundation Confucianism laid down solidified the Chinese family system, made it the most resilient societal organization yet known and, in turn, family-based social fabric enabled China to mature its distinctive civilization based on Confucian ethical ideals.

The lengthy description above tries to explain one thing: why it was that a family-based social fabric instead of any other form triumphed in China. Yet we know we would be unable to enumerate all the reasons for this. History cannot be fully reflected on paper; and the formation of any culture is not a linear or mechanical process. Chance played its role here and there. But whatever the chances were, after the Eastern Zhou period Chinese civilization increasingly formed upon families and other lineage systems. A complete Confucian moral system provided theoretical guidance to this societal organization and expanded it to other domains, such as economic, legal, and political organizations in China. From Song (960–1279) times on, this civilization and its social institutions became so embedded and compact that even the Mongol and Manchu conquests could not cause significant social changes, until around the mid-nineteenth century. And this unique social fabric has led China onto a historic trajectory of its own kind.

Implications of the family-based social fabric
The implications of this family-based social fabric are profound. The following three sub-parts closely examine the key features of this family-based imperial Chinese society, relating to political structure, social mobility, economic units, and the relating concept of property right. But before that we would like to remind our readers again that the logic and mechanisms of structuring imperial China are disparate from the European paradigms we often take for granted. As family became the center of everyone’s life, social units that are of great significance to the European tradition, such as the individual, the church, the guild, the city, and even the national state, receded considerably. Instead, an extended civil society compactly woven by overlapping economic and social ties became the main form of societal organization in China.

This means, first, the functions of family were much broader, encompassing also the services that we now consider “public” or “social.” Very different from the nowadays-popular “nuclear families,” ideal traditional Chinese families were extended. If the parents were alive, no children, however old they were, could live separated from them. If the grandparents were alive, then all three generations of people would live together. Within this extended family almost all properties were owned in common. If one family member was in difficulty or need, the rest of the family had unavoidable obligations to help solve the problem or fulfill the need. Outside the immediate family there were still other relatives that could be traced back five generations. Terminology of all these kinships was extremely complex. In the oldest Chinese dictionary, Er Ya, more than a hundred terms can be found for
various kinships (Feng 1948: 21). Other than the families, there were still clans and other lineage systems, which often maintained ancestral temples, common estates, granaries for charity uses, and clan schools. It was from within those family systems and the interpersonal networks embedded in them, instead of churches or states, that a Chinese individual living in the imperial era obtained his/her main source of economic sustenance and security, as well as necessary social services such as education and medical care. It was also those systems that provided social contacts and psychological support/consolation, mediated conflicts, helped the poor and lonely, and even served as the religious body through ancestor worship.

Second, in many cases family substituted individuals as the smallest unit of society, thus blurring the identity of each individual. Direct contacts between an individual and a formal and institutionalized organization such as the state were therefore minimal. This altered both the behavior of individuals and the nature of the state, relative to their European counterparts. Unlike a citizen of ancient Athens, a Chinese who lived in the imperial era did not need to go to the city assembly and vote on legislation and executive bills. The Chinese were not used to institutionalized organization and hence were usually shy in claiming their social rights. Political decisions were left to the scholar-bureaucrats and "the dictatorship of majority" was not a favored decision-making mechanism inside a family either.

Moreover, the family system also distinguishes the logic of social coordination in imperial China from that of European tradition. For a Chinese individual who lived in the imperial era, human relationships ("guanxi"), especially the relationships among family members, were the center of life. In this inescapable net woven by extremely complex personal ties into which every Chinese was born, harmony is crucial. The coordination among people in a family hence was achieved by negotiation, compromise, and, most importantly, through moral virtues which demanded that everyone "behave properly" and fulfilled their obligations to the family according to their positions in it, given either by birth or marriage. This propriety of behavior is what Confucius called "li." As Fairbank and Reischauer observed:

In a pluralistic society, like that of the modern West, the many forces of church and state, capital and labor, government and private enterprise are balanced under a rule of law. Instead, in Chinese life the personal virtues of probity and loyalty, sincerity and benevolence, inculcated by the family system, provided the norms for social conduct. Law was a necessary tool of administration; but personal morality was the foundation of society. Far from being anarchic because of the weakness of the legal concept, Chinese society was firmly knit together by Confucianism. This great ethical institution occupied in China much of the place filled by both law and religion in the West.

(Fairbank and Reischauer 1979: 16)

Even if modern China has significantly transformed, and father-son relationships may no longer be the dominant social tie, the 2,000 years' prevalence of family system and this interpersonal network-based view of society is still influencing people's perceptions of self, values, government, rights, social inequality, etc. Understanding this system is the cornerstone in understanding Chinese history and China today.

A bureaucratic political system with absolute central authority and decentralized administration

Tracing European history for a while, one would quite possibly conclude the irreconcilability between autocratic regimes and decentralization. Ever since the fifth century European history has been plagued with the power struggles of myriad political entities (aristocratic lines, ecclesiastical units, and the later urban bourgeoisie). All these institutionally distinctive organizations were able to challenge national authority for the preservation and expansion of their own forces. They had the ability to weaken a ruling house's claim over certain land and corrupt the tax base by claiming local taxes themselves. They also succeeded in integrating their influences over the national authority into the political process itself. Oftentimes the switching monarchies relied on the support of certain power groups to establish their ruling over a territory, and in return those monarchies' political legitimacy would require the acceptance of those supporting groups through principles such as political representations to ensure that those groups' voices could be heard and interests be attended. When the delicate balance between the autocratic regime and the other distinctive entities was broken in the labyrinth of a power grid, either the regime would be devastated because of a lack of legitimacy, or the power relations among all entities would be reshuffled.

From this perspective, centralized regimes and other institutionally distinctive local groups are competitors and the monarchy would be reluctant to delegate more authorities to local elites, especially when the resources available for central government were already limited in meeting military expenditures.

However, under different circumstances central authority and decentralization are not necessarily incompatible. If the society is not pluralistic, if the legitimacy of political power has an alternative basis, and if the central authority is strong enough and unchallenged, central authority and decentralization can co-exist in a mutually reinforcing way. When properly managed and aided by particular institutions, delegating certain political powers to the local level can emancipate local economic forces, hence increasing the tax base and fiscal revenue. At the same time, administrative burdens on the central government can be mitigated to local groups that master the local situation and have the potential of delivering high-quality social services. Improved welfare levels of the population in turn could enhance the legitimacy of the central power. Imperial China, especially the second half of imperial China, may serve as one example of such an alternative.

In the following, we closely examine the political system of imperial China. Although the system has been through significant evolution in a period of more than 2,000 years, the key features of political logic and institutional design remained consistent. We discover the basis of political legitimacy, ruling mechanisms, and institutions that were unknown in the European tradition. The unchallengeable authority
of the emperor and the effective centralized, hierarchical bureaucracy eliminated step by step the existence of any formal entity that bore independent political identity and authority outside the bureaucratic system. Yet it is precisely because of this absence of competitors for ultimate authority that the central government's relation with local elites was so distinct from that in Europe. The Chinese central government felt more and more at ease in delegating local social responsibilities.

Sole and absolute central authority

The absolute authority of a Chinese emperor was based first on the traditional Chinese view of family arrangement. The patriarchal hierarchical order inside a family also spilled over into the political realm. Just as the family order was centered on the father, the ideal political order was centered on an authoritarian ruler. The emperor was unquestionably the father of the whole population and stayed at the apex of hierarchy. As the most basic moral virtue in a traditional Chinese family was filial piety, the indispensable political morality in imperial China was loyalty to the emperor, who would make hierarchical cooperation as it is in a family. The position of emperor was further elevated by the cosmological theories of an important Confucian philosopher, Dong Zhongshu (179–104 bc). In those theories, the emperor was deemed unique among human beings for his capacity to link the realm of heavens, which symbolizes the natural order of the universe, and earth, which symbolizes secular society. Agricultural harvests, high welfare levels of the population, and uninterrupted peace were accredited to the emperor, even if he did not directly interfere in everyday affairs. However, if he was morally corrupt or did not accomplish his role, the balance between heaven and earth would be damaged and natural calamities, such as floods, droughts, and earthquakes, would occur. Ever since the Han dynasty, the double roles of emperor as the father of the whole population and as the link between heaven and earth had become an intrinsic part of Chinese imperial ideology. Both roles put the emperor in a superior position to other citizens of the country, and gave him unrivaled authority.

The question is: why was the Han emperor able to foster the political ideology described above which favored his authority in such an exclusive sense? To answer this question, we need to look at the following issues: power repartition within the country, the logic and legitimacy of imperial order; and the mechanisms for maintaining domestic social order.

The foremost is the issue of power repartition within the country. As mentioned above, in Europe political power was divided among three main groups: the aristocrats, the church, and the urban elites. State-makers had to compete with them or compromise with them in order to keep his legitimacy and his claims over land and taxation. The situation in imperial China was utterly different. Ever since the unification of China under the First Emperor, Chinese rulers lost legitimate competitors for state power. The scholar-bureaucrats and military generals were clear subordinates to the emperor in a bureaucratic system. Aristocracy waned. Religious bodies had never been totally separated from the secular power and even potential foreign intrusions were contained most of the time. The claim of the emperor over the whole territory was absolute. And that was not just any territory. The imperial Chinese territory had no borders: it can be every inch of soil "under the heaven." In the Chinese perception, whenever the Chinese government succeeded in incorporating a territory into the political and cultural order of imperial China, it was considered part of the country. And, once it was integrated, the emperor would be the ultimate owner of this piece of land. This concept rooted out the possibility of unrestricted independent power of any locality, especially toward the later stages of the empire. In the early eras of imperial China, central government still faced serious threats from overwhelmingly powerful localities. Some of them even enjoyed recognition from the central government. Han Gaozu, for example, rewarded his old comrades with large territories to govern. In the Tang dynasty, military towns also enjoyed strong autonomy. But, as imperial institutions evolved to their maturity, these cases became rarer over time. In the year 969, the first emperor of the Song dynasty eliminated the power of all the generals of the remaining autonomous military towns over a banquet. After that, independent local authorities in China totally died out.

The emperor also had total control over taxation. No one else had the legal capacity to impose formal fiscal claims. Throughout imperial China, fiscal revenue depended mostly on agricultural and poll taxes. In the later period the monopoly of salt also brought in considerable income. The composition of fiscal income reflected the agrarian economy of imperial China as well as the political intention of the ruling house. Anchoring farmers as the major providers of fiscal revenue posed the least political threats to the emperor's regime. Scattered, organically organized, small land-owning families had much less possibility of challenging the central regime than large families that possessed concentrated wealth and power. To illustrate this point, the European states could serve as a perfect counter-example. Confronted with continuous fiscal shortage because of heavy military expenditures, European states tended to seize as much fiscal resources as they could. However, as local aristocrats or clergies usually claimed land, agricultural tax collection was not always effective. Hence the ruling houses of Europe frequently relied on commercial taxes or fell prey to public debts. The result was the loss of political independence of their regimes to the urban bourgeoisie and financiers, or endless expansion for new unclaimed resources. Chinese rulers suffered from neither of these outcomes. Even when China suffered fiscal crises, the government could still largely maintain the structure of its fiscal revenue. Thanks to the relatively small burden of military spending, Chinese royal houses were usually able to solve the problem of fiscal deficiency by shrinking expenditures. The most frequently applied measures included cutting administrative costs and subsidies for the royal family, as well as suspending large-scale constructions. Higher taxes would also be imposed in times of financial difficulty. Owing to an effective bureaucratic system and firm control over land, the imperial Chinese governments more or less succeeded in meeting their financial needs under such a land-based tax regime. The Song dynasty might be an exception. With constant military threats from the north, the Song dynasty relied on commercial sources, which provided over half of its administration's fiscal income (Wong 1997: 95).
Although the structure of taxation did not change dramatically, concrete mechanisms of tax collection evolved over time. The key variations surrounded the tax rate, types of tax settlement, and the form of imposition. Generally speaking, the agricultural tax rate throughout the imperial period was kept low for the purpose of protecting the tax base. In the Han dynasty, agricultural tax was a certain percentage (1/15 or 1/30) of production of the year; and later dynasties often charged a quota according to the surface and quality of land. Types of tax settlement evolved with the development of commercial economy. The general trend was from labor, to primary products, to handicrafts, and finally to money after tax reform in the sixteenth century. Tax imposition could take individuals as the unit or households and other kinds of local groups, depending on the policies.

Following the analysis above, the fundamental divergence between the nature of a European state and that of imperial China should be evident. Under the perplexing network of heterogeneous political powers and facing endless competition from neighboring countries, European states had to seek compromises with noble, religious, and urban groups, and negotiate with them in order to obtain maximum fiscal income to achieve their core objective; i.e. to increase their military forces and secure their reign over a territory. Thus the legitimacy of a state government depended on the acceptance of those powerful elite groups mentioned above. Their interests and political claims had to be heard and addressed. This pattern served as the root of a number of modern political principles, especially the political representative system.

However, imperial China was built on profoundly different principles. The key objective of imperial China was the maintenance and reproduction of a social order. "...the emperor worked to develop and sustain a bureaucracy able to meet routine tasks of administration and respond to crisis swiftly and effectively" (Wong 1997: 102). The legitimacy of the imperial Chinese regime did not come from the political representation of key political actors, but from the delivery of basic welfare for the population, especially farmers, who were the principal providers of fiscal revenue. The importance of agriculture was repeatedly accentuated by most of the imperial dynasties, emperors, and the scholar-bureaucrats. Protection of agriculture was sometimes achieved at the expense of other sectors, especially commerce. In the Han dynasty, in order to allow rural areas to recover from years of warfare, the agricultural tax rate was reduced to 1/30. In order to make up fiscal deficits, heavy taxes were levied on merchants instead. Key and lucrative industries, such as iron and salt production, were monopolized by the state. To enhance the performance of the agricultural sector, the imperial Chinese government also devoted great efforts to constructing and maintaining large-scale public infrastructural projects than did their European counterparts in the same era. The most notable were irrigation systems, flood-prevention projects especially those along the Yellow River, and the Great Canal that connected the fertile Yangtse Delta with Beijing. The imperial Chinese government also mediated the commodities markets that were of critical importance to people’s lives and resolutely to social stability. Large-scale government-run grain dealing originated in the Han dynasty and developed hugely in the Qing dynasty. A sizable national granary system was built accordingly. At the peak of the Qing dynasty, this national granary system had the ability to store several million tons of grain (Will and Wong 1991).

To consolidate this centralized and supreme authority, imperial Chinese sovereigns developed elaborate ruling mechanisms to enable the maintenance and reproduction of endorsed domestic political and social orders. The failure of the First Emperor demonstrated vividly that extreme concentration of administrative power, dictatorial decision-making, and overemphasis on sovereignty over human welfare in fact increased the fragility of an empire and jeopardized the long-term ruling of a royal house. As soon as a charismatic leader died, the whole system would crumble. Han rulers learnt lessons from their antecessors. They realized that building a sustainable political order over such a large territory as China, one could not only rely on rigid top-down flats and unconditional obedience from the populace. What they needed was a system of political institutions that permitted absolute central authority over executive, fiscal, and juridical exercises, but which, at the same time, took advantage of supervised administrative delegation to civil society. And all should be under the guise of governing for the welfare of the people. To this end, the imperial Chinese political order features three main entraining ruling mechanisms.

1. A singular yet massive bureaucratic system with strictly centralized control over personnel management;
2. Extensive moral instructions over the officials and common people alike according to Confucian doctrines;
3. Strong coercive measures to ensure central authority and established social order.

The formal structure of government varied little throughout the imperial era of China. Unlike in Europe, a bureaucratic system was developed early. The country was run by a hierarchy of more than 10,000 professional bureaucrats who had no innate superiority in blood like the hereditary aristocrats in Europe. The emperor was at the vertex of this pyramid and every bureaucrat was subject to his immediate disposal. There were three main divisions in the central government: the executive, the military, and the censorate. The executive branch handled daily administration; the military managed military deployments and actions; and the censorate was responsible for conveying complaints to the emperor, criticizing policies, and supervising the actions of officials and the emperor himself. Early Chinese empires only had two levels of local administration. The highest sub-national administrations were commanderies ("zhou"). Then each commandery was further divided into counties ("xian"). The numbers and geographical compartmentalization varied from period to period, but Chinese local administration kept this two-level structure until the Tang dynasty, which added a level ("dao") above the commanderies. The numerous Chinese towns and villages under counties did not have any formal form of government and thus were largely autonomous.

Except for certain routine tasks, no officials, either at the central level or local level, were empowered to make major decisions alone. As a matter of fact, even the emperor himself, who might have a final say, did not dictate policy formation. Nevertheless, every official had the obligation and right to propose and criticize
policies. Those proposals and criticism passed through formalized channels all the way to the Imperial Court where every morning collective discussions, headed by the emperor, would take place until consensus was reached. After decisions were made, each official shared full responsibility for their enforcement. The performance of these officials was closely supervised through comprehensive regulations, agreed administrative codes, and disciplined reporting requirements. The conformity of their actions with the central directions was a major standard of evaluation and the bureaucrats would be promoted, transferred, demoted, dismissed, or even subjected to criminal punishments accordingly. The central government's – or, to be more specific, the emperor's – absolute control over personnel management of officials was the key in guaranteeing the implementation and enforcement of centrally made policies and the smooth execution of other crucial state functions such as military arrangements and tax collection; this in turn was the key in maintaining the central authority of the imperial Chinese emperor over this immense bureaucratic system.

Profound and extensive integration of moral instructions into the sustaining of sovereignty was another salient feature of the ruling mechanism of imperial China. A major reason why Chinese rulers were able to exploit ideological persuasion as a tool for enhancing their rule more than their European counterparts in similar historical periods might be related to the fact that, in imperial China, religious power and secular power were not separated. The emperor, who was the ultimate ruler on "earth," also served as the sole connection with "heaven" and acted as the only eligible priest in major national religious ceremonies, such as ancestral or heaven worship. As a result, there should be no fragmentation of the governance of people's physical presence and people's minds. Education, uncontroversially, fell to the task of imperial government and would bolster the secular regime. The correct ethics to fulfill such a need, therefore, would be those that advocate stable hierarchical political and social orders where each individual behaves properly according to their position in this hierarchy. After the regimes of several Han emperors, Confucianism gradually emerged as the best fit. Wu emperor of Han (Han Wudi), who was ironically Legalist in nature, established the predominant position of Confucianism over other schools by setting up a state educational system and official selection system around Confucian studies. Five Confucian classics (Book of Changes, Book of Documents, Book of Songs, Book of Rites, and Spring and Autumn Annals) were chosen as the official textbooks in the Imperial Academy, the highest educational institute in the country; and candidates for government positions with a Confucian background were favored in the selection process. As Confucian learning became the gateway to political power, its popularity soon spread to every corner of the country. At the end of the Han dynasty, the notion that officials should be men trained in the Confucian classics had been taken for granted and the number of students in the Imperial Academy increased from a few dozen to more than 30,000 (Ebrey 1996: 78).

The advantages of Confucian doctrines for bolstering imperial rule in China were numerous. Except for the obvious good, such as the fact that Confucians officials were diligent, committed to principles, and loyal to their superiors, Confucians were also highly devoted to education, thus providing imperial China with an ample supply of educated men to carry out bureaucratic functions, and ardent educators to persuade the vast population to be obedient, dutiful, and hard-working. However, one of the greatest contributions of Confucianism to the sustainability of imperial rule in China might not have been a conscious choice for Han Wudi. Confucian teachings persuaded officials to view their appointment not only in terms of an employment relationship with the emperor but as a moral obligation to serve the welfare of the nation and the people. Accordingly, the loyalty they held towards the emperor was a disciplined one. It meant the highest respect but not blind compliance. The integrity of Confucian officials lay in their ability to stand against the emperor, to offer pertinent criticisms on the policies and behaviors of the ruler and fellow officials, and to actively seek measures for enhancing the level of welfare of the populace and underpin political stability. In consequence, Confucian morality created a countervailing factor over the seemingly unconstrained power of the emperor and a drive to protect the welfare of the seemingly unrepresented farmers. It was this balance of power that eventually sustained the political legitimacy of the imperial regime. When this balance deteriorated, cyclic renewal of regimes often occurred for their restoration.

The moral instructions in imperial China covered the whole population. Except for the Imperial Academy, imperial Chinese governments sponsored a network of Confucian schools all over the country. Every young man of good character had the right to enter them. Those who excelled in their studying of Confucian classics would be selected into the government through mechanisms such as sponsorship and examinations. This network of public schools declined in the Ming and Qing dynasties but were only to be replaced by ones that were financed by local elites or communities. Throughout the imperial history of China elite education was firmly oriented to Confucianism. For the less ambitious population, easily understandable booklets were drafted to explicate Confucian virtues and demonstrate what should be proper behavior for each member of a family and society. The people were also taught to respect scholarship; thus Confucian scholars were widely treated as local leaders even if they failed to be integrated formally into the administration. And these Confucian scholars had responsibility for cultivating local residents and guiding their behavior. To sum up, imperial Chinese government succeeded in manipulating the content of education for both the elites and common people; and morality was a crucial component of ruling.

Most certainly, Chinese emperors did not just rely on soft powers such as moral standards to rule their country. Various coercive measures were also applied to strengthen central authority. Similar to most other sovereignties, any action of treason or defiance of the emperor's authority would be severely punished, often with the death penalty. Geographical movements and institutionalized associations were also deemed as instable elements because they provided grounds for nurturing strong oppositional groups. Thanks to the Legalist tradition, the Chinese empire had a fairly complete system of written laws to regulate economic, social, and political orders. The imperial Chinese government also cleverly utilized the family-based social fabric to facilitate its supervision of people's behavior, amplifying the punitive consequence of a wrongdoing by targeting the family,
instead of an individual, as the smallest legal unit. If one member of the family committed a crime, the whole family, or even the whole neighborhood, could suffer from joint liability. This institutional arrangement greatly fortified the coercive control of government over its population. Even with limited juridical resources, pressures from family and neighbors efficiently confined the behaviors of an individual and largely decreased the number of criminal cases or any moves that could undermine the imperial regime and other established social, political orders.

Decentralized administrative system (both formal and informal)

The relationship between centralization and decentralization in imperial China resembles the frequently mentioned Chinese notion of "yin" and "yang." Extreme concentration of authority and power, paradoxically, led to a decentralized pattern of behavior both within and beyond the bureaucratic ruling system of imperial China.

Within the system the extremely centralized administrative code and regulations created practical problems for local officials. On the one hand, they had to conform to central directions for their own career development; on the other hand, regional differences were often so significant that many centrally made policies were simply not operative at the locality. While local officials had no power in formally adjusting the policies in the centralized bureaucratic system, they learnt to develop an informal code of behavior. Central policies and regulations were often treated only as a formality. Genuine operations were decided by the compromise between central orders and local customs, so both the emperor and the local residents could accept them. As long as the attitude of local bureaucrats was cooperative, the censorial organs mostly turned a blind eye to the wide variety of interpretations of policy at different localities over the country. Consequently, imperial Chinese local administrations were by no means uniform, and de facto policy making was decentralized.

At a first glance the fiscal system of imperial China was also highly centralized. Local governments acted as mere collectors of national taxes, hence they had no say over the tax rate or the usages of these fiscal incomes. On the expenditure side, local operational budgets were also determined by central government and these budgets were covered by central finance. However, this was only the formal system. In reality, the central provision of funds was not sufficient to meet even the most basic local administrative expenditures, including tax collection, as this budget only covered limited items such as the nominal salaries for officials, wages for runners, and sacrificial expenses (Ch’u 1962: 193–9). As a consequence, local governments of all levels depended heavily on various fees. This off-budget fee system widely existed in different dynasties in imperial China and in practice made the public financing system decentralized too.

Even in the matter of personnel, which was supposed to be the most centrally controlled, decentralization was also extensively present in an informal way. As local administrations in imperial China were in fact “one-man government,” the officially hired clerks and runners were often not sufficient support. Most local authorities hired personal advisors and servants as assistants in accomplishing their administrative responsibilities. As these personal advisors and servants were not government employees, their relationship with the local official was personal and informal. Personnel management of this group was totally in the hands of local officials, thus decentralized. However, they were an indispensable component of Chinese local governments. Their professional services played an important role in the smooth operation of many Chinese local governments.

When we move our viewpoint from within the formal bureaucratic system to the whole of imperial China, the administration of this country would appear further decentralized. Although towns and villages had no government they were in fact run by informal organizations such as lineage temples and other “solidary groups,” as Lily Tsai called them (Tsai 2007). In extreme cases, no clear organizations of any sorts existed at all. Local elites, who were often well-off Confucian scholars highly respected by the locals for their moral and intellectual superiority, were the actual leaders of China on a micro level. This leadership was not generated through an election system or any legal procedures, but its legitimacy derived from similar political rationale as the national sovereign and was backed up by Confucian moralities. Albeit informal, the prestige of these local elites was recognized by both the local governments and the people, and exercised extensive administrative functions in local communities. They had arbitral power over local conflicts; they were in charge of local collective charity funds; they originated and supervised the provision of local public goods and services; led regional religious ceremonies and served as the link between local governments and the people. On one hand, local governments would delegate administrative functions to the local elites in order to minimize their own expenditures. Taxes, for example, were often collected first by those elites in the local communities and then given to the local officials. On the other hand, local elites behaved as a supervisory power over the behavior of local officials and urged them to deliver proper public goods and services. With the consolidation of central authority and the deepening of Confucian moral persuasion, the Chinese empire was more and more at ease in delegating administrative powers to these local elites and, correspondingly, the degree of administrative decentralization of imperial China deepened down the ages.

To conclude, the political structure of imperial China was not strictly vertical, as often assumed. Undoubtedly the central authority was exceptionally strong. However, imperial China’s formal political system targeted more or less only on macro stability. Its responsibility was to maintain and reproduce a certain social order on the national level and decouple the negative effects of major crises that were beyond the competence of small communities. On the micro level, decentralized and autonomous administrations, combining formal and informal institutions, were the mainstay. Imperial China demonstrated how informal institutions and interpersonal networks are of irreplaceable importance to the smooth operation of the state, and can be complementary rather than contradictory to the formal bureaucratic structure. These decentralized informal structures were not only widely used in imperial China, but can be broadly traced in contemporary Chinese governance too.
Mobility of social prestige and wealth

The biggest nightmare for the imperial emperors of China, as we could assume from the discussions above, did not come from within the political structure. The royal family, the scholar-bureaucrats of all levels, and the local elites, despite miscellaneous tensions among them, shared common basic interests in sustaining the stability of existing social and political orders. The foremost domestic threat to the imperial regime came from the farmers. When their dissatisfaction accumulated to such a point that one rallying cry could ignite sweeping actions of rebellion, imperial rule would truly suffer heavy damages. When Chen Sheng, leader of the first peasant uprising in imperial Chinese history, phrased his rallying call in 209 bce, he yelled, "王侯将相，宁有种乎？" This slogan was basically a rhetorical question, asking: shall blood (one's birth) decide the destiny of men? If one person exerts himself and excels his fellow men, this person should not be denied access to greater powers and higher prestige, no matter what his origin. This slogan won immediate resonance throughout China. Although Chen Sheng's gang failed after a mere six months, successive riots finally devasted the Qin dynasty and Liu Bang, a son of peasants, ascended the throne and founded the Han dynasty, a strong monarchy that lasted over 400 years.

Chen Sheng's slogan offers us at least two important insights into imperial Chinese society. The question and its long-lasting popularity in China suggested the Chinese people's conviction that the true value of a man does not rely on his birth. Moral and intellectual superiority decides real nobility and should be rewarded with corresponding social status, political functions, and material wealth. The main standard for the classification of human society should be merit, and the formation of an individual's merit, albeit related to the environment he grew up in, is primarily determined by hard work, discipline, and education. Therefore it is possible for any man, given the chances and efforts, to rise to higher, even the highest, positions in society. The even more fascinating point about Chen Sheng's question lies with the attention and responses it drew from imperial Chinese rulers. What imperial China inherited from feudal times was a highly hierarchical social and political order, which the ruling class intended to maintain for their own benefit. However, Chen Sheng's blatant interrogation demonstrated vividly to these rulers that if the innate inequality and injustice of this strong hierarchy could not be properly addressed, such order would not have the vigor of reproducing itself, and hence would inevitably perish. In convincing each member of society to behave properly, i.e. to respect the pyramid of authorities, society should offer sufficient justification for these authorities. If such authorities were based solely on one's birth, similar frustrations as Chen Sheng felt would brew and eventually become landmines threatening the stability of the hierarchical order that the empire aimed to sustain. The Legalist style suppressions of these frustrations, as the First Emperor executed, might work with a charismatic leader but, in the long run, the best solution was to establish institutionalized channels to guide the release of such frustrations.

A unified bureaucratic system with centralized authority provided perfect conditions for nurturing this official channeling. For effective and sustainable ruling, the bureaucratic system needed to select its members according to moral and intellectual merits instead of family prestige or wealth. This merit-based selection standard had at least three benefits for the emperors of imperial China. First, capable and loyal bureaucrats could enhance the governing ability of the empire; second, no family or other social groups would enjoy unconditional superiority independent from the emperor. Last but not the least, this merit-based selection standard, combined with Confucian moral persuasions, justified the bureaucratic authorities, and endowed the common people unprecedented chances of advancing in the social hierarchy by learning and working hard. The existence of scholar-bureaucrats meant that imperial China's so-called "ruling class" was no longer a fixed class, but merely a profession to which everyone had equal right. If observed at a historical moment, imperial Chinese society was full of sharp social and material disparities. However, when observed from a longitudinal perspective, as Professor Ping-ti Ho's comprehensive research on late imperial China suggested, "effective legal barriers to the movement of individuals and families from one status to another" was virtually absent. "Institutionalized and non-institutional factors which had a bearing on mobility, the long-range social and economic leveling of prominent families and clans, and the permutation of segments of the population with certain social concepts and myths conducive to social mobility" (Ho 1960: xii) existed extensively. It was exactly this high vertical social mobility of both wealth and political status that justified the injustices of the imperial hierarchical system, encouraged the suppressed common people to hope and act for the better, and created a new hierarchical political and social order with super resilience.

The mechanisms for upward and downward mobility in political power

The mechanisms of selecting the morally and intellectually superior for bureaucratic offices evolved over time. Many Chinese rulers and philosophers offered their deliberations on this matter. Three individuals, however, should be accentuated for their contributions. The foremost is Confucius himself. In order to guarantee that a maximum of intellectually and morally superior men could be distinguished from the rest, Confucius advocated firmly equal opportunities for education no matter what the financial and social conditions of one's family. Following his line of argument, later Confucians urged the state to set up schools at all levels and educate children of all origins at state expense. Many scholars also sponsored private schools or taught themselves just as Confucius did. Those spontaneous educational institutes became the major source of educational provision in the late imperial ages after the decline of public schools. This extensive educational system served as the basis for any selection mechanisms. The other two essential persons for the development of merit-based bureaucratic selection mechanisms were Dong Zhongshu, a Confucian philosopher who proposed several important techniques in personnel selection, and Han Wudi, an emperor who adopted the proposals of Dong. Before the reign of Han Wudi, bureaucratic selection process in the Han dynasty was primitive and still...
contained features of feudal times. Bureaucrats came from three major sources. The first group included people close to the emperor himself, such as his relatives, personal servants, secretaries, etc.; the second was the offspring of current bureaucrats. This group resembles somewhat the hereditary aristocratic system. Finally, there were the ones who obtained their offices through purchases. From Han Wudi’s time on, these methods were gradually restricted and only revived at times of dynastic decline or state financial difficulty. What Dong Zhongshu proposed and Han Wudi adopted was an institutionalized talent sponsoring system. Officials above a certain rank were obliged to recommend two young talents per year for service in the government. Those sponsored talents would be put into examinations set by the emperor himself and sent to minor official posts to test their true administrative ability. Once they demonstrated satisfactory performances, they would be officially appointed to offices. Although a sponsoring system could not exclude the possibility of abuses and favoritism, moral and legal regulations were employed to minimize such phenomena. Morally, as bureaucrats were supposed to be men of high competence and integrity, recommending an incompetent man for office would humiliate not only the protégé, but also the patron. Legally, the ability of these young protégés was crucial in evaluating the administrative performance of those who recommended them. The political careers of the patrons and protégés were thus tied up together and one had to be responsible for the behavior of the other. Therefore sponsoring someone with low moral integrity and administrative ability meant significant personal loss and danger and thus was not usually in practice. This sponsorship system spread official selection to the national scale with minimum transaction costs and it played an essential role in early imperial China.

Also on the advice of Dong Zhongshu, Han Wudi founded a national school to obtain and train more and better men for his use—the Imperial Academy mentioned earlier. Students of this school served as a major source of talent in the Han and succeeding dynasties. They were promoted according to their performance in written examinations on Confucian studies and to their moral behavior.

In middle imperial China the examination system became the most prominent method for official selection. Each year national examinations were held which all men were eligible to take part in. Those who achieved most highly in those exams would be promoted to certain official positions. This system originated in the Sui dynasty (581–618) and advanced in the Tang (619–907). In early Tang the examination system generated less than ten graduates each year (Kracke 1964). The scale of examination system was greatly boosted in the reign of the female emperor, Wu Zetian (624–705), as she found this method effective in harvesting talent from newly integrated territories. As the peak of the Song dynasty, annual graduates from the examination system averaged more than 250 (Kracke 1964). The detailed subjects, forms, and organizations of these examinations evolved from period to period and sometimes altered according to the personal preferences of emperors. But the main content always consisted of Confucian classics and thinking. This examination system lasted altogether 1,300 years (605–1905) and served as the most common institutionalized selection method of bureaucrats in imperial China.

Once selected into the bureaucratic system, individuals and their families were elevated from the masses to the ruling class and enjoyed superb privileges in society. Both social prestige and material wealth were skewed to these members of imperial rule. However, such prestige and wealth required great efforts to maintain. As the political power of scholar-bureaucrats was solely accorded for their competences, it could also be taken away for the lack of such competence at any time. One key principle of Confucianism was the “ratification of name” (“zheng ming”). It applied to the whole population, including the emperor. The principle of ratification of name means that any social position (i.e. the name) must correspond to certain social rights and obligations (the actuality). To match the name and actuality, a person holding a position not only enjoys the rights and privileges endowed by this position, but also has to fulfill the responsibilities required by this position. Failing to deliver such required responsibilities indicates the failure to ratify this person’s name and thus he should be disqualified for enjoying his privileges accordingly. The emperor, for example, enjoyed supreme and unchallenged authority, prestige, and power. He was provided by heaven to govern the earth, and hence his responsibility was to use his capability and influence to foster the wellbeing of his people. If he failed in this endeavor, not only would heaven punish him with natural catastrophes, his people also had the right to overthrow his regime. Because he failed to ratify his name as an emperor someone else who could better fulfill these commitments should replace him and so ratify his name. Similar logic applied to officials of imperial China. As assistants to the emperor, imperial bureaucrats had full responsibility for faithfully executing the administrative powers delegated to them, and offering their considered proposals and criticisms to the emperor for the welfare of the people. Any mistake or failure in fulfilling these duties endangered not only the political power and social prestige they enjoyed, but also the material wealth and even the lives of their families.

Even if an official were to survive his whole political career without any dissatisfaction, the prestige and wealth of his family still faced serious challenges from various factors leading to downward social mobility. The political status of a family lacked hereditary mechanisms to guarantee its sustainability. If the father had been an eminent political figure, certainly his sons would have had much better opportunities to receive quality education and better connections to be recognized and sponsored by other officials. However, these were only factors that could facilitate the sons’ political success, but not guarantee it. If the sons could not demonstrate intellectual excellence, or failed in the examination systems, most of them would not be appointed to any official positions. The concept of “yin” (荫), the entitlement of sons to minor officialdom owing to the achievement of their fathers, did exist but such nepotism was limited only to officials in extremely high positions. Not only did the offices given through this mechanism normally possess no real political power, they could not be extended to further generations infinitely.
Factors hindering long-term accumulation and tenure of property

As regards material wealth, its concentration was also particularly vulnerable in imperial China. The core reasons for this vulnerability came from ambiguously defined and ill-protected property rights and the lack of primogeniture. As mentioned earlier, imperial China was not a pluralist society. It was composed of mainly two layers: the ruling bureaucrats surrounding their absolute leader— the emperor — and the scattered, unorganized small property-owning common families. This structure generated difficulties for the clear definition of private property rights both on the micro and macro levels. On the micro level, property was never owned by an individual but by the whole of an extended family. This created legal confusion when trying to identify property ownership. On the macro level, the two-layered societal structure meant that no entities were strong enough to form a countervailing power against the state. Thus, although land was privatized and traded freely at market, scattered property owners could not be organized enough to obtain protection of their property rights against state power.

In a sense the state became the ultimate owner of everything. Everything was bestowed on a family as a gift of the emperor. To signify the emperor’s ultimate ownership, a rent was paid to him unconditionally. Legally, most of the properties including land could be exchanged freely in the market and, from the Han dynasty, was registered as personal wealth. Yet, in practice, property rights were only protected against other individuals/families whereas, as the ultimate owner, the imperial government had full power to charge land taxes, to seize private land for “public” uses, or simply expropriate private properties as punishment. Unlike the central position of private property protection in the Western European legal system, the legal system in imperial China had great difficulty in defining what “private” meant. Instead, the legal system in imperial China focused entirely on criminal law. For the imperial Chinese rulers, maintaining political stability and order was their foremost concern. The protection of private property rights from the violation of the state was of least interest on their agenda.

Ambiguous and ill-protected property rights, in fact, served the interests of imperial Chinese rulers, as it was thus easier to dismantle concentrated material wealth. Because of their preferences for small ownerships, imperial Chinese rulers were averse to overly concentrated properties. This propensity could be demonstrated by their policy choices. In the early and middle imperial age, various mechanisms could be spotted for distributing public land to landless peasants. Dynasty shifts were also often used as opportunities for shuffling the distribution of wealth, normally more equitably. Meanwhile, the state’s efforts in breaking down overly concentrated wealth never ceased. Punishment for a political mistake by one official often resulted in the complete loss of his family’s properties as well. Extreme cases even involved the exile of influential landlords and their families for the sole reason of eliminating potential political threats. Even if the extremely wealthy families could escape the intervention of the state, the absence of the law of primogeniture always served as a constant factor in breaking down wealth concentration. In Chinese tradition, before both parents passed away, a family had to co-habit and all properties and expenses were put in common. However, after both parents died, the property of the family would be equally distributed among all the sons, rather than inherited only by the oldest one. The strong dispersing effect of this institutional arrangement affected both wealthy families and common farmers alike.

Compared with agricultural activities, it was easier for those engaged in commercial activities to accumulate wealth over a shorter period of time. Could commercial capital escape the fate of downward mobility in imperial China? The empirical examples showed a negative answer. The two-layered power structure not only left no space for the emergence of strong and long-lasting landlords: it hindered the development of commercial capital even more. In imperial China there were four major categories of professions: officials, farming, handicrafts, and commerce. Commerce came last. As we explained above, the Chinese empire, for most of the time, did not depend on commercial activities for fiscal income. Rather, merchants were treated as unstable elements of society and thus were often discriminated against. Similar to farming families, merchants in imperial China were often too weak to bargain with the state. The merit-based selection methods further stopped wealthy merchants from translating their money power into political power. Furthermore, the imperial state could seize a business and form a monopolistic control whenever that business turned large profits. Ever since the Han dynasty, numerous businesses fell captive to state monopoly, such as salt production and distribution, alcohol dealing, iron making, water transportation, and financial operations. Chinese commercial capital was seriously damaged by this process of state monopolization and never grew strong enough to escape the downward cycle of wealth accumulation.

What deserves clarifying is that, although imperial Chinese society behaved briskly in both upward and downward vertical social mobility, this movement was realized in a dispersed and individual mode. That is to say, the movement never involved an entire class of people, but only the movement of individual families. As a result, this volatile social mobility had more significance to the behavior of individuals than to the transformation of social order. By diverting people’s attention from the social injustices of the hierarchical system to individual aspirations for better social and material status, such social mobility was an integrated institution in stabilizing the social order of imperial China instead of leading to its demise. This contrasts greatly with the social mobility resulted from the class struggle that could be observed in the formation and development of capitalism in the Western world. As a matter of fact, high vertical mobility, scattered ownership, and family-based production units created difficult conditions for imperial China to exploit the advantage of economy of scale and develop a capitalistic system of production both in rural and urban areas. In rural parts, a Chinese village did not have a collective productive organization as did many European villages. Instead of being vertically integrated, a Chinese village was merely a cluster of parallel family-based production units. This structure was not favorable for the emergence of technological advancement in agriculture, because of the large scale of land. For the urban area, family-based agricultural production possessed much
stronger flexibility regarding the relationship between land and population than a village-based one. As long as the yield from land could still support the existence of family members, no one was compelled to leave the rural areas for making a living in the city. This structure constrained the supply of labor for centralized commercial production in the urban areas, hence jeopardizing the opportunity for imperial China to develop concentrated large-scale production for commercial goods too. Production of both agricultural products and commercial products were conducted in a scattered way in the countryside. Only trading was done in the urban area. This arrangement could be closely related to the absence of an endogenous industrial revolution in imperial China. In the following chapter, we explain the relationships in more detail.

Conclusion

A peculiar two-layered societal structure

Resulting from a peculiar trajectory of state formation, imperial China had a very specific two-layered societal structure. One layer was constituted by the ruling, i.e. the scholar-bureaucrats surrounding an absolute central authority. The other layer was composed of the vast population with minimum formal association, but densely-knitted together into a gigantic net of social relations. The major difference between this societal structure and that of a typical Western state was the lack of influential groups, such as aristocratic families, churches, or cities, which could oppose state power. Stemming from this difference, the source of political legitimacy and mechanisms to maintain the political orders diverged greatly.

A two-layered political power structure freed the state from constant negotiations with countervailing groups. The legitimacy of state power thus was not dependent on the compromises made with various representative powers. Instead, the sovereignty's legitimacy was based directly on people's satisfaction with general social welfare. The imperial Chinese state was not hijacked by the interests of these power groups and, in theory, should have been in a better position to make their policies impartially for the improvement of the welfare of its people. However, with the absence of institutionalized opposition, the authority and power of the state was highly magnified. The state had the ability to interfere heavily in the private domain. Any groups with substantial social status and material wealth independent from the state would be considered as threats and might be dismantled by the state. Such state behavior was extremely detrimental to the development of private capitalist accumulation and enticed merchants to bind with state power for the pursuit of profits.

The single most substantial challenge to state power in imperial China was the collective actions of farmers. When basic welfare of Chinese population was satisfied, bottom-up risings would exhibit extraordinary power to devastate the regime, or at least damage its legitimacy, and hence impair the interests of the whole ruling class. To avoid this severe consequence, even in the absence of obvious countervailing powers, wise rulers still developed self-censoring mechanisms.

In imperial China, the most significant constraints were the moral rules and the bureaucratic system. These self-censoring mechanisms normally functioned better at the debut of a dynasty when the emperors were still wise and conscientious enough. When the dynasty decayed, the effects of these mechanisms were much weaker.

As pluralistic competition was absent in such a two-layered society, even if a bottom-up mass uprising succeeded in overthrowing an old regime, the "revolutionaries" would only elevate themselves into the ruling class while leaving the overall pattern of societal and political structure intact. This is one of the key reasons why, in more than two millenniums, imperial China experienced only cyclical changes. Although the institutions of imperial China matured and evolved considerably over time, there were no authentic revolutions in the political system or societal structure during this historical period.

Nevertheless, this is not to say that imperial China did not possess intense vigor for creativity and change. Contrary to common impressions, imperial China was not an extremely centralized authoritarian country. The formal bureaucratic system inclined to manage only macro problems with national importance. An active civil society composed of multifarious families, social networks, and spontaneous organizations expresses the true dynamisms of this country and were most influential in people's everyday lives. A large body of historical research supplies evidence that markets were eminently dynamic for the most part in imperial China. Dynamic vertical social mobility endowed individual families enough incentive to work hard, to invest (especially for their children's education), and to increase their productivity. Such traditions can still be observed in today's China and have contributed greatly to the success of China's reform that began in 1978.

China, Western nations and the challenge of democracy in the twenty-first century

China and the West share a common belief about the foundation of democracy: the people are the ultimate source of sovereignty. Contrary to theocratic regimes, political authority is legitimized by the will of all citizens of the nation, not by the supposed will of God. Contrary to an aristocratic regime, legitimacy does not proceed from a class that has inherited the wisdom to lead other people. However, this holistic philosophical principle has always raised a formidable and unsolved difficulty: how should the collective will of the people be represented? Since it is impossible in large and complex mosaics of people that make a nation to celebrate unity and common will in a single gathering, there should be accepted rules to delegate sovereignty so that effective government can be legitimized. It is where China and the West differ.

As demonstrated in the present chapter, the political representation of unity in China has been legitimized by a bi-millennium tradition that instituted the central authority of the emperor. The People's Republic has continued to rest upon the tension between the central authority of the Communist Party and the diversity of the society. In the West the principle of sovereignty deposited in the people
between the holistic principle of sovereignty and the autonomy of the individual philosophers in the eighteenth century. They asserted that the common will was grounded after bloody revolution—in the United States (US) and in France. But the tension between the holistic principle of sovereignty and the autonomy of the individual was resolved only in procedural terms by the elective principle instituting the majority rule. The principle of majority rule as the outcome of the procedure of periodical pluralistic elections pretends that the government of the majority is worth the will of the totality. This is a congenital shortcoming that has become exacerbated, as much as the contest between irreconcilable political views on more and more complex societies has become entrenched. The US democracy, for instance, is becoming paralysed by unrelenting conflicting conceptions of the wellbeing of people that undermine the design of policies. In Europe, the promise of sovereignty, embedded in the long-standing construction of the union, has vanished in the bitter conflicts of interests that have devastated the continent ever since the fall of the Berlin Wall.

To overcome the fiction at the root of democracy, pretending that the majority could rule legitimately for the totality, an administrative power developed in the twentieth century to express the common good and to realize it in the production of infrastructures and public services. Founded on competence and capabilities the public administration has become largely autonomous from the political mechanism. It guarantees the continuity of the common good, thus being an essential part of reconciliation between the whole of the nation and the diversity of society. As we have forcefully emphasized in this chapter, the very long tradition of a competent bureaucracy, grounded on individual merit and strictly controlled selection, was a linchpin in the social cohesion of imperial China and is still a crucial condition for the legitimacy of the Communist Party. In both the West and China, the effectiveness of the public administration is an indispensable pillar in the welfare of the people. It differentiates these countries from most developing countries with broken states and incompetent, even non-existent, administrations.

However, in the last two decades, the legitimacy of the public administrations has been undermined by the dynamic of capitalism it had helped regulate beforehand. Globalization has unleashed forces that have promoted a bitter neo-liberal ideology, desperate to disparage the state and to brandish the market as the best vehicle for the general interest. The destabilizing process of globalization against national sovereignty has produced a fragmentation of public authority with the creation of two types of Western institutions: independent public institutions, whose emblematic figures are independent central banks, on the one hand, and European constitutional courts on the other. Such institutions have no counterparts in China, although regulatory authorities, separated from the hierarchical structure of administration, have been created in different sectors of social activities, especially in finance.

However, none of those increasing numbers of institutions by way of expressing the principle of totality are capable of solving the contradictions that threaten in tear contemporary societies apart. The impact of globalization has been devastating in exacerbating social inequalities in both the West and China, while weakening the authority of public institutions whose responsibility is to deal with them. Globalization has also intensified rivalries between the West and China in magnifying global imbalances and worsening environmental problems, while entailing radically opposite views on their causes and on the responsibilities to address them. Therefore the institutions legitimate in fostering democracy and preserving national sovereignty are contested at both the sub-national and supranational levels.

At the sub-national level the challenge is a deepening of democracy with concrete participation in civil society. It is not yet evident to foresee which of the political regimes—Western or Chinese—will be better equipped to legitimize the intervention of social networks on problems that impinge upon sustainable growth. In Part III of this book, devoted to the new stage of the reform that will be inaugurated with the 12th five-year plan, we will show that China has the political assets to make this transformation.

At the supranational level the rise of China as a world power raises the question of its participation in international governance, which must be improved in order to address the dangerous worsening of world threats to fossil resources, climate change, widening inequalities in development, and financial and monetary instability. To answer this it is necessary to understand in depth what has been achieved by the reform so far at both the domestic and international levels. However, the conditions for reform were sown both by the political and social structures of the country, explained in the present chapter, and by the history of China’s international endeavors, retreat, and setbacks prior to the post-World War II revolution. The latter will be dealt with in the next chapter.