INTRODUCTION

In an agrarian economy, the purpose of land taxation is to enable the government to acquire sustenance (food and clothing) for the labor force it hires or recruits. In the early T’ang period (618–906) when the adult male (ting) was the tax base, laborers were acquired by corvée (yung) and tax in kind was levied separately for food (under the name of tsu) and cloth (under the name of tiao). But this tax system, together with the closely related land allotment system, finally ceased to function by the end of the eighth century. Thereafter, the evolution of the land tax system was mainly due to the development of the market system and to population pressure. Peacetime corvée was gradually replaced by “contractual” hiring in the market; payment in kind was partly commuted into monetary payment. Land gradually took on relative and absolute scarcity value and replaced labor as the tax base. During the Ch’ing period (1644–1911) the traditional land tax system inherited from Ming times underwent its final stage of evolution: the practice of commutation (che-yin) was institutionalized, and the shifting of the incidence of the ting tax into a land tax (t’an-ting-ju-ti) established land as the sole tax base.

The Ch’ing land tax system functioned smoothly through the end of the eighteenth century when the dynasty was at its prime of prosperity. By the second half of the nineteenth century, however, this system had lost its efficiency and was unable to help increase revenue for government programs of industrialization undertaken in response to the impact of the West. The land tax system’s inflexibility may be accounted one of the major institutional disadvantages that hindered the transition of the traditional Chinese economy.

To investigate the weakness of this tax system, we should pay attention to the concept of tax burden. The weakness of the Ch’ing land tax system is manifested in the gradual reduction of the tax burden which, from the viewpoint of the government, meant that tax revenue decreased. The purpose of this paper is to trace this weakness
to two practices: that of commutation, and of the shifting of the incidence of labor services into land tax.

We shall first sketch briefly the basic features of the Ch‘ing land tax system, then provide a model to analyze the commutation practice and the fixed tax quota and their impact on the tax burden. In order to implement the theoretical analysis, we shall in turn explain how our statistical data are used, and apply the theory to interpret the data. (In the appendix we briefly discuss the nature of our primary data source.)

Our conclusions are twofold: (1) the tax burden had decreased enormously and (2) this decrease resulted from the lack of automatic adjustability of the land tax system. Government revenue was affected, therefore, by factors unanticipated by the designers of the system, which had at least corresponded to the policy and the needs of the Ch‘ing government prior to the nineteenth century. In the second half of the nineteenth century, the Ch‘ing land tax system had already lost its efficiency; it would inevitably give way to a new system in the course of institutional evolution.

BASIC FEATURES OF THE LAND TAX SYSTEM DURING CH‘ING TIMES

The Ch‘ing land tax system was an adoption and modification of the Ming system. During the long period of Ming (1368–1644) there were two major developments in the evolution of the land tax system: labor service payment was absorbed into the land tax (i-t‘iao-pien or “single whip” as known in Ming, and t‘an-ting-ju-t‘i as known in early Ch‘ing) and the practice of commutation into silver (che-yin). Since these were the two chief characteristics adopted in the design of the Ch‘ing land tax system, let us investigate their economic significance separately.

The Practice of Commutation

From the Ming system the Ch‘ing land tax system inherited the feature that although a tax quota for a piece of land was stipulated in terms of rice (or other kinds of grain depending on the crop regions), the fulfillment of that tax obligation involved payment in rice or payment in silver. The latter, the practice of commutation, arose for an obvious reason. In a large agrarian empire characterized by heterogeneity of crop regions (for example, rice, wheat, millet, etc.) such as China, the central government must select one commodity as the standard of value for taxation purposes. Because of its intrinsic properties rice was the natural candidate. On the one hand, the government wanted to stock rice for supporting soldiers and for famine relief; on the other, of all the commodities rice was the best proxy for money. Thus, for a non-rice growing region commutation is an indispensable device.

Even for such rice-growing regions as Sung-chiang and Su-chou (which will be analyzed later in our paper) the commutation practice was used to increase the efficiency of the tax system since the land tax system itself was a device for “spatially oriented unilateral transfers.” Let us use an example to illustrate this idea.

In Figure la suppose Sung-chiang, represented by a point (or “vertex”) S, is to pay a total tax payment of 100 ounces of silver, of which S1 = 30 ounces will be spent in Peking (P1) and S2 = 70 ounces in Ta-t‘ung (P2). This spatial pattern of unilateral transfer (S1 = 30, S2 = 70) in terms of silver is merely an accounting device to accommodate a commodity transfer (rice) produced by taxpayers in Sung-chiang and transferred to beneficiaries in Peking and Ta-t‘ung. If one assumes the price of rice is