

BOOK REVIEWS

The Guangdong Model and Taxation in China: Formation, Development, and Characteristics of China's Modern Financial System

By Jin-A Kang. Amsterdam: Amsterdam University Press, 2022. 310 pages. Hardcover, €128.00, ISBN 9789463729833. Ebook, €128.00, ISBN 9789048552191

Tomoko Shiroyama

The University of Tokyo, Tokyo, Japan
Email: tshiroyama@e.u-tokyo.ac.jp

(Received 26 February 2024; accepted 26 February 2024)

Guangdong has long held a unique position in both late imperial and modern China. Guangzhou, designated by the Qing court as the primary site for trade with Western merchants, emerged as a bustling treaty port from the mid-1840s. Politically, Guangdong served as the base for its native townsman, Sun Yat-sen (Sun Wen), and the Guomindang (GMD) during the late 1910s and 1920s. Although the GMD leadership, under Jiang Jieshi (Chiang Kai-shek), relocated to Nanjing in 1927, Chen Jitang, acting as a warlord, managed to maintain Guangdong's independence from the Nationalist government until 1936. Kang's work focuses on Guangdong to analyze the processes, characteristics, and challenges of Chinese fiscal modernization.

The volume begins with an examination of the tax revenue structure in Guangdong during the late Qing and the Republican era in Part One. It delves into the introduction of a Western budgetary system prompted by the 1898 Hundred Days' Reform. Chapter One emphasizes that Guangdong's fiscal strategies diverged from the traditional reliance on land tax revenue much earlier than other provinces. By prioritizing commercial tax as a form of indirect taxation, Guangdong achieved the second-largest revenue among the provinces, with its burgeoning industrial and commercial sectors bolstering the provincial budget. Chapter Two focuses on the taxation of luxury goods, such as tobacco and wine, marking a pioneering effort within China, especially the taxation on cigarettes, which was significant as a tax on a modern enterprise. The revolutionary Nationalist regime based in Guangzhou restructured and rigorously implemented taxes on tobacco and wine within Guangdong. Additionally, other innovative taxes, such as the consolidated tax which was initially introduced in Guangdong, were subsequently expanded to a national level by the Nanjing Nationalist Government. The *lijin* transit tax, initially introduced as a regional military budget to combat the Taiping Rebellion in the 1850s, became a focal point of negotiation with the central government and its regional counterparts from the late Qing through the 1920s. Chapter Three explores Guangdong's response to the Nanjing Nationalist government's policy of "abolishing the *lijin* and creating a new tax." While abolishing *lijin* and other miscellaneous taxes, Chen Jitang established a special tax as a quasi-local tariff. Despite Guangdong being a stronghold for the GMD and its revolutionary government from 1917 to 1926, its authority to introduce new taxes was challenged post-1927, leading to criticism of the special tax by foreign powers. Local merchants including those based in Shantou, one of the key port cities in the province, also opposed the special tax, arguing it disrupted trade, particularly with Southeast Asia. Nevertheless, the special tax became Guangdong's most significant revenue source through the 1930s. Chapter Four examines the trade tax complexities, focusing on the special tax on imported rice. Traditionally reliant

on rice imports from Southeast Asia, Guangdong faced challenges when the Nationalist government in Nanjing imposed a tariff to promote domestic rice production under the slogan of food self-sufficiency. Chen Jitang, on the other hand, seized this opportunity to enhance provincial revenue by imposing the special tax. Citing the historically constructed ties with Southeast Asia in terms of commodity trade and migration, Guangdong people and merchants strongly appealed for duty-free imports of rice. Finally, because of the food crisis in 1936, the tariff was exempted in Guangdong province.

Part Two highlights the construction of state-owned enterprises as a defining feature of Guangdong's finances in the 1930s. Chapter Five examines the Three-year Plan for revitalizing the sugar industry, showcasing it as the venture with the largest capital investment among government-run factories. The creation of modern sugar refineries marked a significant achievement. To protect these mills, the Guangdong provincial government implemented an import substitution strategy, introducing a special tax on sugar imports. This not only generated substantial revenue but also bolstered domestic industry protection. The sugar monopoly initiated in 1934, mirroring the traditional salt monopoly, allowed the government to control local sugar production and distribution, with sales restricted to licensed merchants. This marked the first attempt at a sugar monopoly in Republican China, setting a precedent that the Nationalist Government in Nanjing unsuccessfully tried to emulate in 1935, as discussed in Chapter Six. The success of Guangdong's sugar monopoly led to an unexpected collaboration between Nanjing and Guangzhou, proposing a national sugar monopoly managed by the central government, with Guangdong's refineries as the primary suppliers. This ambitious plan aimed to expand Guangdong's state-controlled sugar monopoly nationwide but was ultimately thwarted by strong opposition from Shanghai's sugar merchants and international companies, including Mitsui and Mitsubishi from Japan, and Butterfield and Swire, and Jardine, Matheson & Co. from Great Britain.

Part Three focuses on fiscal administration and tax collection, noting that tax collection in Guangdong had traditionally been outsourced to merchant guilds and professional tax-farmers. Chapter Seven details the Guangdong government's efforts to establish a unified and centralized tax collection system through local tax bureaus. Simultaneously, the Chen Jitang regime significantly relied on raising funds through loans from merchants. In April 1934, facing a financial crisis caused by a significant drop in the market value of Guangdong Provincial Notes, the Guangdong provincial government secured a 5-million-yuan loan from Guangzhou merchants. It also compelled tax contractors to purchase provincial government bonds and generate revenue through advance tax payments. Due to the financial vulnerabilities, a complete abolition of the contract system was never officially announced, except in the case of the special tax. Chapter Eight discusses the new regulations introduced by the Guangdong provincial government, highlighting the full-scale open-bid contract as a central aspect of these reforms. Based upon the detailed analyses of the tax-farming contract records stored at Guangdong Provincial Archives, Kang argues that the reformed tax contract system offered benefits to both the government and taxpayers. For governments with limited administrative capabilities, employing tax contractors was a practical strategy to minimize tax collection costs and ensure a steady tax revenue stream. This approach was especially useful for collecting commercial taxes, where obtaining detailed information on sales and incomes for taxation purposes was difficult without taxpayer cooperation. For merchants, the tax contracting system reduced risk by setting a fixed annual tax obligation within a relatively predictable range, despite occasional additional taxes by the government. This system was considered safer than direct official taxation, which posed the risk of sudden tax rate increases. Part Three encourages readers to reconsider the ongoing debates surrounding China's quest for modernity and state formation, including the state's reliance on intermediaries to collect local taxes (Duara 1988; Mann 1987).

In Part Four, Chapter Nine traces the long-term changes in the Chinese fiscal system from the late nineteenth century to the mid-twentieth century, comparing it with contemporary counterparts, including Japan and the United States. It also examines the legacy of Nationalist policies within the socialist context of contemporary China, highlighting persistent skepticism toward profit-oriented private sectors and emphasizing a strategic focus on promoting economic development through state-owned enterprises. This reflects a continuous commitment to guiding economic growth

primarily through government-controlled industries, maintaining a cautious stance toward the expansion and influence of private industry. Chapter Ten, serving as an afterword, summarizes the findings and assesses their implications in the context of China's fiscal modernization process. Reviewing Guangdong's experience, Kang cautions against judging the success or failure of modern fiscal state-building solely based on the perspective of the central government.

The "Guangdong Model," as delineated in Jin-A Kang's analysis, offers a comprehensive framework for understanding the evolution of fiscal strategies within a regional context that significantly influenced the broader Chinese approach to state-building and fiscal modernization. This model can be conceived through several lenses, reflecting the dynamic interplay between historical trajectories, fiscal policy innovations, and the broader goals of nation-building.

Historically, the Guangdong government's efforts to secure military budgets in response to conflicts such as the Taiping Rebellion and later tensions with the Nationalist government underscore the pivotal role of fiscal policy in addressing immediate and strategic needs. Kang's examination of these experiences illuminates how warfare and security concerns acted as catalysts for the development of financial systems, both within China and in comparison with other nations. This perspective reveals the direct impact of military and political challenges on fiscal policy and state formation.

A pivotal aspect of the "Guangdong Model" is its pioneering shift from traditional land taxes to a more diversified revenue system emphasizing indirect taxes, such as industrial and commercial taxes. This transition not only marked Guangdong as a forerunner in fiscal modernization but also showcased the province's adaptability and responsiveness to the changing economic landscape. By moving away from the conventional reliance on land taxes, Guangdong demonstrated an innovative approach to maximizing revenue while supporting the burgeoning industrial and commercial sectors.

Moreover, the province's reform of tax collection methods, particularly its persistence with the tax contract system alongside the introduction of open bidding for contracts and enhanced official supervision, indicates a nuanced approach to fiscal administration. This strategy allowed for greater government control and efficiency in tax collection, highlighting Guangdong's ability to refine and adapt existing systems to improve the governance.

The "Guangdong Model" thus serves as a vantage point for assessing the objectives, methodologies, and impacts of fiscal state formation beyond mere policy specifics. It underscores the importance of flexibility, innovation, and strategic adaptation in the face of historical challenges and opportunities. Through a comparative historical analysis, Kang's work invites a deeper understanding of how regional experiences, such as those of Guangdong, contribute to the broader narrative of fiscal state formation and modernity. This approach echoes the recent comparative studies which challenge linear narratives of fiscal centralization, advocating for a nuanced examination of regional differences and their contributions to national and global fiscal developments (Yun-Casalilla 2012).

Beyond the particulars of its financial reforms, Guangdong's engagement in its own reformist trajectory commands noteworthy attention within the broader context of China's nation-building efforts since the mid-nineteenth century. The "Guangdong Model" posits that the province stands as a paragon within the realms of national politics and economics. The strategic deployment of the *lijin* tax to amass military funds for quelling the Taiping Rebellion in the 1850s marked a seminal moment, empowering provincial governments to bolster their fiscal autonomy. This innovation in regional budgeting facilitated sustained transformation and development through the end of the Qing dynasty and into the Republican era.

While the narrative of national unification often predominates, the era's factionalism, characterized by warlordism, is typically construed as tumultuous. Nonetheless, Kang's exploration of Guangdong reveals that regional rivalries can act as catalysts for advancement, showcasing that pioneering initiatives can emerge from such competition. This observation resonates with the recognized significance of localized experimentation in the PRC's reform era, particularly in driving economic growth and ensuring political stability. Kang's analysis underscores the profound impact of intergovernmental dynamics – the friction between central authority and regional autonomy, as well as the interplay among various regional governments – on the shaping of modern and contemporary Chinese political

and economic landscapes. In providing this nuanced examination, the volume offers invaluable perspectives on China's quest for nation-building, emphasizing the critical role of regional initiatives and their contribution to the national level. This regional perspective not only enriches our understanding of China's past and present but also highlights the enduring legacy of localized innovation in the country's transformation.

The Guangdong Model and Taxation in China is a valuable addition to the literature on state-building in modern China. Its multi-archival and multi-lingual analysis of fiscal arrangements in Guangdong warrants attention from scholars and students interested in China's politics and economy from the late Qing to the Republican era.


References

- Duara P.** (1988). *Culture, Power and the State: Rural North China, 1900–1942*. Stanford: Stanford University Press.
- Mann S.** (1987). *Local Merchants and the Chinese Bureaucracy, 1750–1950*. Stanford: Stanford University Press.
- Yun-Casalilla, B.** (2012). Introduction: the rise of the fiscal state in Eurasia from a global, comparative and transnational perspective. In Yun-Casalilla B. and O' Brien P.K. (eds), *The Rise of Fiscal States: A Global History, 1500–1914*, Cambridge: Cambridge University Press, 1–35.

doi:10.1017/S147959142400010X

Shaping a Dutch East Indies: François Valentyn's VOC empire

By Siegfried Huigen. Boston and Leiden, The Netherlands: Brill, 2023. xvi +362 pages. Hardback, USD \$166.00. ISBN: 9789004524989. Ebook, USD \$166.00. ISBN: 9789004545816.

Markus Vink 

Department of History, The State University of New York at Fredonia, Fredonia, USA
Email: markus.vink@fredonia.edu

(Received 4 February 2024; accepted 4 February 2024)

Nieuw en Oud Oost-Indiën has been both revered and reviled throughout the centuries. Published between 1724 and 1726, the *magnum opus*, five massive folio volumes covering 5144 pages, of the Dutch East India Company (VOC) clergyman François Valentyn (1666–1727), has been revered as the “VOC Bible” or “first encyclopedia of Asia” providing “a kaleidoscope of historical, geographical, and ethnological knowledge.”¹ Valentyn's “monstrous creation,” however, has also been reviled as the “most disgusting plagiarism” and “intellectual embezzlement,” a “rambling piece of work lacking any method” and “partial potpourri of historical facts and imagination with a complete lack of attention for narrative or geographical consequence, chronology, or importance of certain historical events.”²

Just as Valentyn's patriotic self-proclaimed “Great Work” (*Groote Werk*) was dedicated to exalt the Dutch nation, the Dutch East India Company, his native city of Dordrecht, and preserve his individual honor and reputation as a scholar and translator (see below), Huigen's *Shaping a Dutch East Indies* can

¹See, for instance, Company historian Femme Gaastra, as quoted in: Hielkema (2002), <https://www.trouw.nl/home/voc-bijbel-na-drie-eeuwen-weer-uitgebracht~b4f5f98f/>.

²See, for instance, the literary scholar Eric M. Beekman, “F. Valentyn (1666–1727): Meester in het anekdotisch proza”, *Paradijzen van weleer: Koloniale literatuur uit Nederlands-Indië, 1600–1950*. Amsterdam: Prometheus, 1998, pp. 132, and 134; Idem (1988), p. 79.