

No Great Wall: Trade, Tariffs, and Nationalism in Republican China, 1927–1945.
By Felix Boecking. Cambridge, MA and London, England: Harvard University Asia Center, 2017. Pp. xvii + 280. \$39.95/£28.95.

When the Qing government signed the Treaty of Nanjing in 1842 that opened up five ports to foreign trade, abolished the monopoly of licensed traders such as the Co-hong (*gonghang* 公行), and introduced a uniform and moderate tariff on both imports and exports, China had neither the idea of a modern nation state nor the financial system to support it. Since then, not only the Qing government, but also its successors, such as the Beiyang 北洋 and Nationalist governments, strove to strengthen China's position in the world against political pressures from the Western powers and Japan in the closely integrated modern global web of commerce. To achieve this goal with its initiatives, the central government desperately needed its own funds, but forming and managing the new financial system was not easy. How did the central government deal with the problem, and to what extent did it succeed or fail, and why? Felix Boecking's *No Great Wall: Trade, Tariffs, and Nationalism in Republican China, 1927–1945* revisited those key questions on the political economy of modern China by examining the Maritime Customs' trade administration under the Guomindang (GMD) / Nationalist government, using previously unavailable sources from the Second Historical Archives in Nanjing and other archival materials from China, Britain, Germany, and the United States.

As Hamashita Takeshi's 濱下武志 seminal work and the recent study by Hans van de Ven have demonstrated, the Maritime Customs Service that Boecking focuses on had become crucial for the finances of the central government since its foundation in Shanghai in 1854.¹ Once the Co-hong and other licensed merchants / tax brokers were eliminated with the treaties promoting free trade, the Qing government lacked the agencies to directly oversee foreign trade. The institutional vacuum made trade administration at the treaty ports, particularly tax collection, very difficult. When the Taiping rebellion and the upheaval of the Small Sword Society threatened the port city of Shanghai, the Qing government approved the British proposal to appoint

¹ Hamashita Takeshi, *Chūgoku kindai keizaishi kenkyū: Shinmatsu kaikan zaisei to kaikōjō shijōken* 中國近代經濟史研究—清末海關財政と開港場市場 (Research into modern Chinese economic history: Finance of the Maritime Customs and open-port economic zones in the late-Qing China) (Tokyo: Kyūko shoin, 1989). Translations in Chinese, *Zhongguo jindai jingjishi yanjiu: Qingmo haiguan caizheng yu tongshang kou'an shichangquan* 中國近代經濟史研究：清末海關財政與通商口岸市場圈 (Nanjing: Jiangsu renmin chubanshe, 2006), and in English, *Trade and Finance in Late Imperial China: Maritime Customs and Open Port Market Zones* (Singapore: NUS Press, 2012); Hans van de Ven, *Breaking with the Past: The Maritime Customs Service and the Global Origins of Modernity in China* (New York: Columbia University Press, 2014).

three foreign inspectors at the Shanghai Customs House. As this arrangement proved positive for increasing tax collections, the Maritime Customs Service was extended to all the treaty ports in China. From the 1860s, the tariff on foreign trade, collected by the Maritime Customs that was led by foreign inspectors, became the most important source of revenue for the central government, which was forced to compete with local governments over tax incomes including not only land tax but also commercial taxes such as the *lijin* 釐金. Even more importantly, the Maritime Customs revenue was pledged as security for foreign loans and indemnity payment from the late nineteenth century. After the 1911 revolution, the Maritime Customs Service increased its influence over domestic bond issues as well. Its competence and independence from both foreign and Chinese bureaucracies anchored the lenders' trust in the financial capability of the central government of China.

Boecking draws attention to the fact that while “[t]ariffs were the single most important source of government revenue for the Nationalist government prior to the beginning of the Second Sino-Japanese War in 1937” (p. 1), the Nationalist government inherited finances based upon the Maritime Customs' revenues and credits that it secured. The six chapters of the book examine the successes and difficulties that the Nationalist government experienced before and during the war (1927–1945). Tracing the changing view in China on foreign trade after the Nanjing Treaty in 1842, Chapter 1 points out that in contrast to the previous perception of its negative impact on the nation, by the time of the GMD rule, Chinese citizens came to regard foreign trade as essential to China's economy. Therefore, the GMD's success in restoring tariff autonomy through a series of negotiations with the United States, Britain, and Japan marked their “first major foreign-policy achievement” (p. 62). The nationalist movements and mass politics constituted the critical background for the restoration of tariff autonomy. Heightening nationalism also complicated management of the Maritime Customs since its high-level positions were predominantly occupied by foreign employees. In that regard, Chapter 2 stresses that the appointment of inspector general Frederick Maze, who cooperated with the GMD government much more sympathetically than his predecessors such as Sir Francis Aglen, had a significant implication. After all, as Chapter 2 also demonstrates, the increasing tax revenue after the restoration of tariff autonomy significantly improved the government's debt arrears position, which turned out to be crucial for its political and economic legitimacy. To collect tariffs, the Maritime Customs needed to evaluate the values of commodities traded at the port covered by each customs house. Chapter 3 argues that by performing this central task, the Maritime Customs disseminated scientific expertise and technology, and ultimately contributed to the formation of a technocratic regime that the GMD government aspired. The key question that the Maritime Customs confronted in the process of assessing and recording values of imported and exported commodities was how to establish uniform valuation practices across China (p. 108).

For example, by mobilizing the appraisal department of Shanghai Customs, with both experts and technical equipment to make thorough evaluations, the Maritime Customs established a system of correspondence in which values assessed in Shanghai, the port with the largest amount of trade, were deemed as standards for valuation elsewhere. Even more importantly, as Chapter 3 also points out, the publication of trade statistics compiled by the Maritime Customs promoted the national standard of weights and measures and established the customs gold units (CGU) as a countrywide unit of account. Consequently, these statistics not only contributed to persuading bondholders of the stability of the Chinese government finances, but also served as quantitative data for economists to analyse the “national” economy of China. For scholars interested in the pre-1949 Chinese economy, Chapter 3 provides critical insights into the assessment, collection, and publication of the amount and value of trade.

Despite the successes and achievements, the GMD government, whose finances were reliant on the Maritime Customs tax revenue, faced dilemmas over different policy targets. Focusing on the impact of high tariffs on consumption of imported sugar, chemical fertilizers, kerosene, and cigarettes, Chapter 4 argues that the GMD government’s primary target was to increase government revenues, as it dealt with public debt at the expense of the welfare of Chinese citizens and economic growth. High tariffs also incentivized smuggling, which is addressed in Chapter 5. Although smuggling across the country was a serious challenge, Chapter 5 points out that policing it through the Maritime Customs outside of its territorial control allowed the GMD government to project its authority, and to reach revenue-sharing agreements with its local political rivals. Chapter 6 discusses how the Japanese invasion and its subsequent control of the eastern seaboard finally terminated the long-standing financial system based upon trade tax revenues. Once the Maritime Customs failed to deliver the pre-war levels of revenue, the GMD resorted to deficit financing with more rigorous extraction from the locals, while attacking the former’s foreign leadership and autonomy. By the end of the war, the GMD government became “a politically discredited party, with their project of administrative modernization but a memory” (p. 31).

The volume evaluates Nationalist taxation and fiscal policy in terms of extraction of revenue until the early phase of the Sino-Japanese War, when the government lost control over large parts of trade and the modern economic sector on which their taxation system relied (p. 236). Thus, the lesson that the book proposes to learn from the GMD’s experience is that governments relying on one form of tax revenue face higher fiscal and political risks than those with diverse tax revenues (p. 238). In light of the purpose of the book that Boecking addresses in the introduction, analysing “the relationship between the Maritime Customs and the Guomindang only to the extent that it is relevant to a revisionist argument about the success of Nationalist tariff policy in terms of revenue extraction and midterm sustainability” (p. 19), his

argument might be plausible. However, if the book is also an attempt to understand the nature and causes of the GMD government's eventual demise (p. 16), readers would look for not just an observation of the GMD government's reliance on tax revenue collected by the Maritime Customs but an analysis of the macroeconomic situation of China and the state's administrative capacity. In 1936, the last pre-war year, tariffs contributed 43.7 per cent of central government tax revenue, and while trade accounted for 3.6 per cent of GNP, agriculture's share was 60.5 per cent (p. 193, p. 28 table 0.1). While Boecking regards the comparatively large value of revenue extracted from a minor sector of the economy as an accomplishment, the basis for tax revenue was apparently thin in the predominantly agricultural economy. Although the GMD government did not have a chance to test its financial capacity to launch long-term modernization projects beyond the coastal/urban areas before the war, it revealed the lack of administrative capability to directly collect tax in the inland regions during the war. Once deprived of the Maritime Customs, it could not but resorting to requisitions and irregular levies over which it did not have total control. After all, the unique success of the fiscal administration relied on the Maritime Customs, and in hindsight it illuminates the limitations of scale, scope, and capacity of the GMD government that previous scholars have also discussed. With the challenge to understand this critical dichotomy, the volume urges readers to take a fresh look at the continuously debated key issues on China's quest for modernity and state formation including the state's dependence on middlemen to collect local taxes,² the socio-economic rift between treaty ports and rural areas,³ and the long-term transformation of the polity since the Taiping rebellion.⁴

No Great Wall is a welcome addition to the literature on the GMD state building. With its multi-archival analysis of the fiscal arrangements led by the Maritime Customs Service, it merits attention from scholars and students interested in China's diplomacy, politics, and economy, in the interwar period and during the war. It constitutes a useful introduction to the Maritime Customs Service, which is essential for the study of modern Chinese economy.

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² Susan Mann, *Local Merchants and the Chinese Bureaucracy, 1750–1950* (Stanford: Stanford University Press, 1987).

³ Rhoads Murphey, *The Treaty Ports and China's Modernization: What Went Wrong?* (Ann Arbor, MI: University of Michigan, Center for Chinese Studies, 1970).

⁴ Philip A. Kuhn, *Rebellion and Its Enemies in Late Imperial China: Militarization and Social Structure, 1796–1864* (Cambridge, MA: Harvard University Press, 1970).