

**CENTRAL AND LOCAL FINANCE IN
CHINA; A STUDY OF THE FISCAL
RELATIONS BETWEEN THE
CENTRAL, THE PROVINCIAL, AND THE
LOCAL GOVERNMENTS. VOLUME XCIX,
NUMBER 2, WHOLE NUMBER 226**

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CENTRAL AND LOCAL FINANCE IN CHINA

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OF COLUMBIA UNIVERSITY

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**CENTRAL AND LOCAL FINANCE
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A Study of the Fiscal Relations between the
Central, the Provincial, and the
Local Governments

BY

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On

MY FATHER
SHU LING LI

WHO HAS SACRIFICED SO MUCH FOR THE
EDUCATION OF HIS SON

THIS BOOK IS
AFFECTIONATELY DEDICATED

PREFACE

INFLUENCED by the wave of political democracy of the Occident, China is now in the throes of agitation for provincial and local self-government, which is virtually unattainable without separation of the sources of revenue between the Central and the Provincial Governments on the one hand and between the Provincial and the Local Governments on the other. This monograph is the author's humble attempt to solve this urgent politico-fiscal problem which has been absorbing the attention of his conscientious compatriots during the last decade or two.

The monograph is divided into seven chapters. Chapter I deals with the general organization of the different grades of government in China with special emphasis on fiscal administration. Chapter II reviews the past and the present financial relations between the various units of the Chinese polity. Chapter III deals with the attempts at the separation of the local finances from the national finances. Chapter IV reviews cursorily the systems of national and local finance in England, Germany, Japan, and the United States, with a view of adopting the excellencies, and avoiding the demerits, of each. Chapters V and VI constitute the author's views as to what ought to be some fundamental recommendations for the politico-fiscal readjustments between the Central, the Provincial and the Local Governments in China. The last chapter deals with the fiscal relations between the Central Government and the leased territories and the foreign settlements, showing the financial bondage imposed on China by the various treaties.

The author hereby gratefully acknowledges his deep indebtedness to the various authors from whose works he has constantly drawn information and specially to Mr. S. Y. Chia, the chief Financial Advisor to the Chinese Delegation at the Washington Conference, whose work on the Financial History of the Republic is now the standard reference book on Chinese public finance in that language; to Professor Arthur E. Suffern, formerly of Beloit College, who first interested him in the study of Economics in general and that of Public Finance in particular; to Mrs. Arthur E. Suffern and Professor and Mrs. J. F. Crawford, also of Beloit College, who were kind enough to improve the literary quality of this monograph; to Professor Jacob Viner of the University of Chicago who first suggested the topic for the author's Master's dissertation in that institution; and above all, to Professor Edwin R. A. Seligman, McVickar Professor of Political Economy in Columbia University, under whose constant guidance, encouragement, inspiration, and sound teaching, this monograph has been able to attain its present form and scientific quality.

The author also wishes to express his further gratitude to Professor Seligman for proof-reading.

CHUAN SHIH LI.

COLUMBIA UNIVERSITY, MAY, 1922.

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