War and State-(un)making in China: Warlord Regimes as Actors (1916-1936)

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Laidlaw 2022 – 2023

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Chapter 1: Introduction

The Warlord Era was a period in the history of the Republic of China (1912-1949) when control of the country was divided among former military cliques of the Beiyang Army and other regional warlords (*junfa*) from 1916 to 1936. The death of the military strongman and the first president of the Republic, Yuan Shikai, in 1916 created a period of power vacuum during which military leaders seized power in different provinces, leaving the central government in Beijing only nominal control over the country. During this period, China underwent intensive civil wars, urban protests and repression, military coups, and political assassinations. From 1912 to 1936, China had at least four different constitutions that were formally in place but ineffectual or defunct in practice; from 1916 to 1936, there were 24 cabinet reshuffles, and 26 persons served as prime ministers for as long as one year and five months, and the parliament was utterly corrupt and incompetent.[1]

Meanwhile, many warlords also exerted control over the provinces, and they acted to increase their revenues to build and maintain large armies. One or several rival regimes formally challenged the Beijing government in different phases, although often not declaring a will to independence or separatism.[2] The relationships among political actors were not reflected by the formal institutions, and the highly decentralized decision-making process was based upon "diplomacy, implicit coordination, alliance, and eventually war" between the warlords.[3] The warlords, instead of the civilian government, were the most potent political forces in China, and some of the measures the warlords took could have some effects on state-making, especially in modernizing the fiscal and military systems. From 1926 to 1928, the National Revolutionary

[1] Chi, *Warlord Politics in China, 1916-1928*, 2.
[2] Chi, 7.
[3] Chi, 7.

Army of the Kuomintang started the Northern Expedition (also known as the National Revolution or the Great Revolution) and reunified China under the Nanjing National Government of the KMT Party.[4] However, substantial warlord powers continued in many provinces despite nominal unification during the Nanjing-KMT Era, and the high level of provincial autonomy persisted until the Second Sino-Japanese War started in full-scale in 1936.

"War made the state, and the state made war."[5] This paper focuses on Charles Tilly's theory on the central role wars play in the formation of modern states. Tilly draws upon the similarity between war-making and state-making and protection rackets and uses the analogy of organized crime to explain the formation of modern states in Europe. He claims that (1) war makes states, (2) war-making, along with many forms of the use of violence are on a continuum, and (3) mercantile capitalism and the making of states reinforced each other.[6] According to this theory, the state is the central player in politics, which, constantly facing the chances and threat of war, must pay attention to the construction of national capacity to mobilize resources to participate in wars. But war-making also correlates with an economic aspect of the society because the effective extraction of resources as a protection racket—as in organized crimes—is integral to enhancing the state's capability in wars.

However, the impact the Warlord Era and the Nanjing-KMT Era had on state-making in China is a topic of heated debates. Some scholars argue that the warlords were successful in building up strong fiscal systems, modern standing armies, and even contributed to the formation of a strong centralized state during and after the Second Sino-Japanese War. To Lucian Pye,

[4] "Diyici Guonei Gemin Zhanzheng [The First Internal Revolutionary War]." http://www.gov.cn/test/2005-06/24/content_9284.htm.
[5] Tilly, "War Making and State Making as Organized Crime," 170.
[6] Tilly, 171.

Chinese warlords were successful to the extent that they maintained the loyalty of their men, and this depended not merely on the availability of money but also on the warlords' ability to maintain their men's morale and general welfare.[7] In addition, the industrial output in many Chinese provinces swelled as the WWI disrupted production in many other parts of the world, and some industrial and financial corporations also emerged in major cities in this Era. Some other scholars, however, consider the Warlord Era to have detrimental effects on state-making in China because of over-taxation, fragmented authorities, and destruction from conflicts. For example, Hsi-sheng Chi argues that:

> instead of devoting energies and resources to the creation of real capital gains and accumulation through providing conditions favorable to industrialization, commerce, educational improvement, and agricultural development, which in the long run would yield more liquid capital to finance their armies, the militarists in general resorted to exploitative policies that would yield the largest sums in the short run but which would exhaust the general economy before long.[8]

The ordinary citizens living under these regimes were squeezed of their last resources that the private sector had no more to invest in economically constructive purposes, and eventually, the warlords' ability to support the civil wars diminished as their tax bases shrank and financial institutions broke down.

How can we reconceptualize state-making in China during these two decades of interest and explain the reasons behind possible sub-national and cross-temporal variations? This debate is significant to the intellectual discourse of civil wars and state-making, because the warlords'

[7] Lucian W. Pye. *Warlord Politics: Conflict and Coalition in the Modernization of Republican China*. Praeger Publishers, 1971, pp. 41-44.
[8] Chi, *Warlord Politics in China, 1916-1928*, 173.

constant contention and the observed sub-national differences in outcomes can pose a potential challenge to existing bellicist theories on state-making. If military conflicts in China have somehow contributed to "state-unmaking" to a larger extent, what does that mean to Tilly's theory? Therefore, the puzzle that guides this research is how the warlord regimes in China have affected the state-making processes on a provincial level. To offer an answer to this question, this paper focuses on a phenomenon: although many warlord-controlled provinces had substantial fiscal and policy autonomy and inter-warlord military conflicts were prevalent, there were substantial cross-provincial variations in state-making outcomes in 1936. When the initial condition, war, is present, the most parsimonious version of the bellicist account of state-making would expect the same result to happen: an increase in state capacity to extract fiscal resources. However, some warlord regimes in China invested heavily on infrastructure and other public services with the funds it extracted or acquired from foreign sources, while some did not spend the collected funds on state-building or failed to develop effective fiscal regimes altogether. Thus, to probe the puzzle with this observed phenomenon, this research asks this central question: what explains the variations among each warlord regime's state-making outcome?

Chapter 2: Literature Review

State-Making Theories

"War made the state, and the state made war."[9] Tilly draws upon the similarity between war-making and state-making and protection rackets and uses the analogy of organized crime to explain the formation of modern states in Europe. He claims that (1) war makes states, (2) war-

[9] Charles Tilly: "State-making and War-making as Organized Crime," in Theda Skocpol et al. eds., Bringing the State Back In (Cambridge, UK: Cambridge University Press, 1985), p. 170.

making, along with many forms of the use of violence are on a continuum, and (3) mercantile capitalism and the making of states reinforced each other.[10] In this theory, the state is the major player in politics, which, constantly facing the chances and threat of war, must pay attention to the construction of national capacity to mobilize resources to participate in wars. But war-making also correlates with an economic aspect of the society because the effective extraction of resources as a protection racket—as in organized crimes—is integral to enhancing the state's capability in wars.

In general terms, the "bellicist account" of European state formation has received considerable support. Indeed, much of the recent literature on European state-formation takes the basic story as given and seeks to explain either variation across the continent in the general process or to show how war-making and state-making influenced other important issues. Yet, some scholars still raise questions about to what extent the war-making leading to state-making theory works. Bruce Porter puts that war can have "disintegrative effects" on the formation of states (1994: 11–17).[11] The history of European political development includes both the emergence of successful national states and the failure of many states and other political entities; Porter observes that the number of polities in Europe declined from 500 in 1500 to 25 in 1900. Then the question will be: What kind of conflicts and what conditions other than conflicts themselves determine whether state-making happens or not?

Tilly raises a possible typology for different pre-conflict conditions responsible for different levels of state building. In his study of the formation of modern European states, Charles Tilly distinguishes three patterns in which economy conditioned state activities. In 'coercion-intensive' regions where agriculture predominated, he posits, the rulers turned

[10] Ibid.
[11] Porter, *War and the Rise of the State*. 1994: 11–17

primarily to head taxes and land taxes for war-making and other activities, and, to that end, created large fiscal machines and left a wide array of power to local elites; in 'capital-intensive' regions where the economy was commercialized, the state turned to customs and excise that were convenient to collect as well as the readily available credit as sources of state revenue, hence resulting in limited and segmented central apparatuses. Between the two ideal types was the third pattern in regions of 'capitalized coercion', where the state extracted resources from both land and trade and thus created dual state structures in which the landed elites confronted as well as collaborated with financiers.[12]

From a study of the 19th and 20th centuries in Latin America, Centeno (2003:94) concludes that the wars in Latin America, because their scales are limited and the states did not embed themselves in the societies well, did not "produce more powerful states, or consolidate national identity."[13] Tin-Bor Hui (2005) distinguishes between "self-weakening" and "self-strengthening" reforms with which the rulers adopted to make war, and only the latter contributes to the formation of effective modern states.[14] Early modern European states mostly chose indirect rule and outsourcing state functions (mercenaries, tax farming, etc.) as "self-weakening" expediency, while Qin Dynasty in China and revolutionary France chose the latter path and succeeded in establishing direct control over coercion and finances to some extent. These two articles provide two possible explanations for the breakdown of the war/state-making nexus: scales of the conflicts and the types of reforms that follow.

While the scholarship had reached substantial agreement on the role war-making played in the history of state formation in Europe, the consensus on whether the bellicist theory applies

[12] Tilly, *Coercion, Capital, and European States, AD 990-1992*, 99. And Li Huaiyin article.
[13] Centeno, "Limited War and Limited States," 94.
[14] Hui, *War and State Formation in Ancient China and Early Modern Europe*.

to the post-World War II world is much weaker. The question is: Can the Tillyan model apply to contemporary and non-European cases? What changed in these cases that have made things different? Some scholars argue that political violence and interstate rivalry in the Third World are consistent with the state-making trajectory of early-modern Europe. Cohen, Brown, and Organski (1981) argue that violence in developing states does not indicate state breakdown but rather represented the "primitive accumulation of power" analogous to early-modern Europe.[15] Thies, drawing on the experience in Latin America, argues that interstate rivalry (instead of actual fighting) can stimulate nationalism and justify taxation and other state-making measures (2004).[16]

In contrast, many other scholars challenge the applicability of the theory in the contemporary developing world. For example, Reno repudiates the Tillyan model's applicability to African warlord politics. In a study of some of the weakest states in the world, he finds that the local strongmen often rely on international capital and patronage networks to maintain informal, non-state coercive mechanisms (1998:227).[17] The warlords deliberately weaken the state apparatus to maintain their quasi-independent positions (1998).[18] Central to the skeptical thesis is the different international context, where the "external" dimension predominates over the "internal" element. The threat of existential conquests and state death is low, or even non-existent, in post-World War II interstate conflicts because of internationally guaranteed sovereignty and fixed borders (Jackson 1990, Atzili 2006, Fazal 2004). Some authors attempt to identify additional "conditions" that are necessary for the war-making/state-making nexus to happen. Taylor and Botea argue that "war can make states in the contemporary world, but only

[15] Cohen, Brown, and Organski, "The Paradoxical Nature of State Making."
[16] Thies, "State Building, Interstate and Intrastate Rivalry."
[17] Reno, *Warlord Politics and African States*.
[18] Reno.

under fairly specific conditions" (28).[19] They argue that two factors are important in explaining why some contemporary states are better able to strengthen state capacity under the pressure of war than others: a core ethnic group and the combination of war and revolution (28, 34).[20]

Therefore, the question at stake is: will the contemporary model (that emphasizes the external factor and non-existential threat to the sovereignty of the central state) fit the Chinese warlord era? Can this be tested? Can this add anything to the independent variables (like Taylor and Botea's notion of revolution) or the causal relations this paper hypothesizes? One feature of this debate is that relatively little attention is focused on the effects of actual wars on specific states. There have been few systematic attempts to explore how the causal mechanisms specified by Tilly and others actually operate in contemporary warfare. Further, most of this literature makes no effort to explain variation in state capacity among war-prone states in the developing world. This research is intended to address both of these gaps.

The Case of Chinese Warlords

As one central author on Chinese warlord politics, Hsi-sheng Chi, argues, one crucial incentive for the warlords to engage in conflicts is to seize control over land. "The militarists were compelled to adopt a war-oriented policy that required maximum effort to keep their force at the highest state of combat readiness and efficiency."[21] The grasp over provinces/localities provides them with two important resources: financing and recruiting. For example, Zhang Yinghua, a general from the Zhili clique, collected taxes amounting to 34 million yuan from Henan province alone in 1926, within which 11 million were authorized, and the illegal taxes

[19] Taylor and Botea, "Tilly Tally," 28.
[20] Taylor and Botea, 28, 34.
[21] Hsi-sheng Chi, p. 172.

included the monopoly on the trade of salt—6 million, tobacco, and cigarette tax—3 million, extra agricultural taxes (1927 – 1929)—14 million.[22] Adding the extra currency Zhang dictated to print and the forced labor he extracted, the estimated revenue from Henan could add up to over 100 million yuan.[23] The taxes and the currency policies pauperized the common people, where the bulk of the currency circulated and access to alternative financial institutions was lacking; the dire economic situation drove many poor households to send their sons to join the military for the stipend.[24] The two objectives of financial and recruiting the army were achieved by control over territories, and thus the warlords could wage new campaigns to expand their territories.

Furthermore, Hsi-sheng Chi considers the level of financing power of each warlord is a central factor in deciding the outcome of wars and thus the power dynamics. The most well-financed warlords tended to dominate national politics. Until the July 1920 Zhili–Anhui War happened, when the Anhui clique was defeated, the two combatant cliques had the strongest financial and military powers. The annual total tax revenue of the Anhui clique was about 54 million yuan, while that of the Zhili clique was nearly 51 million yuan.[25] Huaiyin Li also argues that the stronger warlord powers emerge and win out in the wars because of their fiscal power. As the number of available government revenues was similar for both cliques, their annual military expenses and respective military personnel were also comparable in 1920: the Anhui clique had 55,000 soldiers and the Zhili clique had 56,000 soldiers.[26] The military strength of the

[22] Xinxia Lai. "Beiyang Junfa de Tedian." [Characteristics of the Beiyang warlords] *Fujian Luntan*, 2000. http://rdbk1.ynlib.cn:6251/Qw/Paper/149108#anchorList
[23] Ibid.
[24] Chi, p. 171.
[25] Li, Huaiyin. "Jizhonghua Difang Zhuyi yu Jindai Guojia Jianshe." [Centralized Localism and the Making of a Modern State] *Modern Chinese History Studies*, vol. 5, 2018. http://mg.lsxy.ruc.edu.cn/docs/2020-12/375fee8c88474def96f904e9532c1725.pdf, p. 72.
[26] Ibid., p. 72.

two cliques enabled their leaders to be in charge of the Beijing government, in addition to their local regimes: Feng Guozhang, founder of the Zhili clique, served as the acting President (1917 – 1918), and Duan Qirui, founder of the Anhui clique, was three times in office as the Premier (1916 – 1918). Their dominance in the Beijing government not only brought them additional financial resources but also offered them legal institution advantages over other warlords.

To Lucian Pye, Chinese warlords were successful to the extent that they maintained the loyalty of their men, and this depended not merely on the availability of money but also on the warlords' ability to maintain their men's morale and general welfare.[27] This loyalty comes from two sources: the personal relationship between the warlords and their subordinates and the legal position of the warlord, especially their relationship with the civilian government and elected bodies. The warlords entering political stages in Beijing often adopted an "anti-militarism" rhetoric to accuse other warlords as unpatriotic and corrupt "warlords"; sometimes, such a discourse can help in waging wars against opposing cliques.[28]

Generally speaking, the warlords' exploitive economic system damaged local economies and raised widespread opposition from different social classes. Some warlords extorted unofficial "taxes" from illegal checkpoints, including along national railroad lines, and sometimes they forced residents to grow opium poppies or to pay a "laziness tax" for refusing to do so.[29] Hsi-sheng Chi also argues that although the warlords' goals were to extract consistently high revenue for military expenditures, their tax system was overly exploitive, their currency policies were unscrupulous, and investment was insufficient. These common characteristics in

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[27] Lucian W. Pye. *Warlord Politics: Conflict and Coalition in the Modernization of Republican China*. Praeger Publishers, 1971, pp. 41-44.
[28] Edward A. McCord. "Warlords against Warlordism: The Politics of Anti-Militarism in Early Twentieth-Century China." *Modern Asian Studies*, vol. 30, no. 4, 1996, pp. 795–827. *JSTOR*, http://www.jstor.org/stable/312950
[29] James E. Sheridan. *China in Disintegration: The Republican Era in Chinese History, 1912-1949*. Free Press, 1975, pp. 86-87.

the warlords' economic policies contained their financial capabilities in the long run and could "only lead to bankruptcy."[30] The urban residents conceive warlords to support economic inequality and arbitrary rulemaking, with ties to foreign imperialism. The peasants, on the other hand, associate the warlords with landlordism and unfair land distribution that kept them in poverty.[31] This paper, in turn, identifies a gap in the literature on Chinese warlords: the causal mechanism between the warlords' incentives to enlarge their fiscal bases and the outcome of "destructive exploitation" on many regions in unclear. While the widespread presence of war pushed almost all warlords to expand their financial mechanisms, only in some provinces there were limits on the extent of taxation and signs of investments in public goods. This paper sets out to explain these variations by comparing five provincial cases.

Chapter 3: Methodology

From the literature review, I find the early to middle Republican Era in China (1916—1936) marks an important phase in the development of modern fiscal regimes after the Western model on provincial levels, although not on the national level yet. Thus, this paper uses this phase as a case study to test theories on the stimulators and paths of state-making. In this chapter, I provide operational definitions for key terms, outline my research design, and formulate an outline for the following chapters. I begin by providing some operational definitions for central terms, and then I present the validity and address the limitation of my approach. I then explain the dependent variable and a typology of four possible models, after which I go into presenting the

[30] Chi, p. 172.
[31] Kimberly Marten. "Warlordism in Comparative Perspective." International Security, vol. 31, no. 3, 2006, pp. 41–73. JSTOR, http://www.jstor.org/stable/4137507, p. 49.

hypotheses this paper sets out to test and the corresponding independent variables. Finally, I outline my method of process tracing and coding qualitative values under each measurement and provide a road map for how the latter chapters will be organized.

Operational Definitions

At its most general level, state capacity refers to the power of the state over the territories it controls. This paper adopts the definition of the term as "the degree of control that state agents exercise over persons, activities, and resources within their government's territorial jurisdiction".[32] A high degree of control, signifying the projection and exercise of power, means that a state is more likely to be able to effectively implement its policies and achieve expected outcomes, regardless of the preferences of other external or internal actors. "Getting things done" in modern societies involves give-and-take dynamics between state and non-state actors, as the social contract theory and resource mobilization theory (particularly, human capital) would argue.[33] Thus, state capacity has two facets: one is the ability to extract resources from the society to maintain control and expand the state apparatus, and another is the extent of investments in the societal realm that are conducive to economic growth and more resources available to be extracted in the future. This paper names the former facet by "extractive power" and the latter by "constructive power."

Extractive power is the extent to which states can successfully raise tax revenues despite the possible resistance from non-state actors.[34] Revenue, in the forms of money or equivalent resources, is an important resource to a state because implementing policies (either to extract or

[32] McAdam, Tarrow, and Tilly, *Dynamics of Contention*.
[33] See works of Jean-Jacques Rousseau, Adam Smith, and Max Weber.
[34] Dincecco and Prado, "Warfare, Fiscal Capacity, and Performance."

construct) is costly. Lindvall and Teorell argues that "the more financial resources a state controls, the more it can spend (carrots), the more policemen and judges it can hire to enforce the laws (sticks), and the more propaganda it can produce and transmit (sermons)".[35] These policy instruments are central to a state attempting to get things done, and thus extractive power is a central feature in state capacity.

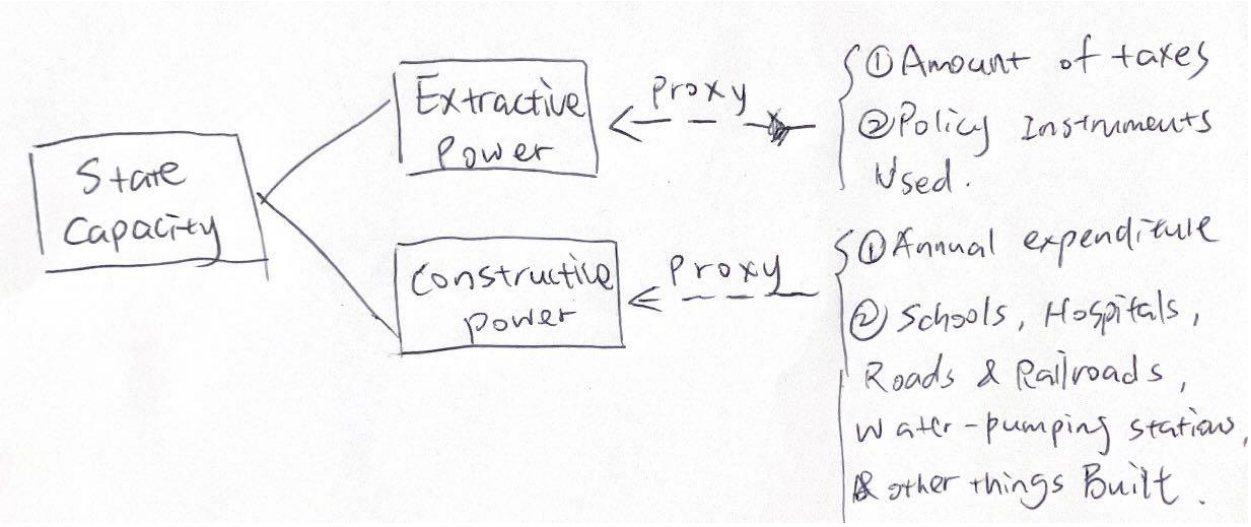
Constructive power refers to the state's ability to provide public goods that are conducive to economic growth or social progress, the content of the latter depending on the ideological inclinations of state leaders. To Besley and Persson, as part of the state-making process, states develop a legal capacity of providing regulation and legal services by building the "necessary [legal] infrastructure – in terms of courts, educated judges, and registers – to raise private incomes," in addition to raising taxes and exercising forces.[36] Other than regulating the market, the state also needs to provide infrastructure and other public services to stimulate economic growth in a modernizing context. Take education as an example: primary, secondary, and tertiary education are public services that are commonly provided by the state, or by local governments, and "there is strong evidence that public education, increasing the stock of human capital, has positive effects on long-run growth".[37]

By the 19th century, the constructive power of states became an integral part of state capacity because the lack of involvement or the dissent of the masses became the principal concern for rulers who demanded increasing financial means human capital from the citizenry living under the regime.[38] For example, the increased intensity of warfare and the advent of military technology required larger standing armies and more people specializing in industrial

[35] Lindvall and Teorell, "State Capacity as Power: A Conceptual Framework," 15.
[36] Besley and Persson, *Pillars of Prosperity*.
[37] Lindvall and Teorell, "State Capacity as Power: A Conceptual Framework," 5.
[38] Acemoglu and Robinson, *Economic Origins of Dictatorship and Democracy*.

production; if the citizenry have minimal involvement in the state's activities, states tend to fail in interstate competitions. Thus, states must invest a portion of its extracted resources into providing benefits for the citizenry and incentive them to be mobilized for state projects. The notion of constructive power is thus based on the understanding that states are expected to spend part of their revenues on public services as industrialization and the advent of mass armies brought states in contact with the masses.[39] To measure the strength of modern or modernizing states (in contrast with the premodern states), therefore, this paper has to incorporate the ability and willingness to provide public goods for the citizenry into the model.

Table 1. Two Components of State Capacity.



The unit of analysis in this paper is a *warlord regime* (I use the term interchangeably with warlord state, provincial regime), defined as a province controlled by a military leader (the warlord) who had a significant level of autonomy in formulating and implementing policies. Regardless of whether this warlord held official positions in the civilian government or not, the

[39] Lindert, *Growing Public*.

local authorities were often staffed by his appointed personnel and his personal commands usually prevailed over orders and laws from the central government. The literature on the Warlord Era has reached a general consensus on the de facto independence of these warlord states in the formulation of fiscal policies and most other political decisions.[40] Also, this approach of inter-provincial comparison offers a more nuanced lens than the commonly used cross-national comparisons because it controls the factor of political culture and historical memory as a constant. Albeit minor differences, residents, especially the more educated elites, in these Chinese provinces of interest in this study has been sharing a common national identity and understanding of history since the early 1900s.

The time scope of this research is restricted to the early to middle Republican Era in China, from 1916 to 1936. During this period, the autonomy of the warlords and the provinces under their control was significantly higher than the era under Yuan Shikai's reign (1911—1916) or after the Second Sino-Japanese War began in full scale in 1937. Yuan Shikai ruled China effectively after the 1911 Revolution, and the central state control over individual provinces only broke down after his sudden death in 1916, which created a power vacuum that many warlords seized to establish their autonomous rulership in most provinces. While The Second Sino-Japanese War, began in full scale in 1937, changed the power dynamics between provinces and strengthened centralized power under the cause of counter Japanese invasion. This paper considers the Xi'an Incident in Dec 1936, in which Chiang Kai-shek was detained by his subordinates Zhang Xueliang and Yang Hucheng and forced to align with the Communists, as the end of the timeframe in this research. This choice reflects the paper's focus on doing a within-China comparison between multiple "mini-states" of different provinces, and during this

[40] Chi, *Warlord Politics in China, 1916-1928*; Sheridan, *China in Disintegration*.

phase, the agency of each province in formulating and implementing their policies was relatively stable.

The Dependent Variables

My dependent variable is the change (most likely an increase) in state capacity in a province during a certain phase of time (DV: *Δstate_capacity*). This variable can take four possible, categorical values: minimal model, rentier model, predatory model, or developmental model; each of these models is derived from literature on Chinese history and signifies a specific combination of values of (1) low/high extractive power and (2) low/high constructive power. Each value of *Δstate_capacity* correspond to a particular *path of state-making* that this paper attempts to explain with the independent variables identified in the next section. In this study, the dependent variable *Δstate_capacity* serves as a direct proxy for the dependent variable *path of state-making*.

Table 2: Typology of Change in State Capacity (*Δstate_capacity*).

	Low Provision of Non-military Public Goods (DV2: *Δconstructive_power = Low*)	High Provision of Non-military Public Goods (DV2: *Δconstructive_power = High*)
High Level of Resource Extraction (DV1: *Δextractive_power = High*)	3. Predatory Model (DV: *Δstate_capacity = 3)*	4. Developmental Model (DV: *Δstate_capacity = 4)*

Low Level of Resource Extraction (DV1: *Δextractive_power = Low*)	1. Minimal Model (DV: *Δstate_capacity = 1)*	2. Rentier Model (DV: *Δstate_capacity = 2)*

As explained in the operational definitions, the typology breaks state capacity down into two dimensions: extractive power and constructive power. The measures of these two powers, treated as "sub-DVs" in this research, constitute the main DV of interest: *Δstate_capacity*. The y-axis measures the regime's capacity to extract resources from the province (DV1: *Δextractive_power*), and the proxy for that is the amount of taxation a regime collects and the policy instruments it use to raise revenue. I categorize each provincial regime of interest into either low or high. Growth in fiscal capacity requires centralizing tax-collecting functions, establishing effective bureaucracy, and countering non-state elites' opposition. For instance, tax farming, a traditional way of outsourcing state capacity during the Qing Dynasty, does not signify a growth in extractive power. A state's fiscal capacity sets the limits of the policies it can implement and the public goods it can afford;[41] however, if external factors, such as funding from foreign governments or natural resources or illicit drug exportation, have a strong financial presence, a state might be able to implement policies beyond its fiscal capacity. Examples of the latter situation include rentier states that rely on rents from oil and gas exportation and warlord regimes in Africa that use forced labor to engage in often illicit international trades.[42]

The x-axis measures the warlord regime's level of provision of non-military public goods (DV2: *Δconstructive_power*). This variable has two facets: willingness to spend and the

[41] Karaman and Pamuk, "Different Paths to the Modern State in Europe," 609.
[42] Ross, "Does Oil Hinder Democracy?"; Beck, Levine, and Loayza, "Finance and the Sources of Growth"; Reno, *Warlord Politics and African States*.

effectiveness of policy implementation. The proxy for the former aspect is the (recorded) annual expenditure on different kinds of projects, and proxy for the latter facet include the number of public schools constructed/the change in literacy rate, the number of hospital constructions/the change in life expectancy, the number of miles of road and railroad constructed, and the number of water-pumping stations, and the change agricultural production (total or per acre). Based on empirical evidence, I code this item into two categories: low and high.

The two-way table displays a typology of four categorical, ideal types of change in state capacity from a certain point of time to another ($\Delta state\_capacity$ = 1, 2, 3, 4). While the measurements are in nature continuous rather than binary or categorical, for simplicity of analysis in this research, I consider the four models enough to capture the variations in state-making outcomes and will fit each case study into the model.

The Hypotheses and the Independent Variables

The Military Conflict Thesis

The general hypothesis of the "military conflict" thesis is that, as in pre-modern Europe, interstate warfare incentivizes belligerents to recruit and support bigger and larger armies, thus stimulating countries to adopt fiscal innovations and develop centralized fiscal capacity.[43] From these arguments, I derive an intuitive argument that for the case of interest in this paper, if a warlord engages in more and fiercer military conflicts with other warlords, the state's revenue collected, and thus DV1: $\Delta extractive\_power$ is expected to be higher. Although wars between warlord regimes, as implied by the definition of a "warlord," were widespread in Republican China, some provinces in certain geographical positions are less vulnerable to and thus the

[43] Karaman and Pamuk, "Different Paths to the Modern State in Europe," 608.

warlord was less likely to be threatened by other warlords; meanwhile, some provinces were battleground areas because of their strategic importance or financial richness.[44] The effects of variations in the level of inter-provincial warfare a warlord regime undergoes can thus be studied by the first group of hypotheses:

H1.1: Inter-provincial warfare leads to high extractive power.

Deriving from Centeno's claim that interstate rivalry, aside from outright conflicts, also poses a positive impact on state-making because the central governments have the incentive and the excuses to expand their power vis-à-vis non-state elites under a narrative of possible wars in the near future, I propose a varied version of H1.

H1.2: Inter-provincial rivalry and the threat of inter-provincial warfare lead to high extractive power.

Chi further argues that in some provinces, constant battles on the ground and regime changeovers led to problems of extensive taxation and substantial drafting of the working-age male population and thus led to the underdevelopment of effective fiscal regimes and financial collapse in many regions.[45] Also, the warlords would not invest in building infrastructure or spend on non-military missions if they expected quick power changeovers and departure from the province. Drawing on this, I propose:

H1.3: Inter-provincial warfare leads to low constructive power.

[44] Li, "Centralized Regionalism."
[45] Chi, *Warlord Politics in China, 1916-1928*.

Concluding the three sub-hypotheses, the main hypothesized model drawing from the "military conflict thesis" is:

H1: If inter-provincial warfare and rivalry are low, both extraction and provision will be low, and the path of state-making is Type 1: Minimal Model; if inter-provincial warfare and rivalry are moderate, extraction will be high and provision will be high, and the path of state-making is Type 4: Developmental Model; and if inter-provincial warfare and rivalry are high, extraction will be high while provision will be low, and the path of state-making is Type 3: Predatory Model.

The Economic Structure Thesis

For the "economic structure" thesis, the main hypothesis is that urbanization, which was at the nexus of changes in economic structure, had a positive effect on centralized fiscal capacity.[46] Since the logic of this thesis is high level of urbanization allows a state to extract economic resources from the industrial and commercial sectors, and the urban elites are less obstructive to fiscal expansion than the rural elites. States can thus develop centralized states and provide market regulations as a public good with the support from the capitalist elites. This paper uses the relative size of the industrial and commercial sectors, comparing to the agricultural sector, in an economy as a more direct independent variable to explain $\Delta state\_capacity$ and therefore, the path of state-making.

H2.1: Relatively large industrial and commercial sectors, leads to high extractive and constructive powers, and thus results in Type 4: Developmental Model of state-making.

[46] Karaman and Pamuk, "Different Paths to the Modern State in Europe," 608.

This paper adds a factor that is crucial in modern history to the picture: external sources of funding. A warlord regime in China can obtain financial resources from foreign bankers, international trade, or directly from some of the "major powers" (*lie qiang*) interested in obtaining privileges and expanding interests in China. Much like in the rentier state literature, external funding enables a state to not expand its taxation apparatus while increasing expenditure. This paper then hypothesizes:

H2.2: Extensive external funding leads to a combination of low extractive power and high constructive power, and results in Type 2: Rentier Model of state-making.

Merging the two sub-hypotheses and the table of economic sectors, this paper hypothesizes the following table.

Table 3: Economic Structures and their Expected Outcomes.

	(Categorical) IV (*economic_structure*) Value	Expected DV (*Δstate_capacity*) Value
Within-provincial, Internal Economic Structure	A regime primarily relies on the industrial and commercial sectors	Type 4: Developmental Model of state-making
	A regime primarily relies on the agricultural sector	Not clear yet. Might be Type 1: Minimal Model or Type 3: Predatory Model.
External Economic Structure	A regime primarily relies on rents from transportation (railroad), natural resources, international finances,	Type 2: Rentier Model of state-making.

	opium trade, or direct funding from foreign governments	

The Regime Type Thesis

Drawing on the "regime type" thesis, which focuses on the impact of whether a regime is autocratic or representative on its fiscal capacity and public goods provision. In this thesis, the central executive-military apparatus, often personified by the ruler, is modeled as autonomous and distinct from domestic elites. State capacity, it is argued, was determined as the outcome of the interaction between the ruler and the elites. Political regime types mattered for this interaction, because they corresponded to different levels of the organizational capacity and leverage for domestic elites. To Karaman and Pamuk, for example, representative regimes in urbanized-commercial economies and authoritarian regimes in more rural-agrarian economies tend to do better in enhancing fiscal capacity and building modern state structures.[47] Although their conclusion adopts an interaction term, it is possible to disaggregate two basic competing hypotheses of whether autocratic or representative regimes create more positive $\Delta state\_capacity$, and thus stimulate a country to take a certain path of state-making.

The warlord regimes are highly personalistic, and scholars usually pay little regard for formal institutions on the national and provincial levels as they do not have a large impact on political outcomes. For the warlords, the literature on their personal life and intellectual beliefs is extensive and suggests that while some fence-sitting warlords do not have genuinely demonstrated political beliefs that are supported by corresponding policy preferences, many of

[47] Karaman and Pamuk, 622.

the warlords hold consistent political ideologies and carry out concrete policies to back their worldviews up.[48] Therefore, the ideology, given it is supported by substantial evidence and actual policies, of the warlords can be a proxy for the regime type; if a warlord is more liberal-minded and pushes forward Western-style modernization, they can be put in contrast with those who hold more traditional ideology and supports the status quo institutions.

H3.1: The warlord's liberal ideology leads to high extractive power and constructive power, and thus results in Type 4: Developmental Model of state-making.

Another possible way to categorize is to put their views on a left-right wing political stratum, drawing evidence on their views about the communists, the Soviet Union, and Wang Jingwei vs. Chiang Kai-shek since 1925.

H3.2: The warlord's leftist ideology leads to high extractive power and constructive power, and thus results in Type 4: Developmental Model of state-making.

Also, I add another model based on the Chinese Communist Party's criticism of many warlords as "comprador capitalist class" and selling off national interests for short-term financial favors from Western or Japanese great powers (*lie qiang*). The money, although mostly ended in the corruptive officials' pockets, sometimes flow into public expenditure and lowered the regime's demand for taxation.

H3.3: The warlord's close ties to Western or Japanese great powers (*lie qiang*) leads to low extractive capacity and high constructive power, and thus results in Type 2: Rentier Model of state-making.

[48] Sheridan, *China in Disintegration*.

Merging these expectations, this paper proposes a third main hypothesis:

H3: If a warlord controlling a province has a set of coherent ideologies that is either liberal or leftist, the regime will have high extractive power and constructive power, and thus fit into Type 4: Developmental Model; if a warlord has close ties to the external great powers, the regime will end up in Type 2: Rentier Model of state-making.

Road Map

I will use the method of process tracing in this paper. Process tracing is a tool of qualitative analysis that David Collier defines as "the systematic examination of diagnostic evidence selected and analyzed in light of research questions and hypotheses posed by the investigator".[49] It establishes whether and how potential causes influence a specified event or set of events and applies formal tests to examine the strength of evidence of causal mechanisms. This methodology is appropriate for this research because it allows me to integrate some quantitative evidence into a qualitative analysis. The following paragraphs detail how I undertake process tracing in my thesis.

Firstly, I have identified the subject of interest (change in state capacity in each province), pre-selected these cases (see the table), and put them to a tentative place in the typology, attempting to fill in the blanks in the multiple possible values of the dependent variable. During the research, this categorization may change, but it will not negatively impact the rigor of the research design.

[49] Collier, "Understanding Process Tracing," 825.

Table 4: Case Selection (9 cases in total).

	DV2: *Δconstructive_power = Low*	DV2: *Δconstructive_power = High*
DV1: *Δextractive_power = High*	Type 3: Predatory Model (Henan, Shandong, Hebei – 3 cases)	Type 4: Developmental Model (Guangdong, Guangxi, Yunnan – 3 cases)
DV1: *Δextractive_power = High*	Type 1: Minimal Model (Jiangsu – 1 case)	Type 2: Externally funded, rentier Model (Liaoning, Jilin – 2 cases)

Next, I establish the observed outcome (value of DV, see Table 5). I will examine historical data about the cases and identify if and to what extent the variations are observable and significant. Then, depending on the results of the test on the dependent variables, this paper either reassigns the cases under each category or keeps the tentative assignment. To cross-compare different cases, this paper focuses on the change in value instead of the net value of state capacity and adjusts for the length of each period studied (*Δstate_capacity ÷ number of years)* to assess the average yearly increment in state capacity.

Thirdly, I assess the independent variables and assign each variable a value for each case (writing in the IV values column, see Table 5). For instance, I might categorize the case of Guangdong as such:

Table 5: Process-Tracing by Steps.

Case	Observed Outcome (value of *Δstate_capacity*)	IV Values	Expected Outcome (*E(Δstate_capacity)* induced from IV Values)	Do the expected outcomes fit the observed results?
Guangdong	Type 4: Developmental Model	The warlord regime has medium level of inter-provincial warfare or rivalry.	Type 4: Developmental Model	Yes
		The regime primarily relies on the industrial and commercial sectors.	Type 4: Developmental Model	
		The warlord has a set of liberal ideology.	Type 4: Developmental Model	

Fourthly, I test the hypotheses by looking at the IVs and DVs together to see if the expected correlations hold or not. I will answer a simple question: Do the expected outcomes fit the observed results? In either case, I examine alternative hypotheses, which are often the opposite of what I propose. I will also use interaction terms to see if the three groups of

independent variables “co-vary” and impact the outcome. For instance, the warlord of Guangdong might have liberal ideology and close ties to foreign countries at the same time, but while Type 4 prevailed over Type 2?

Lastly, I merge the identified causal relations and demonstrate a tested model that can explain the variations in warlord state-making in the Chinese Republican Era. I expect this model to apply to other cases, albeit with possible major modifications dependent on circumstantial factors in each country and timeframe.

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