

CHINESE BUSINESS HISTORY

Zhongguo Shangye Lishi

Volume 1, Number 1

November, 1990

New PRC Interpretations of the Merchant Class

Richard Lufrano
Barnard College

Over 100 scholars from universities and research institutes throughout China attended the second conference on Chinese social history held at Nanjing Normal College, October 26-29, 1988. A number of foreign scholars working at Nanjing University received permission to attend. With the help of my colleague, Sun Jiang, from the History Department, Nanjing University, I selected and wrote a report on a dozen papers on the late imperial period (Ming - Qing) by younger scholars. Many, but not all, of the younger scholars showed a willingness to break away from the theoretical framework employed by the older generation of PRC historians and are exploring the applicability of different theories, methods, and categories in their research.

The three papers on merchants considered here demonstrate this willingness of a new generation of scholars to challenge orthodox PRC scholarship and rethink crucial questions concerning economic change in late imperial China. Tang Lixing and Wang Xianming, for example, highlight the power of ideas and the role of the *shidafu* class in spurring the commercialization of the economy. At the same time, their research clashes with the Western view of the late imperial period as a time of dynamic development. They instead see real change coming only in the late 19th or early 20th century, while Wang Xianming and Zhu Ying emphasize that the impetus for that change comes primarily from outside China. Developments in this later period, moreover, are considered to be completely unrelated to earlier developments during the Ming and Qing dynasties.

Tang Lixing, a scholar from the Anhui Normal College, holds that each of the ten large merchant groups (*bang*) in Ming-Qing China had a distinctive group mentality which determined its behavior and affected its ability to compete with the other groups. They were all interested in profits, but went about securing that profit in different ways. In his paper, "Research on the Mentality of the Ming-Qing Hui Merchants," he explores the connection between the Huizhou merchants' commercial success and their Neo-Confucian background and education. Although he does not make any specific references, he seems to be familiar with work on European history examining the popular culture of subordinate classes.

The merchants of Huizhou were deeply influenced by the emphasis on clan and Neo-Confucian values in Huizhou society, and this influence differentiated them from merchant groups in other parts of China. Just as importantly, by the early 16th century, merchant customs had begun to influence society at large. A new system of values, consequently, emerged in Huizhou which emphasized equally the civil service examination and commerce as ways to establish oneself in society. This new group consciousness rejected the traditional notion of valuing agriculture over commerce and was even accepted by the region's conservative clans. As a result of this unanimity, the whole Huizhou region served as a solid

Inaugural Issue of

CHINESE BUSINESS HISTORY

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base of support for merchants working elsewhere and helped them to achieve "unprecedented success in empire-wide commercial competition." (p. 13) The author implies that this mentality was forged by the competition between different merchant groups arising from the development of the commercial economy.

Mr. Tang thus identifies a crucial development in the evolution of a primary agrarian society to one based more on a commercialized economy. He does not, however, attach the significance that some might feel this development deserves, claiming that this new value system accorded with the "national conditions of feudal society, and with the special demands of feudal commerce." (p.14) This new value system was merely an adaption within the old society, rather than the harbinger of a new society openly recognizing the value of commerce.

Wang Xianming, a lecturer from the history department of Shanxi University, relates changes in the class structure to the broader question of why full-fledged capitalism never developed in China. He pursues this question in his paper, "On Changes in the Modern (*jindai*) 'Scholar, Farmer, Artisan, Merchant' Structure," by focusing on an intermediary stage between the traditional Marxist stages of feudalism and industrial capitalism, a stage of what might be called commercial capitalism.

Mr. Wang accepts the theory of the four-class system as reflecting the reality of China's pre-Opium War "self-sufficient agricultural economy." The intrusion of the "world commercial economic market," however, brings about the collapse of this economy and fosters change within the class structure. The merchant class vaulted from its former lowly position at the bottom of the class structure to the top and the center of change by the late nineteenth century and early twentieth century. Many now viewed commerce, rather than agriculture, as the keystone of the economy and the numbers of merchants increased markedly. The merchants and their new commercial ideology (*zhongshang zhuhi*) did not belong to the capitalist stage, but rather to an intermediary stage of commercial capitalism.

This interlude between feudalism and capitalism never became an "independent, fully developed commercial period," and as a result China did not reach the stage of full-fledged modern capitalist civilization. The impetus for change finally came not from within the

CONFERENCE

"To Achieve Wealth & Security: The Qing State & the Economy"

February 22-23, 1990
The University of Akron

Keynote address: William Rowe

For details, contact: Jane Leonard, History,
University of Akron, Akron, OH 44325
216-375-6832

domestic, agricultural economy as in Western Europe but from the intrusion of the foreign commercial economy. As a result, the main motive of those involved in commerce was not profit but essentially nationalism and patriotism, or as the author put it, "political national awakening." (p.18) A new, competitive spirit did not arise out of the commercial economy, instead the *shidafu* class merely updated their time-honored ideal of assuming responsibility for the empire. It was this class, after all, which had advocated the elevation of the merchant's social position and had emphasized the importance of commerce, tasks which could not have been carried out by the merchant class of the old society. "Modern Chinese capitalism," according to Mr. Wang, "not only lacked abundant capital, even more importantly it lacked the competitive spirit of commodity society and a market consciousness, and lacked a complete personal experience in the commodity market and a mentality of profit seeking" (p. 19). Commerce, accordingly, was unable to bring about the dissolution of the agrarian economy and bring on the stage of full-fledged capitalism, despite the realignment of the old four-class structure.

Zhu Ying, a lecturer at Shanghai's East China Normal College, wrote a paper entitled, "The Rise of Late Qing New-Style Merchant Organizations and Their Influence," in which he explored the rise of merchants in the Shanghai and Suzhou area as a new social force. Like Wang Xianming, he places the improvement in the merchants' social position at a rather late date - the early 20th century. A change of government policy and the merchants' own growing

economic power made this improvement possible. The more benevolent government attitude towards merchants and commerce stemmed from the tremendous fiscal difficulties of the early twentieth century which spurred the regime to encourage rather than repress commerce and to support the establishment of merchant organizations (*shanghui*). Merchants' own growing confidence, political maturity, and a sense of historical mission - all of these developments set the stage for the rise of these merchant organizations, and made possible a growing merchant patriotism in response to imperialist intervention.

Mr. Zhu sharply differentiates the merchant organizations - *shanghui*, *shangtuan* (merchant militia), cultural and educational organizations, and local self-government organizations - which arose in the early twentieth century from earlier merchant organizations. The new organizations were well organized, relatively democratic in nature, and played an important role in urban social life and overall political life. Specific rules guided the behavior of members and clearly delegated authority within the organization. Although the government encouraged the formation of *shanghui*, it did not participate in their operation. These *shanghui*, furthermore, unlike traditional merchant organizations, included all trades and thus were able to present a united front when dealing with the government. As a result, they achieved a status almost equal to the municipal government and played an important role in municipal affairs. Merchants and government now conducted negotiations on the basis of equality and mutual benefit instead of exploitation. In drawing this sharp dividing line between the past and the twentieth century, the author implicitly rejects the consensus of Western scholars which places many of the developments discussed here at a much earlier date. (See for instance, Susan Naquin and Evelyn Rawski, *Chinese Society in the Eighteenth Century*, New Haven, 1987, 229).

In the course of the essay, he also attempts to explain why industrial capitalism never came about in China. Commercial capital developed separately and never became subordinated to national industry because it could always rely on the considerable profits from selling products manufactured abroad

Professor Lufrano is completing a book "Manuals & Petitions: Commercial Problem-solving in Late Imperial China."

China and the World A Conference Report

Wellington Chan
Occidental College

From August 31 to September 3, 1990, I was in Beijing attending an International Symposium on the theme "Modern China and the World" sponsored by the Institute of Modern History, Chinese Academy of Social Sciences on the occasion of the fortieth anniversary of its founding. About 100 scholars, including some 24 scholars from outside of China, attended the symposium. The largest contingent of foreign scholars came from Japan (9). There were three of us from the United States (Lloyd Eastman, Philip Kuhn, and myself), with the rest from Hong Kong, Taiwan, Britain, Canada and France.

Because of the broadness of the conference theme, the 70+ papers that were presented at the symposium varied widely in their subjects. The general areas included imperialism, China-West encounter, problems and theories of modernization, China's relations with several individual countries, including those with the Soviet Union, Hong Kong and Japan. On economic history, there were 7 papers: Wang Qingyu on reassessing the economic relations between modern China and the West; Peter Nolan (Cambridge University) on Chinese and world economy 1840-1940; Lin Man-hung (Taipei's Academia Sinica) on crises in Ming-Qing China and world economic recessions; Yu Heping on the Western impacts on the organization and ideology of Chinese capitalists; Du Shunzheng on the role of China's modern banks in foreign trade; Fo Qizhang (Hong Kong University) on Hong Kong Chinese (including Chinese merchants) relations with China; and my paper on China and Chinese entrepreneurship on the Pacific Rim. I have a set of the conference papers and program, and shall be pleased to share them with anyone upon request.

The symposium's opening ceremony was performed by Hu Sheng, a well-known historian and president of the Chinese Academy of Social Sciences. His keynote address took a very doctrinaire view of China's place in the modern world, and his message was what got reported in the newspapers. On the other hand, the atmosphere of the sessions I attended remained informal and quite candid. During one of the sessions, one of China's foremost economic historians informed his audience that while in the past, Chinese

scholars would conclude that everything related to imperialism had to be bad, he thought that such an assessment would no longer do, and that one should be more discriminating, judging the effects of Western imperialism on a case by case basis.

One of the four days was given to a tour of the Institute of Modern History's library collection and the newly opened garden mansion of Prince Gong. Part of the funding for the conference came from the Ford Foundation's field office in Beijing.

Professor Chan is working on a history of Wing On Department Store.

At the AAS

**New Orleans Marriott
April 11-14, 1990**

ROUNDTABLE: PROSPECTS FOR RESEARCH IN CHINESE BUSINESS HISTORY

Saturday, April 13, 9:00 - 11:00 a.m.

Chair: Sherman Cochran

Participants: A. Chandler, A. Feuerwerker,
Hamashita Takeshi, Cheng Linsun,
M. Zelin, A. McElderry.

FIRST OFFICIAL MEETING CHINESE BUSINESS HISTORY RESEARCH GROUP

Saturday, April 13: 6:30 - 8:30 pm

Room: La Galerie #1, Marriott

Agenda: a formal structure for the organization and the bulletin.

FORUM

The editors invite comments on both theoretical and practical aspects on business history, both Chinese and general. Any responses to Sherman Cochran's letter printed below?

Dear Editors:

It may seem premature for me to write a letter to the editor for the inaugural issue of a journal. After all, how can I be responding to *Chinese Business History* before you have published any issues of it? My answer is that I am responding not to your new journal itself but rather to the challenge that it faces in light of past publications in English on Chinese business history.

By comparison with publications in Western and Japanese business history, these publications on China have amounted to very little. Under the inspirations of Alfred Chandler, Western business history mushroomed. Chandler's own books - notably *Strategy and Structure* (1962), *The Visible Hand* (1977), and *Scale and Scope* (1988) - have set standards for the field, distinguishing it from "company history" (often commissioned by businesses), on the one hand, and economic history, on the other. By now, Chandler's "Harvard Studies in Business History," a series at Harvard University Press, has published 41 books: 39 in Western history and 2 in Asian history. Besides publishing books in this series and elsewhere, historians of Western business have also contributed articles to their own field's journals such as *Business History Review* and *Business History*, and they have given papers at the annual meetings of their own professional associations such as the Business History Conference and the Economic and Business Society.

Perhaps China specialists might feel justified in brushing aside these books, journals, and professional associations by saying that Western historians outnumber us and operate on a grander scale than we do in all sub-fields of history in the West. But we cannot so easily explain why our colleagues in Japanese business history have published more books than we have during the past decade.

The field of Japanese business history dates only from 1983 when it was inaugurated by the publication of

W. Mark Fruin's *Kikkoman: Company, Clan, Community*. In the seven short years since then, it has grown rapidly, especially under the sponsorship of Harvard University Press' Subseries on the History of Japanese Business and Industry which already includes six books, one of them a conference volume, *Managing Industrial Enterprise: Cases from Japan's Prewar Experience* (1989), edited by William Wray. Opposite the title page in each of these books there appears Albert Craig's preface which is worth quoting in full:

"Japan's rise from the destruction and bitter defeat of World War II to its present eminence in world business and industry is perhaps the most striking development in recent world history. This did not occur in a vacuum. It was linked organically to at least a century of prior growth and transformation. To illuminate this growth a new kind of scholarship on Japan is needed: historical study in the context of a company or industry of the interrelations among entrepreneurs, managers, engineers, workers, stockholders, bankers, and bureaucrats, and of the institutions and policies they created. Only in such context can the contribution of particular factors be weighed and understood. It is to promote and encourage such scholarship that this subseries is established, supported by the Japan Institute and published by the Council on East Asian Studies at Harvard."

For China specialists, it is interesting to imagine how a similar rationale might be written to promote a Subseries on the History of Chinese Business and Industry, and it is disappointing to acknowledge that no such subseries on China as yet exists.

This unfavorable comparison of Chinese business history with Western and Japanese business history poses some challenging questions for *Chinese Business History* and its readers. Can we take full advantage of the higher bodies of literature on the business history of these other parts of the world as we pursue our study of China? Or should we devote ourselves to mining the virtually untapped source materials of Chinese business history? In learning a new discipline or sub-discipline and searching for new materials, are the practitioners of Chinese business history now poised for a take off like the one already underway in Western and Japanese business history, and if so, how can *Chinese Business History* help to launch the field?

To these large questions, I have no large answers. Instead let me make the small suggestion that we take advantage of this new publication by writing letters to its editors and debating the value of topics and questions raised in its pages. In support of this proposal, I'll end by inviting readers to endorse, attack, or lengthen the following list of topics and questions in need of research:

- *the culture of business*: Have business organizations and practices in China been "rational"?

- *the family in business*: Has family control over the businesses in China militated against technological and entrepreneurial innovations?

- *urban and rural businesses*: What organizational linkages have firms adopted or adapted between China's cities and its countryside?

- *long-distance trading organizations*: How have interregional and international barriers to trade been overcome in China?

- *business and labor*: In China, has management dictated from the "top down" or has labor taken the initiative from the "bottom up" or have other intermediaries exercised control "in between"?

- *business and government*: Vis-a-vis the state, how autonomous have businesses been in China?

- *business in economic thought*: Has a business ideology emerged from Confucianism, "Confucian capitalism," "post-Confucian capitalism," or other strains of Chinese thought?

May your new journal stimulate debates over these and other issues for a long time to come.

Sherman Cochran
Cornell University

Professor Cochran is currently working on a book on Chinese, Japanese, and Western approaches to 20th century Chinese consumer markets.

SOURCES

Sources for Business History in Beijing and Tianjin

M.B. Kwan
University of Cincinnati

As China's economic reform gathered momentum, Chinese historians' interest in commercial and business history also heightened. Since 1980, several hundred articles and monographs on specific trades and companies (both commercial and industrial) have been published. Memoirs and discussions of capitalists and their entrepreneurship - not the confessional variety - have also appeared in various *wenshi ziliao* and *gongshang shiliao*. In addition to work in progress at various universities, Chinese scholars have also formed a Society for the Study of Commercial History (*Zhongguo shangyeshi xuehui*).

When I communicated with colleagues in China about the establishment of the Chinese Business History Research Group, the enthusiasm that I encountered is therefore not surprising. During my brief visit to China this summer, I have spoken with colleagues at the Institute of Modern History and Institute of Economics, Nankai University; Tianjin Municipal Industrial and Commercial Alliance (*Tianjinshi gongshang lianhehui*) and the Tianjin Academy of Social Sciences. Summarized below, the information gleaned from these discussions are far from comprehensive. There is also the possibility that some of the materials might not be accessible to scholars, Chinese or foreign.

On a national scale, the Ministry of Finance is funding research on and collection of archival materials on the commercial, fiscal, and industrial policies formulated by the Chinese Communist Party in the various base areas during the Sino-Japanese War and the Civil War period. Scholars have thus been able to trace the fortunes of industrial and commercial establishments after 1949 to policies formulated during the period. Thus far, over fifty titles on various base areas have been published.

Collection of other sources pertaining to business history, such as ledgers from commercial and industrial establishments before or after 1949, however, did not enjoy such support, at least in Beijing and Tianjin. Apart from the various local four histories (*sishi*: family, village, commune, and factory) popular during the 1960s, the Survey and Research Section, Central Administrative Bureau of Commerce and Industry have organized research on the history of such trades as herbal medicine, and spinning and weaving industries. When the Bureau was disbanded, completed drafts and the materials collected were deposited with the Institute of Economics, CASS, and the researchers were transferred to the Ministry of Commerce.

Several colleagues noted that during the Cultural Revolution, they were in charge of materials seized by Red Guards. At least three warehouses were filled with ledgers and business documents seized from private hands. They were under specific order not to destroy such materials, and custodial responsibility was subsequently transferred to the Beijing Municipal Bureau of Historical Relics (*Beijingshi wenwuju*), which means that the materials might still be held at the bureau's library. The archive of Beijing Municipal Archive. At the Ming-Qing Archives, I have seen deeds and business contracts as part of the "*Shuntianfu dang'an*" (Archive of the prefect on Shuntian). The Imperial Household Department Archives also have a large number of documents related to the operation of the emperor's private portfolio of pawnshops, banks and loans.

Shifting the focus to Tianjin, the Institute of Economics at Nankai University has been active in business history, narrowly or broadly defined. It has published the first volume of the *Zhongguo jindai yanwushi ziliao xuanji* [Selected historical sources on salt affairs in Modern China], based primarily on archival materials held at the Ministry of Food Industries. This Institute had worked on the history of the Kailuan Collieries before the company's archives suffered substantial loss during the Tangshan earthquake. Several books and dissertations have been written using documents copied, and a volume detailing how the Kaiping Coal Mines were taken over by British interests and the subsequent litigation is in press. Researchers at the Institute are also working on the chemical conglomerate of Jiuda salt refinery and Yongli soda manufactory. The archives of these companies are under the jurisdiction of the

Ministry of Chemical Industries and kept in Shaanxi.

As the economic center of North China before 1949, Tianjin is also the repository of materials from commercial and industrial establishments headquartered in Tianjin. At the Tianjin Municipal Archive, cases of documents from foreign trade houses remain closed. Recently, however, several volumes have been published by the archive, notably the *Qingmo Tianjin haiguan youzheng dang'an xuanbian* [Selected archival materials on the postal service from the Tianjin Imperial Maritime Customs in late Qing] (Beijing: Jiyou, 1988), and the *Beiyang junfa Tianjin dang'an shiliao xuanbian* [Selected archival materials on Tianjin during the Beiyang warlord period] (Tianjin: Guji, 1990) which include materials on various commercial and industrial establishments. Ledgers and documents from Zhangyoushun (a silk cloth dealer), Yuanfengrun (native bank owned by Yan Xinhou), and several spinning and weaving mills also survived. The archive of a spinning mill in Tianjin still holds pre-1949 daily log books from its dormitory for women workers. Memoirs of individual capitalists are kept at the city's Industrial and Commercial Alliance as well as the Municipal Political Consultative Committee.

Another major project currently underway in Tianjin is the work by a team of scholars from the Tianjin Academy of Social Sciences on the Tianjin Chamber of Commerce Archive held at the Municipal Archives. The projected five volume work under the title of *Tianjin shanghui dang'an huibian* [Selected materials from the Tianjin Chamber of Commerce Archives] was first announced in 1984, but part one of the first volume did not appear until 1989 and part two in this summer. Although sections had been deleted from the original plan, the 2,616 pages contain a wealth of materials on individual establishments and various aspects of doing business in Tianjin in late Qing. (Parts I & II of Volume 1, covering the period from 1903-1911, are available from the Institute of History, Tianjin Academy of Social Sciences, US \$40, surface postage & handling included.)

Conferences have been held on various specific themes related to business history, including a recent one on the salt trade/industry. Forthcoming is a conference on Zhou Xuexi's industrial conglomerate in North China to be held in April, 1991. The

History Department of Nankai University is also planning an international conference later in the year on the base areas with the economic and commercial policies developed by the Communist Party during this period as one of the topics. An international conference on chambers of commerce is scheduled for 1992.

In conclusion, the sources are there, and exciting work is being done. The climate for foreign researchers is still improving. While access to archival materials might still be a problem, collaborative work with or through our colleagues in China may create more opportunities to develop the field of Chinese business history.

Professor Kwan is working on commercial capitalism in North China with case studies of salt merchant houses in Tianjin.

COMPARATIVE PANEL at the Economic & Business History Society?

Thanks to the efforts of Wellington Chan, the CBHRG has an opportunity to co-sponsor a comparative panel with the EBHS at its annual meeting, April 25-27, 1991, Houston. Chan suggests the nature of the firm in Europe, N. America, Japan & China. For full details, contact Andrea McElderry, 502-588-6827 or Wellington Chan, 213-259-2581

ANY OTHER IDEAS? ANY ORGANIZERS?

SPECIAL THANKS

to

Wellington Chan and Sherman Cochran for their help in organizing the Chinese Business History Research Group and to the people in the History Department at the University of Louisville, especially *Rita Hettinger* and *Justin McCarthy*, who help launch the publication of *Chinese Business History*.

Chinese Business History

is the bulletin of the Chinese Business History Research Group, a Member in Conjunction with the Association for Asian Studies. Editors: Robert Gardella and Andrea McElderry.

The editors welcome submission of materials related to business history, both Chinese and general, including:

- *research articles*
- *information on archives & artifacts*
(*photographs, etc.*)
- *conference reviews*
- *book reviews*

IN THE NEXT ISSUE

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- David Faure on lineage & firm
- Parks Coble on research in the
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- Jane Leonard on the Qing state
and the economy

Chinese Business History
Department of History
University of Louisville
Louisville, KY 40292
USA

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University of Louisville
Louisville, KY 40292