

CHINESE BUSINESS HISTORY

Zhongguo Shangye Lishi

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To: the Editors

**From: Sherman Cochran,
Cornell University**

In 1990 I had the temerity to write you a letter posing challenges for *Chinese Business History* even before its first issue was published. Perhaps seeking revenge, you have now urged me to follow up and make a five-year review by asking: Since 1990, how well has our field responded to the challenges that I posed? I am tempted to reply by pointing out that five-year plans are not in fashion these days, but since I started this correspondence in the first place, I feel duty-bound to accept your invitation to continue it.

In 1990, I began by challenging members of our field to try to match the productivity of our colleagues in Western and Japanese business history. To illustrate greater productivity by specialists on the West, I noted that Alfred Chandler's series, "Harvard Studies in Business History," had published 39 books in Western business history and only two in Asian business history. And to call attention to the productivity of Japan specialists, I pointed out that Harvard University Press had started the Subseries on the History of Japanese Business and Industry and had published six books in it while no similar subseries existed in Chinese business history. I lamented the absence of a subseries on China, but I acknowledged my doubts about the prospects for this venture by asking, "Are the practitioners of Chinese business history now poised for a take-off like the one already underway in Western and Japanese business history?"

In retrospect, I think that in 1990 we were not poised for such a take-off, at least not if judged by the

criteria that I used at the time. Since 1990 no additional book on Chinese business history has appeared in Chandler's series, the number of books in the Subseries on the History of Japanese Business and Industry has risen from six to ten, and no subseries on Chinese business history has been started. Sad to say, there are probably not enough book-length manuscripts currently ready for publication to justify such a subseries.

And yet, as I look back on the past five years, I believe that members of our field have been productive--more so than ever before. In general, the indicators of productivity are to be found not in published books but in published articles and unpublished doctoral dissertations. There are too many pieces of scholarship for me to do them justice in this short letter, so I'll offer you nothing more than my reflections on how they have forced me to reconsider my own approach to the field. For this purpose, let me restate the topics and questions from my letter of 1990 and add in italics the revisions that I now wish to make in light of recent scholarship:

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— **the culture of business:** Have business organizations and practices in China been "rational"? *Exciting recent research by young scholars on business and culture has raised a much more interesting question: What roles have entrepreneurs and businesses played in the construction and promotion of China's commercial culture?*

— **the family in business:** Has family control over businesses in China militated against technological and entrepreneurial innovations? *Although the topic still has not received as much attention as it deserves, new research suggests that the question should be put more positively: How have families trained their members and broadened their expertise to produce or exploit technological and entrepreneurial innovations?*

— **urban and rural businesses:** What organizational linkages have firms adapted or adopted between China's cities and its countryside? *This question has taken on greater significance because it has been debated in new contexts—including the context of comparative Chinese and European history—but I have not seen research that would cause me to revise it.*

— **long-distance trading organizations:** How have interregional and international barriers to trade been overcome in China? *Important theoretical and empirical studies in the 1990s have provided a basis for this reformulation: How have Chinese businesses formed, enlarged, and reformed networks of family members, native-place associates, and other contacts on an interregional and international scale?*

— **business and labor:** In China, has management dictated from the "top down" or has labor taken the initiative for the "bottom up" or have other intermediaries exercised control "in between"? *To a remarkable extent, the latter two questions have been answered by Chinese labor historians in pathbreaking books, but they and Chinese business historians have still left the first question virtually untouched.*

— **business and government:** Vis-a-vis the state, how autonomous have businesses been in China? *Several historians have undertaken major projects which have triangulated the topic and the question: How have relations between business and government been determined (and not determined) by law?*

— **business in economic thought:** Has a business ideology emerged from Confucianism, "Confucian capitalism," "post-Confucian capitalism," or other strains of Chinese thought? *Seemingly promising in 1990, this question has not been seriously pursued since then as far as I know, and I have no new formulation to offer.*

These were the seven topics that I cited as challenges for our field in my letter of 1990. If starting fresh today, I would add a wide variety of new questions, some of which can be subsumed under the categories of time and space: What is the chronology of Chinese business history? Have "Chinese-style" business practices varied from region to region within China and among Chinese abroad? But now I'm overstepping the bounds of my assignment. Before I become carried away, let me close by making one last comparison between what I said five years ago and what I think today. In 1990 I asked tentatively whether our field was poised for a take-off. Now, thanks in no small part to the bulletin *Chinese Business History*, I believe that our field really is poised for a take-off.

Directory

Wai-keung Chung is a Ph.D. candidate in Sociology at the University of Washington. Dissertation topic: "Social Organization and the Transformation of Chinese Capitalism: Hong Kong and Shanghai in the First Half of the Twentieth Century." Current research project: Business organization in Hong Kong during the 1940's. Other research areas: East Asian economic development, the political economy of modern China, and rural socio-economic development in contemporary PRC.

Conference Report

In the Spirit of Zhang Jian: The Second International Symposium on Zhang Jian

David Pietz
Washington University

The Second International Symposium on Zhang Jian was held at Nanjing University, August 30 - September 2, 1995. Sponsored by Nanjing University, the Chinese Society of Historians, the National Association of Industry and Commerce, the Editorial Board of *Wenshi Ziliao* of the National People's Political Consultative Committee, the Jiangsu Society of Chinese Economic History, and the Center for Zhang Jian Studies, the conference attracted some 250 participants representing research institutes, government agencies, work units, and a number of scholars from Korea, Japan, and the United States. The conference afforded an interesting window on recent historical evaluation of late Qing/early Republican era industrial and entrepreneurial developments as well as the struggles and limitations presented in organizing this type of academic enterprise in China today.

As Zhi Kaimu, President of Nanjing University, stated in the conference's opening session, a second conference on Zhang Jian was needed to bring together more comprehensive research and to achieve an objective theoretical and methodological analysis of Zhang's contributions. (The first conference was held in 1987.) Indeed, the first goal was apparently met as papers were presented which not only covered Zhang's more familiar industrial and commercial forays into cotton textiles, land reclamation, and steamship transportation, but also included such diverse topics as Zhang's participation in water control, educational sponsorship, museums, and calligraphy.

In terms of the theoretical and methodological orientation, the conference papers were interrelated themes: the patriotic nature of Zhang's commercial, industrial, and social enterprises and the convergence and applicability of these enterprises to the present state of Chinese economic development. Among the

papers that I was able to hear or see, Liu Guoguang, Chinese Academy of Social Sciences, most eloquently stated these themes in his paper "On Zhang Jian's Spiritual Bequest and Importance to Chinese Modernization" (*Guanyu Zhang Jian de liang xiang jingshen yichan ji qi duiyu Zhongguo xiandaihua de yiyi*). Liu states that Zhang's enterprises, such as the Dasheng cotton spinning factory, served to effectively integrate rural and urban economies as spinning industries induced increased cotton cultivation and handicraft weaving. Though many of Zhang's enterprises failed due to imperialism and his own shortcomings, Liu claims significance for present economic development. The fundamental contradiction, which Zhang and other modernizers in the lower Yangtze faced and which confronts current efforts to build socialism with Chinese characteristics, was the continued preponderance of the traditional agrarian economy surrounding small modern entrepots. Zhang's solution to this contradiction was to introduce high-technology productive capabilities while promoting the more active components of the traditional economy. Liu asserts that this "Nantong model" of rural enterprise is of the same spirit which guides successful lower Yangtze rural enterprises today.

Beyond institutional and technological innovation, Liu Guoguang also pointed to the didactic nature of Zhang Jian's entrepreneurial spirit. According to Liu, Zhang Jian embodied a particular Chinese entrepreneurial spirit which combined the traditional literati concerns with serving the nation and concern for the well-being of the people with the innovative aspects of Western entrepreneurs. In other words, Zhang Jian reflected the dual motives of patriotism and profit. Utilizing foreign capital while insisting on benefits to Chinese, dedicating profits to expand into land reclamation, water control, smelting and other diversified ventures, introducing advanced western technology, setting up educational institutions-- all point to the patriotic, entrepreneurial, innovative, and pragmatic spirit of Zhang Jian. Liu stated that in the processes of social change and economic development, the role of personal initiative as reflected by Zhang Jian, in building industry to serve the country is indispensable. In the current stage of economic development in China, Liu claims that the country needs a new type of entrepreneur, based on the Zhang Jian model, who can unite patriotism with the pursuit of profit.

The orientation of Liu Guoguang's paper was indeed

typical of many. Presentations by other scholars such as Ding Richu and Mao Jiaqi provided variations on these central themes. A topic which prompted a good deal of discussion was the political activity of Zhang Jian. Only one paper however, by Yan Xuexi of Nanjing entitled "Zhang Jian and the 1911 Revolution" (*Xinghai geming yu Zhang Jian*) explicitly dealt with this issue as it highlighted the active role that Zhang played in the movement.

In a separate conversation with Yan Xuexi, who was also one of the principal organizers of the conference, the difficulty of staging this conference became quite clear. Professor Yan began studying Zhang Jian's Nantong industries in the mid-1950's and resumed his research after the politics of the Great Leap and Cultural Revolution wound down in the late 1970's. Though criticized for his research on Zhang Jian and the lower Yangtze economic development conducted at Nanjing University during this period, he along with several others ultimately set up the Zhang Jian Research Center in Nantong. They organized the first conference on Zhang Jian, in 1987, after delays caused by concerns about the advisability of devoting a conference to a single person during the unpredictable political atmosphere of the mid-1980's. Following the first conference in 1987, the second conference aimed at more thoroughly presenting research on Zhang Jian which, according to Professor Yan, is necessitated by planning for China's further economic

development. But the main problem facing the organizers this time was money. Perhaps inspired by the spirit of Zhang Jian, Professor Yan and the other organizers were forced to seek funding from a variety of government organizations, business enterprises, and private individuals. The nature of the conference was affected by this necessity as a significant amount of presentation time was dedicated to talks by individuals from these and related institutions.

Finally, the papers presented at the conference indicate that there is an abundance of material available for research on the Nantong region.* The organizers of this conference have made exceptional efforts in the past several years in promoting the organization of these materials at the Nantong Research Center and the Nantong Municipal Archives.

*For a report on research in Nantong, see Elisabeth Koll, "Nantong: Archives, Libraries and Museums," *Chinese Business History*, vol 5, no. 2 (Fall 1995).

David Pietz is a Ph.D. candidate at in modern Chinese history at Washington University in St. Louis. His dissertation is on the state and the Huai River management under the Nationalist government and in the early PRC.

A New Publication -- *Wall and Market: Chinese Urban History News*

provides information about research opportunities, newly-opened archives, and conferences. It also publishes short essays on urban history topics, descriptions of ongoing or recently completed work, and book reviews.

The first issue appeared this spring. It contains an essay "Beyond Coast and Capital" by David Strand; a review of Ye and Esherick's *Chinese Archives: An Introductory Guide* by Kristin Stapleton; a survey of urban history resources by Mingzheng Shi; a list of recent dissertations related to Chinese urban history; and three conferences reports: "Inventing Nanjing Road" (Cornell, July 1995) by Carlton Benson; "Local Chinese Archives and the Historiography of Modern China" (University of Maryland at College Park, October 1995) by Lee McIsaac; and "Social Transformation and Cultural Change (Wuhan, Huazhong Normal University) by Kristin Stapleton.

Published twice yearly in both electronic and hard copy versions, a Chinese language hard copy edition will be available as of fall 1996. Electronic subscriptions are free; hard copy subscriptions, \$9 per year. Editors are Kristin Stapleton, Mingzheng Shi, and Lee McIsaac,

Wall and Market, Department of History, University of Kentucky, Lexington, KY 40506-0027 USA.

Phone: 1-606-257-2675; Fax: 1-606-323-3885; e-mail: chengshi@ukcc.uky.edu

Conference Report

Time and Space: Periodizing Chinese Business

Andrea McElderry
University of Louisville

Last fall (October 27-29, 1995), a group of scholars gathered in Akron, Ohio, to discuss papers on the historiography of Chinese business. The workshop was funded by the American Council of Learned Societies and the University of Akron. Co-organizers were Robert Gardella, Jane Leonard, who also took care of local arrangements, and myself. Plans are to publish a volume based on the workshop papers and commentaries. What follows is based on one theme which ran through the workshop: the problems of time and space in establishing an historical framework for Chinese business history. I have also included references to certain papers presented in April 1996 at the national meeting of the Association for Asian Studies in Honolulu.

In the first workshop session, Madeleine Zelin (Columbia University) was discussant for a reviews of PRC literature by Kwan Man Bun (University of Cincinnati) and of research on Taiwan by Man-houng Lin (Institute of Modern History, Academia Sinica). Zelin noted that the two papers brought out the fact that scholarship on both sides of the straits has been, to a large degree, concerned with the big issue of patterns of Chinese economic development and the development of Chinese capitalism rather than what Westerners more narrowly define as business history. In the past, this concern has been tied to the "Why didn't China modernize?" paradigm, and currently revisionist scholarship on both sides of the straits echoes the question. In the PRC, the Marxist critique binds scholars to a Western paradigm, and in Taiwan, the Weberian critique binds scholars to a Western paradigm.

The paradigm for Western scholarship of business history was recognized as Chandler's "visible hand." Needless to say, the question of how useful Chandler's model is for Chinese business historians came

up a number of times over the three days. One might go so far as to say that the critique of the Chandlerian model ties Western scholars to a Western paradigm. U.S. business historians, Dan Nelson and Keith Bryant (both of the University of Akron) agreed that there are "flaws in the Chandlerian world," specifically, the absence of real people (individual personalities make a difference) and the neglect of the role of government and of workers. Chandler assumes that people always behave rationally according to his particular definition. The question of what is rational behavior came up in a number of contexts.

There was general consensus that although Western paradigms have value and must be addressed, we need to go beyond the "Western paradigms." As Yen-ping Hao (University of Tennessee) put it, "... Chinese business history studies cannot follow the paradigm of the Western, especially American, studies of business history, because China has different problems and different historical contexts."

Defining a "Chinese paradigm" is complicated by considerations of time and space. Chinese business has been transacted over a vast geographical area and over a long period of time. Albert Feuerwerker (University of Michigan) raised the issue in his commentary on the review of interpretive trends in Western literature by Wellington Chan (Occidental College). Feuerwerker pointed out that the nature of economic growth and the relation of business and other parts of the economy to the state will vary depending on the period one is talking about. Likewise, one has to differentiate between the mainland core and the periphery and differentiate regions within the core. Another aspect of space is urban/rural. Agriculture, by far the largest sector of China's economy, has received little attention from business historians. Feuerwerker pointed out that at least at certain times and places, peasants were farmers; they were not only maximizing family consumption but profits as well.

As Zelin put it, business historians must look at the conditions under which particular practices and forms emerged. She cited the lineage trust as an example. It has "often been pushed aside as Chinese familism when, in fact, within the context of a legal system in which the state did not promulgate regulations for the incorporation of business, this was an ingenious technique for protecting assets." Parks

Coble (University of Nebraska) suggested the unsettled business environment in the twentieth century could help explain businessmen wanting to move their assets around as well as their reliance on family and marriage ties.

Discussion about time and space came up again in response to the paper by Takeshi Hamashita (University of Tokyo). His paper concentrated on "peripheral areas" of Chinese business activity, i.e. Southeast, Northeast, and Northwest Asia, and covered a period beginning with the Qing tribute system and ending around 1900. Sherman Cochran (Cornell University) raised the question of what might delineate major periods in Chinese business history. Is it technology a la Chandler or is it something else? Is it politics? If so, the benchmarks are not necessarily the political events which delineate chapters in standard textbooks. Zelin cited the Taiping Rebellion, specifically its disruption of trading patterns and state-business relations, as "an extremely significant benchmark that people don't usually think about." Cochran noted that Hamashita dismissed the Opium War as a local event of little consequence to business patterns in the periphery, but Hamashita saw the 1890's as a turning point for migration of labor and business. William Kirby (Harvard University) suggested migration patterns as a benchmark. He pointed out that migrations to the United States were tied to political events in Europe. Discussion followed about links between internal and external migration patterns (Kirby); the reason for migration, i.e. decline of opportunity or opening of a frontier (Feuerwerker); and movement up and down the urban marketplace a la Skinner (Cochran).

Perhaps the only certainty gleaned from the discussion is that in Chinese history, space complicates time, i.e. a periodization which works for one place may not work for another. This point was reinforced by papers presented at the Association for Asian Studies meeting. Brett Sheehan (University of California, Berkeley) emphasized the year 1916 as a turning point in Tianjin finance. The devastation of the official financial system by Yuan Shikai's successful "raid" on Tianjin financial institutions was followed by the founding of 18 private modern banks between 1916-1915, the six most important being founded by 1921. However, as shown in a paper by Pui-tak Lee (University of Hong Kong), Shanghai bankers successfully resisted Yuan's "raid," and the Shanghai Commercial and Savings Bank founded in

1915 by Chen Guangfu was not seriously affected. On the other hand, Shanghai suffered severely in 1937 when a number of Shanghai's capitalists saw their factories destroyed by the bitter fighting over control of the city, but Tianjin was relatively unscathed. This point was brought out in a paper by Parks Coble on Shanghai's wartime economy and in commentary on the paper from Linda Grove (Sophia University).

Complications of space and time came up in a number of contexts. Lin's paper discussed partnerships in Taiwan formed by people who were not related by native place. Chan found this "very interesting." His own research deals with Guangdong department store owners who formed partnerships basically with people that they knew very well, either family or lineage. Preliminary data presented at AAS by Gary Hamilton and Wai-Keung Chung (both of the University of Washington) suggested that both patterns can be found in Hong Kong shareholding companies in the 1940's. A paper by Elisabeth Koll (Oxford University) on Zhang Jian's enterprises presented still another form of control and ownership. Control of the Shanghai Central Accounts Office was more important than the shareholders or the family.

Throughout the workshop discussion, there was the recognition that more case studies are necessary before any meaningful paradigm for Chinese business history can be formed.

"Get Well Soon" Wishes to

Jack Downs

The editors regret to report that Jack suffered a heart attack in December so had to delay his article on pre-1842 Canton business. We look forward to publishing it in the next issue.

The Chinese Business History Research Group becomes a sponsor for the *Journal of Asian Business*

The *Journal of Asian Business*, published by the Association for Asian Studies, is expanding its range of manuscripts to cover Asian business history. The Chinese Business History Group, along with several other groups, has become a sponsor of revived publication and will have a member on the editorial board.

Members of the Chinese Business History Research Group are encouraged to submit papers to the Journal. All subscribers to *Chinese Business History* are members of the Chinese Business History Group. So please consider the *Journal of Asian Business* when

you are ready to submit a manuscript for publication. This is an excellent opportunity to expand the forum for Chinese business history. For further information about manuscript submission, contact Linda Lim, Academic Editor, JAB, University of Michigan Business School, 701 Tappan Street, Ann Arbor, MI 48109-1234. Fax: 1-313-764-3146

The current issue of JAB is a special issue on the evolution of Asian business systems, edited by Eleanor Westney of MIT. To subscribe contact, JAB, International Business Center at above address. Fax: 313-1-764-3146; phone: 1-313-763-0290.

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Phone: 502-852-6817; Fax: 502-852-0770;

E-mail- ALMCEL01@ULKYVM.LOUISVILLE.EDU

Chinese Business History

is the bulletin of the Chinese Business History Research Group, an affiliate of the Association for Asian Studies. Coordinating Committee: Wellington Chan, Robert Gardella, and Andrea McElderry.

The bulletin seeks to develop a more comprehensive understanding of Chinese business history and practices. We welcome submission of research notes, "thought" pieces, information on research materials, and conference reports. Manuscripts should be no more than 1200 words. Editors: Robert Gardella and Andrea McElderry.

For information about submitting manuscripts or to place announcements, contact Andrea McElderry at the address on p. 7.

Coming in the Next Issue

Jack Downs

***Sources for Research on
Pre-1842 Canton Trade &
Business***

Emily Hill

***Report on the Economic &
Business Historical Society
Meeting***

Ch'i-lai Kong

***Objects of Material Culture as
Archives***

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