

Chinese Business History

Zhongguo shangye lishi

volume 8, number 1

ISSN 1090-834X

Spring 1998

The Shaping of New Institutional Patterns Of State Enterprise in China, 1935-1945

Linan Bian, The University of Washington

With the gradual creation of a market economy and the dismantlement of the basic institutional pattern of state enterprise, China is now finally in a position to begin catching up with the advanced nations in the world. Unfortunately, almost half a century after the Communist takeover we still do not fully understand why and how this institutional pattern took shape. A large obstacle has been the conventional 1949 divide and the prevailing interpretation that China's institutional arrangement of state enterprise was the result of the so-called socialist transformation of industry and commerce in the 1950s, when sectors of private banking, industry, and trade were nationalized.

My dissertation research goes beyond the 1950s in an effort to bring to light the causes and process for the shaping of such an institutional pattern. It offers a new interpretation by tracing the origins of the institutional pattern of state enterprise to the critical decade between 1935-1945. It describes the development and expansion of heavy industry and of the ordnance industry, analyzes key aspects of industrial management, and delineates provision of social service and industrial welfare. It demonstrates that state enterprises were fundamentally administrative factories rather than capitalist enterprises, and that basic aspects of the organization of economic activities were bureaucratic because of the pervasive influence of inherited bureaucratic institutions. It concludes that a new institutional arrangement of state enterprise had taken shape by 1945 and continued to evolve after 1949.

The dissertation has three parts. Part I describes and analyzes

the development of heavy industry and of the ordnance industry. Chapter one deals with the development and expansion of state-run heavy industry during the Sino-Japanese War. It describes three major processes at three different levels: the creation and evolution of the planning bureaucracy-the National Resources Commission (NRC); the planning and financing of heavy industrial development by the state bureaucracy; and the actual process of heavy industrial development. It also assesses the proportion of public enterprise and private enterprise within heavy industry. It demonstrates that the creation and evolution of the state economic bureaucracy was a direct response to the increasing Japanese threat to China's national security. Throughout the period under scrutiny the NRC continued to rely on the mechanism of planning in heavy industrial reconstruction, and most plans were carried out through appropriations from the state treasury, short-term loans and investment from government banks, and proceeds from export of mineral resources. Consequently state-run heavy industry experienced tremendous development and

Inside

Conference Reports

**Tim Wright on Shanghai Business
Past and Present**

**Kimberly Elizabeth Lays on
Business Contracts in Chinese
Economic Culture**

expansion. In fact the dominant position of state-run heavy industry in twentieth-century China was first established during the Sino-Japanese War.

Chapter two focuses on the expansion of ordnance industry during the Sino-Japanese War. It describes the creation and evolution of the Bureau of Ordnance and the consolidation of ordnance industry in the early 1930s. It also delineates the relocation of ordnance factories and expansion of ordnance industry during the wartime period. Unlike the case in heavy industry, however, the state began to develop modern ordnance industry in the latter half of the nineteenth century. During the period between 1860 and 1894 at least twenty ordnance bureaus and factories were established. After 1895, in response to China's defeat during the first Sino-Japanese War new efforts were made to establish and relocate ordnance bureaus and factories in China's interior. In fact, a new strategic plan emerged in the attempt to implement imperial policy of relocating and establishing ordnance bureaus and factories in the interior. At the same time, the Qing state also began to centralize its control and supervision of ordnance industry. However, these efforts came to an abrupt end when the Qing dynasty was overthrown in 1911. Although there were renewed efforts at centralization during the early Republican period, major changes did not occur until the Nationalist party came to power in 1927. After that the Nationalist government created the Bureau of Ordnance for the direction and supervision of manufacturing of ordnance and munitions, placed major ordnance factories under central government control, and made plans for the expansion of ordnance industry in the early 1930s. Once the war with Japan broke out, the whole ordnance industry began a massive relocation to China's interior on a scale unprecedented in the history of modern Chinese ordnance industry. As was the case with heavy industry, the experience of the ordnance industry demonstrates that it was also the war that led to the unprecedented industrial relocation that was long overdue and the major expansion of the ordnance industry.

Part II analyzes the evolution of internal organization and industrial management within state enterprises. Chapter three addresses the evolution of key aspects of internal organization and management of state enterprise. It focuses on six major areas in factory organization and management: bureaucratic organization of state enterprise; recruitment and training of technocrats for management positions; factory management in terms of management and control of workers and the emergence of a new management philosophy; Accounting system in heavy industry enterprise and ordnance factories; and institutions of social service and industrial welfare. penetration of party organizations in the state enterprise. Despite the introduction of an accounting system and efforts to borrow Western management practices, and despite calls for

reforming state enterprise according to management principles of private enterprise (*guoying shiye minyinghua*) in the early 1940s, state enterprises as they developed during the war were fundamentally administrative factories rather than capitalist enterprises. Moreover, fundamental aspects of the organization of economic activities were bureaucratic because of the pervasive influence of inherited bureaucratic institutions.

Chapter four offers a case study of a well-organized work emulation campaign (*gongzuo jingsai yundong*) in the largest state-run steel mill during the war. It first traces the revolutionary origins of campaigns to the Nationalist Revolution in the 1920s. To illustrate the function and characteristics of campaigns, it examines the New Life Campaign (*xinshenghuo yundong*) and the National Economic Reconstruction Campaign (*guomin jingji jianshe yundong*) during the prewar period. Finally it studies in detail the rationale, method, and practice of the work emulation campaign in the Dadukou Iron and Steel Works in the early 1940s. It concludes that the concept of a *yundong*, originated in the 1920s and developed in the 1930s, was now being utilized in the production process in the state enterprise as a mobilization mechanism to increase productivity. Along with factory directives and inculcation of nationalism among workers, the work emulation campaign demonstrates that the major or motive forces in the state enterprise were administrative and ideological rather than financial profit.

Part III provides a systematic analysis of the emergence and development of institutions of social service and industrial welfare. It is again divided into two chapters. Chapter five discusses the emergence of institutions of social service and industrial welfare before the war. It shows that some private enterprises and government organizations already provided education, medical care, childcare, and accommodation for their employees in the 1920s. It argues that a combination of protective labor legislation, welfare capitalism, and a current of social reform led to the emergence of these institutions. After the establishment of the Nationalist regime in 1927 the government enacted factory and labor union laws which included provisions on labor's welfare. In addition, Chinese industrialists also adopted measures to improve worker's welfare in an effort to minimize class conflict, maintain a stable work force, and increase worker's productivity. Finally, social reform groups, especially organizations of Christian persuasion, made their own contributions through experiment with industrial welfare such as workers' model villages.

Chapter six analyzes the development of institutions of social service and industrial welfare during the war. It describes

three different but related processes: the making of new social welfare policy and administration in the central government; the development of institutions of social service and industrial welfare in heavy and ordnance industries; and the formation of a factory-run community in one of the largest state-run enterprises. Conditions of social environment, high labor turnover, and rising inflation led to the development of institutions of social service and industrial welfare in the state enterprise. Out of the development of these institutions, a series of relatively isolated factory-run communities emerged. In these communities, workers lived in factory dormitories; ate in factory dining halls; bought daily necessities at factory cooperatives; purchased vegetables grown at factory farms; and went to factory hospitals for medical treatment. Their children received education at factory schools. And when they died they were buried in factory cemeteries (in two factories at least). More importantly, these institutions were not limited to heavy and ordnance industries. According to statistics compiled by the Ministry of Social Affairs, there were a total of 2,813 such institutions nationwide in late 1944. By the end of 1945, the number of institutions had increased to 5585. In short, what began as an institutional and organizational response to the special circumstances of war had clearly become a national trend by 1945.

Contributors

Lian Bian, is a Ph.D. candidate in history at the University of Washington. His research on the effect of the Sino-Japanese War on enterprise organization is discussed above. He has published several articles in Chinese and one on Taiwan aboriginal rights has been translated as *From Aborigines to Landed Proprietors* in *Re-mapping China* (Stanford 1996).

Kimberly Elizabeth Lays received an M.A. in International Affairs and an East Asian Institute Certificate from Columbia University this spring. Her background is in economics and her China interests are focused on the reform of the state-owned sector and grass-roots political developments. Before graduate school, she lived in China for two years.

Tim Wright is associate professor of Chinese studies and Executive Dean of Social Sciences, Humanities and Education at Murdoch University in Perth. His research is on the impact of the 1930s world depression on China and on pre-war Chinese business history. His essay 'The Spiritual Heritage of Chinese Capitalism'--Recent Trends in the Historiography of Chinese Enterprises Management can be found in Jon Unger, ed., *Using the Past to Serve the Present* (M.E. Sharpe and Allen and Unwin); an earlier version appeared in the *Australian Journal of Chinese Affairs* (January and July 1988).

Business in Shanghai: Past and Present

Tim Wright,
Murdoch University

The Conference on Business in Shanghai: Past and Present was convened by Dr. Chi-Kong Lai at the University of Queensland, 28-30 March 1997. Scholars from China, the United States and the United Kingdom as well as Australia participated, and nineteen papers in all were presented. Rather than try to summarize all the papers, a number of which dealt specifically with the Australian context, I will just allude to a few general themes emerging from the Conference, addressing the role of institutions, continuity as against change, macro and micro factors, the roles of the West and of local agents in modernization, and the possibilities opened up by new kinds of sources.

A key focus of the Conference was on the institutional basis for modernization, where a variety of institutions were represented at the Conference -- the Shanghai Stock Exchange (Andrea McElderry and Zhu Yingui), department stores (Wellington Chan and C. C. Lee) and the modern banks (Cheng Linsun and Pui Tak Lee). Such studies are beginning to give us a much clearer idea of *how* Shanghai business worked, though there are still questions about the extent to which actual activities followed the formal framework of institutions such as the stock exchange. A broader question is how far such institutions constituted a mechanism through which the market operated, and how far they essentially distorted market forces.

A focus on institutions extended to behavioral questions and the tension between institutional and cultural explanations for behavior. My own feeling is that, when trying to explain a particular type of behavior, historians should first look at rational explanations -- ones that involve a rational response to an institutional context or economic situation; if the behavior can be explained that way, cultural factors become redundant. If, however, such rational explanations turn out to be insufficient, then one might well turn to aspects of [Chinese] culture as influences on behavior.

Discussion at the Conference resonated with many of the key issues engaging Chinese historians in general. The title Past and Present raised issues of (increasingly) continuity and (decreasingly) discontinuity. Discontinuity can be found in the historiographical record, particularly in the relative lack of studies of social and economic developments between

1937 and 1949. At the Conference, papers by Parks Coble and Catherine Schenk addressed problems relating to that period in terms of Shanghai business and Hong Kong finance. More broadly, conference participants were struck by the similarities between many features, for instance in the operation of the stock exchange, of pre-war China and those of Shanghai in the 1990s. The similarities resulted less from any specific and direct links between the institutions than from common features in the general context.

Macrocosm and microcosm was another general historical dichotomy which exercised the minds of participants. How did the microcosm of Shanghai relate to the broader Chinese macrocosm? No one doubted that many features of a modern society -- technological change, a consumer society, rational management -- had emerged in early twentieth century Shanghai. But how far did those penetrate to the rest of society? Mark Elvin argued that Shanghai's technical innovation ran into a brick wall in the unresponsive rural sector.

Breaking the microcosm down into still smaller units can also aid understanding of phenomena such as Shanghai's consumer society, or, in the case of Han-chao Lu's paper, Shanghai peddlers. Similarly is it sufficient to point to the Zhongshan origins of most of Shanghai's department store owners (all of whom also had earlier operated businesses in Australia), or does one have to narrow their origins down to individual villages or *xiang* in order fully to understand the networks involved?

A further series of issues which is unlikely ever to be absent from historical debate surrounds the relationship between China and the West. There is no doubt, as Chen Jiang's paper eloquently showed, that the very emergence of what we call Shanghai business was intimately tied up with Western firms and, equally important, new Western commodities. Nor that, as shown in Elvin's paper, Shanghai technicians learned their craft from Western models. While some participants pointed to deleterious aspects of the Western impact -- for instance in the role of Western banks and merchants in rubber crises in 1882 and 1910 -- Kevin Bucknall eloquently argued that many of the more fundamental problems often associated with Western economic imperialism can more usefully be seen as a function of economic modernization in general.

Economic modernization was not, however, exclusively rooted in the Western impact. Even before 1840, Shanghai had some of China's finest metallurgical craftspeople, forming the basis of a development through the Qing government arsenals to the Dalong Machinery Plant and thence the machine industry in the PRC.

Definitive answers to most of these questions will never be found, but the gradual opening of business records in China is greatly increasing the variety and depth of the studies which can address them. In this Huang Hanmin of the Enterprise History Center, Shanghai, has played a crucial role, both in making materials in his own center available and in facilitating access by scholars to other archives; he was able briefly to introduce the availability of business archives in Shanghai to the Conference.

The convener is examining the possibility of publishing a selection of the papers presented at the conference, possibly in two volumes, one on Shanghai business, the other on the Australian connection.

Coming Up

First International Symposium on
The Chamber of Commerce and Modern China
Tianjin Academy of Social Sciences, Tianjin.
July 21-24, 1998

Contact: Director Hu Guangming or
Associate Director Song Meiyun or
Associate Director Wang Zhaoxiang
Center of Chinese Chamber of Commerce
Tianjin Academy of Social Sciences
7 Yingshui Rd, Tianjin 3000191
Fax: 86-22-2336-4039

Call for Papers

Abstracts due June 30, 1998

*City, State and Region in a Global Order:
Toward the 21st Century*
Hiroshima Japan
December 19-20, 1998

Contact: Kuniko Fujita, Faculty of Law
Hiroshima University 1-2-1 Kagamiyama
Higashi-Hiroshima City 739
fax: 81-824-24-7212
e-mail: kunikofu@law.hiroshima-u.ac.jp

Business Contracts in Chinese Economic Culture

Kimberly Elizabeth Lays
Columbia University

Last October the final workshop in a series on contract in the Chinese economic culture was held at Columbia University. The workshops, supported by a grant from the Luce Foundation, will be the basis for a forthcoming volume edited by Madeleine Zelin and Jonathan Ocko. The workshop, entitled *Contract in Chinese Business Relations*, addressed various issues surrounding the development of business entities and the roles that contracts played in defining and mitigating those relationships. Participants raised questions about roles of both customary practices and laws in early modern China, discussed how contracts were used in various contexts, and highlighted examples from the Chinese context that eschew the conventional wisdom found in Western literature on the formation of corporations and the role of contracts in economic transactions. The following represents only a small sampling of the rich and valuable issues that were elucidated throughout the weekend.

Michael Young's opening presentation, based on a survey administered to law and business school students in Japan and China, set the tone for the workshop by placing the issues in a more comparative context. Young and his co-workers found that, contrary to their original assumption of the importance in Asia of maintaining relationships in business deals, Japanese business students were more likely to rigidly interpret a contract, even if it put relations in jeopardy. However, the law students were more likely to employ flexibility and encourage the re-negotiation of contracts. Young's results call into question the role of law as a device that gives order to society and performs a community-building function. In other words, Young said he was challenging that there is a clear understanding of what rule of law actually means. In so much as rule of law is understood to mean a set of common understandings that shape behavior in a sufficiently universalistic way that allows people to predict what the courts will do, the United States may not be a rule of law society. This notion could have profound implications for the debate on the state of legal affairs in China today and lead to a lively debate on the issues of perceptions and functions of law.

Jonathan Ocko's presentation centered around the questions of why corporations in China look the way that they do. He stressed that scholars should be asking what the institutions

look like and in what social, political and cultural context were they formed. Drawing upon the work of Mike Gravelly, Ocko discussed two views of corporations, the contractarian view and the communitarian view. The contractarian view says that a corporation is "the nexus of contracts with no separate identity or status of its own," while the communitarian view asserts that a company is a "separate entity with the rights and responsibilities of a natural person." In light of this literature, Ocko believes the dominant view, that traditional China embodies more communitarian notions, should be revisited.

Secondly, Ocko discussed the little-addressed question of the agency problem--the separation of ownership and control--as it pertains to traditional China. Related to the question of why people would give money to others to control, is the problem of where the money itself comes from and the nature of the financial markets within which it circulates. Ocko speculated that *huiguan* could have been akin to national financial markets. He noted that some skeptics have argued that because there were no legal protections for investors in traditional China, money for enterprises should have been drawn mainly from relatives, but in many instances this was not necessarily true. Ocko linked the viability of getting investments from outsiders to bonds of trust conditioned by one's *ganqing* or *renqing* networks. He stressed that one's *guanxi*, *ganqing* or *renqing* are tangible assets that have value. Therefore, someone with a strong network and relatively few shares in a company may wield considerable power over its activities.

Finally, Ocko addressed the notion of networks as modes of resource allocation by highlighting similarities between the small handicrafts industries of Northern Italy, computer industry of Silicon Valley, and the salt yards of traditional China. In all of these cases, there was cooperation through the exchange of new technology, information, managers, and investment to create long-term alliances. Ocko suggested that relationships in a network are thicker, "more heavily larded with trust and friendship," leading to a weaker reliance on market forces. He then tied the notion of trust to distinctions made by the contractarian view of corporations, that they serve the interest of the shareholder, and the communitarian view, that they serve the interest of the stakeholder. Ocko suggests this body of scholarship may help inform research being done on business structures in China. Instead of saying that China is inefficient because they govern themselves in a certain way, or because they raise money in a different way, scholars should explore how money is raised or how a firm is governed within a larger cultural, political and social context.

Man Bun Kwan's paper raised several interesting points on the role of customary practice and gender in the enforcement

of contracts in the late Qing and Republic. Kwan explored whether civil disputes in China were settled according to local customs, notions of community groups, Confucian ideals, or state code by examining the role of the Changlu salt merchants in Tianjin. He posed that there is an overlapping and conflicting hierarchy that bounds the jurisdiction of local customs and state laws. In cases that the salt commissioner did not want to entertain, Kwan found merchants themselves were responsible for resolving disputes. Head merchants would conduct an investigation and recommend solutions based on and in accordance with local customs, said Kwan.

The role of local customs often furthered the role of women in the salt merchant community. Confucian ideals encouraged the maintenance of domestic harmony and the support of widows' roles. Since 1488, widows in Changlu were allowed to serve as salt merchants, usually assuming their deceased husband's operations. Kwan found evidence suggesting the active roles these women played, namely through signing contracts, initiating lawsuits, and by serving as legal representatives of their households. He thought that the caveat was that while widows' presence and roles might be acknowledged, this did not necessarily guarantee that custom would be followed in all cases— especially where profit or right of ownership was at stake. To support his claim, Kwan examined the results of suits brought by women against other salt merchants. His information suggested that in cases involving families, the state would encourage resolution within the family to preserve harmony, and uphold customary practice. However, where the state's interests were in danger of being compromised, the agents of the state exerted its power to overrule customary practice.

Tomoko Sazanami-Shiroshima's presentation drew a picture of business relationships in the cotton spinning and silk reeling industry, by investigating how mills raised their necessary working capital. One of the greatest difficulties the cotton-spinning industry faced, especially before the industry's boom between 1914 and 1922, was competition for capital. Investors were more apt to place their money in less risky, more lucrative endeavors, such as real estate, official status or traditional pawnshops. In reaction to competition and in order to raise funds beyond what was collected from direct acquaintances, a system of fixed dividends and profit-sharing evolved. A mill would work into its bylaws fixed dividends (*guanli*) that were to be paid to investors, whether or not the enterprise turned a profit. Beyond this, the mills offered a percentage of profits made in any given year to the shareholder (*hongli*). This system was kept in place even during the industry's profitable years because of the difficulties in collecting money up front and because money was always needed to pay out the *guanli* to investors.

Sazanami-Shiroshima asserted that mills calculated the need for loans to cover expenses and payment of *guanli* and *hongli* into their financial arrangements. In turn, the need to assure profits led companies to seek loans or short-term credit from native financial institutions, often putting up the factory, raw material, or stocks of the final product as collateral. Also common, especially in the cotton mills, was the mortgaging of factory sites, buildings, or equipment to obtain larger sums of money from the banks.

Madeleine Zelin's paper focused on the development of business organizations in the salt industry in the Sichuanese city of Zigong and how they responded to changes in the political, technological, and economic landscape of early modern China. Engaging the work of Alfred Chandler, she proposed that business structures do not necessarily evolve in a linear fashion. Chandler set forth that because of growth in domestic markets, business entities evolve in a linear fashion from partnerships to corporations and finally to vertically integrated firms. However, Zelin's work highlights how changes in business environment triggered reactions by the partnerships that formed around the salt industry in Zigong in the nineteenth century. Indeed, Zelin's case provides an alternative to Chandler's model, showing that because of the environment, fragmentation of the salt firms was rational.

Zelin first discussed how the Taiping Rebellion changed the face of the salt industry in Sichuan by causing supply shortages leading to the opening of the Huguang market to salt from the Jianwei and Zigong salt yards. The ensuing demand, technological innovations and increased production costs contributed to the growth of complex contractual partnerships, involving individuals and lineage trusts (*tang*), as well as vertically integrated salt firms directed by the *tang*. Zelin described how a system of well shares developed that allowed an ailing partnership to raise capital by selling pieces of old shares to new investors, in essence splitting the shares. She also explored the important role the lineage trusts played in the evolution of management practices, especially the key role of the annual shareholders meeting.

Zelin's paper then discussed several key components that contributed to the breakdown of the salt partnerships. Around the turn of the century, the ailing Qing government tried to capture more funds through the regulation and taxation of the salt industry, which in turn eroded producers' profits. The fall of the Qing and the rise of regional warlords also constrained firms as they were subject to constant exactions as each new warlord gained power. Smaller producers faced with these constraints, as well as a brine glut caused by innovations in production technology, were forced out of business. The legal regime of the early

twentieth century was also a contributor to the fragmentation as there was no clear distinction made in the law between individual and household property, said Zelin. As shares were passed down through generations in the lineage trust and split amongst investors, contracts, Qing code, and local custom proved inadequate to maintain clear divisions of rights and duties within the partnerships. Zelin showed that with the increased complexity in business structure came a rise in disputes over division of inherited shares and the control of shares, adversely affecting a firm's business. Finally, the unlimited liability nature of the partnerships caused distrust and conflict as, among other things, the debt of one shareholder could become the liability of another shareholder. Zelin asserted that corporate structures evolve in certain political, technological and economic environments and that efficient responses by businesses need not always follow the Chandlerian linear pattern.

Robert Gardella's paper provided insights into the continuing contract tradition through his research on commercial manuals and merchant guides found in the East Asian Library of the Hoover Institution at Stanford University. The materials clearly showed that by the mid-1930's to the late 1940's ordinary partnership contracts were very detailed including such provisions as stipulations on managerial terms and salaries; procedures to replace employees or dismiss managers; meeting guidelines and attendance requirements for voting; and steps for dissolution of an enterprise. However, Gardella found if the operation was on a small scale contracts were much less detailed.

Gardella also looked at limited or sleeping partnerships usually based on mutual trust (*xinyong*) and sometimes formalized through a written contract. What was interesting was that the contracts Gardella looked at did not seem to substantiate the normal scholarly view that in limited partnerships the silent partners do not bear much liability. On the contrary, the contracts Gardella examined seemed to suggest that "both the full and sleeping partners appeared to have shared business losses." The contracts also suggested that by the 1930's and 1940's there was a melding of indigenous civil law, Nationalist commercial law, and foreign legal influences regulating business relationships.

The papers presented at all three of the workshops have served several important functions. First, to readjust peoples' thinking about the role of contracts in Chinese history. Many have assumed that China has had no history of contracts, rather that business relationships were rooted solely in personal relationships of trust. However, the papers have shown that this is clearly not the case. Second, the research contributes to the understanding of how and why the Chinese engaged in certain economic relationships and encourages the exploration

of collaborative projects that will place the Chinese cases in a broader, international context. Lastly, the findings on Chinese business structures elucidated in the workshops provide fresh perspectives to the general body of research on corporate structures, contracts and their development. Indeed, the findings often challenge conventional wisdom and necessitate that existing theories be reevaluated in light of the Chinese business traditions.

The author would like to thank Professor Madeleine Zelin for her comments on during the preparation of this article.

Editors note: We were unable to include another full review of the workshop by Robert Gardella. However, below is his note on two of the other papers.

A pair of cogent papers by Joseph Bosco and Lam Hiu Yin and Andrea McElderry concluded the workshop sessions. McElderry examined the issue of intermediaries--so common and essential in forming all sorts of business contracts--in her paper *Ties That Bind: Third Parties in Chinese Business Contracts in the Republican Period*. A degree of confusion and uncertainty delimited the roles of middlemen, brokers and witnesses in various contracts, roles which might be overlapping but also evince exclusive functions. On the basis of their current field work in the Pearl River Delta, Bosco and Lam described the nexus between Contracts, Guanxi, and Trust in Modern Chinese Economic Culture. As they concluded, all economic exchanges embody a moral element. In China, relationships yield contracts which in turn assist in building and shaping those relationships; in America, by contrast, the reverse is likely to be the case (i.e. contracts precede and subsequently generate relationships). A provocative comparative insight, just one of the many generated in this stimulating workshop on the frontiers of both Chinese business and legal history.

Robert Gardella
United States Merchant Marine Academy

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. Editors: Robert Gardella and Andrea McElderry

Subscriptions

\$8.00 for two issues per year
\$9.00, overseas airmail

Make checks payable to *Chinese Business History*

Send: c/o Department of History, University of Louisville,
Louisville, KY 40292, USA.

Please include a brief description of your interests in Chinese
business history to share with CBH readers. Thanks.

We regret that we can only accept checks in U.S. dollars. We
can accept foreign currency. Or we can try to work out some
kind of an arrangement. If you want to subscribe but do not
have a U.S. dollar account, please contact us.

Phone: 1-502-852-6817 Fax: 1-502-852-0770.
E-mail: almcel01@homer.louisville.edu

Coming in the Next Issue

**Research in archives in Chongqing
by Zhang Jin**

**Reports: Workshops on Asian and
Chinese business networks:**

**at the University of Queensland
by Denise Austin**

**at the National University of Singapore
by Ton Ern Ser and Yeo Pei Lin**

We welcome submission of research notes, "thought" pieces,
information on research materials, and conference reports.
Manuscripts should be no more than 1500 words.

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