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Hindu Money Lenders in Chinese Turkestan in the 19th and Early 20th Centuries

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Those familiar with Asian business history might not be surprised to find that, during the nineteenth and early twentieth centuries, thousands of Hindu businessmen left behind the comforts of their families, coreligionists and homeland for years at a time to relocate in the urban and rural markets of Chinese Turkestan, today's Xinjiang province. It is rather well established that, throughout history, intrepid transregional traders from both sides of the South Asian continental divide regularly traveled the caravan routes passing through the remote mountain valleys and winding between the snow-capped peaks of the Karakoram mountain range. What closer scrutiny reveals to be exceptional is the complexity and magnitude of the commercial network that these Indians operated outside of their homeland. These merchants were skilled agents of heavily capitalized, caste-based family firms who used a variety of money-lending techniques, bills of exchange, and the vitality of the Indian economy to operate an elaborate system of transregional trade and investment in agricultural and industrial production in India and abroad.

The Indian communities in Xinjiang were part of a much larger early modern Indian merchant diaspora. This diaspora emerged in the middle of the sixteenth century, and by the second half of the seventeenth century had expanded, both numerically and geographically, to include an estimated 35,000 Indian merchants living in communities dispersed across Afghanistan, Central Asia, Iran and much of Russia.¹ It should be noted that the archival research for this project was conducted in Uzbekistan. Although accounts of Indian merchants in Xinjiang indicate that they operated a commercial system congruous with that of their colleagues elsewhere in the diaspora, research in the regional archives would likely disclose more information regarding the specific business interests and experiences of the Indians in the markets of Xinjiang.

The Indian merchant diaspora was orchestrated by the directors of numerous Indian family firms, centralized in the northwest Indian city of Multan and, from the end of the eighteenth century, further to the southwest in Shikarpur. These directors enlisted agents from

ALSO IN THIS ISSUE

- SONG MEIYUN: Report on The Second International Conference on Modern China (1840-1949) and the World 4
- ANDREA McELDERRY: Panel Report: "Can Capitalists Serve the People and the Nation? The Party-State and Private Enterprise in the 20th Century" Association for Asian Studies 2002 5
- MARILYN SLAUGHTER: Debating Globalization: Who's Winning the Social Battle for China's Migrant Women Factory Workers? 6
- MORRIS L. BIAN reviews *State and Economy in Republican China: A Handbook for Scholars*, edited by William C. Kirby, Man-houng Lin, James Chin Shih, and David A. Pietz 8



Indians in a smoking room. 1880s

within their caste (functioning here as an extended family) and put them through a lengthy apprenticeship to train them in legal issues related to trade partnerships, accounting techniques, and various methods of calculating interest. The directors then advanced their agents a significant amount of the firm's capital, generally in the form of cotton textiles or some other commodity in demand in foreign markets and sent them into the diaspora. Upon their arrival in Xinjiang, or other host society, the agents would establish themselves in a *caravanserai*, generally one owned by other Indians, and begin the liquidation of their merchandise. Rather than simply using the capital retrieved to purchase goods that would sit idle until they joined a homeward-bound caravan, the Multani/Shikarpuri agents maximized their earnings by investing it in other commercial ventures. These occasionally took the form

of *commenda* partnerships (trade agreements involving capital investment and labor), but it was more common for them to put their money to use financing extremely profitable short-term high-interest loans and investing in rural credit. Thus, the Swedish explorer Sven Hedin observed that even a rather small number of extremely wealthy, albeit draconian, Indian money lenders in late nineteenth-century Kashghar were effectively able to dominate the region's rural credit system. Hedin, who stayed alongside the Indians in their *caravanserai* in Kashghar, reported that the *caravanserai's* "principal inhabitants were half a score of Hindus from Shikarpur, importers of cloth from India by way of Leh, Karakorum, Shahidula, and Yarkand. But their chief business was money lending; and by exacting exorbitant rates of interest they had so completely got the people into their power, that the greater portion of the proceeds of the harvest flowed into their pockets."²

Just exactly how "exorbitant" these interest rates were depended on a number of factors. Information from across the diaspora illustrates that, while cash loans made against sufficient collateral were commonly advanced at an annual interest rate of roughly 50 percent, the annual interest rate on loans made against just a signature could reach as high as 300 percent.³ As it was difficult for the impoverished to produce collateral, but clearly in their best interest to do so, Uighur debtors in Xinjiang occasionally used their wives as collateral and, on default, surrendered them to their Indian creditors as common-law wives.⁴ The Indians advanced agricultural loans prior to the planting season either in cash or, more often, in kind, collecting the cumulative principal and interest at harvest time. In India, and probably in Xinjiang as well, such loans were granted at rates of 50 percent of the principal advanced for a term lasting only as long as the growing season. Although the risk involved in agricultural loans was greater than that of loans against collateral, agricul-



Indians in Bukhara. 1880s

tural markets held a great appeal for the Indian money lenders as the interest earned was considerably higher and the term of agricultural loans was usually six months or less, depending on the length of the growing season. The overwhelming majority of the agents' earnings went into the coffers of the family firm, which had, after all, trained the agents, provided the initial investment, supported the family of the absent agents, and assumed the greater part of the financial risk. Generally speaking, however, the agents were able to earn a considerable amount of wealth in a rather short time, motivating many individuals to make repeated ventures into the diaspora or to stay in particularly advantageous locations for longer periods.

Most likely, it was the Indians' money-lending activities in the countryside that earned them the favor and protection of the Muslim elite in Xinjiang.⁵ The Indian diaspora merchants were widely respected as large-scale transregional traders, and their fortitude, technical knowledge, and commercial connections

made them a commodity unto themselves. Even those Indian money lenders who lived in the largest cities were known to spend part of the year traveling to rural markets. There, they provided village industrialists ("handicraft producers") and agriculturalists an important source of investment capital, facilitating the initiation of industrial and agricultural production when the producers could not afford the initial investment in raw materials. Indians advanced loans in the form of cash or necessary materials in return for a (rather considerable) share of the final production, which the Indians then either sold on the wholesale market or had transported to a nearby urban center for sale at a retail outlet. In other cases Indians granted such loans against contract, stipulating that the crop or finished product would be sold to the creditor, in part or in whole, by a certain date at a set price. In all of these circumstances the Indians functioned as a dedicated and skilled capitalist element situated at strategic positions between producers and the market. Additionally, they provided the ruling elite an important service by extending a monetized economy into the agrarian countryside, greatly facilitating the collection of tax revenues in cash.

The earliest presence of Multani or Shikarpuri merchants in Xinjiang remains undocumented. It is likely to have long predated the 1830s, when Alexander Burnes included Yarkand in a lengthy list of cities that were home to Shikarpuri communities. It has been noted above that Shikarpuris were well established in Kashghar by the end of the century. Still, the number of Shikarpuri merchants in Xinjiang appears to have increased in conjunction with the rise of European interest in the region during the nineteenth century—a product of the Russo-British cold war commonly romanticized as the "Great Game"—and the subsequent



Indians in Bukhara, 1880s

establishment there of an officer of the British Political Department. In 1900, George Macartney took that post and reportedly spent much of his time administering the legal demands of the estimated 130 Shikarpuri money lenders in the region. His efforts were apparently appreciated, and over the next seven years, the number of Shikarpuris grew to some 500 individuals living in communities dispersed throughout southern Xinjiang.⁶ It is likely that this figure continued to escalate until the Indians' trade was disrupted by the tumultuous popular uprisings of 1933–34. Although the Uighurs were predominantly rioting against the Chinese, they also directed considerable hostility toward Indian merchants. Uighur debtors demanded that the Indian usurers free them from debt and return those women who were being held as collateral. Some of the Indian merchants were killed in the ensuing violence. Others managed to escape with their lives, but not their property.

Despite its abrupt ending, for many years Indian family firms and their agents effectively used their complex network of trade and money lending to finance agrarian and industrial production in Xinjiang. The disruption of the Indian merchant diaspora in Xinjiang represents a comparatively recent realignment of the economic trajectory of the region, distancing business interests in Xinjiang from South Asia in favor of markets further east. While the Uighur population in the early twentieth century necessarily looked to Indian money lenders for credit, this function has since been replaced by centralized state banks. The end of the Indian diaspora in Xinjiang did not, however, represent the abject decline of business relations between South Asia and Chinese Turkestan. The transregional traders of today—now traversing the Karakoram Highway by truck rather than caravan—continue to transport all varieties of goods across the continental divide.

Endnotes

1. See the more detailed effort to quantify the Indian diaspora in Scott C. Levi, *The Indian Diaspora in Central Asia and its Trade, 1550–1900*, Leiden, 2002, pp. 151–79.
2. Sven Hedin, *Through Asia*, 2 vols, New York, 1899, I, p. 251.
3. See Sadr al-Din `Aini, *Yâddâshlthâ*, 4 vols, Stalinabad (Dushambe), 1959, III, pp. 73–74; P. N. Rasul-Zade, *Iz istorii Sredneaziatsko-indiiskikh svyazei*

(Continued on page 10)

The Second International Conference on Modern China (1840-1949) and the World

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Translator's note: This conference provided an opportunity for the Institute of Modern History of the Chinese Academy of Social Sciences to celebrate its fifty years of history and show off its current dynamism and increasing scholarly openness and rigor. Participants at the conference came from all over China, Asia (including Taiwan, Hong Kong, Singapore and Japan), Western Europe (including Germany, France and Italy) and the United States. Foreign participants favorably commented on the atmosphere of open debate and on the decline in political dogma in ongoing research about modern China.

Conference Report

In honor of the fiftieth anniversary of the Institute of Modern History of the Chinese Academy of Social Sciences, the Institute, in collaboration with the Chinese National Historical Association, held an international conference in Beijing from the sixth to the tenth of September 2000 called "The Second International Conference on Modern China and the World." Participants discussed the following important questions.

1. *The relationship between modern China and the world.* Participants noted a tortuous pattern of development with two salient characteristics. First, China moved from a position of submission to a position of strength, resulting in a change in China's international standing. Second, China developed from isolation to forced openness and then to openness on its own initiative. Scholars at the conference emphasized that looking toward the twenty-first century, a stable international order needs a new way of thinking that emphasizes openness and equality. Nations should have sovereignty and their own voice, regardless of whether they are large or small and without the interference of other states. Conflicts should be resolved on a basis of mutual respect and understanding. Research presented at the conference touched upon several important lines of inquiry, including the Shanghai Accords between the United States and China, the break between China and the Soviet Union and changes in Chinese understandings of foreign countries.

2. *Research in the economic history of modern China.* Papers presented at the conference focused on foreign investment and the development of the modern Chinese economy. Some scholars suggested that the amount of investment and loans by the foreign powers in China increased during the Republican period, reaching into the countryside and making agriculture one aspect of foreign attention. This phenomenon increased China's semi-colonial status and also increased the level of change in China's productive structures and regional economic patterns. Related research also included comparisons between Chinese and Japanese economic development and the impact of marketing strategies of foreign companies on Chinese society.

3. *Research on the intellectual and cultural history of modern China.* Paper topics included Chinese reception and evaluation of pan-Asianism, the practice of Western republican theory in China, modernization and Confucianism, the initial establishment of modern educational fields in the late Qing dynasty, the generation gap mentality of Chinese intellectuals, fashion and social trends, martial arts and religion, and Buddhism in China before and after World War II. In regard to overseas study, one scholar investigated the foreign cultural choices made by Chinese students in France at the end of the nineteenth and beginning of the twentieth centuries, as well as the experiences, observations and influence of Chinese students in France in the first half of the twentieth century.

4. *Research on persons.* Papers at the conference discussed theoretical methods investigated by Sun Yat-sen, the public relations of Sun Yat-sen and his Japanese advisors, Gu Hongming's criticism of the activities of missionaries, Zhang Jian and the Jiangsu Consulting Bureau (*zhiyi ju*), Li Liejun and Japan, the cultural thought of Zhang Shizhao, T. V. Soong's Experience in America and its relationship to Chinese politics, the democratic thought of Zhang Wentian, Jiang Wenbi's research on modern China and the economic research of Liu Danian.

Panel Report: "Can Capitalists Serve the People and the Nation? The Party-State and Private Enterprise in the 20th Century" Association for Asian Studies, Washington, D.C., April 2002

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Organizer Parks Coble (University of Nebraska) brought together a remarkably cohesive and thought-provoking panel for the meeting of the Chinese Business History Research Group at the Association for Asian Studies Conference in Washington D.C. this year. The papers covered a period from the 1920s to 1949 and indicate that the answer to the question "Can Capitalists Serve the People and the Nation?" depended upon two factors: *who* was serving and *when*.

Two papers, one on Wu Yunchu (Karl Gerth, University of South Carolina) and one on Hu Juewen (Thomas Lutze, Illinois Wesleyan University) dealt with private entrepreneurs who built up successful enterprises in the 1920s. Discussant Sherman Cochran (Cornell University) detailed the remarkably parallel lives of Wu and Hu beginning with their births in Jiading County, Jiangsu, in the 1890s and ending with their deaths in the People's Republic of China.

As Cochran noted, panelists Gerth and Lutze took quite different approaches to the question before the panel. Lutze placed his answer in the context of the Chinese Communist concept of the "national bourgeoisie" and, as Cochran noted, tested it against available evidence, in this case, Hu Juewen's memoirs (Beijing 1994). As an ideal type, Lutze explained, the national bourgeoisie consisted mainly of mid-sized capitalists who were committed to modern industry but who suffered from foreign competition and government oppression. According to Mao Zedong, they retained "a certain revolutionary quality at certain periods and to a certain degree." Lutze concluded that Hu fit this category.

By 1930, Hu operated several successful enterprises, including the New People's Machine Factory, the Cooperative Hardware Manufacturing Plant, and the Great Wall Brick and Tile Works. In the 1930s, Hu became an activist in protests against Japanese aggression, protests silenced by the Guomindang government

in 1935. Hu moved his factory to the interior after the Japanese invaded in 1937 and, although initially successful, serious problems, including shortages of raw materials and transportation bottlenecks, developed as the war dragged on. Hu and other industrialists increasingly attributed these problems to Guomindang government policies. At the end of the war the government failed to provide sufficient aid for relocation, leaving Hu and other industrialists in Chongqing open to overtures from the Chinese Communist Party and the economic policies of the "New Democracy." The Communist efforts bore fruit. When the Communist armed forces entered Shanghai in 1949, Hu Juewen was among those welcoming them.

Gerth's paper, Cochran noted, did not directly confront the concept of "national bourgeoisie" but rather emphasized how the National Products Movement (NPM) "constructed the image of the patriotic businessman." The NPM linked consumerism to nationalism, seeing the consumption of Chinese-made products rather than imported ones as part of the struggle against imperialism.

In the early 1920s, Chinese consumers satisfied their demand for monosodium glutamate (MSG), a widely used seasoning in cooking, with imports from Japan. Wu's successful efforts to manufacture and market MSG in China were instrumental in replacing the imported Japanese product. In biographies produced in the context of the NPM, Wu gained recognition as a "patriotic capitalist" who defended China through his successful Chinese business. Although Gerth did not directly address the question of capitalists serving the nation, the implication is that a significant element of public opinion, that is the NPM, believed that capitalists could not only serve the nation but even defend the nation by providing consumers with Chinese-made products.

(Continued on page 10)

Debating Globalization: Who's Winning the Social Battle for China's Migrant Women Factory Workers?

MARILYN SLAUGHTER

The debate over sweatshop labor in China is part of the controversy that has dominated the study of globalization and labor history for many years now. Advocacy groups and corporate executives are at the center of the controversy, and it is these two groups who have the most influence on public perceptions and labor laws regulating industries in developing countries. These groups have taken positions at virtually opposite ends of the spectrum and they appear far from reaching an agreement on a common understanding of globalization.

On the one hand, advocacy groups demand that multinational corporations improve working conditions, increase workers' wages, and support unionization to protect young workers from governments and contractors in countries where they have factories. On the other, some multinationals defend their methods of operation by arguing that their factories in developing countries are set up and run as they are in America and other western countries.

What we know for certain is that globalization is a relatively new phenomenon for advocacy groups and the global business community, and since the mid-1990s passionate discussions about how foreign direct investment should be administered have increasingly divided the two sides. On the one hand, there are the recent violent protests by student-run organizations and academics over sweatshop labor; on the other, one sees the attempts by multinational corporations to monitor factories and publicize research meant to address the social and economic inequities that plague their factory operations. It is clear that globalization has yet to be addressed in a fully coherent manner.

Social and economic development for migrant workers is a major part of the debate over sweatshop labor and a hallmark issue of the globalization debate. Advocacy groups argue that, in the end, globalization amounts to higher profits for multinational corporations and leaves migrant workers with little more than what they already had. However, corporations argue that they are offering migrant workers much-needed income to support family homes and businesses and other benefits they could never earn in their rural communities.

Meanwhile, the debate about sweatshop labor continues. As globalization proceeds, a clearer understanding of labor issues in developing nations needs to be addressed. Further research must be undertaken to enable all interested parties to better understand globalization and its true impact on the development of workers and their communities. My research on low-skilled, low-waged women migrant workers in China and elsewhere in Asia, and my personal observations while living abroad, indicate that foreign direct investments have both a positive and negative effect on migrant workers, particularly women workers.

China's economic growth and enormous population have made the labor force in that country the most sought after, if not the most debated, for the past twenty-five years. Multinational corporations have set up production facilities in China to take advantage of the large, low-wage labor pool. Millions of migrant workers have flocked from rural areas to urban work centers to take jobs in these factories. In the past, rural women were less desirable workers because of their lack of education and skills. Now, in many foreign-funded textile and computer companies, young women are preferred because of their longer attention span, which allows them to sit for several hours at a time performing mundane tasks.

According to some multinational executives, statistics show that of all factory workers, about 80 percent are women and about 60 percent of the women workers come from rural areas of China. Most of the foreign-funded factories hire migrant women as young as sixteen, and most women work three to six years before leaving their jobs in their early twenties. The young women workers' wages are usually saved to be sent home to their families in rural China to help run a family business or farm, contribute to dowries or simply to help the family start a new life. They live in shared housing and are provided three meals a day. Often, these conditions are much better than that at their homes in rural surroundings. In some foreign-funded corporations, after-work enrichment classes are offered to prepare women workers for their elementary and high school reading and writing equivalency exams and to train them in skills such as typing and

learning another language.

However, over the years it has come to the attention of international Non-Governmental Organizations (NGOs) that some factories are operating as sweatshops, requiring workers to work long hours in deplorable conditions with no paid overtime. International NGOs that watch foreign factories' labor practices around China also discovered that none of these women had a voice in improving their work environment. An October 1994 issue of the *Free Labour World* and a March 1995 issue of the *Beijing Review* reveal that women workers in Guangzhou, Shanghai, Fujian, and Guilin had particularly deplorable factory working conditions.¹ The *Beijing Review* article stated that some enterprises lacked women's washrooms and nursing rooms and granted workers less time for maternity leave than is required by Chinese law. The article also noted that women have often suffered physical abuse at the hands of their employers for working at a slower pace or not obeying orders and that such victims generally have no way to seek help. Furthermore, workers' rights are regularly compromised by a widespread disregard for industrial safety and employee living conditions.

Since NGOs have become the unofficial advocates for Chinese women factory workers, some foreign-funded companies now take their concerns more seriously. However, foreign corporations find themselves confronting social issues and workforce concerns they have never before faced. By way of defense in the war of words, some foreign manufacturers are aligning themselves with social organizations to combat charges of negligence and contracting with consultants to assist with improving work conditions at their factories in developing countries. Nevertheless, many of these organizations, which have come into existence over the last five years, are merely acting as public relations buffers to protect corporations from media and activist scrutiny. Understanding the challenges confronting workers and how foreign corporations impact their lives should not be overlooked in taking a position on the brewing social battle.

The International Labor Rights Fund (ILRF) in China Project was established by international organizations for two purposes: to promote awareness and understanding of workers' problems and to develop effective solutions for them. The ILRF and the 1994 China Labor Law seek to educate Chinese factory workers, who are mostly from the countryside, about their rights in the workplace. According to the ILRF in China Project, its chief goal is to use the organization as a vehicle for workers to voice their concerns and monitor the Chinese government's efforts in

addressing them. Beginning in the spring of 1996, the ILRF in China Project has attempted to set standards by which global companies hire and supervise workers in China. In April 1997, the ILRF, along with the United Nations, the International Labour Organization, and other international labor NGOs, implemented the "Codes of Conduct" program to encourage global corporations to recognize workers' needs and rights.²

The "Codes of Conduct" program is most visible in the apparel industry, where it was first developed in the early 1990s and focused mainly on business policies involving child labor. Now, the program addresses not only child labor but equal rights and wages for women and better working conditions for workers in general. A unique feature of the program encourages independent monitors to visit factories to interview workers as well as monitor foreign companies' management practices.

As China's labor market develops, other social issues will come to the forefront as the migrant workforce expands, forcing western companies to make drastic changes in their factory operations. Multinational corporations will then be faced with how to design their human resource practices to recognize the changing reality of workers' rights in developing countries.

Endnotes

1. "Unequal before the Law," *Free Labour World*, October 1994. (Brussels: International Confederation of Free Trade Union); Wu Naitao, "Employment and Chinese Women," *Beijing Review*, March 6-12, 1995.

2. International Labor Rights Fund, *Labor Rights in China Project: Codes of Conduct*, www.laborrights.org.



A mid-sized state-owned factory in Shenzhen, 1966. The women (ages 14-18, from rural provinces of China) stitch emblems, company signatures, etc. on toys and decorations. They are given limited-time residency permits to work in Shenzhen. When the permit expires, they must return home.

State and Economy in Republican China
A Handbook for Scholars

Edited by William C. Kirby, Man-houng Lin,
James Chin Shih, and David A. Pietz

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The last two decades of the twentieth century presented scholars of modern China with new opportunities and challenges. On one hand, the 1980s and 1990s witnessed an information explosion in the study of Republican China. For example, government organizations on both sides of the Taiwan Strait published large amounts of archival materials and major Chinese archives were opened for scholarly use. On the other hand, these opportunities brought new challenges and created the need to survey newly published documents, to discover the nature of Chinese archival holdings, and to create texts to aid prospective scholars in using these materials.

Growing out of materials William C. Kirby developed for seminars on Republican China at Washington University and at Harvard University, the *Handbook* is designed to overcome these challenges for both students and scholars. According to the introduction, the *Handbook* has several related objectives. "First, it surveys the holdings of major Chinese archives and collections bearing on the economic and business history of Republican China, including the Republic of China (ROC) on Taiwan. Second, it reproduces, for the purpose of scholarly training, a series of original documents. Third, through its survey of archives and presentation of documents, it aims to encourage further research on a central issue: the relationship between the state and the economy in non-communist China in the twentieth century" (p. 3). The *Handbook* succeeds in achieving these objectives.

There are three parts to this important book. Part I begins with a discussion of the role of archives in shaping modern scholarship, followed with a bibliography of research aids, including bibliographies and

research guides, yearbooks, government gazettes, and published collections. Part II introduces major archival and library collections on economic and business history in the People's Republic of China and the Republic of China. Part III offers instruction on how to read Republican-era documents and provides guided readings of six sets of documents.

A remarkable feature of the *Handbook* is its systematic treatment of the collections of more than fifteen archival and library and research units on both sides of the Taiwan Strait. Since the majority of these units not only house archives but also compile original documents, most chapters under Part II include an introduction, a description of economic history archives, and a list of publications from these archives. For example, chapter four deals with the Number Two Historical Archives in Nanjing. After a brief introduction to the nature and quantity of its holdings, the chapter carefully describes its archival collections related to business and the economy under the Republic of China Provisional Government and other revolutionary governments in the South (1912-27), the ROC government in Beijing (1912-28), the Nationalist Party (1924-47), the Nationalist government in Nanjing and Chongqing (1927-49), and the Chinese governments in Japanese-occupied areas (1937-45). The chapter concludes with a list of titles the Archives has published since the 1950s.

Equally valuable is the inclusion of archival documents in Part III. After an important introductory chapter on how to read Republican period documents, the *Handbook* offers guided readings of documents selected from six private and public enterprises in Republican China on the mainland and on Taiwan. The documents introduce readers to the structure, organiza-

tion, and variety of available historical materials that exist on similar themes. For example, after introducing Rong Zongjing's textile enterprises and the published archives related to these enterprises, chapter 22 provides a glossary of 182 Chinese terms and names with their English translations (facsimile reproductions of the original documents appear in volume 2). Clearly the *Handbook* is a valuable resource indispensable to both students and scholars of Republican China.

Since many archival units not only house archives but also compile original documents and publish archive-related historical journals, the reader might have benefitted from a general discussion of the structure and organization of these archival units in the introductory chapters. Conceivably, such a discussion would not only help the reader understand the distinctive character of Chinese archival units as compilers and publishers but also help orient the reader toward the *Handbook's* inclusion of a section on publications in its

survey of major business and economic history archives. In addition, many Chinese archives hold contemporary books and periodicals, a fact that deserves to be mentioned. Finally, there are occasional inconsistencies in the translation of Chinese titles and terms. For example, *Zhonghua minguo shi dang'an zhiliao huibian* is not rendered consistently (see pp. 41 and 71). The same holds true with the term *juan* (see pp. 56 and 126).

These quibbles in no way diminish the significant contribution the *Handbook* makes to the training of prospective scholars and, by extension, the production of scholarship. The *Handbook* identifies a central issue—the relationship between the state and the economy in non-communist China in the twentieth century—for research on Republican China and introduces scholars to an elaborate body of archival material to address it. It will be the standard text and research aid for many years to come.

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Panel Report: "Can Capitalists Serve the People and the Nation?"

(Continued from page 5)

Parks Coble's paper examined how intellectuals in the National Salvation Movement (first formed to oppose Chiang Kai-shek's appeasement of Japan in the 1930s) changed their answer to the question of whether capitalists could serve the nation during the War of Resistance (1937-1945). As Coble pointed out, most industrialists in the Shanghai area did not move their factories to the interior but to the foreign concessions which, until the outbreak of the Pacific War in December 1941, became a "solitary island" (*gudao*). There the capitalists enjoyed considerable profits and a comfortable life, especially in contrast to those who had moved to the interior, and those in the interior became increasingly critical of those who had stayed behind. After Pearl Harbor, the fact that these businessmen in the "solitary island" came to live under Japanese rule further eroded their credibility. Coble concludes that by the end of the war, from the perspective of Chinese intellectuals who spent the war years in the interior, capitalists who had stayed on the coast had not served the nation, and as China entered into the civil war period, few among the intellectual community would defend capitalism as an idea.

Wang Ju (*École des Hautes Études en Sciences Sociales*) presented a paper on the post-war success of the Shanghai textile industry. From 1946-47, the textile industry experienced a "golden age" because of investment of profits made during the "solitary island" period (1937-41). The absence of foreign—especially Japanese—competition, and the *laissez-faire* policies of the Guomintang government, which included removing wartime controls, also contributed to this golden age.

However, even during this period, the state-controlled China Textile Industrial Incorporated (CTII), formed when the government enterprise took over operation of the confiscated Japanese textile companies, placed downward pressure on textile prices. In late 1947, amidst civil war and runaway inflation, the Guomintang re-instituted its control policies with negative consequences for the textile industry. By 1949, the textile mills were drastically short of working capital.

Wang argues that this shortage cannot be laid at the feet of the Guomintang since the price of cotton

products also skyrocketed between 1947-49. Rather the capital went abroad. Nonetheless, Wang implies that government policies contributed to this capital flight. She concludes that the Chinese economy fails to grow when government, whether socialist or capitalist, restricts business. Thus she suggests that her answer to the question of whether capitalists can serve the nation is yes, but only when the party-state pursues a *laissez-faire* policy.

Today in China, some, including Jiang Zemin, have indicated that capitalists can serve the nation. Coble pointed out that in a controversial 2001 speech, Jiang opened the way for businessmen to join the Communist Party, stating that united with others, private businessmen could be a positive force in socialist production. Gerth noted that a biography of Wu Yunchu is included in the series "Chinese Red Capitalists," published by the People's Liberation Army in 1995. Hu Juewen's memoirs were published in the PRC in 1994. Still, as evidenced by the criticism of Jiang Zemin's position, the question "Can capitalists serve the nation and the people?" remains controversial.

Hindu Moneylenders in Chinese Turkestan

(Continued from page 3)

vtoroi poloviny XIX–nachala XX veka, Tashkent, 1968, p. 115 and note 168; N. Likoshin, "Pisma iz Tuzemnogo Tashkenta," *Turkestanskije vedomosti* 9 (1894); Eugene Schuyler, *Turkistan: Notes of a Journey in Russian Turkistan, Khokand, Bukhara, and Kuldja*, 2 vols, New York, 1877, I, p. 186.

4. For more on this extremely interesting aspect of the social history of the Indian diaspora in Xinjiang, see especially Claude Markovits, *The Global World of Indian Merchants, 1750–1947: Traders of Sind from Bukhara to Panama*, Cambridge, 2000, pp. 94–98, 267–69.

5. As the vast majority of the Indian diaspora merchants were Hindus, and therefore were not considered *dhimmi*s ("people of the book," e.g. Jews and Christians), they were not protected under Islamic law.

6. C.P. Skrine and P. Nightingale, *Macartney at Kashgar: New Light on British, Chinese and Russian Activities in Sinkiang, 1890–1918*, London, 1973, p. 116; Markovits, *The Global World*, p. 95.

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