

# **"Chinese Business History Around the World"**

**The University of Hong Kong, 7-9 August 2024**

## **Conference Program**

**7 August**

**9.15am-9.45am: Registration**

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**9.45am: Welcome**

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**Panel 1: 10am-12pm:**

**Chair:** Ghassan Moazzin (The University of Hong Kong)

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**Matthew Lowenstein (Stanford University) - The Tiger Plate: From  
Advance Purchases to Futures Markets**

During the Qianlong reign (1735-1796) Shanxi grain brokers and bankers began a lively trade in commodities and currency exchange futures. Futures spread rapidly throughout northern China, and continued to trade in bustling exchanges until the eve of the Communist Revolution. In Shanxi, the futures market was known colloquially as the "tiger plate" (hu pan) owing to its high risk and speculative nature. Though contracts were based on real assets--most frequently cooking oil, sorghum, or silver/copper exchange--only a minority involved the delivery of physical goods. Most contracts were settled with a simple payment from the "losing" counterparty to the winner; in layman's terms, they were bets placed on the direction of market prices. Based on previously unused "popular sources," this chapter charts the evolution of futures markets out of "advanced purchases," a method of agrarian financing with roots in the Tang and Song. It further analyzes the role of futures markets in the real economy. Qing and Republican-era officialdom denounced the tiger plate as mere "empty buying and selling" (*maikong maikong*). They correctly equated futures trades to "gambling." But such denunciations overlooked the vital role that speculation can play in the real economy. The tiger plate enabled price discovery, allowing peasants and merchants to better predict where grain

or silver prices were headed. More importantly, it gave grain dealers and merchants a way to hedge price risk. Moreover, although tiger plate trading could indeed entail fatal risks for individual firms, Shanxi merchants were remarkably effective at mitigating systemic risk. Trading was restricted to brokers of sufficient capitalization and good standing in the local Grain Association or Bank Association. Brokers, in turn, were liable for trades placed on behalf of clients. In effect, the trade associations guaranteed market solvency much as clearing houses did in the west.

Meng Wu (University of Manchester) – Business Organization, Personnel  
Management, and Governance Structure: A Study of the Shanxi Piaohao  
(Banks)

This paper examines Shanxi piaohao, China's first and largest private remittance banking group. Based on extensive primary sources, our study provides the first detailed analysis of the piaohao's business organization, personnel management, and governance structure, and offers estimations of the piaohao's economic performance. It reveals that in a business environment where the government implemented noninterventionist commercial policies, the piaohao thrived by establishing their own private rules. Operating under a centralized hierarchical management structure, the piaohao developed a townsmen-based apprenticeship system and a performance-and-tenure-based promotion scheme. They enforced a multilateral punishment mechanism through native-place associations and designed a competitive remuneration package by granting employees shares. This management structure enabled piaohao to expand their business throughout the nineteenth century despite the backdrop of political turmoil and economic transitions. By examining the principal-agent relationship between shareholders and head managers, we show that although the piaohao successfully managed far-flung employees, there was no efficient constraint on the head managers' power, creating a governance vacuum. Our estimations on the piaohao's operating numbers, business volume, income, and profits demonstrate that although piaohao expanded their business network and increased income, its profitability declined over time. A comparison with modern Chinese banks highlights that as these institutions, operating under Western banking practices, rose to prominence, the piaohao were gradually outcompeted and collectively declined.

Pengsheng Chiu (Shanghai Jiaotong University) - Merchants and Craftsmen  
Associations and Their Transaction Costs in Suzhou during the Qing  
Dynasty

From the 16th to the 19th centuries, "Huiguan" (會館) or "Gongsuo" (公所) donated by merchants and craftsmen had become more and more common throughout China, and by no later than the 1880s, some European and American missionaries or doctors in China had likened them to the "guilds" of medieval European society. In the city of Suzhou, for

example, which was the most commercially developed city in China in the 18th century, the many merchant and craftsmen Associations that took the name of “Huiguan” or “Gongsuo” displayed at least four different types of major economic functions, but the popularity of “Huiguan” and “Gongsuo” basically intensified the degree of competition in local commerce and helped to produce new market order. Some “Huiguan” or “Gongsuo” served a variety of functions that lowered transaction costs, such as providing warehouses and unloading docks, installing official weights and measures, and even purchasing ships to transport silk goods for their members. In this paper, I will delve into the corporate collective actions of merchant and craftsmen associations and the scope and limits of their transaction costs in Suzhou during the Qing Dynasty, hopefully this effort may not only respond to the topic of 'return of the guilds' in the academic community in the last two decades, but also to investigate if and how research on the 'global history of the guilds' is possible.

**Lunch (The Bridge; all registered participants): 12pm-2pm**

**Panel 2: 2pm-4pm:**

**Chair:** Li Ji (The University of Hong Kong)

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**Elisabeth Köll (University of Notre Dame) - Financial Competition and Challenges to the Business Model of Pawnshops in Republican China**

As part of my current book project, this paper discusses the challenges of business competition pawnshops faced as a result of the changing financial landscape emerging during the Republican period. Focusing on urban centers such as Shanghai, Beijing, and Guangzhou, the paper explores the impact of modern financial institutions in the forms of retail banks, department stores' financial services etc. and to what extent those presented a threat to pawnshops in competition for customers and their financial needs. Pushing against the narrative of pawnshops as victims of financial modernization in China, this paper argues that pawnshop businesses adapted to the challenges and survived as institutions of informal finance in substantial numbers until the early 1950s.

**Michael Ng (The University of Hong Kong) - Capitalizing Republican China – Reflections from recent archival works**

In this presentation, I will share my recent observations from working with archival materials at the HKU Special Collections, Shanghai Municipal Archives, and Shanghai Accounting Museum. These works may shed new light on questions that have been overlooked in past scholarship, namely how Chinese firms and entrepreneurs creatively capitalized their businesses and optimized capital risks over a diverse portfolio of funding sources, in addition to bank loans and equity. It also raises questions about the

common perception of Chinese businessmen as conservative, lacking entrepreneurship and risk appetite, thus hindering the development of Chinese industries in Republican period.

**Koji Hirata (Monash University) - HSBC and Nationalist China: Rethinking British Presence during the Nanjing Decade**

This paper rethinks Britain's presence in China during the Nanjing decade (1927-1937) through examining how the Hongkong and Shanghai Banking Corporation (HSBC) dealt with loans to China's Nationalist government. The Chinese government had borrowed a large amount of loans from HSBC and other foreign banks until the 1910s for various purposes. Many of these loans went into default during the 1920s, largely due to the civil wars among regional warlords. After the Nationalist Party established a new government in Nanjing in 1927, they began to renegotiate the terms of loans in default with HSBC and other foreign banks, who were backed by their respective governments. By 1936 and 1937, the Chinese government and foreign banks had agreed on new terms of loan repayment, which were more favourable to the Chinese government compared to previous loan terms. This, in turn, strengthened China's international credit standing and enabled the Nationalist government to start to borrow foreign loans again. On the eve of Japan's full-scale invasion in the summer of 1937, the Chinese government and foreign banks were formulating a new type of financial cooperation, in which Britain managed to sustain its influence in China by selectively accommodating Chinese nationalism.

**Drinks: 6pm (Senior Common Room, 15/F, KK Leung Building)**

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**8 August**

**Panel 3: 10am-12pm**

**Chair:** Helen Siu (Yale University/The University of Hong Kong)

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**Elizabeth Sinn (The University of Hong Kong) - A Chinese Telegraph Company, "A Person of No Great Consequence", and the British Empire**

The Canton-Hong Kong Wa Hop Telegraph Company (1882-1884) marked an extraordinary moment in the development of telecommunication in China. Founded by Cantonese capitalists in Guangzhou and Hong Kong as a joint stock company, its business model was different from the bureaucratically controlled telegraph projects in north China. Its aim was to build and operate a telegraph line between the two cities that would eventually connect south China to the world via other telegraph networks. The company's story is a prism revealing the development of business, technology and

industrial enterprises against the background of European imperial expansion and China's self-strengthening and modernization movements, rivalry among imperial powers, contest between imperial and colonial interests, and debate between free trade and protectionism. Led by its manager Ho Amei, this small but ambitious Chinese company fighting for a place in the sun and demanding commercial and moral justice has a story that is long forgotten but well worth re-telling.

Jin-A Kang (Hanyang University) - A Reconsideration of Asian Sugar Market  
and Intra-Asian Trade Theory in the First Half of the 20th Century:  
Focusing on Sales Analysis of Taikoo Sugar Refinery

This paper introduces the arguments of recent studies on the East Asian sugar market to provide a critical review of intra-Asian trade theory. The intra-Asian trade theory argues that the growth of modern Japanese industries has successfully substituted Western capital such as British companies in the Asian market on the basis of autonomous intra-regional division of labor. However, this paper tries to interpret the so-called "Anglo-Japanese" competition over the Asian market as a competition between "transnational diaspora capital" and "national capital" rather than national rivalry. In addition, this paper verifies the revisionist argument by analyzing the competition between Japanese sugar and Taikoo Sugar in China. Based on monthly reports of Taikoo Sugar Refinery, this paper concluded the following observations. Hong Kong sugar has not shrunk in the Chinese market even after the growing sales of Japanese sugar but instead has grown quantitatively and qualitatively. This growing trend was thwarted by the 1925 anti-British boycott and the Chinese nationalism. During the Great Depression, Java sugar, Hong Kong sugar, and Japanese sugar all had to accept losses and dumping sales to maintain their business. Overall, it was not the defeat of European capital in the imperialist competition in the Asian market. The growing restrictions laid on free economic activities in favor of national capitals in Asia weakened the competitiveness of transnational merchants like European merchants in Java and Hong Kong.

Billy K. L. So (The University of Hong Kong) - Modern Paper-Manufacturing:  
To Do, or Not to Do, That Was the Question of The Shanghai Commercial  
Press 1920 – 1930 (co-authored with Sufumi So)

The Shanghai Commercial Press (SCP) was founded by a small group of fellow Chinese Christians in Shanghai in 1897 initially as a printing house that mainly produced religious literature. The company gradually evolved into a printing and publishing company that published and sold trade books, textbooks, and translated works while also printing a variety of items including business cards and account books. As the state school system began in China at the turn of the twentieth century, SCP dominated the textbook market. The company grew rapidly to amass 400,000 yuan in 1905, was registered as a corporation in 1906, and by 1914, appeared to have increased its capital to as much as two million yuan.

To satisfy the increasing demand for textbooks and other publications, SCP had to use modern printing machines to produce a large volume of materials quickly and consistently. How about paper, the type of paper that would meet the needs of modern printing technology? SCP relied on imported Western paper, including the one from Japan since 1910s, as China's domestically produced paper couldn't match up to the requirements of modern printing machines.

Would it have made more sense for SCP to continue purchasing imported paper from trading businesses in China or engage in papermaking themselves as an upstream operation? In this paper we address this question by drawing a comparison between SCP and its onetime joint-venture (1906 – 1914) partner Tokyo Kinkōdō (KKD), and explaining what SCP did between 1920 and 1930, the period during which the open character of the company's governance structure further developed to such a degree as to clearly make it an open corporation. We conclude the paper by highlighting differences in risk appetite at the heart of differences in their business orientation that could essentially characterize the pervading culture and style of each company.

**Lunch (The Bridge; all registered participants): 12pm-2pm**

**Panel 2: 2pm-4pm**

**Chair:** John D. Wong (The University of Hong Kong)

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**Weipeng Yuan (Shanghai Jiaotong University) - Accounting System and Cost Management in Modern Chinese Enterprises: A Case Study of Hanyeping Company 汉冶萍公司 (1890-1919)**

The second half of the 19th century and the first half of the 20th century are the periods of the emergence and initial development of China's modern industrial enterprises. Limited by historical materials, there are few research results on the internal management of enterprises in this period, especially its cost management and accounting system. Through exploring and utilizing enterprise archives and related historical materials and by dividing it into three periods, namely the official period (1890-1896); The period of official supervision and business administration (1896-1908); In the early period of commercial office (1908-1919), this paper described and analyzed the accounting system and cost control of Hanyeping Company in depth. This paper points out that the bookkeeping method and accounting system of Hanyeping Company have experienced a complete historical process of transformation from traditional single bookkeeping to western double-entry bookkeeping. The completion time of this process is nearly twenty years earlier than that of 徐永祚 Xu Yongzuo's accounting reform practice, which is generally concerned by the accounting history academic circle, and nearly ten years earlier than that of China Merchants Steamship Navigation Company 轮

船招商局。Quality and cost are the core of the management of Hanyeping Company, and the close cooperation between the accounting department and the management of the company is the key to the success or failure of the enterprise. The accounting files of Hanyeping Company fully reveal the indispensable role of accounting in modern enterprise management. The archives of Hanyeping Company provide a valuable sample for comprehensive and in-depth study of early cost accounting in China, which is also an important case for discussing the mutual integration of Chinese and western accounting and its modernization process.

Naomi He (Bristol University) - Life Insurance in Modern China:  
Nationalism, Salesmanship, and Social Welfare in China's Globalization  
(1890s-1949)

British and North American life insurance firms brought life insurance into China in the late nineteenth century, along with their technical and managerial expertise, hence embarking the process of life insurance's indigenization in China. The focus of this thesis is an analysis of the business endeavours of foreign firms in China, alongside the forms of cooperation and competition that emerged between foreign and Chinese life insurance enterprises that drove and ultimately determined the path of this indigenization process. By examining the life insurance industry, a representative services industry in modern China, I aim to answer a broader conceptual question with this thesis: what roles did the service sector play in processes of nineteenth-to-twentieth-century globalization that facilitated the integration of non-Western countries into the global economy?

This thesis will show that foreign and Chinese life insurance enterprises worked symbiotically in facilitating China's integration into the global economy from the late nineteenth century to the early twentieth century. In order to do so it follows a number of broad chronological developments in Chinese insurance markets. First of all, this thesis examines how foreign life insurance companies, primarily British, Canadian, and American companies, tried to adapt life insurance to the China market as early as the 1890s. The Chinese merchants cooperated with foreign life insurers but also began to establish life insurance firms under exclusively Chinese ownership to compete with their foreign counterparts from the beginning of the twentieth century. During this process, they established trade associations and professional societies which issued trade journals and translated English-language books on life insurance to promote life insurance as well as life insurance salesmanship as a profession in China. Chinese nationalism and the state-building programs of the Nanjing Government played important roles in the rise of Chinese life insurance companies in Republican China. Foreign as well as Chinese salespeople made the life insurance businesses more resilient under hostile environment and more enduring in difficult times, particularly during anti-imperialist and nationalistic boycotts. In addition, the thesis also explores the relationship between state actions and societal actions concerning social welfare by examining the state's involvement in the life insurance industry against the backdrop of a growing Chinese state in the 1930s-1940s.

**Brett Sheehan (University of Southern California) - A Century of Midnight:  
Business in Chinese Popular Culture since 1930**

It has been almost a century since publication of Mao Dun's *Midnight* (子夜) in China in 1933. In that time, China has undergone invasion, civil war, revolution, cultural revolution, and reform, but the popularity of the novel remains a constant. Even now, Amazon.com has more than twenty different Chinese editions for sale. It has also been made into a movie and two different television miniseries. This paper will examine the history of the novel and its adaptations as a window on the role of business and capitalism in Chinese popular culture over the last century.

**Tea Break (The Bridge; all registered participants): 4pm**

**Panel 3: 4.30pm-6pm**

**Chair:** Ghassan Moazzin (The University of Hong Kong)

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**Xu Junsong (Anhui Normal University) - To re-explore the "One  
Transaction, Recorded Twice" in the Traditional Commercial Account  
Books——Based on Zichenggong Account Books**

In this paper, through the analysis of modern Zichenggong account books, it was found that in the three stages of Zichenggong fur mill, fur collecting, processing and selling, there will be corresponding three small running accounts of them. These three small running accounts were not only "the same account, record twice" with their respective customer accounts, but also "the same account, record twice" with the overall silver running account of the mill. This constituted double entry bookkeeping unique to the fur industry. In the accounting accounts of Zichenggong, the money flow account belonged to the cash flow, in which the treatment of credit accounts was completely consistent with today's accounting. The annual general statement was the balance sheet of the fur mill. Although there was no income statement, the profit and loss can still be calculated. And the account period statement formed on the basis of the annual general statement had both the balance sheet and the shareholders' equity. The Chinese local double-entry bookkeeping represented by Zichenggong had extremely strict and complex ledger settings, which can already handled all businesses from circulation to production and then to circulation.

**Wang Guojin (Shanghai Jiaotong University) - The Basic Theory of Chinese  
Traditional Double-Entry Bookkeeping**

There are multiple types in Chinese traditional double-entry bookkeeping, which is significantly different from Western double-entry bookkeeping. In the Qing Dynasty, "Transaction Instructions" and "Selected Miscella Record" introduced a bookkeeping



method based on four-column equation, with the firm itself as the main bookkeeping body, and each transaction should be registered in two or more books with the same amount, that is, "the same account, record two books" type receipt-payment bookkeeping method. The emergence of this bookkeeping method is rooted in the daily business experience of merchants and reflects the development of long-term trade and market economy since Ming and Qing Dynasties, but it is quite different from debit-credit bookkeeping method in form. In addition, there is also a "Same account, two entries" receipt-payment bookkeeping method, which is closer to the entry method of debit-credit bookkeeping, but it still needs to be used together with "the same account, two books". These signs show that Chinese double-entry bookkeeping and Western double-entry bookkeeping are different in form and are different bookkeeping development routes.

### Ding Meiqi - Introduction to the Hong Kong Chinese Merchants Collection

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**9 August**

**Work at the Chinese Merchants Collection: 9am – 12pm**

**Location:** HKU Library (Digital Interactive Lab, 2/F)

**Lunch (The Bridge; all registered participants): 12.30pm-2.30pm**

**3pm-4.30pm: Closing Discussion (The Chinese Merchants Collection and Possible Collaboration and Publications)**

**Chairs:** John D. Wong (The University of Hong Kong) & Ghassan Moazzin (The University of Hong Kong)

**Location:** Faculty Board Room (4.36), Run Run Shaw Tower, Centennial Campus

**5.30pm: Dinner TBC**