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Recent Debates in the Field of Business History: What They Mean for China Historians

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In his article in the previous issue of *Chinese Business History*, Christopher Reed addressed the problem of how to approach and to expand the field of Chinese business history and how its narrative reflects on the interpretation of international business history and Chinese history in general. Nobody will seriously dispute the increasing necessity for Chinese business historians to not only deal with business as an institutional phenomenon, but also to present their research with regard to the wider social, economic, and political context. Here I would like to raise some issues connected with this topic and place them within the general framework of developments in the field of business history, in particular American business history.

Readers of internet discussion groups such as H-Business (www.eh.net), which have developed into lively forums for discussion of trends in the field, will have noticed that the question of how to theoretically approach and contextualize topics in business history has dominated the discussion over the last couple of months. In autumn 1999, the debate about Angel Kwolek-Folland's study of the history of women and business in the United States brought attention to gender issues and sparked a lively debate about the cultural versus traditional approach to business history and whether or how these two approaches could be reconciled.¹ As various responses show, considerable confusion exists regarding what exactly "traditional" business history means. It seems to me that to most discussants "traditional" is equivalent to "institutional," meaning the study of enterprises and businesses without putting them in a cultural, economic, political, or social context.

With the debate about the value of cultural and social approaches to the future of business history, the discussion on

H-Business then turned to the re-evaluation of Alfred Chandler and his contributions to the field. It seems that Chandler's work, which was clearly a path-breaking contribution to the field of business history, has come under fire because of its lack of contextualization. This has become an issue with increasingly culture-based business historians. Since the mid-1980s, we have seen the focus of historical research shift from "history from above" to "history from below," from the study of political and economic "elites" to the study of political, social, and economic conditions of the common people within and at the fringe of society. Business history has followed this general trend. If we consider the business corporation as an elitist institution (exerting economic, social, and political power), then certainly Chandler's institutional analysis of the firm leaves business historians looking for contextualization rather dissatisfied.

Where does this leave historians working on topics in Chinese business history? I think that there is growing consensus about the need to combine the institutional with the social or cultural approach with regard to business enterprises and economic institutions in China. This is necessary in order to convey an accurate picture of the institution and its impact on and response to society and state on both the national and local levels. Path-breaking studies by Albert Feuerwerker and Sherman Cochran have introduced us to the workings of enterprises under patronage of the imperial government and to the development of Sino-foreign enterprises during the Republican period. Their work elaborately explored the interaction between businessmen, officials, state agencies, and the national and interregional markets. Fortunately, the increasing availability of company records and historical

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materials in local Chinese archives — in Shanghai, Tianjin, Suzhou, Nantong, and a number of other places — now allows for further detailed studies of specific enterprises and their relationship with local society on both elite and non-elite levels.

The contextualization approach in the field of American and European business history is still strongly rejected by scholars trained as economists, who belittle the value of studies without numerical data and regressions. On the other hand, culture-oriented business historians often refuse to acknowledge the value of statistical data for substantiating theoretical assumptions. Currently in the field of Chinese business history, the overwhelming majority of scholars seem to come from history departments rather than from economic departments, and this should facilitate a more open approach to the contextualization of institutional history. However, while I agree with Christopher Reed's call to expand theoretical approaches and topics in Chinese business history, I would nevertheless caution historians not to reject detailed analyses of business institutions and organizations, as long as they are properly contextualized. Reed argues that "the actual object of our study is not balance sheets and currency conversions, but society in one of its most fundamental activities."² I would like to argue that we still need analyses of balance sheets and company documents as studies in their own right. My reasoning is that the field of Chinese business is a

relatively young field and is still in need of internal financial and managerial analysis that can explain how business in China was done. The field needs a much broader sample of case studies of private and state enterprises, family businesses, financial institutions and organizations, market mechanisms, etc., in order to create a basis from which we can draw more general conclusions about the specific characteristics of Chinese business history in comparison to international business history. At the same time, a broader sample of case studies will also allow us to relate Chinese business history in a more sophisticated way to the interpretation of Chinese history itself, in the national narrative as well as in the local interpretation. Work by David Faure, Choi Chi-cheung, Ch'i-kong Lai, Sherman Cochran, Stephanie Chung, Mark Chan, Wellington Chan, Robert Gardella, Raj Brown, Brett Sheehan, Kwan Manbun — to name just a few — follows this direction.

Nobody will dispute that institutions operate within a complex system of interaction and cannot be interpreted without the culture they are placed in. At the same time, cultures cannot be interpreted without the institutions that disseminate and represent them. The field of Chinese business history offers an exciting opportunity for expanding our research. As Reed already indicated in his article, the gender

aspect of business or the business impact of cultural institutions has been studied very little, and I would add that we also need more studies about regional markets in China — financial, commodity, and consumer markets — and their development through the impact of communication and transportation networks. In addition to a topical expansion of Chinese business history, we also need a more even chronological coverage, especially concerning the Republican period. So far, most case studies of Chinese enterprises cover the late Qing and the Republican period until 1937. Research on the wartime economy by Parks Coble, William Kirby, and Yeh Wen-hsin has directed attention to Chinese business enterprises and their varied responses to foreign aggression, nationalist exploitation, and civil war. The increasing interest in the war period fits in with the recent discussion about bridging the 1949 divide, reflected in recent publications on Chinese social, cultural, and political history.

In the H-Business discussion about the future of American business history, the demand for creative primary research combining internal company sources with outside sources providing the context is considered vital and should be applied to Chinese business history as well. The work of Chandler, Max Weber and others can provide us with a point of reference for theoretically framing our specific questions to the field. Needless to say, their approaches and interpretations are not complete and cannot do justice to the complexity of

“ . . . there is growing consensus about the need to combine the institutional approach with the cultural approach . . . ”

business and enterprises as we perceive them at present. But rejecting Chandler's work completely for this reason seems to me as one-dimensional and narrow as the categorical exclusion of non-institutional aspects of business. Since business historians working on China still debate the nature of the most basic concepts, such as the firm, the corporation, and legal contracts, we need all the help we can get. Creating a complex, multi-dimensional approach to business institutions and organizations, as well as their cultural and economic context, demands the reconciliation of institutional and quantitative analysis with a thorough socio-cultural interpretation of their interaction with state and society. In this way, Chinese business history will contribute to our understanding of Chinese business and Chinese history in general, as well as to international business history from a comparative point of view.

1. Angel Kwolek-Folland, *Incorporating Women: A History of Women and Business in the United States*. London and New York: Twayne Publishers and Prentice Hall Int., 1998.

2. Christopher Reed, "Reading New Audiences: One Purpose of Revision and Discovery," in *Chinese Business History*, vol. 9, no. 2 (Fall 1999), p. 1.

A Sociological History of Contemporary Big Business in Taiwan

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Graduated in both sociology and economics, I first went to Taiwan in 1990. There, I chose to study Taiwan's big entrepreneurs since 1949. I was interested neither in a quantitative analysis of the Taiwan "miracle," nor in looking at the role of the State or of the multinationals, two topics that were already widely researched and documented by economists. Instead, I chose a more micro-economic perspective to examine a third actor in the economy: entrepreneurs at the head of Taiwan's biggest enterprises or conglomerates. My ambition was to research the social mechanisms or framework that had made possible economic success since 1949.

My main sources were first directories of enterprises, notably the list of the first 100 business groups, *Taiwan jituan qiye yanjiu*, published regularly since 1972 by *Zhonghua chengxin zhongxin* (China Credit Information Service), which gathers information related to finance, technological cooperation, and overseas investments as well as biographical information on the core managers and owners of enterprises. A second source of information was the Taiwanese press, mostly economic reviews — such as *Tianxia zazhi*, *Zhuoyue zazhi*, and *Caixun* — published since the beginning of the 1980s. Thirdly, in the process of gathering materials, I found out that many preeminent entrepreneurs were publishing either their own autobiographies or authorized biographies written by journalists. These documents were to become one of the main sources of my research.¹ Of course, these works are very much stereotyped and often present the same kinds of stories: entrepreneurs were born in poor families, orphaned at a young age, bound early to find a way to earn their living, etc. Besides, these works underline the successes of the entrepreneurs and do not mention their setbacks. Nevertheless, I could use them in several ways. First, they were primary sources giving information on the lives of these entrepreneurs and on their various enterprises. Secondly, I



Taipei 1966

could use them as ethnographical documents, in the sense that they reveal how these entrepreneurs introduce themselves to the whole society. These documents tell a lot about what I call the "mentality" of the economic elite. The fact that these books have now been published for the last fifteen years is itself a sign that the economic elite needs to justify its position in the present society.² A fourth source of information was publications by enterprises themselves, such as annual reports. Finally, a number of interviews were conducted with either entrepreneurs or their representatives.

With all these materials, I tried to piece together the personal story of these entrepreneurs (When did they get into business? At what age? On what occasion? What were their contacts with the State, possibly with the Guomindang? Do they have any role in vocational associations or in the political arena?) and the story of their enterprises (When were they founded? In what circumstances? How did the entrepreneurs



Taipei 1995

choose the sector of investments? How did they switch from one sector to another?). Of course, my results are limited by the very nature of my sources. I have studied the firms mainly through the life-story of

their founders. The most complete story I have been able to piece together is the story of the enterprises of the "*Tainan bang*."³

Some results are: **(1) The familial feature of big business.** It is a well-known fact that many Taiwanese businesses conglomerates are today still in the hands of the family of their founders, not in terms of the control of the capital (which is not at all easy to discern because of a great lack of transparency), but also in terms of management. Members or affiliated members of the original family that founded the business groups still occupy key positions in the management of firms.

(2) Solidarities among entrepreneurs: the result of a process and not a cultural artifact. Family association for the control of several firms is just one type of a more general

feature. Enterprises are controlled by an association of individuals who can share many different objective characteristics: they belong to the same family, they come from the same region, the same university, etc. Researching the social networks that constitute the social framework on which many business groups are built, we discovered that these networks are at the same time flexible and the result of a process. Associations of individuals in economic ventures are flexible in the sense that they are open. They can be dismantled — an associate who wants to quit can do so even though it can be painful for the firm. Associations can also welcome new associates. The development of conglomerates from textile industry to financial services is often the story of a progressive extension of the original solidarities based on common geographical origins into other networks. Business networks are also the result of a process. As has been observed in other contexts, there is absolutely no obligation for two individual businessmen who share objective characteristics to become involved together in an economic activity. They need more than just objective characteristics to become associates. They have to share confidence (*xinyong*) in each other. Indeed, I have found many cases where individuals associated in one venture share *several* objective characteristics, such as common geographic origins, affiliations through marriage, and employer/employee relations. The layering of these different objective characteristics seems to work as a way to give maximum security to the existing relationship. To summarize, it appears that “formal features” are not decisive in the setting up of economic associations, but that businessmen associate themselves according to “operational objectives.”

(3) A patriotic and social capitalism. Interviewing big businessmen or reading their biographies or autobiographies, I came to be interested in their discourse on their own activity, which is a discourse of legitimization. Two main features of this discourse can be underlined that Chinese business historians will find familiar. First is their sense of selflessness. Entrepreneurs assert that they do not pursue profit and prosperity for themselves, but for the benefit of the whole national community. Businessmen have a mission beyond the simple fact of keeping their economic activity profitable. They have some kind of social responsibility (*shehui zeren*) that is specific. This rhetoric can be found in many of the short phrases that are supposed to sum up the philosophy of a firm. Nan Ya plastics (from the Formosa Plastics Group), for instance, sums up its philosophy by the expression “*quzhi yu shehui, yongzhi yu shehui*” (meaning “what is received from society should be returned to society”) as if the firm had a debt towards the society and that it should repaid (*huikui shehui*). These remarks on selflessness are often combined with patriotic comments. Serving the society sometimes means “*qiangguo*” (strengthen the country).

(4) A patron-client relation with the State. This discourse on the responsibility of businessmen in protecting

social harmony and social welfare or defending national interests is not specific to the Taiwanese business community. This kind of rhetoric is also to be found in Japan, Korea, and other Confucian societies that cherish the ideal of harmony, whereas in Western countries, the key idea that legitimizes the pursuit of profit is the idea of the market. What might be specific to Taiwan is that eventually this kind of discourse is rooted in the original type of patron-client relationships that the State maintained with the business community, at least until the democratization process. Capitalists from the mainland enjoyed a privileged access to the bureaucracy. Local capitalists also tried to develop political connections with technocrats (notably through mainland collaborators). The State selected the entrepreneurs it wanted to promote. In return, entrepreneurs had to “serve” the political project of the nationalist State and be loyal to it.

Taiwan’s contemporary business history is only at its beginning, and much is still to be done, notably to know more about the managerial, financial as well as technological dimensions of enterprises. But this research did convince us of the richness of the field.⁴ While Taiwanese firms are increasingly globalizing or changing core activities, there is a growing social demand in Taiwan itself for a better understanding, from a micro-perspective, of the economic dynamism of the country.

1. In his paper “Dangdai Taiwan qiye fazhanshi yanjiu huiti” (A study of the development of contemporary Taiwanese enterprise), Professor Xie Guoxing draws up a list of this type of work (in *Taiwanshi yanjiu yibainian: huiti yu yanjiu* [One hundred years of Taiwanese history: research and results] (Academia Sinica: Institute for Taiwan History, 1997, pp. 285-304).

2. Several publishers have set up specific series for business history, such as the *Chanye Taiwan* [Corporate Taiwan], published by Yuanliu.

3. See my article “Le <Tainan Bang>: logiques économiques et logiques sociales dans l’histoire d’un conglomérat taiwanais,” *Entreprises et Histoire*, 1996.12, pp. 101-111. Also see Numazaki, Ichiro, “Tainanbang: The Rise and Growth of a Banana-Bunch-Shaped Business Group in Taiwan,” *The Developing Economies XXXI.4*, December 1993, pp. 465-484, and Xie Guoxing, *Tainanbang, yige Taiwan bentuqiye jituan de xingqi* [The Tainanbang, the rise of a Taiwanese enterprise group], Taipei: Yuanliu chubanshe, 1999.

4. For a complete description of public archives available, see Lin Man-houng, ed., *Taiwan’s Holdings of the Republic of China’s Economic Historical Archives*, Taipei: Institute of Modern History, 1995.

Seizing the Opportunities: Chinese Merchants In Korea, 1876-1910

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In late 1883 Gong Liande, a young Shandong merchant, traveled to Seoul, the capital of Choson Korea. With only a small amount of capital, 60 taels of silver, he set up a tiny shop in one of the market districts of the city to sell thread, matches, pipes, hand towels and other sundries. The success of this small venture is illustrated by the fact that less than two months after establishing his business, Gong was able to purchase a large piece of property in Seoul for the sum of 1,270 taels.

That Gong was in Korea at all is evidence of a significant transformation in relations between China and Korea. Long content to keep one another at arms' length, China and Korea had for centuries traded only through two restricted and regulated avenues: annual Korean tribute missions to Beijing, and occasional trade fairs on Korea's northern border. In the last quarter of the nineteenth century, however, the Choson kingdom, at the gentle prodding of Qing China and the much more insistent demands of Meiji Japan, established diplomatic and commercial relations with many of its Asian neighbors as well as with nations of the West. This "opening" of Korea prompted an influx of Chinese merchants and migrants. Some came from areas of China traditionally associated with emigration such as Guangdong and Zhejiang. Most, however, came from nearby Shandong. Among the Chinese who came to Korea were large numbers of merchants. They ranged from the lone itinerant peddler, wandering the interior of Korea with a sack of cotton thread on his back, to owners and managers of sizable firms that engaged in a wide variety of commercial activities and had branch offices not only in Korean ports but also in major East Asian cities including Hong Kong, Shanghai, and Nagasaki.

The activities of Chinese merchants in Korea during the so-called Open Port Period (1876-1910) constitute a heretofore neglected aspect of Chinese business history and of the foreign commercial penetration of Korea. A close examination of Chinese, Japanese, and British consular reports, reports and correspondence from the Korean Customs Service, diplomatic correspondence, and materials generated by Chinese firms that did business in Korea reveals a significant and sustained Chinese commercial presence in Korea. Some Chinese merchants worked to expand traditional market niches. Others explored new ones. In both cases they enjoyed a degree of institutional and political support

unprecedented in the history of relations between the Chinese state and Overseas Chinese communities in Asia.

The barter of Korean ginseng and specie for Chinese silks and medicines had long been the mainstay of the restricted "traditional" Sino-Korean trade. During the Open Port Period, most Chinese merchants involved in this trade eschewed the traditional but costly tribute and border trades in favor of transporting goods by sea and setting up shop in Korea itself. They found that the Korean court's demand for Chinese silks, although occasionally slowed by officially imposed periods of mourning, continued unabated. Furthermore, increases in wealth in certain sectors of Korean society and a relaxation of sumptuary restrictions greatly increased the potential market for Chinese silks. Chinese merchants sometimes grumbled about the ever-changing demands of Korean consumers, but they kept

pace as best they could. And, despite consistent and determined competition from Japan, Chinese merchants maintained a virtual monopoly in this sector and their imports of Chinese silk increased some 85-fold throughout the Open Port Period. Chinese textiles such as grasscloth and nankeens also found a steady and profitable market in Korea.

In addition to the development and expansion of traditional markets, Chinese merchants also explored new possibilities. The most significant of these was the transshipment of Western manufactured goods. Engaging in fierce competition with their Japanese counterparts, Chinese merchants imported and distributed a wide variety of manufactured goods designed to meet the needs and wants of the small but growing expatriate community in Korea as well as an expanding Korean demand for everything from matches, kerosene, and needles to watches, soap, and "worm tablets, in bottles." The most significant of these transshipped goods were British cotton textiles. Given a Korean predilection to wearing cotton clothing, Lancashire cotton goods — ranging from thread to high-quality shirtings — found a ready and ever-growing market in Korea. While Japanese merchants initially seized the initiative in this sector, Chinese competition soon pushed the Japanese out of the market.



Merchants from China possessed several advantages over their Japanese counterparts. First was simple geography: Inch'on, the chief port of the Korea trade, especially for imports, is closer to Shanghai, then the main distribution center of British textiles, and closer still to Tianjin, an important regional distribution center, than to any port in Japan. The savings in transportation costs alone allowed Chinese merchants to sell British cotton goods at cheaper prices. Second was their proximity to and experience with the Shanghai textiles market, which allowed them to react more swiftly to fluctuations in exchange, rates, prices, supply, and demand. Third, most Chinese merchants who imported British textiles had larger amounts of capital than their Japanese counterparts, many of whom were small-scale merchants trying to make the rice trade pay by importing Manchester grey shirtings or T-cloths. This allowed Chinese merchants to buy in bulk and to weather short-term fluctuations that were often disastrous for Japanese merchants. Fourth, the widespread Korean antipathy toward Japan meant that Korean consumers generally preferred Chinese merchants to Japanese (all else being equal).

Chinese merchants in Korea also took advantage of an unprecedented degree of support from the Qing State as well as the prerogatives that resulted from Qing China's participation in the establishment of a Sino-Western "informal empire" in Korea. While Overseas Chinese in other parts of Asia often had an ambiguous relationship with the Chinese state, the Chinese in Korea enjoyed full recognition and aggressive support from the moment they arrived in Korea. Qing "Commissioners of Trade" were stationed in Seoul and in all of the important port cities in the early 1880s. They promoted Chinese commercial interests in a variety of ways ranging from the mediation of disputes between Chinese merchants and the Korean Customs Service to urging the Qing government to subsidize shipping lines between China and Korea. A contrasting example can be found in the Philippines, where, despite the presence of a far older and much larger Chinese community, Qing consular representation was not established until 1898, and this only after repeated entreaties and requests. In addition to strong state support, the Chinese in Korea enjoyed virtually all of the privileges that Westerners had secured throughout East Asia. These included extraterritoriality and the right to establish and administer Chinese concessions in treaty ports. The fact that leading Qing statesmen such as Li Hongzhang had played a central role in the mediation of Korea's treaties with the West and in the introduction of the so-called treaty port system to Korea granted Qing China and the Chinese in Korea a de facto and often de jure status as co-participants in Western-style commercial imperialism. Some of these privileges were restricted with the negotiation of a new Sino-Korean treaty in 1899 but throughout the Open Port Period, Chinese merchants

enjoyed privileges and prerogatives often much closer to those of the Western imperial powers than to those enjoyed by Chinese in other parts of Asia.

A significant Chinese commercial presence in Korea lasted longer than the usual depictions which, if they consider China at all, assume that the 1894-95 Sino-Japanese War signaled both the end of Chinese claims to suzerainty in Korea and to Chinese commercial success in Korea. In fact, the amount of goods imported into Korea by Chinese merchants continued to grow long after 1895, beginning to decline only after the establishment of a Japanese protectorate in Korea in 1905. A number of factors contributed to the ultimate Japanese eclipse of the Chinese in Korea. These include the inability or unwillingness of British manufacturers and merchants to acquaint themselves with, let alone attempt to meet, specific demands of the Korean consumer, shifts in factor endowments that gave comparative advantage to Japan, and the fact that the Japanese enjoyed the advantages of "late industrialization." In the end, however, it was the Japanese commitment to formal empire in Korea that trumped the Sino-British informal one.

Study of the business structure, practices, and contexts of Gong Liande and his cohorts in Korea has been neglected in part due to the difficulty of obtaining primary source materials. However, a more significant factor has been the assumption that Japan and the Japanese were virtually the only significant actors in the story of foreign economic penetration of Korea. Closer examination of the role of the Chinese in Korea during the Open Port Period will lead to a more complete picture of economic and commercial transformation in Korea. It will also add a bright and often contrasting thread to the tapestry that is the study of Chinese business in Asia.

International Workshop on Industrial Relations in East Asia

**July 21-22, 2000
Brisbane, Queensland, Australia**

The workshop is designed to evaluate the current state of scholarship on East Asian industrial relations from 1850 to the present, emphasizing the post-World War II union movement.

Jointly sponsored by the Asian Business History Centre and Asia Studies Centre at the University of Queensland and Griffith Asia Pacific Council and Culture Regeneration Research Association.

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International Workshop

Maritime China and the Overseas Chinese in Transition, 1750-1850

Robert Gardella

U.S. Merchant Marine Academy

Held at the National University of Singapore from November 25 to 27, 1999, this comprehensive workshop engaged two scholarly sub-fields which rarely seem to exchange ideas. Ten sessions consisting of 31 papers brought together historians of late imperial China and those studying aspects of Chinese overseas communities in both East and Southeast Asia. The international character of the proceedings was borne out by the presence of specialists based in Europe, Southeast Asia, East Asia, Australia, and North America. Well-known participants included Wang Gungwu, R. Bin Wong, Lin Manhoung, Dian Murray, Leonard Blusse, Ng Chin-keong, Roderick Ptak, Chang Pin-tsun, Jane K. Leonard, Tsiao Yung Ho, and John R. Shepherd, while solid presentations were made by a number of other researchers. The latter included (but were by no means limited to) contributions by Huang Guosheng (Fujian Normal University), Li Mingbuan (IIAS at Leiden), Patrizia Carioti (Oriental Institute, Naples), Eric Tagliacozzo (Cornell University), Peter Borschberg and Wai-ming Ng (both of the National University of Singapore), Ch'i-kong Lai (University of Queensland), Ch'en Kuo-tung (Academia Sinica, Taiwan), Li Tana (University of Wollongong), Dhiravat Na Pombejra (Chulalongkorn University), and Paul Van Dyke (University of Southern California).

As indicated above, the most exciting aspect of the workshop was the rare opportunity to link research on mid- to late-Qing China with analyses of the multi-faceted roles played by Chinese throughout Southeast and East Asia before the high tide of Western imperialism engulfed these areas. On several occasions, new archival resources were also pointed up, materials which promise to substantially enhance our present understanding of both overseas Chinese community life in the 1700s and 1800s and pre-1842 Sino-foreign commerce and its embeddedness in maturing Qing institutions. Only a few highlights of the proceedings that may hold a particular interest for CBH's readers can be outlined here. (A volume edited by Professors Wang Gungwu and Ng Chin-keong planned for the end of this year will incorporate revised versions of each presentation.) Wang Gungwu's keynote address set some parameters to the workshop's central theme. He suggested multiple ways to construe "Maritime China" over the 1750-1850 era: as a *segment* of the tributary system

created by a continental empire, as a *periphery* in which China's coastal provinces were expanding outward, as a *terminus* where bold, entrepreneurial Chinese throughout the Nanyang interacted with foreigners, as a *holistic* sum total of these three paradigms, or as some *ideal* entity emphasizing a notional balance between maritime and earthbound heritages. Another broadly significant theme surfaced in R. Bin Wong's paper. Wong explored the relationships between the political economies of maritime and agrarian China by comparing Qing policies towards landlocked frontiers and provincial peripheries versus the handling of economic core regions and seacoasts. The imperial state played a much more direct role in managing the political economies of the former areas, while espousing a largely regulatory role in the latter zones. That regulatory role was superbly exemplified in Hung Guosheng's study of the reorganization of the Qing maritime customs system between 1684 and the late 1720s. Huang finds that the Qing met its objective of providing a uniform, efficient institutional framework for managing China's coastal and foreign trade, and promoting commercial prosperity in the littoral provinces formerly devastated by warfare and maritime interdiction.

Of the numerous papers that discussed aspects of regional and local commerce in the Nanyang and East Asia, only four will be cited here. Li Tana discussed the participation of Singapore Chinese in developing the export rice trade of Saigon as well as Bangkok during the late eighteenth to mid-nineteenth centuries. In consequence, this vital commodity trade rapidly came into the hands of Nanyang Chinese merchant-financiers and became a major source of their early capital accumulation. Both Wai-ming Ng's and Patrizia Carioti's presentations dealt with Chinese merchants as essential intermediaries in maintaining commercial links between ostensibly "seclusionist" Tokugawa Japan and East and Southeast Asia. Ng established the clear preeminence of Chinese overseas in the trade between Nagasaki and Southeast Asia, whether serving as ship captains, crews, suppliers, distributors, retailers, interpreters, or naval architects. As he notes, this trade was really a vast extension of Sino-Japanese commerce. Patrizia Carioti took up the mediating role of the Chinese mercantile community at Nagasaki in the economic and political

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“Capitalism with Socialist Characteristics: China’s Wartime Economies in Transition”

Panel at AAS, San Diego, March 10, 2000

Parks Coble University of Nebraska

The panel, sponsored by the Chinese Business History Research Association, consisted of four papers. Cheng Linsun’s (University of Massachusetts, Dartmouth) paper, “Economic Planning and the Initiation of China’s Planned Economy: The National Resources Commission and Its Industrial Activities (1932-1949),” demonstrated the continuity between the NRC and the post-1949 Maoist state. It also demonstrated that the differences were more of scale and success rather than intention. The NRC was limited by lack of funds and war but with a five-year cushion and more money, its projects might have been successful.

Yasutomi Ayumu’s (University of Tokyo, formerly University of Nagoya) paper, “The State Controlled Economy of Manchukuo and Its Wartime Inflation, 1937-1945,” outlined the various phases of the planned economy and the impact of changing wartime conditions and inflation on the plan. This paper highlighted important features of the Sino-Japanese War. There were problems with plans and it is clear that there was no one clear Japanese plan since different groups within the military structure had different plans. Many governments and agencies were issuing paper currency to cover deficits and the currency collapsed. The paper also illustrates the Achilles’ Heel of planned economies, especially those under wartime conditions — *agriculture*. After governments can no longer support heavy industry, they turn to agriculture because they desperately need the agricultural products. Procurement systems keep prices low, but the problem is that farmers don’t want to sell, especially in periods of hyperinflation. Farmers hide production or shift to crops not in the procurement system (in Manchukuo, sorghum and wheat instead of soybeans) or don’t strive to increase production if they are not paid. In Manchukuo, “. . . the government used violent methods in order to force the peasants to sell their product to the officials” (Yasutomi, p. 21).

Morris Bian (Auburn University), in “The Making of the Administrative Factory in State Enterprises during the Sino-Japanese War: The Case of the Dadukou Iron and Steel Works,” gave an account of a factory which was moved to Sichuan and operated as a state enterprise during the war. He makes a convincing case that this really was a *danwei*-type organization. It had problems because too many officials were attached to the unit. Employees received all services through the *danwei* — food, dormitory housing, schools, welfare,

health, and even burial in the factory cemetery. Perhaps one reason for this type of organization was the absence of any real market economy under hyperinflation. People had to rely on their *danwei*.

Elisabeth Köll (Case Western Reserve University), in “Restructuring Control and Ownership: Managerial Financial Reforms in the Chinese Textile Industry, 1937-1949,” reminded us of opponents of the planned economy — the private capitalists who voted with their feet and their yuan. Many stayed in Shanghai and Hong Kong in 1937 and many more left China in 1949-1950. The Dasheng enterprises, the subject of the paper, were a particularly interesting example of private enterprise. Dasheng went through several stages of control. Started as a state-connected enterprise, it became almost totally privately controlled by the Zhang family. In the 1930s, it was operated by a bank committee and, in wartime, became state-controlled under Japanese military and Kanegafuchi with Chen Baochu serving as manager. After the war, it went back to private Zhang family control. In the PRC it came under state control again with a residual role for Zhang family heirs. The paper brought out an ironic impact of wartime inflation: the Zhang family paid off their bank debts.

Together, these four papers, all grounded in archival research, provided a coherent set of insights about economic developments in the 1930s and 1940s. First, they recaptured the earlier (before the market triumphalism of the 1990s) view that saw planned economies, whether based on socialist, Stalinist, fascist, or militarist models, as salvation — from poverty, national humiliation, etc. Second, they revealed that certain aspects of the Maoist system, specifically a planned economy and the *danwei* system, had pre-1949 antecedents. At the same time, the Sun Yatsen model and Maoist models of a planned economy are different. In a wider context, World War II globally led to greater planned economies, and China, Manchukuo, and Japan can be placed in this discussion. However, war with its destruction, disorder, and inflation actually undermined the functioning of planned economies. And planned economies have problems, many of which were discussed in these papers. Finally, capitalists tend to resist the planned economy.

Where might this research go? A comparison of the Guomindang and Maoist models might perhaps show the Maoist model to be an extension of a wartime-based planned economy in which emphasis was on political/national goals over economic growth and prosperity per se. Aspects of the Maoist era to consider would be a) the Korean War, b) blockade by the U.S., c) the bunker mentality of the leadership having spent an entire career at war, d) the Sino-Soviet split, e) the attempt to build industrial infrastructure in the interior with little regard for resources and workers, and which has saddled China with inefficient state-owned industries. One possible periodization would be to see a wartime-based planned economy model as extending from the 1930s through the Maoist period and the Deng reform era as closer to the earlier Sun Yatsen model of the planned economy.

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calculations of the Tokugawa Bakufu. She makes a strong case for the connection between that overseas Chinese presence and fundamental Tokugawa positions regarding maritime trade and foreign relations. Finally, Paul van Dyke examined the Canton junk trade in the 1760s from the perspective of Dutch, Danish, and Swedish archives. Some thirty-seven junks operated out of Canton and traded throughout Southeast Asia. Foreigners were heavily involved in financing the trade through the instrument of junk bottomry bonds, and they also speculated in private trade by renting out floor space in the junks. Van Dyke's work illustrates the many dimensions of the external trade of mid-Qing Canton, too often merely identified with the "Canton system."

In a separate presentation, Van Dyke and Ch'en Kuo-tung discussed their ongoing project to secure Qing customs documents and other primary sources from local archives in the Pearl River Delta region. Examples of the aforesaid junk bottomry bonds, contracts for tea and other commodities, and "chops" and seals from the Hoppon's office vividly testified to their efforts. Li Minghuan's presentation on a Chinese cemetery in nineteenth century Batavia was based on her work in another important archival project, the Kongkoan archives at Leiden University. As discussed by both Li and Leonard Blusse, these voluminous materials constitute the only surviving, relatively complete records of a major Chinese community in Southeast Asia from the late eighteenth to the early twentieth centuries. Over five hundred cases, for example, involved settlement of economic matters, such as debts, credit purchases, partnership trade, and property division in Batavia during the 1780s-1790s. These archival discoveries promise dividends for years to come in our comprehension of both Maritime China and the overseas Chinese diaspora.

Fellowships Announced

The Asian Business History Centre at University of Queensland will offer nine fellowships in 2000 to study "Business Shanghai and South China" in China. For information, e-mail Dr. Ch'i-kong Lai at <c.lai@mailbox.uq.edu.au>.

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