SWIGER, PHILIP WELLER. British Images of the Chinese Trader: 1865-1880 (1972) Directed by: Dr. James Cooley. Pp. 99.

The purpose of this thesis is to examine the evolution of British images of the Chinese trader during the years 1865 to 1880 and to determine the factors which influenced these changing concepts. A careful examination of articles and editorials from the North China Herald, personal reminiscences, government publications and other primary and secondary sources prove that British opinion of the Chinese trader changed from the acceptance of certain "myths" of Sino-British commercial alliance in 1865, to a belief in 1880 that Chinese merchants imperiled Britain's Asian trade. British images of the Chinese merchant were influenced by the complexities of Sino-British diplomacy and by the rapid commercial innovations inspired by Europe's industrial revolution.

Special attention had to be paid to the unique political and cultural setting of Shanghai, a port on the central coast of China. Shanghai's prolonged commercial predominance and wealth of published materials, including the North China Herald, made it the natural selection for a focal point in this study. The North China Herald was perhaps the finest British publication in Asia and was noted for its pro-mercantile attitude, even in the face of recurrent charges of racism. No European dealt more frequently with Chinese traders than did the treaty port merchants, so the pro-mercantile Herald represents an excellent source of information about British images of native traders.

The validity of the perceptions of the Chinese merchant drawn from the North China Herald is not the central point of this study. Whether the British in 1880 were correct in their conclusions about the Chinese merchant is not as important as the fact that the British no longer accepted an unsupportable myth about the China trade. Throughout most of the nineteenth century many British merchants in China held views about the potential of the China trade which more realistic observers correctly labeled as myths. The general myth about the China trade was predicated on a belief that the Middle Kingdom teemed with millions of customers for European goods; only the Chinese government's exclusiveness and the reluctance of the British government to force a change stood between foreign merchants and a fortune in Chinese commerce. British images of the Chinese trader were a part of this myth. The importance of the changing of British concepts of the Chinese merchants lies in the fact that the explosion of one of the myths of the Chinese trade reflected a growing awareness on the part of British entrepeneurs of the realities of the China trade. The dispersion of the myths surrounding Chinese merchants was a smaller part of a movement by British traders to redefine the boundaries of foreign enterprise in China and to assume control of Peking's financial structure.

BRITISH IMAGES OF THE CHINESE TRADER:

1865-1880

by

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CHAPTER I

INTRODUCTION

Nineteenth-century European knowledge of China was greatly indebted to the research of the three preceeding centuries. Navigators, travelers and missionaries of the sixteenth through eighteenth centuries produced literature depicting China's vast population, immense geographic size, and incredible antiquity in such a favorable light that by the end of the eighteenth century many Europeans had a kind of mystical awe and envy for "things Chinese." Chinese silks, dyes, porcelain, and paints had a high vogue; Chinese decor and pavilions appeared in homes and gardens; scholars and men of letters extolled the virtues of Chinese government. However, as Europeans broke down the barriers of Chinese exclusiveness in the late nineteenth century a different concept of Chinese civilization developed. China's collapse in the face of British arms during the Opium War of 1839-42 and again during the Arrow War of 1859-61 changed Western respect and admiration to contempt. Most Westerners came to view the Chinese as an inferior people mired in tradition and shackled by unwarranted vanities. The image of the Chinese as an inferior people was popular into the twentieth century when shifting political circumstances thrust her forward as a military ally. Indeed some nineteenth century ethnic attitudes remain even today and their existence is due in large part to the mass of literature left by those Westerners who actually had treated with the Chinese in their native land. These works included diplomatic

correspondence and memoirs, missionary publications, and mercantile reports, returns, and newsletters. In the mid-nineteenth century, the foreign merchants who lived in scattered ports along the coast of China significantly contributed to the mainstream of Western images of the Chinese. The purpose of this paper is to examine the evolution of British mercantile images of the Chinese with whom he was most familiar, the native trader, and to determine what factors influenced those images.

Mercantile publications from the China coast and articles from British and American journals provide a general pattern of development of foreign images of Chinese merchants. Mercantile attitudes of the British community in Shanghai between 1865 and 1880 will be reviewed. The year 1865 marked the end of the disastrous Taiping Revolution in China and the beginning of a return of normalcy to the operations of foreign and domestic commerce. After that date trade and customs statistics became more reliable and foreign trade exhibited enough consistency to allow careful analysis. The year 1880 concluded this study; by this date foreign commercial opinion about the Chinese merchant solidified and remained unchanged until the twentieth century.

The selection of Shanghai as a focal point of this study is of a more decided nature than the chronological delimitations. Shanghai's continued primacy in Chinese foreign trade, its independent and highly organized municipal governing body, and its role as a center of mercantile publications qualified it as the strongest example of British commercial opinion on the China coast. Throughout the nineteenth century, Shanghai carried the bulk of China's foreign trade. So great was the

commercial importance of Shanghai that a resident immodestly though quite correctly stated in 1869, "The heart of foreign trade is Shanghai, and all other ports mere bloodvessels."[1] Shanghai's municipal council and mixed court represented the closest approximation of self government on the China coast. Complete with administrative and judicial powers, Shanghai stood as a center of western institutional and commercial philosophy. Shanghai's administrative organs mobilized and articulated mercantile opinion in a manner unrivaled by other nineteenth-century treaty ports. Moreover Shanghai was the place of publication of the North China Herald, possibly the finest newspaper edited in Asia. Extremely independent and representative of commercial viewpoints, the North China Herald is the best barometer available for measuring foreign mercantile attitudes. Thus Shanghai offered the best source for sampling British mercantile opinion in the dozen or so treaty ports.

Between 1865 and 1880 British mercantile attitude toward the Chinese trader underwent considerable change. British opinion serving from a positive, almost "comrade-in-arms" relationship in 1865 to an opposite reaction by 1880 when the Chinese trader was depicted as a negative and sometimes malevolent influence on Asian commerce. British mercantile attitudes were tightly interwoven with the rapid technological innovations of Europe's industrial revolution and the complexities of British and Chinese foreign policy. Between 1865 and 1870 the strongest influences on British mercantile opinion of the Chinese trader were the commercial successes that resulted from English victories in the Opium and Arrow Wars. Military success gave new life to the dying dream of

commercial fortune in China. The cessation of the Taiping Revolution in 1865 provided more fuel for the British merchants rekindled optimism. Prior to 1865 foreign merchants found the Chinese trade disastrous, yet a few clung steadfastly to myths about the unopened Chinese market. Great Britain had carried on trade with China since the seventeenth century and by the middle of the nineteenth century certain images of the Chinese were broadly accepted by foreign merchants. The most notable aspect of Chinese character was supposedly a love of commercial enterprise. An anonymous account entitled "A Dissertation Upon the Commerce of China" written in Canton in 1838 makes the following observation about Chinese commercial attitudes:

> Trade is not here confined to one class of men, but to all ranks and ages. . . . Commerce is the invariable topic of conversations, the most important pursuit, the highest object of pleasure, and the very goal of all their wishes. Trade is the first and last word in which all unanimously join, whilst the energies of mind and body are consumed in following up this bent. . . .[2]

British merchants saw the China market as El Dorado: an immense population of eager traders, hard workers and willing buyers. The British believed that from a functional point of view, the Chinese commercial system was more or less the same as that of any European country. The division of labor among merchants in China could be equated to wholesale dealers and brokers on both the national and on the domestic level.[3] The British reasoned that the benefits and rewards available from international trade would be irresistible to a commercial system much like that of the West. Furthermore, British merchants felt that foreign commerce was so interwoven with Chinese prosperity that, to cut it off would aim a deathblow at the Chinese public welfare.[4]

The only opposition to the growth of western enterprise in China seemed to stem from the ruling elite, or the Mandarin class. British merchants depicted the Mandarins as intelligent, selfish and extortionate. Prevarication or outright falsehood characterized their official and private conduct.[5] Treaty port residents believed, and correctly so, that the Chinese elite passionately resisted foreign economic penetration because their position depended on the maintenance of a social status quo. Thus prior to 1865, the basic tenets of British merchants relating to the China trade were these: a firm belief in the existence of a Chinese commercial spirit, a confidence in the compatibility of European and Chinese marketing systems and a conviction that the Chinese scholar-bureaucrats would resist any form of commercial advancement, short of force.

The myths concerning the China market were not the only factors influencing British images of the native trader. The policies of the British Foreign Office contributed to the attitudes of the treaty port residents. By 1865 the British government had adopted a "Co-operative" policy regarding China. The crux of this policy stressed minimal interference in Chinese affairs because in the view of the British government the China trade was not of sufficient importance to justify costly wars and the risks of establishing a British empire in China. British merchants thought this policy retarded their efforts at the economic penetration of China. As a result the British merchants spent the next forty years at odds with Foreign Office policy. Part of the mercantile resistance to Foreign Office policy involved the Chinese trader. British merchants justified their aggressive political

demands by contending that a large segment of the Chinese population, especially those interested in commerce, wanted and needed foreign guidance and instruction. British merchants vigorously maintained that the Chinese ruling elite, a small fraction of the populace, kept China in a state of perpetual intellectual and technological stagnation. On the other hand, they maintained Chinese commercial elements represented the forces of modernization and social evolution that would allow China to become a full partner in the world wide diplomatic theater. Thus between 1865 and 1870 a combination of centuries old preconceptions and more immediate Foreign Office policy led the British merchant to see the native trader as a type of trans-cultural ally--a bridge spanning the gaps of cultural and diplomatic differences. Under the existing political circumstances the Chinese merchant represented a useful tool to accomplish commercial objectives such as the opening of the interior to trade, the removal of inland taxation and the improvement of local communications. British merchants hoped that by careful cultivation of their relationship with the Chinese trader the motives of common cause and economic interest would win out over the cultural and diplomatic differences that made economic penetration of China impossible. Carried to extremes, the British hopes included the creation of a politically active pressure group from the Chinese traders and an eventual change in China's domestic posture.

In 1870 the China market underwent a dramatic transformation. The introduction of the steamship and the telegraph shortened the distance between Europe and China and altered the role of the treaty port merchant. Because of faster communications with his home office

the British merchant in China lost the independence of action which characterized his earlier dealings. British merchants purchased from native traders only what was required by the home office; thus while the changes of dramatic failure were lessened, the opportunities for sudden success through speculation were all but eliminated. The British merchant of 1870 only vaguely resembled the free-wheeling commercial adventurer of earlier years. As the romance and glamour of the China market disappeared with improved communications British merchants developed new images of the China trade and the Chinese merchant. The general myths associated with the Chinese market as a commercial El Dorado persisted although much weakened by the realities of poor trade returns. Likewise the idea of the Chinese merchant as a social reformer began to lose force and by 1875 only passing reference to such a concept appeared in mercantile publications. The social reformer scheme lost impetus because of a fundamental change in the British image of the Chinese merchant between 1870 and 1875.

Prior to 1870 the British merchant's image of the Chinese trader involved a careful distinction between the Chinese merchant and other Chinese, especially the scholar-gentry class. An examination of mercantile publications after 1870 reveals a blurring of the lines of social superiority that had been conferred by the pursuit of commercial endeavors. By 1875 British merchants saw the native traders as influenced more by the negative characteristics of his race than by the higher cultural values associated with international trade. Undoubtedly the behavior on activities of the Chinese merchants did not change within a ten year span to the degree indicated by the change in the British

image of native traders. British mercantile opinion was influenced by factors other than the behavior of native traders.

The changing of British mercantile images of the Chinese trader after 1870 was a part of a reaction to the difficulties of the China trade. Despite improved means of transportation and communication between Europe and Asia the China market continued to show little evidence of viability. As the realities of lowered profits and poor trade returns began to dispel the illusions of a profitable China trade, treaty port residents looked about for causes of their failure. British merchants denounced the Co-operative Policy as the major obstacle to the advancement of foreign trade and then turned their attack toward China's antiquated foreign policy. All Chinese, even the native mercantile community, came under increased suspect of culturally bound inferiorities which made regular commerce an impossibility. The once famed reliability of the Chinese merchant disappeared and in its place came the notion of Chinese trickery and inherent dishonesty. The image of the Chinese merchant as a disruptive force in Europe's Asiatic trade solidified during the early years of the seventies. Thus, as a result of poor trade returns and an all too rapid technological transformation of the treaty port business the British image of the Chinese merchant began a perceptible drift towards the generalized racial conceptions of the day.

In the late 1870's the negative images of the Chinese began to take definite form. The concept of the Chinese merchant as a commercial brethren and cultural ally was dead by 1880. In place of this image the British substituted the idea of a vengeful enemy using commercial means

to strike back for diplomatic and military defeats. British mercantile interests pointed with dismay to the increasing number of Chinese commercial ventures throughout Asia in such ports as Bangkok, Rangoon, and Manila. Some of the more pessimistic sources predicted an invasion of "Celestials" into what had before been almost solely British trading reserves such as India. The very social class that the British merchants saw as their only friend in an alien culture during the 1860's had by 1880 become as much an enemy as China's ruling elite. Furthermore Chinese merchants appeared to be waging a winning war while the Ch'ing dynasty was most certainly crumbling. It is of little wonder that the activities of the Chinese merchant created a disturbance among British traders on the China coast.

This final step in the hardening of British attitude toward the Chinese merchant remained as an accepted image far longer than the shortlived "cultural ally" theory of the late sixties. The image of the Chinese merchant as a sinister and somehow overwhelming threat to Western commercial supremacy in Asia remained strong until the twentieth century. While British mercantile images of the Chinese trader contribute only a small part to our understanding of nineteenth century cultural perspectives, this topic is of great significance in the development of China's non-agrarian economy. The significance of the development of British images of the Chinese merchant lay not so much with the validity of their assessments or with the methods of drawing their conclusions, as with the ultimate result of such conclusions. As British commercial interests gradually came to perceive the Chinese merchant as an exceptionally capable and sometimes unbeatable competitor on his home ground, they

sought different sources of income. Foreign interests invested less in actual exchange of goods and turned increasingly to the auxiliaries of trade such as banking and transportation. By the time of World War I China was deeply in debt to various foreign creditors and foreign owned railroads and stamship lines returned steady profits. The lessons were painful for the mid-century British merchant but they were a necessary part of the commercial education that permitted him to approach economic control of China by the twentieth century.

CHAPTER I

FOOTNOTES

[1]North China Herald [Shanghai] June 12, 1869, p. 279.

[2]Rhoads Murphey, ed., Nineteenth Century China: Five Imperialist Perspectives. Michigan Papers in Chinese Studies, No. 13 (Ann Arbor, Center for Chinese Studies. The University of Michigan, 1972), p. 25.

[3]Peng Chang, "The Distribution and Relative Strength of The Provincial Merchant Group in China, 184201911" (Ph.D. dissertation, University of Washington, 1958), pp. 7-12.

[4]Murphey, p. 37.

[5]Noah Brooks, "Old Lamps for New?" Overland Monthly, December, 1869, p. 564.

CHAPTER II

SHANGHAI AND THE CHINA TRADE

The British mercantile community of Shanghai looked forward to the year 1865 in hopes that it would prove to be a watershed in the course of Chinese foreign trade. British merchants had operated from Shanghai since 1843 with little success. Not only had China's foreign market failed to live up to expectations but in 1850 a series of internal disorders wrecked China's domestic market. The interference with transportation and communication created by the Taiping Revolution (1850-1865) assured the collapse of many British firms' faltering businesses. By 1865 only the largest firms remained and some observers predicted their impending decline.[1] However, in that same year the Chinese government crushed the Taiping Revolution and restored domestic tranquillity. As regularized trading relations resumed between the coast and the interior, British merchants sounded new notes of optimism:

> A confident feeling in the China trade becoming once more profitable begins to revive in mens' breasts. A succession of failures has weeded out much that was unsound in the general state of affairs and the closure of the weaker banks has removed the mad competition which afforded undue facilities to speculators.[2]

The Shanghai merchant's confidence in 1867 was strikingly similar to the mood of earlier British traders on the China coast. The difference between the Shanghai merchant of 1843 and his counterpart of 1865 was in their varying degrees of experience with the China trade. British commercial optimism of the 1840's was based on a record of success

outside China. British expansion into the China market followed an established pattern of commercial conquest in Asia. British traders established treaty ports beside the walls of major trade centers in an effort to "tap" the established market. This method was not new; the British had used a similar pattern during the sixteenth and seventeenth centuries in South and Southeast Asia. Trading factories and forts established at scattered points on the coastal fringes of Ceylon, Bengal, Java, and Luzon had been very successful.[3]

The British merchants' experience with the China trade was of a very different nature than their other Asiatic trade. The Opium War of 1839-1842 and the Arrow War of 1856-1860 provided the diplomatic and military impetus to extend British commercial outposts from the single port of Canton to fifteen other locations along the China coast. The opening of these ports ushered in the most glamorous era in the annals of Eastern trade, the era of the China clipper. From 1840 to 1876 these sleek vessels dominated China's foreign trade, carrying tea, raw and manufactured silk, scarves, screens and lacquered wares to Europe, and bringing into China opium and cotton goods. Despite the romance and glamour of the China market, trade returns were uninspiring. After some initial success in the early 1840's British merchants found the China trade increasingly unprofitable. Chinese peasants did not purchase European imports except opium. British firms made only inconsistent profits from tea and silk exports due to a variety of factors that affected local production such as unfavorable weather or governmental interference in the form of arbitrary taxation. By the late 1850's the balance of trade began to favor China largely due to a

decrease in opium importation. The Chinese met opium demand by cultivation of their own fields and as a result silver ceased to flow from the country in the volume recorded in the early 1840's.[4] The outbreak of the Taiping Revolution in 1850 meant severe irregularities in an already declining foreign trade. For most British firms the revolt was the commercial coup de grâce that drove them from the China coast.

In spite of the succession of commercial failures between 1842 and 1865 the British community of Shanghai expressed the same optimism as the founders of Britain's China trade some twenty years before. Shanghai's commercial optimism in the late sixties was based on a belief in the strength of the city's commercial and administrative bodies. These institutions, which included the Maritime Customs, the Municipal Council, and the Mixed Court, all developed during roughly the same period as the Taiping Rebellion and the Shanghai merchants eagerly anticipated their effect on more normal trading conditions. It was generally believed that these new administrative and judicial bodies would exercise a regulatory influence on the China trade which had been lacking before the Taiping Revolution. Shanghai's Municipal Council, Customs, and Mixed Court received a great deal of the credit for Shanghai's emergence as Britain's most successful treaty port.[5]

The Shanghai Municipal Council, the administrative organ of government at Shanghai, originated in negotiations between the British consul George Balfour, and local Chinese officials. These negotiations, known as the Land Regulations of 1843, gave land holders the right to maintain and police their section of the city. A revised set of Land Regulations in 1854 established a Municipal Council as an elected representative

body, a police force, and a system of compulsory taxation. Difficulties arose over the application of the 1854 Regulations to inhabitants of different nationalities and as a result another revision was negotiated between British and Chinese officials in March of 1866. The 1866 revision granted administrative powers to a Municipal Council composed of elected representatives from any of the various land-holding nationalities. The diplomatic representation of Great Britain, the United States, France, Russia and the North German Confederation provisionally approved the third revision of the Land Regulations in 1869.[6] In fact the Municipal Council consistently exercised fuller powers than actually granted either by treaty with the Chinese or by agreement with foreign diplomatic representatives. From a "committee" having only superficial administrative powers pertaining to the maintenance of sanitation and utilities, the Muncipal Council grew into a complete administrative body with police and taxation powers.

The inhabitants of Shanghai drew inspiration from the Municipal Council in two seemingly contradictory ways. First, the Muncipal Council represented the introduction of western principles of legality into what the British merchant considered a socially archaic and hostile culture. In the mind of the British mercantile community, the Board of Trade failed to produce the necessary protection and stimulation for a healthy foreign trade in China. Therefore the merchants attempted to govern themselves in a manner beneficial to their trade. The establishment of the Municipal Council provided the necessary legal foundation for expansion of a faltering trade:

> What do we see at the end of 1865? The municipal councils, whose authority was confirmed by the decision of the tribunals, have recalled dissidents to order; placed financial matters on a proper footing and restored public confidence. . . . From a commercial point of view, it is true, the condition of Shanghai is no longer the same . . . [however] trade made by foreigners has a vitality of its own and rests upon such foundations that progress it must, whereas, at second rate ports, it would decrease and be absorbed by native companies.[7]

Moreover, the Municipal Council mobilized and articulated mercantile response to the policy of the British government. Official British policy regarding the China trade was based on the Mitchell Report. This report, although written in 1852, did not become policy until 1863 when the Foreign Office adopted the "Co-operative" policy. In 1852, Mitchell, an assistant magistrate at Hongkong, prepared for Sir George Bonham, then Governor of Hongkong and Superintendent of Trade, a report on the prospects for foreign trade in China. The report argued that the self-sufficient nature of the Chinese economy would preclude any chance for meaningful profit from international commerce.[8] In the view of the British government the China trade was not of sufficient importance to justify costly wars and the risks of establishing a British empire in China. This Co-operative policy, according to Mary C. Wright meant co-operation on the part of Great Britain, the United States, France, Russia and China to secure the peaceful settlement of disputes and the gradual modernization of China.[9] Therefore England supported the Chinese government against its enemies the rebels, provincial malcontents, or foreign merchants.[10] The "one great object of offical policy was to diminish points of contact between British traders and native customers."[11] Of their diplomatic representatives, the Shanghai Chamber of Commerce remarked:

> Removed from any contact with foreign merchants, and the influence of public opinion, the Foreign Ministers become in measure advocates of Chinese exclusiveness rather than the extention of foreign trade.[12]

Belief that their home government was unresponsive and hostile led the British merchants in Shanghai to rely on their local institutions as a source of strength. However, Shanghai's municipal growth was not the only reason for optimism in the 60's. Two institutional developments of a commercial and legal nature contributed measurably to Shanghai's commercial outlook: the Imperial Maritime Customs and the Shanghai Mixed Court. The Imperial Maritime Customs began during the Tai-ping Rebellion when, in 1854, Chinese authorities in Shanghai failed to collect the customs revenue. Rutherford Alcock, the British consul at Shanghai wished to maintain a legal basis for trade even in the absence of Chinese officials. Alcock instituted a "Provisional System" of customs collection by which British and American consuls collected promisory notes for the amount of customs duties due the Chinese government. The "Provisional System" worked so well that after a short period of resistance by treaty port merchants and local Ch'ing officials it was instituted as a Maritime Customs at Shanghai. The consuls of foreign powers assumed responsibility for revenue collection and nominated three inspectors to be appointed by the Chinese government to enforce treaty agreements and customs regulations. In 1863, Robert Hart became inspector general and for forty-five years he served the Chinese government in this capacity.[13]

The Imperial Maritime Customs represented a major step toward the creation of conditions under which western commercial growth could prosper. The new Customs removed the difficulties and financial losses

incurred while dealing with the old Ch'ing customs. Ch'ing Customs was riddled with corruption and had been thoroughly inefficient. The Taiping Rebellion provided the occasion to remove a cumbersome obstacle to the free flow of trade in Shanghai. The use of foreign officials in a basically Chinese institution was an innovation in both the commercial and diplomatic spheres. The Customs gave Shanghai a reputation among foreigners as a commercial sanctuary comparatively free from the tradition and precedent that stifled commerce elsewhere.[14] The authority of the Customs expanded to cover all treaty ports in 1858, but the concept of Shanghai as "an innovator" in Sino-British relations remained with its inhabitants.

The establishment of the Shanghai Mixed Court on May 1, 1864 provided a second example of Shanghai's increased western character. Prior to 1863, the various consuls of the treaty ports heard cases of a "mixed" nature, involving Chinese and foreign nationalities. The sheer bulk of cases at Shanghai made it impractical for the residing consuls to hear cases. In 1863 the British consul in Shanghai, Sir Harry Parkes, formulated a plan to lift the burden from the port consuls. Parkes proposed a mixed court, presided over by a Chinese magistrate with a foreign "assessor" in attendance as an advisor.[15] The mercantile body hoped that a new legal code would develop as a result of the influence of the foreign assessors, because the mixed court judged each case on its own merit rather than by reliance on judicial precedent. British merchants believed that with experience, the mixed court would gradually develop a new legal code in alignment with western standards without violating Chinese penal code or custom.[16]

In this manner, the merchants of Shanghai hoped to be free from the disparities of the Chinese and English legal codes which often stifled the free flow of foreign commodities.

The establishment of the Shanghai Mixed Court, the Imperial Maritime Customs, and the Shanghai Municipal Council affected the attitudes of the local mercantile community towards themselves and their home government. These institutions represented innovations in Anglo-Chinese relations and the Shanghai inhabitants displayed an immense pride in their development. A letter to the North China Herald provided an interesting insight into the Shanghai merchant's view of himself and his city:

> The dream of the Free City, based on the precedent afforded by the mercantile republics of the ancient days has perhaps excited more ridicule than it deserved. It is easy to scoff at the idea of a body of men existing on the coast of a foreign and semi-civilized country, and living on without the aid of a navy or military force to uphold them in their position. But, strangely enough these much scandalized traders have shown themselves singularly qualified for self-government. They have flung narrow and obstructive national prejudices to the winds, and have co-operated to produce a state of things of which they may be reasonably proud. Is it quite without the verge of probability, ere many years are over, the Settlement may be even better able to go alone, than it is at this day?[17]

In the mind of her inhabitants, Shanghai's institutions represented an isolated instance of unbridled mercantile enterprise; the natural result was Shanghai's primacy among treaty ports in terms of bulk of carrying trade. Shanghai's success originated in the flexibility of her institutional development. Likewise, the failures of other ports lay in the attempt "to establish a logically perfect system, with the usual result of demonstrably perfect schemes, that of breaking down on the first strain."[18]

Commercial success, the inhabitants of Shanghai reasoned, remained unattainable in ports "narrowly and jealously administered by nominees of the Colonial Office"[19] such as Hong Kong.

Shanghai's sense of political uniqueness and pride in her relatively strong trade produced a sense of haughty self-righteousness. The members of the Colonial Office took particular offense and often referred sarcastically to the mercantile community as the "merchant princes."[20] In a larger sense than is implied by the development of a viable city administration, the Shanghai merchants fulfilled the role of "merchant prince." The mercantile houses in Shanghai functioned as economic mediators, spanning both geographic and cultural distance. The geographic distance between the Shanghai merchant and his home office made him a semi-independent operator; he was the man on the spot who actually did the job, free from immediate control by superiors in Great Britain. He was indeed master of his own ship; his success or failure depended on his initiative and fortitude. The Shanghai merchant found the cultural barrier more difficult to span than the geographic. Individual action failed to transcend cultural differences; therefore the Shanghai merchant relied upon his political, juridical and fiscal systems. Through them he planned eventual conquest of the China market. The Shanghai merchant felt that the irresistible logic of western civilization would break down cultural barriers and allow the free flow of trade. In this sense, the Shanghai merchant was indeed a merchant prince; arrogant from his comparative economic success, prideful of his city's institutional growth, aggressive and abrasive because of the independence and initiative required to function

efficiently despite vast distances, and unwavering in his belief in the superior merits of western civilization, the Shanghai "merchant prince" aspired to control the foreign trade of China.

The Shanghai merchant's optimism about foreign trade, so strongly based on institutional and cultural superiority, found statistical rational in the trade returns of the 1860's. After 1865 China's foreign commerce gradually recovered from the effects of the Taiping Revolution. The total foreign trade of China rose from 105,300,087 taels in 1864 to 130,972,843 taels in 1870.[21] Several treaty ports remained pessimistic about the future of the China trade; however Shanghai merchants looked forward to the realization of an immensely profitable business as the commercial managers of China's foreign trade.

The optimism of the British merchants in Shanghai after 1865 was voiced in their commercial reports to the Foreign Office and in the weekly editions of the North China Herald. Mercantile optimism resulted from the increasingly favorable trade returns between 1865 and 1870. British merchants pointed to Shanghai's institutional development as the reason for their enlarged profits. Shanghai's Municipal Council, Mixed Court, and Maritime Customs received credit as the foundation of Shanghai's commercial success until the 1920's. In the second decade of the twentieth century China presented its case for national integrity to the international community. Chinese nationalists centered many of their pleas for independence from foreign control around the issue of extraterritoriality. Sympathizers of the Chinese nationalist cause argued that institutions such as the

Shanghai Municipal Council and the Shanghai Mixed Court constituted unwarranted encroachments of China's sovereignty. The Shanghai Municipal Council steadfastly insisted that the "western" nature of Shanghai's judicial and administrative institutions was solely responsible for the city's commercial success and that under Chinese administration their lucrative business would fail.[22] The question of extraterritoriality was settled in 1919 when the Chinese Nationalist party forcibly nullified foreign jurisdiction on Chinese soil.

Recent historical investigation indicates that Shanghai's commercial success was due to its location at the mouth of the Yangtze River Basin.[23] This river basin is an agricultural and industrial center for central China; Shanghai's position near the coast made it a natural clearance site for both the imported and exported materials of the entire basin. The Treaty of Tientsin (1858) opened the Yangtze River to steam navigation and provided that three ports be opened to foreign trade. Consular trade reports in the middle and late 1860's from the Yangtze ports indicated the mass shipment of exports to Shanghai for re-export and the reception from Shanghai of the bulk of their imports, principally opium.[24] However, even as late as 1920 the Shanghai mercantile community clung to the notion that the city's administrative and judicial institutions were responsible for the port's success.

The strength of the Shanghai mercantile community's belief in their institutional system cannot be overemphasized as a formative factor in their image of the China trade. The Shanghai merchants of 1865 believed that through their own efforts they could bring prosperity to a broad commercial venture that had already been proven financially

disastrous. Their strong belief in the institutional superiority of western culture versus that of the Chinese civilization colored their perceptions of the China trade.[25]

CHAPTER II

FOOTNOTES

[1]Nathan Pelcovits, Old China Hands And The Foreign Office (New York: Kings Crown Press, 1948), pp. 17-18. As early as 1852 a member of the British foreign office predicted the failure of European firms to penetrate China's agrarian economy.

[2]H. M. Foreign Office, Commercial Reports of Her Majesty's Consuls in China, China, No. 8 (1867), Shanghai, p. 105.

[3]Rhoads Murphey, The Treaty Ports and China's Modernization: What Went Wrong. Michigan Papers in Chinese Studies, No. 7 (Ann Arbor, Center for Chinese Studies, The University of Michigan, 1970), p. 2-3.

[4]H. B. Morse, The International Relations of the Chinese Empire Vol. I (London: Longmans, Green and Co., 1910), p. 467.

[5]Shanghai consisted of three independent political units: the original Chinese city, the French Settlement, and the so-called International Settlement. The Chinese and French sections were under the political control of their respective governments. The International Settlement represented the largest and most populous unit and included the city's commercial core and most of its shipping frontage. Any further reference to "Shanghai" applies to the International Settlement.

[6]Richard Feetham, Report of the Shanghai Municipal Council, Vol. I (Shanghai: North China Daily News and Herald, Ltd., 1931), pp. 35-59. Also see Anatol M. Kotonev, Shanghai: Its Municipality and the Chinese (Shanghai: North China Daily News and Herald, Ltd., 1927).

[7]Commercial Reports of Her Majesty's Consuls in China, China, No. 6, (1865) Shanghai Appendix p. 142.

[8]Pelcovits, pp. 17-18.

[9]M. C. Wright, The Last Stand of Chinese Conservatism: The T'ung Chih Restoration 1862-1874. (Stanford: Stanford University Press, 1957), pp. 21-22.

[10]Ibid., p. 24.

[11]Pelcovits, p. 29.

[12]A letter from the Shanghai Chamber of Commerce to the Chamber of Commerce in England, published in the North China Herald (Jan. 31, 1868), p. 43. This letter was to a great extent a protest against the policy of the British government of prosecuting British subjects on behalf of the Chinese throne. This precedent was established in the case "Regina vs. Reynolds and Holt," a report on which can be found in the North China Herald, Oct. 21, 1865.

[13]Extensive work has been done on both Robert Hart and the Imperial Maritime Customs. The events leading up to the creation of the I.M.C. are dealt with in detail by John K. Fairbank, Trade and Diplomacy on the China Coast (Cambridge: Harvard University Press, 1953). Additional information on the I.M.C. during its formative years under its first inspector-general L. N. Lay, may be obtained from Jack Gerson, Horatio Nelson Zay and Sino-British Relations, Harvard East Asian Monographs (Cambridge: Harvard University Press, 1972). The life of Robert Hart and the later development of the I.M.C. are detailed in Stanley F. Wright, Hart and the Chinese Customs, (Belfast: Wm. Mullan and Sons Ltd., 1950). Information on the London Office of the Chinese Customs Service can be found in R. R. Campbells, James Duncan Campbell: A Memoir by His Son, (Cambridge: Harvard University Press, 1970).

[14]Eldon Griffin, Clippers and Consuls, American Consular and Commercial Relations with Eastern Asia, 1845-1860. (Ann Arbor: University of Michigan Press, 1938), p. 263.

[15]A. M. Kotonev. Shanghai: Its Mixed Court and Council, (Shanghai: North China Daily News and Herald, 1925), pp. 45-50.

[16]British merchants urged the adoption of the Code Napoleon as a legal solution (North China Herald, July 31, 1868). British officials were reluctant to recommend wholesale substitution of European ways for Chinese law and the court continued to function as a mixed legal institution throughout the nineteenth century.

[17]North China Herald, April 12, 1870, p. 261.

[18]Ibid., March 7, 1872, p. 180.

[19]Ibid., April 2, 1874, pp. 285-286.

[20]Stanley Lane Poole, The Life of Sir Harry Parkes, Vol. I, (London: Macmillan and Co., 1894), p. 181. In 1864, Sir Harry Parkes, British Consul at Shanghai, wrote of the need to bring the Council of "merchant princes back to their proper position." British envoy Frederick Bruce wrote the Foreign Office at the end of 1860, "Consuls can't compete in point of living with the merchant princes, but the representatives of these latter are generally as deficient in education as they are flush of cash--and they yield willingly to the influence of a man who is a gentleman." Bruce to F. B. Alston, Private, December 31, 1860. F.O. 17/399, originally cited in Gerson, p. 95.

[21]Chong Su See, Appendix III, The Foreign Trade of China (New York: Longmans, Green and Col., 1919), p. 391. For the purposes of this paper, the tael, or more specifically the Haikwan tael, is a unit of account representing 583.3 grains of fine silver (about seven shillings) or 1 1/3 ounces avoirdupois.

[22]Richard Feetham, Report Of the Shanghai Municipal Council, Vol. I. (Shanghai: North China Daily News and Herald Ltd., 1931), pp. 261-267.

[23]Rhoades Murphey, Shanghai: Key To Modern China (Cambridge: Harvard University Press, 1953), pp. 45-57.

[24]H. M. Foreign Office, Commercial Reports from Her Majesty's Consuls in China, Japan and Siam (1865, 1870).

[25]John K. Fairbank, Trade And Diplomacy On The China Coast 1842-1854 (Cambridge: Harvard University Press, 1953), p. 73.

CHAPTER III

CHINESE MERCHANTS AND THE MYTH OF COMMERCIAL ALLIANCE

As Shanghai's sluggish trade recovered from the effects of the Taiping Revolution and began to gain momentum in the late 1860's a disturbing footnote to the increased volume of trade appeared; as trade increased, Chinese merchants claimed a growing share of the profit. In 1868 the North China Herald reported "with the exception of Shanghai, Foochow and Hanhow, trade has virtually left the hands of foreigners and their interest in the small ports is tending rather to decrease than improve."[1] The Customs report of 1866 indicated the extent of Chinese control over the internal marketing of foreign goods such as grey shirtings, opium, sugar and oils.[2] Chinese merchants owned two-thirds of the opium and over four-fifths of the piece goods shipped from Shanghai to ports on the Yangtze in 1866.[3]

In 1869, S. W. Williams, a noted missionary and admirer of Shanghai's commercial development, commented about Chinese enterprise in Shanghai: ". . . the Chinese are showing that they are fully able and inclined to keep their own trade in their own hands, and its gradual enlargement will depend upon their wants and industry."[4] The mercantile body in Shanghai agreed with Dr. William's assessment. Editorials published in the North China Herald between 1865 and 1870 stressed the acceptance of the Chinese merchants' "natural" advantages, i.e., better local information, protection by guilds and greater

economy in business.[5] The editor argued that increased trade necessitated "hundreds more to share it,"[6] and that Chinese participation in foreign commerce assured a "broader and deeper current, which, if it promises a slower progress offers on the other hand, a surer guarantee for the steadiness of its future course."[7] Furthermore, increased Chinese participation in foreign trade represented the first step in the "rapid and irresistible" opening of China to western civilization.[8] The tone of the articles concerning Chinese competition did not convey the belligerency that might have been expected from the Shanghai "merchant prince." Instead, mercantile opinion in the late 1860's drifted toward acceptance of the situation and conciliatory relations with the ever increasing number of Chinese competitors. In light of the aggressive and combative nature of the Shanghai "merchant prince" such a passive stance concerning their future on the China coast seems contradictory.

The relative quiescence with which the Shanghai merchant viewed his jeopardized position as commercial manager of Chinese foreign trade paralleled his attitude regarding diplomatic developments in the mid-sixties. Prior to 1860 the Shanghai mercantile community supported elements in the British government that favored forcible opening of China to trade; likewise, a storm of debate hung over mercantile-governmental relations when the policies of the Foreign Office failed to please the China traders. However, in the mid-sixties, the Shanghai mercantile community's political policies reflected relatively stable relations with the Foreign Office. The major political debate of the decade concerned ratification of a revision of the 1858 Treaty of Tientsin, the

Alcock Convention. The Convention, provisionally negotiated by Great Britain and China in October 1869, revised tariff and commercial articles of prior treaties. Ratification of the Convention raised a storm of controversy among British merchants in Great Britain and China. The "Old China Hands" at home organized an intensive propaganda campaign against ratification in late 1869.[9] The "Old China Hands" in England adopted the rhetoric of the majority of the treaty port merchants in China; they argued that the Convention failed to satisfy the long-range goals of British commerce in Asia.[10] However the British merchants in Shanghai sounded a different note. As early as 1867, the Shanghai Chamber of Commerce stated its belief that the original Treaty of Tientsin provided all the provisions requisite for expanded China trade and on November 26, 1869, the Chamber voted qualified acceptance of the Convention.[11] Nathan Pelcovits, in Old China Hands and the Foreign Office, stated: "The intensive propaganda campaign against ratification . . . appears to have stemmed not from the treaty ports but from Old China Hands at Home";[12] Shanghai in particular claimed no responsibility for active interference in the debate on the Alcock Convention. The British government refused to ratify the Alcock Convention because of pressure from mercantile circles, but the merchants of Shanghai played no significant role as advocates of mercantile demands.

The Shanghai merchants displayed much the same attitude toward their Chinese competition as toward their diplomatic antagonists. The watchword of the mid-sixties was conciliation, both in commercial and political spheres. Shanghai's trade recovery after the disasters of previous twenty years was the most complete of all the treaty ports.

Shanghai merchants accepted any concessions offered on the grounds that "every step towards freer intercourse, like the progress of a stone rolling down hill, renders further progress more rapid and irresistible."[13] The difficult years of the Taiping Rebellion had left the Shanghai merchant with a cautious attitude toward the China trade. He was, for the moment, content with increased trade and reluctant to rattle his sword at British diplomat or Chinese merchant.

The Shanghai merchants' reluctance to disturb conditions of profitable trade only partly explains their attitude toward the emergence of the Chinese mercantile class. British co-existence with Chinese competition arose mainly from the popular nineteenth century concepts of commercialism and free trade. In a specific reference to the China trade an advocate of the benefits of free trade commented:

> The merchant is acting, and must act a leading part in the grand drama of universal amelioration. His influence, if consecrated to the high cause of human improvement, must rank among the strongest means, vouchsafed by Divine Providence, to hasten a period of universal felicity on earth.[14]

British mercantile belief held commerce as a source of human improvement. Since the Chinese also engaged heavily in mercantile enterprise, it seemed only natural that the two mercantile communities could work in harmony to benefit all mankind.

Early business transactions between British and Chinese merchants exemplified the spirit of "universal felicity." Although the abolition of the Canton system of trade in 1842 extended foreign commerce to several coastal ports, treaty stipulations made inland travel an impossibility. In order to overcome the artifical barriers to trade, the Shanghai merchants employed Chinese agents, or "compradors," who

traveled inland and dealt with local merchants.[15] The honesty of the comprador was proverbial among both American and British traders. Shanghai merchants intrusted large sums of money to native traders to purchase tea and silk in the interior, and foreigners rarely lost through an agent's dishonesty.[16]

The honesty attributed to the Chinese merchant also gave him an air of cultural superiority. A flood of pseudo-scientific literature produced in the mid-nineteenth century lent intellectual support to racist theories of permanent and ineradicable differences between European whites and darker skinned races.[17] All manner of negative characteristics were assigned to the Chinese; their only redeeming feature lay in the extent of their mercantile enterprise. In this sense the British classified the Chinese as culturally superior to other "Asians" and the Chinese mercantile class as superior to their countrymen.[18] Thus the Chinese merchant supposedly did not share the inherent and incurable failings of other Asiatic nationalities; he only lacked the proper motivation and guidance to release himself from the social stigma imposed upon the Chinese mercantile class by Confucian society.[19]

The Shanghai community understood the Chinese merchant's historical role as defined by Confucian ethic. According to traditional philosophy, merchants occupied a humble social position beneath scholars, farmers, and artisans. As early as the Chou dynasty (1122-245 B.C.), merchants had organized guilds for the purpose of market control, apprenticeship and religious devotions, but they had never fought the ruling scholar bureaucrats for an independent economic dominion.[20] Marketing

remained strictly controlled by the government. During the Ming dynasty (1368-1644), the Chinese government had instituted the Canton system of Hong merchants, and by the nineteenth century this Canton based group composed the largest commercial element in China. When the Treaty of Nanking abolished the Hong system in 1842, its former members spread to other treaty ports and undertook the role of compradors for foreign firms.[21] Although the Chinese merchant's freedom to deal with foreign sources increased after 1842, he remained subject both to social strictures and to a system of governmental controls which the British found oppressive.[22]

European merchants thought that in the scholar bureaucracy the Shanghai community and Chinese merchant had a common foe. The foreign merchant's conception of his enemy was hazy; Chinese "nobility" seemed to consist of innumerable mandarins, a scholarly sect that controlled localities in much the same way sheriffs in medieval England governed shires.[23] British merchants theorized that the Manchu dynasty's foreign origins made them determined to demonstrate their mandate to rule by strict adherence to Confucian philosophy. Thus Mandarins perpetuated the Confucian ideology of "exalting agriculture and disparaging commerce" through a system of government controlled monopolies and local taxes.[24]

Taxes levied on commercial transactions provided both a major source of irritation for the foreign merchant and a common bond between himself and the Chinese businessman. Both suffered from a form of taxation known as the "liken." The liken was a tax on goods in transit, and on shops, collected on an ad valorem basis. The Chinese

government instituted the tax in 1853 in a conscious attempt to shift the burden of revenue production from the agricultural industry to the commercial and handicraft industries.[25] Article twenty-eight of the Treaty of Tientsin provided for a customs payment of two and one-half percent ad valorem; once passed into native hands the goods became subject to liken collections levied between the port and the inland destination. Chinese merchants arriving from the interior with goods for exportation paid the liken at barriers en route; and upon arrival in Shanghai they paid a further tax, the "Loh-ti-chuan." The Loh-ti-chuan was particularly irksome for Shanghai since this tax did not exist at other ports.[26] Inland tax barriers prohibited trade, but they affected real estate values in Shanghai by taxing timber and brick procured from the interior. Approximately one-tenth of the cost of building a house in Shanghai went to "Chinese authorities."[27] British merchants also saw the tax as a tool of Chinese officials to destroy growing Chinese commerce because the liken tax applied to Chinese shops within the port.[28]

The Shanghai community did not dispute the right of the Chinese government to levy taxes, much as they chafed at the method of collection. The traditional method of Chinese financing set quotas that provincial officials returned to the central government. Any surplus of funds collected by the local official was in practice no concern of the central government. Liken taxes varied from barrier to barrier depending on the local officials' ability to meet the governmental quota with a measure of profit.[29] Payment in excess of ad valorem basis was termed a "squeeze" and the Chinese comprador passed on expenses in his

commission. British merchants deplored the "squeeze" and although the compradors passed the squeeze to them, the Shanghai community excused their oriental counterparts; the fault lay with the Ch'ing bureaucracy:

> How can we expect that any deep reverence for honesty, truth and candor should exist in the heart of a nation governed by Uriah Heeps and Dr. Cartwells?[30]

The concept of the Ch'ing bureaucracy as a common foe to both Chinese and British merchants coupled with the ideals of the universal felicity of commercial enterprise produced a curious image of the Chinese trader in the mind of the Shanghai mercantile community. During the late 1860's and early 1870's the North China Herald made frequent reference to the Chinese merchant as a type of cultural ally from whom important social changes could be wrought in China. This thesis relied heavily on what British merchants perceived to be inherent incompatibilities in the desire of most Chinese to "modernize" and the resistance of Ch'ing officials to western cultural and commercial advancement. British merchants believed "the bulk of the Chinese people wanted modernization despite opposition from the mandarinate."[31] In 1868 an editorial in the North China Herald boldly stated:

> Nine tenths of the opposition to foreigners experienced in China is due to official instigation . . . we repeat the belief we have frequently expressed that the people do not share this dread of change, when not worked upon by the mandarins; and it is the wishes of the people, not those of their rulers that we have to consult.[32]

References to the incompatibility of the desires of the populace and the Ch'ing bureaucracy were frequent during the late sixties; however it was only in the early 1870's that British merchants gave more definite shape to their concepts of social revolution in China. The

refinements of the British image of an eventual polarization of Chinese social classes was shown in an article entitled "Mandarins and the Masses," published in the North China Herald March 7, 1872. British merchants had long held the idea that there was no western style "patriotism" in China.[33] The author of "Mandarins and the Masses" took this idea one step further and hypothesized about the literati's response to a social rebellion. Where would they find allies in land without "patriots"? There was no strong ruler because the Emperor was a boy of sixteen. The army, the author contended, was merely a "rabble of unpaid desperadoes." Furthermore there was no caste of priests respected and trusted by the upper classes and "the literati would shudder to make common cause with the mendicant Buddhists."[34] Thus, if the foreign merchant was "careful to show how the interests of the rank and file of the people are bound up with the interests of the Foreigner" China would be opened to trade because of the inability of the literati to find allies to resist foreign influence.[35] Theoretically the mercantile plan was plausible; however the experience of later years exposed the Shanghai merchants' glaring misconceptions about the Chinese merchant.

Shanghai's errors in the assessment of the Chinese merchant arose from the narrowness of their perspective and the unreliability of their sources. G. O. Trevelyan remarked of British merchants in India, "no one can estimate very highly the moral and intellectual qualities of a people among whom he resides for the single purpose of turning them into pecuniary account."[36] Trevelyan's statement also applied to the British in China and in a deeper sense. Because of the

nature of the compradorial system in China, the European merchant had much less contact with native merchants than did European in India who dealt directly with native sources. Shanghai merchants relied upon a relatively small number of compradors to deal with Chinese merchants in the interior. Limited contacts with native traders resulted in a superficial knowledge of the Chinese language and a corresponding lack of interest in the Chinese culture.[37] What little information the Shanghai merchant gleaned from indigenous sources came from the Chinese gazette press, which represented little more than a diffusion of governmental positions.

The gazette press consisted of newsprints called "hein-wen-chih," literally a "newspaper," which contained official communiques released by the throne.[38] The communiques reflected the publicity requirements of the imperial throne and the news interests of the scholar bureaucrats. The total gazette circulation throughout the empire was in the ten thousands and translations appeared in all the foreign language newspapers.[39] The North China Herald dedicated at least a page in each issue to reprints from the "Peking Gazette" which issued from the capital city. The tone of the gazette press mirrored traditional Confucian philosophy and the low social status of the merchant. The British mercantile community was well aware of the shortcomings of the "Peking Gazette" as an unbrased source. In fact, the North China Herald labeled the "Gazette" as "jejune, untrustworthy and illegibly printed."[40] Nevertheless the "Gazette" was the major source of information published by the Chinese government and the British merchants' "most useful source of information, partly from what is to be gleaned from it and partly from what it does not contain."[41]

By basing their judgment of the Chinese merchant on preconceptions maintained by isolation and knowledge derived from biased sources, the foreign merchants drew the erroneous conclusion that the native merchant represented an ally in social, and thus commercial, innovation in China.

The Shanghai merchants' greatest misjudgment concerned the Chinese merchants' relationship with their government. Because of their theoretically low status, Chinese merchants appeared fair game for talk of social and commercial innovation. Indeed, some of the more outspoken Chinese merchants such as Cheng Kuan-ying openly questioned the validity of the existing social stratification which placed the merchant at the bottom.[42] However, as the Shanghai community discovered in the 1870's, the theoretically low status of the Chinese merchant was misleading.

The domestic economy of nineteenth-century China was highly developed. Thousands of basic markets linked in turn to higher level and central markets and ultimately to the great coastal trading cities such as Shanghai. At the higher levels the marketing system interpenetrated with the administrative hierarchy of the Ch-ing government. By 1865 the Chinese state and its revenues depended on the commercial sector[43] and hence the government attempted to insure the latters' survival. The Chinese merchant, on the other hand, sought a high degree of interdependence between himself and the official class; commercial success in the face of taxation and periodic special exactions depended upon bureaucratic connections. The power of the Chinese mercantile class did not derive from legitimate power associated with social class, but

rather from the ability of wealth to manipulate the "prestige" positions of society. The power of Chinese merchants roughly paralleled the powers of individuals who controlled organized vice in American cities in the early twentieth century.[44]

The Shanghai mercantile community failed to recognize this high degree of interpenetration between Chinese merchants and officials. Foreign hopes of widening the class divisions inherent in Chinese society had no basis in reality; the Chinese merchant had no more desire to be a tool for the introduction of western civilization than he wanted to destroy the traditional social system that allowed him to accumulate wealth and interpenetrate with the administrative hierarchy of the Ch'ing government.

The years of domestic stability after the Taiping Revolution revived the foreign trade of China. As the amount of trade grew Chinese merchants were able to claim an ever-increasing share as a result of their indigenous commercial advantages. The British mercantile community of Shanghai was aware of the enlarged activities of the Chinese merchants and far from opposing it welcomed that activity as a sign of commercial progress which would open all of China to foreign trade. The British community's acceptance of the Chinese competition was a part of a general feeling of optimism that swept the port after 1865. A sense of pride in Shanghai's institutional strength combined with encouraging trade returns to soften the blow of increased Chinese commercial activity.

A large part of the British merchants' image of the Chinese trader during this period centered around the supposed differences between the mass of the Chinese populace and the ruling literati. British merchants perceived the literati as a major obstacle to free trade with China. British traders reasoned that a social revolution could occur in China if they (the British) were careful to cultivate the commercial instincts of the people. If public opinion went against the literati over the question of "westernization" the British merchants hoped the literati would acquiesce and allow free trade.

The image of the Chinese merchant as an ally in the quest for the commercial penetration of China was ill-conceived. Because of the extremely limited contacts between British and Chinese merchants and because of a dependence on questionable local sources, the Shanghai merchants misunderstood the role of the native trader in Chinese society. Although nominally at the bottom of the Confucian social scale, nineteenth century Chinese merchants were often in positions of power due to their patronage of the literati. Chinese merchants were an integral part of the social system the British merchants wished to weaken. Therefore the native traders hardly represented the potential element of social revolution envisioned by the British merchants. The Chinese traders' "social ally" image quickly faced in the 1870's. In its place arose a much different and long-lived concept.

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CHAPTER III

FOOTNOTES

[1]North China Herald, December 22, 1868, p. 622.

[2]Inspector General of Customs, Reports on Trade at the Treaty Ports in China (1866), pp. 66-73.

[3]Ibid., p. 66.

[4]Frederick Wells Williams, The Life and Letters of S. Wells Williams (Wilmington: Scholarly Resources, Inc., 1972), pp. 379-380.

[5]North China Herald, July 7, 1866, p. 110; January 19, 1867, p. 10; January 8, 1868, p. 6; January 24, 1868, p. 26.

[6]Ibid., (January 19, 1867), p. 10.

[7]Ibid., (January 24, 1868), p. 26.

[8]Ibid., (April 16, 1868), p. 170.

[9]Pelcovits, pp. 72-73.

[10]Ibid., p. 39.

[11]North China Herald, December 4, 1869, pp. 332-335.

[12]Pelcovits, p. 73.

[13]North China Herald, April 15, 1868, p. 170.

[14]The Chinese Repository, VIII, No. 1 (1839),

[15]Yung-pao Kuang, "The Comprador: His Position in the Foreign Trade of China," Economic Journal (December, 1911) 636-641.

[16]W. H. Medhurst, The Foreigner in Far Cathay (New York: Scribner Armstrong and Co., 1873), p. 32.

[17]J. C. Nott and G. R. Glidden, Indigenous Races of the Earth (Philadelphia, 1857); J. C. Nott and G. R. Glidden, Types of Mankind: or Ethnological Researches (Philadelphia, 7th eds., 1855); R. Knox, The Races of Men (London, 1862).

[18]"Commerce of China," Hunt's Merchant Magazine (December, 1840), p.

[19]Medhurst, p. 40; North China Herald, January 7, 1865, p. 2; March 7, 1872, p. 181.

[20]Marion J. Levy and Kuo-heng Shih, The Rise of the Modern Chinese Business Class, (New York: Institute of Pacific Relations, 1944), p. 4.

[21]Charles J. Stanley, Hu Kuang-Yung and China's Early Foreign Loans (Harvard: Cambridge University Press, 1951), p. 4.

[22]F. L. Dawson, Jr., "Law and the Merchant in Traditional China: the Ch'ing Code, Ja-Ch'ing lü-li, and its Implications for the Merchant Class," Papers on China, II, May, 1948, 58-59. The traditional system of law, as enforced by the Ch'ing bureaucracy was detrimental to the merchant class. It established a system of monopoly controls implemented by a formidable system of collective responsibility and, in a more negative sense, it failed to make any adequate provision for property, rights, contractual relationships, or corporate activities.

[23]Thomas Taylor Meadows, The Chinese and Their Rebellions (London: Smith Elder Co., 1856), p. 399.

[24]Albert Feuerwerker, The Chinese Economy 1870-1911 Michigan Papers Studies, No. 5, (Ann Arbor: University of Michigan Press, 1969), p. 63.

[25]James J. K. Wu, "The Impact of the Taiping Rebellion upon the Manchu Fiscal System," The Pacific Historical Review, 19.3(1950), 274.

[26]North China Herald, February 12, 1874, p. 34.

[27]Ibid., April 7, 1866, p. 55.

[28]Ibid., August 18, 1866, p. 130.

[29]Wu, p. 267.

[30]North China Herald, June 16, 1870, p. 442.

[31]Ibid., April 8, 1867, p. 259.

[32]Ibid., October 3, 1868, p. 476.

[33]Noah Brooks, "Old Lamps For New?" Overland Monthly III (1869) p. 565.

[34]North China Herald, March 7, 1872, p. 181.

[35]Ibid., March 7, 1872, p. 181.

[36]G. O. Trevelyan, The Competition Wallah (London: Macmillan, 1910), p. 261. Originally cited in Francis G. Hutchins, The Illusion of Permanence: British Imperialism in India (Princeton: Princeton University Press, 1967), p. 53.

[37]Medhurst, p. 32. "There is perhaps no country in the world frequented by the English speaking race, in which merchants are so lamentably ignorant of the customs and resources of the locality in which they live as they are at this moment in China, and this is entirely to be attributed to a want of familiarity with the language."

[38]Roswell S. Britton, The Chinese Periodical Press 1800-1912 (Shanghai: Kelly and Walsh Ltd., 1933), pp. 5-7.

[39]Many writers, notably Thomas Wade, based their studies of the Chinese government upon the gazette press. Britton, p. 12

[40]North China Herald, September 21, 1867, p. 259.

[41]Ibid.

[42]Yen-P'ing Hao, "Cheng Kuan-ying: The Comprador as Reformer," Journal of Asian Studies, XXIX No. 1 (1969), 21-22. Cheng Kuan-ying published a book on institutional reform under the title "Important Suggestions for the Salvation of the Time," in 1862. Revised and enlarged editions appeared in 1871 and 1893 under different titles. For further reference see Hao, pp. 16-17.

[43]Knight Biggerstaff, "The Secret Correspondence of 1867-1868: Views of Leading Chinese Statesmen Regarding the Further Opening of China to Western Influence," The Journal of Modern History, XXII, No. 2 (1950) 122-136; Rhodes Murphey, The Treaty Ports and China's Modernization: What Went Wrong. Michigan Papers in Chinese Studies, No. 7, (Ann Arbor: University of Michigan Press, 1970), p. 13.

[44]Levy, p. 5.

CHAPTER IV

TRANSFORMATION OF THE CHINA TRADE (1870-1875)

The first year of the seventies marked a dramatic change in the nature of the China trade. Two developments, the opening of the Suez Canal and the completion of telegraphic communications between Shanghai and London, altered commercial relationships between China and the West. The immediate effect of improved communications and shipment routes was an increased flow of goods to and from China; the more subtle effects influenced the outlook and attitude of British treaty port merchants about their role on the China coast. Just as the British merchant's self-image underwent transformation in the early 1870's, the British concept of the Chinese trader was altered. By mid-decade the native trader was thought of in a very different context than in the 1860's.

The Suez Canal officially opened in November 1869 and during the 1870's China's trade with Europe passed almost entirely through the canal. The new route reduced the distance from Shanghai to London by 24.1 percent as compared with the old route around the Cape of Good Hope.[1] The shortened distance and the nature of the new route encouraged the use of steamers in place of sailing vessels. Prior to 1870, American and British merchants used steamers for short-distance runs between treaty ports but the vessels were mechanically unable to make longer journeys. After 1870, the number of steamboats in use for the China trade increased rapidly due to the canal and to general

technological improvement.[2] Meanwhile telegraphic communication between Shanghai and London was established in June 1871. Branch lines to Hongkong, Nagasaki, and Vladivostok completed a world-wide hookup by September 1871.[3] The general effect of the opening of the canal and the completion of telegraphic communications was an increase in the speed and certainty of the China trade.

The general course of foreign trade in China reflected the advantages of the improved transportation and communication. Although the amount of foreign trade fluctuated yearly during the decade, foreign trade in 1880 showed an overall gain of over twenty-six million taels from the total in 1870.[4] Of this foreign trade, Shanghai continued to manage the lion's share, due mostly to its role as a center for the re-exportation of goods from the Yangtze River ports. In spite of the increases in the net total of foreign trade, Shanghai merchants complained bitterly about reduced profits. According to the customs report of 1880, individual profit steadily declined while the total value of foreign commerce steadily increased.[5] Several factors accounted for Shanghai's dilemma, among which was a general world-wide price depression; reduced profits for the Shanghai merchant resulted from the increased accessibility to the China market created by the Suez Canal and the failure of the Yangtze River "out ports."

The Suez Canal increased direct trade between China and Europe. Continental Europe had been dependent on Great Britain for tea and silk. But in 1870 Russia, the Netherlands and the North German Confederation began trade with China for kerosene and silk. While

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The Suez Canal increased direct trade between China and Europe. Continental Europe had been dependent on Great Britain for tea and silk. But in 1870 Russia, the Netherlands and the North German Confederation began trade with China for kerosene and silk. While

Chinese customs totals increased, margins of individual profit dropped. However the blame for lower gains lay not with general depression or newly arrived competition as with the old competition, Chinese merchants.

Shanghai's prosperity in the late sixties depended to a great extent on the so-called "out-ports" on the Yangtze River. Shanghai mercantile firms reshipped imported goods up the river to branch firms or "out ports" for sale at increased prices. Shanghai also served as a re-export center for the out-ports. During the early seventies, customs reports showed a decline in Shanghai's import trade and a steady increase in her export trade.[6] Exports increased because Shanghai's strategic position at the mouth of the Yangtze made her an ideal funnel for the various exports from the interior. Shanghai's import total decreased because the port ceased to function in its distributive capacity for branch firms. Chinese merchants came directly to Shanghai to buy imports rather than purchase them at local outlets for inflated prices. Shanghai merchants became aware of the Chinese movement away from the out-ports in the late sixties.[7] Increasingly Chinese firms preferred to buy direct from Shanghai where the selection of goods was larger and where they could benefit from competition among importers and frequent auctions. The influx of Chinese merchants to Shanghai ruined the business of the out-ports and correspondingly slashed the profits of the British merchants of the port. A consular dispatch from Canton in 1869 succinctly described the Chinese merchants' role in the decline of the merchant prince:

> There is no doubt that (commerce) being in Chinese hands will, to use the words of Lord Clarendon . . . 'tend to a larger development of trade in British goods' and consequently what the

> mercantile establishment may lose will be recouped tenfold to the home manufacturers by the increased demand. . . . There is every prospect that as far as imports are concerned the business of Foreign firms in them ere long by simply agency.[8]

Shanghai merchants lost profit as a result of the failure of the out-ports and because of their failure to penetrate the local Chinese market. Compradors, the Chinese merchants who acted as middlemen between the local native merchant and the firms at the treaty ports, became independent agents as they learned more about foreign marketing practices. As more and more compradors became independent agents, the foreign importer lost his only contact with the basic unit of the Chinese marketing system, the local native trader. Following the example of the Compradors, bureaucrats, inland merchants and to a lesser degree landlords all began to invest in varying degrees in western enterprise. The most successful of these ventures was the Shanghai Steam Navigation Company. Created in 1862 from funds provided by foreign merchants and Chinese compradors, the Navigation Company made a strong bid for the carrying trade on the Yangtze River.[9]

In addition to growing Chinese private enterprise, the Shanghai merchant also had to contend with activities of the Chinese government. In the 1860's the Chinese government adopted the tzu-chiang or "self-strengthening" policy to meet the political and cultural threats of Western encroachments. The philosophy of the tzu-chiang movement progressed from the idea of using Western arms to fight the foreigners in 1861 to the realization by 1870 that the Chinese must produce Western arms in China and that the Chinese must

be trained in Western sciences in general.[10] Part of the tzu-chiang policy was a policy of "official supervision and merchant management" (Kuan-tu-shang-pan). According to this theory, the Chinese government exercised the initiative and supervision while private businessmen supplied capital and management.[11] Between 1870 and 1890, the Chinese government and local merchants instituted about a dozen enterprises, mostly arsenals and dockyards. The China Merchants' Steam Navigation Company, a Chinese enterprise supported by government officials and managed by former compradores, was the most successful result of the "Kuan-tu-shang-pan" policy.[12] The China Merchants' Steam Navigation Company and the Shanghai Steam Navigation Company provided the first competition for the American-owned Russel and Company line, which until 1872 had a virtual monopoly on the Yangtze River steam traffic.[13]

Until 1876 the results of the "self-strengthening" policy in the areas of industrialization and commerce were few; the Kiangnan Arsenal at Shanghai and the Nanking Arsenal were completed by 1867, a machine factory in Tientsin was enlarged in 1870, and the China Merchants Steam Navigation Company was organized in 1872. Because of the slowness of Chinese authorities to implement the "self-strengthening" policy, it had little effect on the course of China's foreign trade before 1880. British firms gained very little by supplying raw materials on mechanical parts to the Chinese because of the small amount of industrial activity and because in certain areas of enterprise, such as steamship construction, the Chinese were almost self-sufficient. As early as 1868 Chinese shipbuilders had constructed a steamship from parts made almost entirely on Chinese soil.[14] After

1880 China's industrialization effort grew by leaps and bounds; at that time foreign trade in raw materials and mechanical parts became profitable. However during the 1870's the major effect of the Kuan-tu-shang-pan policy on foreign trade was a loss of revenue for British and American firms as a result of new competition for the Yangtze River steamship trade.

The sudden shortening of distance between China and Europe and the increased Chinese competition affected more than the Shanghai merchant's profits. These changes affected the very nature of his business transactions and in turn altered his self image and his image of the Chinese merchant. During the first years of the seventies, the ideal of the "merchant prince" faded into obscurity, crushed by the realities of a maturing market.

Prior to the opening of the Suez Canal and telegraphic communications, the merchant prince maintained his status because of remoteness from the field of European trade. He possessed considerable stocks of goods at all times, bought Chinese and European goods outright, and made great gains if fortune smiled on him. He acted on his own initiative and enjoyed a great amount of freedom to transact business as he saw fit. The telegraph and steamer brought this blissful state to an end. Closer contacts with Europe steadily reduced the "merchant prince" to an agent, strictly accountable for his transactions and dependent on orders from his home firm in the west.

The effects of the Shanghai merchants' loss of status and his corresponding loss of profit are difficult to define. Nevertheless the change in mercantile attitude toward his government and toward

the character of Chinese foreign trade after 1870 was in sharp contrast to British mercantile attitude in the late 1860's. British merchants swifly abandoned the idea of a peaceful commercial penetration of the China market and demanded that the Foreign Office wring concessions, by force if necessary, from the Chinese government. The Shanghai merchants' reaction to his jeopardized status included a hardening of the rhetoric directed at the Foreign Office's China policy and a redefinition of attitudes towards the Chinese merchant. The merchants' outlook shifted from conciliation of the home government to attacks upon the Co-operative policy. In Shanghai British merchants changed in attitude toward the Chinese merchant primarily in their assessment of ethical character; Shanghai merchants clung to the concept of the Chinese merchant as their only commercial ally.

Shanghai merchants found ample ammunition for their attacks on British foreign policy between 1870 and 1875. The focal point of mercantile criticism was the attempt of the Foreign Office to attain equal diplomatic status for China. The Shanghai community had not opposed the principle of bargaining with China in 1869 and in fact voted a qualified acceptance of the Alcock Convention.[15] However, their tune changed in the seventies. Anti-foreign and anti-missionary demonstrations culminated in the massacre of Roman Catholic nuns of the Order St. Vincent de Paul and the French consul at Tientsin in 1870.[16] The Tientsin massacre provided an opportunity to force a change in British policy; here was proof that the Co-operative Policy would never work:

> One political advantage has followed from the Tientsin massacre. It has shown the foreign powers that the Chinese are barely a semi-civilized people; that foreigners residing among them are more or less insecure and need ever active protection . . .[17]

Mercantile philosophy refuted any notion that the Chinese could be dealt with as equals; the North China Herald bluntly stated, "One does not argue with children; one reflects on what is best and desires them to conform."[18] In the mercantile mind what was best for the Chinese was also best for the Shanghai merchant: abolition of inland taxes, the opening of the interior to trade, and the extension of extraterritoriality. The abolition of inland taxes and the extension of extraterritoriality were consistent with mercantile demands from prior decades. However, the question of opening the interior underwent a subtle transformation. In the sixties, Shanghai merchants did not press for the opening of additional treaty ports. Overexpansion, in the form of numerous treaty ports, caused serious business losses. "Experience has shown the opening of new ports to be far less advantageous than ever thought," warned the North China Herald in 1867. "The tendency of foreign trade is to centralize in Shanghai."[19] By 1872, profits dropped to the point that the Shanghai merchants urged any gamble to improve the general trade, even the opening of new ports.[20] The North China Herald suggested "trading in" two or three of the existing treaty ports to obtain new concessions further inland on the Yangtze River.[21]

The desperate wish of the Shanghai merchant to restore the lost myth of an era of profitable trade led him to attack the policies of his government. For the foreign merchant in China, the British

government's decision to follow the co-operative policy infringed on his rights to free trade and right to high profit and eventually altered his perceptions of the China trade. The introduction of the telegraph and the opening of the Suez Canal ended the possibilities of quick fortune through speculation. Due to the opening of the Canal, British produce arrived at the treaty ports at accelerated rates while distribution over the interior was as difficult as ever and the internal market remained untapped. This overtrading resulted in smaller profits. As if this state of affairs were not enough of a blow to the former "merchant prince," he had to watch trade pass into native hands while he was reduced to the status of a commission agent. British mercantile reaction to the growing ascendency of the Chinese trader was quick to follow the same path as their response to British foreign policy regarding China.

British images of the Chinese merchant in the first years of the 1870's did not reflect the degree of change in the nature of the China trade. Although the role of the British merchant changed, his perceptions of the China market remained basically unaltered. The myths of a commercial "El Dorado" persisted along with the beliefs that the policies of the Foreign Office and the exclusiveness of the Ch'ing bureaucracy were the major obstacles to profitable trade. However, the loss of prestige associated with his former "merchant prince" status and the fear that the imagined halycon days of the China trade had ended subtly influenced the British merchants' images of the Chinese trader.

The British merchants of the 1870's held seemingly contradictory images of the Chinese merchant. On the one hand, British merchants welcomed the emergence of Chinese mercantile enterprise. Treaty port residents believed that the extension of commercial spirit would weaken the age-old barriers of Chinese exclusiveness. On the other hand, British merchants were faced with the urgent reality that the imagined quick returns and profitable employment of capital had not materialized. Moreover, Chinese competition was taking the lion's share of the meager profitable enterprise. Because of these pressures, the British concept of the Chinese merchant began a slow movement away from the positive image of the early 1860's and began to assume a different form.

British mercantile reaction to the ever-increasing problem of Chinese competition always rested on the assumption of the innate superiority of western mercantile spirit and technique. Foreign merchants recognized their Chinese counterparts as shrewd and capable businessmen with an extraordinary capacity for absorbing the finer points of mercantile transactions.[22] European traders admired the excellent utilization of the native merchants' "natural" advantages of greater economy, better information and guild protection.[23] But however great the Chinese merchant's aptitude for commercial endeavor, foreign merchants argued that his gains stemmed from conditions created by western enterprise. The Shanghai merchants reasoned that Chinese success in the late sixties and early seventies resulted from

their own inability to travel inland for direct business contact, but once the Western merchant gained access to the interior Chinese merchants in the hinterland provinces would be as dependent on foreign enterprise and skill as the Chinese coastal merchants were in the matter of transport to and from Europe.[24] Chinese merchants needed the well-arranged system of commercial law provided by the presence of western enterprise. Foreigners noted a conspicuous lack of legal aptitude in the Chinese mind.[25] Thus foreign merchants judged the Chinese banking system insufficiently developed to cover financial obligations, considered Chinese corporate and bankruptcy laws "crude," and believed the Chinese language too restrictive to "lend itself readily to new ideas."[26] Despite his apparent commercial failures, the Shanghai merchant viewed himself as an indispensable element in China's entrance into international commerce. Without foreign guidance, (the North China Herald surmised), the Celestial Empire would never attain a respectable position among the nations of the earth, — "nor can it be denied that the Chinese, however bigoted they may be, have shewn a very keen appreciation of the value of European aid."[27]

Mercantile belief in the incompatibility of the two extremes of the Chinese social spectrum, the mandarin and the merchant, remained as unshaken as their belief in the superiority of western commerce. Despite governmental participation in industrialization efforts such as mining and the steamship carrying trade, Shanghai

merchants clung to the hope of eventual open conflict between the two classes. Western merchants focused their attention on the question of inland taxes, since they represented a common complaint of both foreign and native traders. In 1874 the North China Herald reprinted a memorial from Chinese merchants to the local customs official which complained of the multiplicity of tax barriers and the heaviness of the dues collected. The memorial concluded, "As a result fifty to sixty merchants are already bankrupt and the rest are daily sinking lower."[28] In 1876, the same newspaper reported two occasions of "flat rebellion" by Chinese merchants against "the excessive demands of their mandarins."[29]

As unmistakable desire for commercial enterprise touched the mandarins, as evidenced by the China Merchants' Steam Navigation Company, the foreign merchant began to modify his ideas of the Chinese ruling class. By the seventies, the Shanghai merchant struck on the idea that Chinese bureaucrats aimed their policies against missionary activities and not trade. European merchants felt the propagation of Christianity was China's chief objection to foreigners because missionary activities threatened the ideological basis of Confucianism.[30] Other Chinese objections to foreign intrusion seemed negotiable except opium; as Prince Kung noted in a discussion with Rutherford Alcock: " . . . if, you could only relieve us of missionaries and opium, there need be no more trouble in China."[31] The possibility of Chinese mandarins allowing more open trading conditions added a new dimension to

foreign merchants' conception of the Chinese bureaucracy. The despair of earlier decades over swaying the ruling class to accept cultural change faded somewhat and in its place flickered the dream of reconciliation and open trade.

As the seventies progressed, unsatisfactory trade and the eclipse of the merchant prince ideal influenced the Shanghai merchants' conception of the native traders. Growing elements of distrust and fear grafted themselves onto the basic assumptions of Chinese character carried over from the days of the Canton trade. The Shanghai merchants of the seventies, second and third generation traders, based their attitudes more on fluctuating commercial affairs and their jeopardized position as China's commercial managers than on the racial preconceptions of their predecessors. These changes did not represent an overt shifting of stance, but did reflect the Shanghai merchants' increasing sense of insecurity as to their future on the China coast.

As new generations of European merchants operated under the steadily evolving commercial conditions at Shanghai, a new concept of Chinese mercantile character developed. In the earlier days of the Canton trade, the honesty and efficiency of the comprador was renowned among foreign traders. However, as more and more Chinese merchants participated in foreign trade, their reputation for honesty among foreigners declined sharply. Disputes between Chinese and foreign merchants arose from the absconding of compradors and flooded the dockets of the Mixed Court after the sixties. More often than not,

the Chinese merchants won their suits and foreigners complained bitterly about the failure of the Mixed Court to function "satisfactorily" because of the inherent dishonesty of the Chinese.[32] Foreigners believed that the increased number of agents employed in transactions which before had involved only a small number accounted for the rise in court cases. Moreover, Shanghai's location put Shanghai merchants in contact with the least "admirable" of all Chinese:

> Like the natives of Bengal, the inhabitants of Kiangsu lack force and energy to a remarkable degree, and show the natural lethargy and deceitfulness of the native mind to a greater extent than any others. And the Cantonese, whom we use as servants in their stead, are the most vicious and insolent, if the most intelligent of the Provincials.[33]

Foreign merchants in the early days of the Canton trade took pride in their friendship with Chinese compradors, but by seventies one merchant observed,

> The Chinese merchant is in fact a man of neither education or refinement, and no English gentleman would condescend to associate with him in terms of friendship and equality.[34]

It is clear that the change in the Chinese character took place in the mind of the foreign merchant and not among the Chinese themselves. British merchants on the China coast reflected racial attitudes common among traders and colonizers in other sections of Asia. The isolation of the treaty port, combined with the intimate and public nature of life within it fostered sentiments of nationalism, racism, and worship of material progress and force that characterized the Victorian age. A very important part of the nineteenth century

Englishman's outlook involved the so-called "cult of good or gentlemanly conduct."[35] For the majority of Englishmen in Shanghai the "cult of conduct" meant little more than a sense of hard work and sportsmanlike play forming a solid character and will. Despite the vagueness of the "cult of conduct," it deeply influenced the Shanghai merchants' attitude toward the Chinese competition.

British merchants came to China with the idea of making their fortunes and returning to England as soon as possible. "Commerce," a Shanghai resident observed, "was the beginning, the middle and the end of our life in China."[36] Making your fortune in Shanghai required hard work and hard play. Next to business, relaxation, in the form of sporting games, played the largest part in a Shanghai trader's life.[37] Shanghai was like a huge men's club, or as the North China Herald[38] put it, a "Paradise of Muscular Christians":

> What we wanted and what we got was exercise of the most violent kind, fives, rackets, rowing or riding; something, to use the current phrase, to 'shake up your livers.'[39]

The desire for strenuous exercise was as much a part of the cult of conduct as hard work. The value of sports was in its training for leadership; lessons in proper conduct came as much from the sporting fields as from the classroom or business ventures. The emphasis on sport in Shanghai as a source of training led participants to draw negative conclusions about those less inclined to "shake up their liver":

> . . . we used to actually despise those men who took their only exercise in the shape of a mild walk of three or four miles, followed by a game of American bowls. We thought them milksops or duffers.[40]

When the standards of the "cult of conduct" were applied to the Chinese in the early years of trade, native merchants measured up well because of their honesty in business transactions. However, by the seventies, the Chinese merchant's dishonesty was as well-known a "fact" as his earlier reputation for probity. Furthermore, native lack of interest in exercise or team sport reinforced the European concept of negative Chinese characteristics. "Belong foreign man custom they (the Chinese) would say as they turned to their diet of rice and cabbages," reported a disgusted Shanghai resident.[41] The change in British attitudes towards the Chinese merchant resulted from the increased pressures on the Shanghai resident to maintain his economic and social status. Technological change, lower profit margins, and increased Chinese competition all threatened the foreign merchants' self assurance.

Mercantile attempts to justify this dislike for Chinese competition resulted in the perception of imagined threats. When Chinese peasants massacred several French priests and sisters in Tientsin, the Shanghai mercantile community interpreted the event as a Chinese "conspiracy."[42] Articles recounting the supposed atrocities of the incident filled the pages of the North China Herald for months after the occurrence.[43] Shanghai residents felt that the Chinese would soon mass and move against them and so frenzied plans were concocted to

fortify the city.[44] Articles analyzing Chinese characteristics increased and such essays as "Chinese Canabalism" accompanied the regular stories of atrocity and the necessity to fortify the city.[45] As negotiations between French and Chinese officials concluded, the fear of imminent attack subsided within the port; however, Shanghai's paranoia resurfaced from time to time during the seventies.[46]

As the status of the Shanghai merchant declined, he turned increasingly to emotional arguments to defend his position on the China coast. An evolution in British thinking took place in regard to those Chinese characteristics which clashed with the Victorian code of conduct. Concepts of inherent dishonesty and fear of conspiracy gradually crept into British perceptions of the Chinese merchant. The change in British attitude was well illustrated by the North China Herald's response to a memorandum issued by Robert Hart, inspector general of the Maritime Customs. In 1875 Hart predicted:

> . . . the competition coming from the Chinese side, in ten or twenty years time, will have swept the foreign flag from the coasting trade of China and displayed the Chinese colours in the London and Liverpool docks.[47]

Had Hart made this statement in 1865, the British community surely would have replied with a defense of European institutions. However, when in 1875, the North China Herald replied to Mr. Hart in a series of articles, their first argument began, "Is Mr. Hart prepared to assert that the Chinese are a superior race to his own countrymen?"[48] While the domestic trade was lost to the Chinese, the newspaper argued, "the superior intelligence, honesty, and capacity for organization of foreigners will enable them to hold the carrying trade to and from China."[49]

Improved communications and increased competition in the early seventies drastically changed the nature of foreign enterprise in China. The China trade lost its glamour and promise of wealth, basis of the short-term opportunism of the British. Accompanying the demise of the old style of trade there arose negative perceptions of Chinese mercantile character. These images of untrustworthiness, deceit, and double-dealing did not shatter the foreigner's concept of the Chinese merchant as a potential ally for social innovation, but did reflect the British merchants' growing awareness of the fallicies of his myths about the China trade. As the realities of an unprofitable China market appeared with increased rapidity British merchants looked about for a scapegoat. The late 1870's would witness a hardening of rhetoric against the Chinese merchant that endured until the end of the century.

CHAPTER IV

FOOTNOTES

[1]C. F. Remer, The Foreign Trade of China (Taipei: Ch'eng Wen Publishing Co., 1967), p. 38.

[2]Ibid., p. 39.

[3]North China Herald, February 15, 1872, p. 112.

[4]Chong Su See, Appendix III, The Foreign Trade of China (New York: Longmans Green and Co., 1919), p. 391.

[5]Inspector General of Customs, Reports on Trade at the Treaty Ports for China, 1880, p. 4.

[6]Rhodes Murphey, Shanghai: Key to Modern China, (Cambridge: Harvard University Press, 1953), pp. 122-123.

[7]North China Herald, November 4, 1867, p. 332.

[8]Great Britain, Foreign Office Correspondence 17/533 (1869). Originally cited in Nathan Pelcovits, Old China Hands and the Foreign Office (New York: Kings Crown Press, 1948), p. 35.

[9]Ibid., March 29, 1862, pp. 50-51. For further detail of the joint venture see Kwang-Ching Liu, "Financing a Steam Navigation Company in China, 1861-1862," Business Historical Review, XXXVIII (1954), 154-181.

[10]Ssu-Yu Teng and John K. Fairbank, China's Response to the West: A Documentary Survey, 1839-1923. (New York: Atheneum Press, 1969), p. 108.

[11]Ibid., p. 112.

[12]Chi-Ming Hou, "External Trade, Foreign Investment and Domestic Development; The Chinese Experience, 1840-1937," Economic Development and Cultural Change, X, No. 1, (1961), 33.

[13]Liu, p. 155.

[14]Teng and Fairbank, p. 64.

[15]Nathan Pelcovits, Old China Hands and the Foreign Office (New York: Kings Crown Press, 1948), pp. 72-76. The Alcock Convention was submitted to the various Chambers of Commerce at the treaty ports and to the home Chambers in October and November of 1869. The Shanghai Chamber voted qualified acceptance of the Convention on November 26, 1869. "Its (Shanghai's) letter to Lord Clarendon, dated December 31, proved to be not only the first expression of mercantile opinion on the treaty, but the only one which could be regarded as granting even grudging approval." Opposition to ratification of the Alcock Convention stemmed from the activities of pressure groups at home. The Times "accused London merchants of fomenting hostility and changing Shanghai opinion from lukewarm acceptance to outright opposition. Similarly, the Pall Mall Gazette, which interpreted the Shanghai memorial as favoring ratification, stated that 'merchants in China who approve the treaty show to better advantage than the London merchants who disagree.'"

[16]The first full account of the Tientsin Massacre appeared in North China Herald, July 14, 1870, p. 22. Detailed accounts of the events leading up to the tragedy are recounted by Henri Cordier, Histoire des relations de la chine avec les pussances occidentales, 1 (Paris: 1902), 348-390 and Pelcovits, pp. 85-86.

[17]North China Herald, January 11, 1872, p. 17.

[18]Ibid., March 11, 1875, p. 218.

[19]Ibid., October 12, 1867, p. 269.

[20]Ibid., January 8, 1872, p. 36.

[21]Ibid., November 22, 1871, p. 904.

[22]W. H. Medhurst, The Foreigner in Far Cathay (New York: Scribner, Armstrong and Co., 1873), p. 197.

[23]Great Britain, Commercial Reports of Her Majesty's Consuls in China, No. 2, 1872 (Shanghai).

[24]Imperial Maritime Customs, Reports on Trade (1867) Tientsin Trade Report, p. 21.

[25]A.D.C., "Notes on Chinese Commercial Law," China Review, II, No. 3 (1873-1874), 144-148.

[26]North China Herald, February 11, 1875, p. 115; May 8, 1875, p. 440.

[27]Ibid., January 7, 1865, p. 2.

[28]Ibid., February 12, 1874, p. 134.

[29]Ibid., January 20, 1876, p. 45.

[30]Ibid., May 26, 1871, pp. 373-374; June 16, 1871, pp. 444-447; Mary C. Wright, The Last Stand of Chinese Conservatism The T'ung Chih Restoration, 1862-1874. (Stanford: Stanford University Press, 1957), p. 261. "Christian Missionary Activity was fundamentally the most serious problem in Sino-foreign relations."

[31]North China Herald, January 25, 1872, p. 57.

[32]Ibid., July 7, 1871, p. 498. The North China Herald on June 12, 1875 reported a case in which the Chinese magistrate Chen informed the defendent (Chinese) that he was anxious to assist him against the plaintiff (a foreigner). (p. 575) The Foreign Office took the opposite view from the merchants and hailed the Court as the greatest step in the "right direction" ever taken in China. "Not only do foreigners require a Mixed Court" argued Vice Consul Forrest, "but all the respectable Chinese in the place desire it." Great Britain: Foreign Office. Commercial Reports from Her Majesty's Consuls in China, Japan and Siam. China, No. 2 (1871) p. 32.

[33]North China Herald, June 9, 1870, p. 424.

[34]Herbert A. Giles, "Present State of Affairs in China." Fortnightly Review, XXXII (1879) p. 377.

[35]Francis G. Hutchins, The Illusion of Permanence British Imperialism in India (Princeton: Princeton University Press, 1967), pp. 21-22.

[36]C. M. Dyce, The Model Settlement (London: Chapman and Hall Ltd., 1906), p. 95.

[37]Ibid.

[38]North China Herald, November 28, 1878, p. 516.

[39]Dyce, p. 96.

[40]Ibid.

[41]Ibid., p. 99.

[42]North China Herald, July 14, 1870, p. 22; August 11, 1870, p. 104.

[43]Ibid., July 14, 1870, p. 19. Emphasis centered on the attrocities committed by the Chinese on the sisters of the order. This was the most outrageous element of the massacre, as Victorian women were elevated to a pedestal of feminine purity. The championing of this purity was part of the Victorian "cult of conduct"; the violation of a woman in itself was an abomination, but a Chinese committal of such a crime with a French victim seemed an unbearable outrage.

[44]Ibid., July 22, 1870, pp. 42-43; October 11, 1870, p. 276.

[45]Ibid., August 4, 1870, p. 85.

[46]The foreign community was most agitated by the murder of a British representative, A. R. Margary, on the Burmese border in 1875. Mercantile fears centered around unspecified "official instigation" of such outrages. North China Herald, April 8, 1875, p. 326.

[47]Ibid., April 24, 1875, pp. 388-389.

[48]Ibid., May 8, 1875, p. 440.

[49]Ibid., January 7, 1875, p. 8.

CHAPTER V

"JOHN COMPRADOR": THE YELLOW PERIL

During the last five years of the 1870's, foreign merchants in China referred to the condition of trade solely in terms of "depression" or "stagnation." In light of yearly trade returns, which showed an average increase of five million taels over returns from 1870 to 1875, mercantile rhetoric seems unwarranted.[1] However, a depressed state of commerce did exist, if only in the mind of the Shanghai merchant:

> The present generation of residents can hardly believe that the heavy and depressed groups of Anglo-Saxons who now gather mournfully round the Club Bar, or take long silent walks toward Woosung, were ever animated, jovial fellows, full of fun and keen on a practical joke.[2]

Commercial and diplomatic developments in the late seventies provided little reason for exuberance. The Chefoo Convention, a revision of the treaty of 1858, opened new ports on the Yangtze River in September of 1876. Shanghai merchants, mindful of the beneficial effects of the first Yangtze Ports, assumed the new ports would revitalize trade.[3] Just as with previous business ventures the new outports fell, as the North China Herald so aptly surmised, "remarkably flat"[4] by the next year. As the realities of declining trade became more apparent the Shanghai merchants searched for other sources of income. The Shanghai mercantile community made efforts in the seventies to establish themselves in mining, railroad construction and shipping, all to little or no avail.

The British in Shanghai showed a keen interest in mining, especially for coal. While negotiating with the Chinese for rights to mine, the merchants organized highly publicized explorations for mineral deposits.[5] To their disappointment, the Chinese governments refused to grant mining rights to foreign firms in the seventies.[6] Undeterred by their failure in the field of mining, British merchants turned to railroads as a potential source of income. Under the auspices of Jardine, Matheson and Company one of the foremost foreign firms in China, a four-mile railroad was completed in 1876 between Shanghai and Kangwan.[7] The train unfortunately, at least from the mercantile point of view, ran down a Chinese boy. Confronted with mob violence, the firm sold the line to the Chinese government, which in turn dismantled it and shipped the pieces to Formosa.[8] Furthermore, in 1877, the British watched as the Shanghai Steam Navigation Company, the first foreign shipping company in China and once the dominant firm in Yangtze shipping, sold out to the Chinese-owned China Merchant's Steam Navigation Company.[9] Jardine, Matheson and Company founded the Indo-China Steam Navigation Company in 1875; however, it too was partially funded by Chinese comprador-merchants.[10] In every direction the Shanghai merchant found himself thwarted either by the Chinese government or by every-increasing Chinese mercantile competition.

By the late seventies, the Chinese merchants controlled almost half the local trade between ports on the coast of China and ports in neighboring countries such as Siam, Singapore, and Batavia.[11] The Chefoo Convention of 1876 relieved the pressure of the liken tax to some extent,

and allowed foreign merchants to focus their attention on more basic causes for their commercial failure and Chinese commercial success.[12] As the liken tax had represented the most specific obstacle to foreign trade in the early seventies, the Chinese guild now appeared as the major roadblock. Foreign merchants were by their own admission painfully ignorant of the working of native guilds. According to British merchants the guilds exercised arbitrary influence over native merchants and in some cases seemed to control the activities of Chinese authorities. The difficulty with the Chinese guilds was "to get hold of anything tangible" concerning their activities.[13] In order to gain a deeper understanding of guild operations foreign firms began to stress the ability "to talk to the Chinese"; one American firm even toyed with the idea of requiring employees to learn Chinese at their own expense.[14]

The commercial and diplomatic failures of the late seventies crushed the spirit of the mercantile community. Poor trade returns, lack of personal interest in trade because of their status as mere agents, and the inability to expand into other commercial and industrial fields made British merchants introspective. While this period produced some positive results, such as awareness of the necessity to learn Chinese, it also generated negative concepts based on feelings of isolation, loss of self-esteem and betrayal of the Victorian code of conduct. Shanghai merchants came to question the basic perceptions of their community and of the Chinese merchant which they had held since the time of the Canton trade.

Some time after 1875 the North China Herald began to run articles analyzing the depressed state of affairs in Shanghai. The usual criticisms about Chinese mandarins, restrictions of inland trade, and taxes were leveled at no one in particular; however, a new element crept into mercantile attacks. Instead of blasting unresponsive and sometimes unidentified institutions or pressure groups, the Shanghai merchants began to review their management of the China trade and Shanghai's cultural and commercial role. The difficult years of the late seventies exploded the myth of Shanghai as the "model settlement." The death of the idea of the "free city," an oasis of culture and energy located in the midst of Chinese conservatism and lethargy, followed the demise of the merchant prince ideal. Editorials and articles published in the North China Herald after 1875 have a distinctively defeatist attitude absent from writings of earlier years. In 1878, two articles appeared in the columns of the newspaper which reflected the changed outlooks of the Shanghai residents. In August, an article entitled "Shanghaism" attacked the "myths" associated with living in Shanghai, such as "expanded sympathies, enlarged views and freedom from prejudice."[15] The article continued:

> Most of us are here not because we like it, but because we cannot get home . . . When we returned, we found ourselves unsuited to altered home surroundings . . . (We display) a tendency to avoid the society of cultivated and well-bred women, and a habit of consuming alcohol at abnormal hours. . . . In a word 'Shanghaism' is an offensive form of Philistinism.[16]

This attitude was a far cry from the civic pride and cultural airs displayed by the Shanghai merchant prince in 1865. Merchants of

earlier years were not given to self-criticism because of their certainty of their role in the China trade. Nor were earlier merchants nostalgic; in August of 1878 the North China Herald published an essay entitled "Three Epochs in the History of Shanghai."[17] The article largely ignored the technological innovations that characterized the transitional state of the China trade in the seventies. Instead, the report divided the history of Shanghai into three epochs reflecting three classes of men. The early dwellers saw Shanghai as a "city akin to that which rises on the banks of the Hooghly." These first inhabitants inherited a "profound respect for the policy which had given India to Great Britain." The second era saw an influx of a variety of people. The increased "foreign population" resulted in "growing license and coarser tone" in public affairs. The article continued, "the prominent men at this transitional period in our social history were characterless or lax."[18] The final epoch in Shanghai's history, which as of 1878 had not yet unfolded, involved the Chinese crowding the foreigners out into the suburbs. The author was not specific in his description of the coming events, but warned, "A settlement crammed with live Chinese means a cemetery filled with dead Europeans."[19]

These two articles, "Shanghaism" and "Three Epochs in the History of Shanghai," reflect the tone of the mercantile community in the late seventies. That which bordered on cultural pretentiousness in 1865 was by 1880 transformed to condescension tinged with a genuine fear of Chinese competition. In the sixties and early seventies, the mercantile

community feared violent mob action from Chinese peasants; in the late seventies, European merchants feared an influx of Chinese traders. Mob or merchant, the result would be the same: either death from physical violence or slow commercial strangulation.

The North China Herald provided another perspective on mercantile depression in the late seventies. The newspaper began to publish increased numbers of articles pertaining to China in the home press. These articles, which ranged from reviews of current literature to verbal attacks on authors, stressed a single theme: in regard to the Far East in general and to China in particular, "the apathy and ignorance displayed is something astounding."[20] In the late seventies, The Fortnightly Review, the Saturday Review, the Pall Mall Gazette, the Spectator and the Examiner, all "more or less" turned to Chinese matters.[21] British merchants, although pleased with the spirit of interest in China, severely criticized works that in their mind had a "tendency to mislead."[22] The Fortnightly Review took the lead in producing "misleading" articles. Rutherford Alcock, a former consul at Shanghai and one of the architects of the cooperative policy, contributed articles in 1876 which raised mercantile ire.[23] Two articles, "Is Our Cause in China Just" by J. H. Bridges,[24] and "The Present State of China" by Herbert Giles[25] not only defended Foreign Office policy, but also openly attacked mercantile demands for treaty revision. These articles and others from sources as respectable as The Times caused persistent agitation in the mercantile community.[26] Fictional and philosophical works

also drew fire from the North China Herald.[27] The Shanghai newspaper criticized both Charles Dickens and Voltaire[28] for inaccurate portrayals of China and of foreign merchants in the treaty ports.

The increased sensitivity of the Shanghai mercantile community to its image in the home press was symptomatic of the psychological depression which gripped the port in the late seventies. A sudden concern for the foreign merchant as a misunderstood and undervalued element in English society overpowered the Shanghai trader and contributed significantly to his overall perspectives. The China trade, always plagued by enemies such as the Foreign Office and Chinese officials, found new adversaries. The North China Herald, formerly given to trade reports and sporting news, began careful scrutiny of the causes of mercantile stagnation. Added to the standard bugaboos were the home press,[29] women,[30] and the Chinese merchant. In the British merchant's frantic search for an identifiable foe, he belatedly stumbled upon a major source of his difficulties, the native trader.

The concept of the Chinese merchant as an ally for social reform had not died by the seventies. Although Chinese commercial success shook the British traders' belief in their ultimate compatibility, native merchants still represented a "frugal and hardworking middle class"[31] from which social reforms would ultimately flow. Just as Chinese merchants remained an ally, Chinese officials persisted in their role of obstruction to progress:

> . . . there are hundreds of intelligent men in China possessed of large wealth. This money they are only too eager to employ in mines, telegraphs, and in all public works which would enrich them and benefit the country, but they are absolutely obliged to hide their wealth and pretend to be poor, lest the mandarins should rob them of every last cash . . .[32]

The Shanghai merchants' hatred for Chinese mandarins led them to draw seemingly illogical conclusions about Asian racial characteristics. While the Chinese represented the apex of Asian racial groups, mandarins, who provided the leadership to this elite ethnic group, were somehow inferior to the upper classes of other countries. In 1877, the North China Herald reported:

> That the Chinaman has more energy and perhaps more force of mind than a Bengalee is probably true . . . But even if we grant the superiority of the average or lower class Chinaman to the Indian, we question very much whether the comparison holds good among the upper classes. Pit Sundiah, for instance against Li-Hung-Chang, or try to find a Chinaman to be named in the same day with Rama Persad Roy, erst member of the Legislative Council of Bengal.[33]

Mandarin involvement in supposed attempts to destroy foreign trade closed the mercantile mind to all sentiments but hatred and contempt. British merchants believed the Chinese government retained all private enterprise under its control. "By fighting British mercantilism with its own weapons," foreign merchants contended, Chinese mandarins were involved in a "scheme for driving off foreign trade from the coast."[34] British obsession with the supposed mandarin conspiracy blinded them to the realities of native mercantile-bureaucratic ties. However, events in 1879 revealed to the foreign merchants the nature

and the extent of that relationship; a case heard before the Shanghai Mixed Court, C.J.W. Duff and D.M. David vs. Swatow Opium Guild, confirmed the suspicions of foreign merchants about their Chinese counterparts.

Duff and David were British merchants operating from the outport of Chinkiang, about one hundred fifty miles from Shanghai on the Yangtze River. The two foreign merchants charged "Conspiracy Against Foreign Trade" against the so-called Swatow Opium Guild in September, 1879. Because of irregularly applied inland taxes, Swatow arose in the early seventies as the major depot for opium traffic in the Kiangsi district.[35] Duff and David maintained the irregular application of taxes that allowed Swatow to grow resulted from mandarin connivance with local native merchants. The foreigners charged that local officials allowed the Swatow Opium Guild to collect liken in order to drive competition out of business; "It has been stated, and it has not been denied," Duff testified, "that in Shanghai and Chinkiang, at all events, if not at other places, the relations between the Swatow Guild and the officials are of the highest nature."[36] The Guild, in the British estimation, re-instituted the late Co-Hong at Canton which had been outlawed in the Nanking Treaty of 1842.

The Shanghai Mixed Court dismissed the case. Foreign merchants were unable to rally the Chamber of Commerce to their aid because the case involved opium trade. Duff and David warned "what today is possible with regard to opium, tomorrow may be imposed on other staples;"

however the mercantile community remained reluctant to publicize their opium trade. Although foreign merchants lost the case in court, they gained a measure of certainty about what before had been only speculation. Even before the completion of the hearing, the North China Herald reported:

> Although most of the merchants of Shanghai were aware that some hidden measures were being carried on, few, until this exposure, had any idea of the extent to which foreign commerce was being tampered with.[38]

The revelation in court hearings that the Chinese mercantile class and the mandarins actually worked in profitable harmony destroyed British notions of polarization of social classes. The Chinese merchants no longer seemed commercial brethren but rather became enemies to overcome in the struggle for a profitable China trade. The cultural distinctions conferred by commercial enterprise, such as integrity, aggressiveness and intelligence, suddenly disappeared from British perceptions of the Chinese merchant. Native traders sank to the level of all other "Asians" and worse, now seemed to pose a threat to Britain's dominance in Asian commerce. This change in attitude developed during the seventies; the Swatow Opium Guild case provided the focal point for mercantile apprehensions and moreover, gave a semblance of proof for the Shanghai merchants' accusations.[39]

The image of the Chinese merchant as a commercial and cultural enemy chronologically parallels negative images of Chinese labor in the western United States. Connections between Chinese commercial competition in Asia and Chinese labor competition in the United States are

difficult to discern, but one fact is evident: both produced unwarranted fears of Oriental influence. The two areas of economic penetration, although separated by manner of endeavor and geographic distance, produced strikingly similar reactions from British and American sources. In 1880, two fictional accounts of a Chinese plot to control the world appeared in the Overland Monthly, a San Francisco periodical closely attuned to the cultural tensions in the late seventies. Much the same message surfaced in a British periodical, Punch. A satirical poem, "Paterfamilias on Pigtails," contained warnings of Chinese expansion:

> This Flowery Overflow may swamp Creation
> Suppose Ah-Sing should catch J.B. asleep,
> And ply his pigden to our ruination!
> Hard work, short commons? 'Taint the modern style
> Short hours, long pay seems Labour's latest charter
> Ah-Sing may slave, eat stick, half starve, and smile.
> Yet that sleek Mongol may yet turn out to be a Tartar.[40]

While the American press pondered the possibilities of a flood of cheap Chinese labor, the British press became concerned with economic competition in Asia. Thomas Knox, an American merchant from Shanghai, wrote a succinct indictment of Chinese commercial expansion for the English Fortnightly Review in 1878. The article, entitled "John Comprador" briefly outlined the history of the China trade and stressed the necessity of the Chinese comprador as a middleman. "It is interesting and pityful to see how completely the merchant in Far Cathay is in the hands of the comprador," Knox wrote.[41] "John Comprador" was active in what had previously been British ports of trade such as Bangkok, Rangoon, Penang, Malacca, Singapore, Java, and Manila. Knox forsaw unlimited expansion of Chinese competition, even into outright British possessions:

> Thus far the Chinese question has no importance in India, but if we may judge of that country by others where the Celestials, have taken foothold, the discussion of the subject in the land of the Vedas and Shastas can not long be delayed.[42]

"John Comprador" reflected another facet of the British fear of the Chinese merchant. In some way, Knox believed, the Chinese merchants were taking revenge upon Europeans for past injustices. "Foreign commerce and foreign relations were forced upon China and were a splendid thing for us at the start," Knox warned, but now "the Chinese are taking their revenge, and in a way quite unexpected to us, and which some of us pronounce unfair."[43] Knox concluded his article with an unanswered query, "When will John Comprador consider his revenge complete, and pause, in his career of commercial conquest?"[44] By the seventies, Chinese love of commercial enterprise turned full circle in the European mercantile mind. The very attributes which had endeared the native trader to the British merchant in 1865 now seemed a source of unknown evils. Chinese greed and perfidy, once attributes reserved for mandarins, became commong characteristics of all Chinese. Chinese cultural stagnation, the Edinburgh Review speculated, came from the natives' satisfaction with nothing but cash to gamble; the Chinese had no religion, because religion does not produce cash.[45]

Fear of the Chinese merchant on grounds of his commercial competitiveness did not suddenly explode in the last few years of the seventies. British apprehensions matched declining trade returns, yet financial status did not represent the basis for mercantile suspicions. The late seventies saw the Shanghai mercantile community's scrutinization

of their own worth as successful businessmen on the China coast. Hostility from the Chinese and British governments and opposition from the home press added to the foreign merchants' confusion. When the foreign merchant found a realistic cause for his demise--Chinese merchantile activity--he reacted with rhetoric made vicious by a decade of frustration. Sometimes contradicting statements of the prior ten years, the Shanghai merchant portrayed his Chinese counterpart as a vengeful commercial buccaneer, out to destroy British trade in Asia. When the North China Herald commented in 1879, "The commercial heavens are hung with black, the mercantile day is turned to rayless night,"[46] far more was implied than mere lowered profits. The Shanghai merchant entertained a dark and gloomy spirit, filled with images of betrayal and imminent doom. This spirit exemplified the death throes of the Shanghai merchant prince.

CHAPTER V

FOOTNOTES

[1]Chi-ming Hou, Foreign Investment and Economic Development in China, 1840-1937 (Cambridge: Harvard University Press, 1965) pp. 231-232.

[2]North China Herald, November 8, 1877, p. 418.

[3]Ibid., September 23, 1876, p. 296.

[4]Ibid., May 5, 1877, p. 440.

[5]Quarterly Review, "Trade with China," CXXXII, (1872) pp. 371-375.

[6]Hou, p. 66. Mining rights were not granted until 1894.

[7]North China Herald, July 1, 1876, p. 2.

[8]Ibid., November 1, 1877, p. 394.

[9]Kwang-Ching Liu, "Financing a Steam Navigation Company in China, 1861-1862," Business Historical Review XXVIII (1954) p. 185.

[10]Hou, p. 60.

[11]Herbert A. Giles, "Present State of Affairs in China," Fortnightly Review, XXXII (1879), p. 366.

[12]The Chefoo Convention provided for the simultaneous collection of duty and liken on opium, defined areas of exemption from liken charges at treaty ports, and regulated the issuance of transit passes. Transit passes allowed foreign merchants to send imported goods to and from inland cities for a single charge. C.F. Remer, The Foreign Trade of China (Shanghai: the Commercial Press, 1926), p. 37.

[13]North China Herald, June 16, 1877, pp. 589-601. An article by "K" entitled "Chinese Guilds and Their Rules" appeared in the China Review XII, No. 1, in 1883. "K" cites Doolittle's Vocabulary and Handbook as the only information available concerning the administration of local guilds. The pioneer scholarly study of Chinese guild operations was not done until 1888 when D. J. MacGowan published a paper in the Journal of the North China Branch of the Royal Asiatic Society. This paper was a primary source for H.B. Morse's, The Guilds of China (1909).

[14]Kwang-Ching Liu, Anglo-American Steamship Rivalry in China (Cambridge: Harvard University Press, 1963), pp. 90-92.

[15]North China Herald, August 10, 1878, p. 129.

[16]Ibid.

[17]Ibid., July 13, 1878, p. 29.

[18]Ibid.

[19]Ibid.

[20]Ibid., August 10, 1878, p. 139.

[21]Ibid., March 30, 1878, p. 290.

[22]Ibid., p. 291.

[23]Rutherford Alcock, "Western Powers and the East," The Fortnightly Review XXV (1876), pp. 46-66; "China and its Foreign Relations," The Fortnightly Review XXV (1876), pp. 652-670.

[24]J. H. Bridges, "Is Our Cause in China Just," The Fornightly Review XXIV (1875), pp. 642-663.

[25]Herbert Giles, "The Present State of China," The Fortnightly Review XXXII (1879) pp. 362-384.

[26]North China Herald, March 2, 1876, p. 187.

[27]Ibid., October 4, 1877, p. 292.

[28]Ibid., December 14, 1878, p. 566.

[29]North China Herald, June 29, 1878, p. 665. Not all of the home press criticized the mercantile position. An article entitled "The Press in India and China" listed periodicals which "promote culture, refinement, and self-respect." These periodicals included the Daily News, Spectator, Economist, Punch, Pall Mall Budget and The Saturday Review.

[30]North China Herald, November 8, 1878, p. 418. British obsession with their depression led the North China Herald to speculate that the increased number of women in the Settlement resulted in a lack of "high spirits":

> Men marry and range themselves now, whereas, of old, bachelorhood was the rule and wedded life the exception . . . it is obvious that the brightness and gaiety and the high spirits of a crowd of young men, messing together with something of the freedom of college life or life in a military mess disappear when the cares of family life are undertaken and the obligations of the married man entered upon.

[31]Ibid., October 18, 1877, p. 340.

[32]Ibid., October 3, 1878, p. 310.

[33]Ibid., September 8, 1877, p. 218.

[34]Ibid., January 6, 1876, pp. 2-3.

[35]China, Inspector General of Customs, Reports on Trade at the Treaty Ports in China, Swatow (1873) pp. 130-136.

[36]North China Herald, November 7, 1879, p. 447.

[37]Ibid.

[38]Ibid., September 23, 1879, pp. 289-290.

[39]Limin Chu, "The Images of China and the Chinese in The Overland Monthly 1868-1875, 1883-1935." (unpublished Ph.D. dissertation, Duke University, 1965) p. 312.

[40]"Paterfamilias on Pigtails," Punch LXXI (1876), p. 68.

[41]Thomas Knox, "John Comprador," Harpers LVII (1878), pp. 427-434.

[42]Ibid., p. 434.

[43]Ibid., p. 431.

[44]Ibid., p. 434.

[45]Demetrius Charles, rev. of "Boulger's History of China," Edinburgh Review LLX (1884) pp. 539-540.

[46]North China Herald, July 8, 1879, p. 29.

CHAPTER VI

SUMMARY AND CONCLUSIONS

During the last twenty years of the nineteenth century China's foreign trade followed the pattern established in the decade of the 1870's. The China trade exhibited first a decline and then a stagnation until well into the 1890's. As a result of the lack of commercial opportunity and the Chinese merchants' surprising ability to control the available trade foreign merchants turned to auxiliaries of commercial enterprise such as banking and industrialization in hope of restoring their profits. Foreign-owned railroads appeared after 1895, mining operations began on a large scale in 1896, and foreign manufacturing in shipyards, silk and food processing, and public utilities started in the last decades of the 1800's.[1] This swing toward productive industrial enterprise implied a dramatic change in the nature of the China trade. British merchants in China redefined the boundaries of their operation and transfered capital from purely cash-and-carry ventures to much more profitable spheres of enterprise. In particular, the growth of foreign-owned bank and loan institutions offered a good return. The integration of foreign banks into the Chinese economic system brought together the realism of politics and business. The very fact of mercantile advance in the late century indicated a change in the attitude of the Foreign Office, for without official blessing, the foreign merchant in China was relatively helpless. In the last

decades of the nineteenth century, the Foreign Office gradually abandoned the co-operative policy and adopted a less passive stance on world-wide economic penetration. A shift of political power in Great Britain from Gladstone's liberal government to Disraeli's government in the early 1870's signaled a conservative revival and a growth of the belief in the future of a British empire. As C. A. Bodelson maintained, "With a rapidity and completeness which seemed almost incredible, the Separatist school in England practically vanished from the face of the earth."[2] Protestations of belief in the future of the empire and pride in her extent and greatness became part of common political rhetoric. Strong national jealousies and rivalries between continental European powers encouraged scrambles for territories and in the latter part of the nineteenth century, Western nations partitioned vast territories in central, east, and west Africa. Asia also felt the impact of the resurgence of imperialism; the Russians established Vladivostoke in 1860, the British annexed Burma in 1886, the French assumed a protectorate over Annam in 1883, and the Japanese recognized the independence of Korea in 1876. The Chinese government, fearful of imminent partition, planned a hasty program of Westernization to meet the challenge. Chinese officials obtained loans from foreign banks and granted railway and mining rights to western mercantile interests. Increased political pressure allowed British speculators to expand into economic fields that had been denied them twenty years before. While the Foreign Office did not adopt an overtly pro-mercantile policy, they did react t

international pressures in such a way as to allow mercantile interests in China greater freedom for economic penetration. Thus the movement of foreign traders into industrialization represented a change in the style of enterprise and a dramatic change in the attitude of the Foreign office toward economic penetration in China.

The change in Foreign Office policy and the subsequent resurgence of financial opportunity came well after the demise of the Shanghai merchant prince. By the mid-eighties only the last vestiges of the old China-house trade and its romantic appeal remained. The Shanghai traders suffered the misfortune of carrying on business during the nadir of European imperialist sympathy. Until about mid-century, the forces of laissez-faire economics carried the foreign merchant from success to success. British merchants reflected an optimism and a confident assumption of ability to solve any question, whether of science, theology or government. The success of the trading factories and forts in South and Southeast Asia led British merchants to assume that the problems of the China trade, while difficult, were not insurmountable with continued assistance from the Foreign Office. In the late 1860's the British government adopted the so-called "Co-operative Policy" which, in the eyes of the British merchants, effectively broke the continuity of British mercantile success in Asia. Based on the assumption that the China trade was not worth the risk of establishing a British empire in China, the "Co-operative Policy" stressed non-interference in Chinese domestic affairs. After a brief commercial resurgence in the late 1860's the China trade declined and then stagnated until the

late 1890's. As trade faltered, mercantile optimism turned to bitterness and confusion. Treaty port merchants attacked the policies of the Foreign Office and blamed the passivity of British diplomats for economic distress in the China trade. Friction between mercantile and diplomatic interests existed throughout the nineteenth century despite drastic changes in the nature of the China market. The degree of animosity varied from the intense distrust of the seventies to the relative compatibility of the nineties, but at no time were merchants and politicians of a single mind. Within this larger context of constant political and commercial strife, British mercantile endeavors evolved at a rapid rate because of technological alterations.

Technological advance such as the telegraph and steamship greatly improved the over-all efficiency of trade in the early seventies. The maturation of the China market spelled an end to an era of business activities characterized by speculation and independent action. Decreasing distance between the China trades and the European market squelched the Shanghai merchant's excessive sense of arrogance and mission. The cultural vanity and rabid institutional pride which had sustained the Shanghai merchants may seem distasteful and even ludicrous today. Yet a feeling of pride and solidarity was necessary for any great commercial achievement, and, in fact, Shanghai did dominate China's foreign trade well into the twentieth century. Synonymous with Shanghai's pride and solidarity was an isolationist outlook which warped mercantile perspectives on commercial enterprise. As trade failed to improve after the triumph of the Opium War, British merchants viewed the economic scene

from their tiny islands of independent enterprise and drew erroneous notions as to the causes of their problems. Multiple local currencies, numerous petty middlemen, corrupt officials, arbitrary taxes, and foot-dragging diplomats both in Great Britain and China seemed to constitute the barriers in the path of commercial progress. It is undoubtably true that these circumstances constituted grounds for complaint but they were not the real causes for commercial failure. The essential obstacle that hampered foreign trade was the very nature of Chinese civilization. As an agricultural country with a well-developed and self-contained marketing system, China had little use for British wares.

British concepts of the Chinese merchant formed a part of the myth of the China trade. Treaty port residents based their opinions of the Chinese traders on much the same sources of information that gave rise to the ideas of China as an unrealized commercial "El Dorado." Limited personal contacts with the Chinese populace and native traders, dependence on biased governmental sources for domestic current events, and the predominance of nineteenth century ethnic attitudes combined in the British mind to form hazy images of the Chinese merchant. Furthermore the complexities of rapidly evolving marketing methods and technological advancements altered the very nature of the China trade and created a period of maladjustment among treaty port residents in the 1870's. All of these pressures resulted in fluctuating perceptions of the Chinese trader which often had as little basis in fact as British mercantile belief that corrupt officials or arbitrary taxation prevented the western economic penetration of China.

Prior to the 1870's British merchants saw the Chinese trader as part of the universal brotherhood of commercial entrepreneur, and as such, his social class represented an ally with compatible goals and familiar methods of enterprise. British merchants identified native traders as a hard-working and industrious "middle class" which was somehow more moral than other groups in Chinese society: firmer, less excitable, more practical and reliable. The image of the Chinese merchant as a type of cultural ally remained in force well into the late sixties despite the obvious competition he provided. The acceptance of the Chinese merchants' expansion into trade which had been under British control seemed inconsistent with the arrogant nature of the treaty port residents. However, when one considers that British merchants believed in the possibility of an open societal split between the selfish and extortionate ruling elite of the country and the frugal and hardworking merchant class, foreign quiescence over Chinese competition becomes more understandable.

In the seventies British mercantile images of the native trader underwent considerable change and by 1880 Chinese merchants appeared in treaty port newspapers as no better than other Asiatics.[3] The evolution of the native trader from a reliable commercial ally to a sinister and prevaricative threat resulted from the general depression and lethargy of British merchants or British trade after 1870. As improved communications and transportation destroyed the merchant prince ideal, treaty port residents underwent a period of economic and social adjustment that not only reshaped the nature of commercial enterprise but drastically altered the image of their former allies.

Mercantile uneasiness about their position on the China coast was clear in the early seventies. A period of unwarranted fear pervaded Shanghai after the Tientsin massacre. Stories of imminent invasion by unnumbered masses of outraged Chinese peasants prompted the construction of fortifications and a rash of articles downgrading Chinese characteristics. During these years the semantics applied to Chinese merchants underwent gradual change. The honesty of Chinese traders or merchants was no longer a watchword and by mid-decade the native trader appeared as a commercial villain. The rise of foreign mercantile fears about Chinese commercial expansion coincided with Western reaction to Chinese immigration and labor competition. Western literature in the period after 1875 reflected a general fear of the "Yellow Peril." As part of the "Peril," Chinese merchants would supposedly gain control of Britain's Asian market as a form of revenge for past misdealings and unequal treaties. Although certainly not all westerners believed this theory, enough credence was given to the "Yellow Peril" theory that articles in the British and American press began frequently to portray the Chinese as subtle and aggressive. The Chinese worked to control labor in far-flung lands such as the western United States and schemed to control commerce in their own backyard. In the minds of the more radical British mercantile interests, it only seemed a matter of time before even India fell into the clutches of the oriental tide. Although this view represented only the outermost fringe of British reaction to the Chinese merchant, it serves to illustrate the wide range of foreign images of native competition.

Mercantile sentiment does not appear clear-cut because of the contradictory pressures involved: the commercial advantages of the Suez Canal and the telegraph tremendously increased the potential of the China trade but they also destroyed the prestige of "merchant prince" status; the emergence of the Chinese merchant could be perceived as an advancement of western commerce and a crack in the wall of Chinese exclusiveness, but at the same time native competition monopolized what little trade existed and eroded the British dream of a profitable China market. Superimposed on these contradictory realities of the China trade were the popular ethnic attitudes of the late nineteenth century. In British mercantile thought during the early 1870's and more forcefully at the end of the century, European racial theories distorted images of the native trader.

Whether the British merchants were correct in their ultimate negative perceptions of the Chinese trader is irrelevant. What is important is that by the mid 1870's British merchants in China faced up to the realization that one of their concepts about the China trade had little or no basis in fact. British merchants could argue endlessly with the Foreign Office about the imagined barriers to trade in China or the supposed positive results of a treaty revision that satisfied mercantile demands. However the success of the Chinese merchant in meeting British competition and more than holding their own constituted a reality that was not as debatable as the predicted effects of some future removal of inland taxation or guarantee of access to the interior. By 1870 it was clear that Chinese merchants were astute businessmen who had a firm

grip on China's domestic marketing system; no amount of supposed British cultural or intellectual superiority could break this hold. The realization by British merchants that Chinese traders did not represent a commercial ally whose activities would hasten western penetration of the China market marked the first explosion of a widely held mercantile myth about the China trade.

British acknowledgment of Chinese commercial superiority in their native country involved a painful period of mental depression from which sprung most of the more radical images of the Chinese merchant. Elements of fear and racial arrogance combined in the British mind to form images of a vengeful commercial enemy set upon the destruction of Britain's Asian trade. In a more positive light, the British merchants' acceptance of at least one reality of the China market, the dominance of the Chinese merchant, was partly responsible for a shift in the nature of foreign enterprise. The shift in the periphery of enterprise from cash-and-carry ventures to banking and construction eventually led foreign merchants to their financial "El Dorado." By the twentieth century imperialist domination extended to China's entire financial structure. The final decade of the nineteenth century overshadowed the preceeding decades of quieter commercial penetration and gave rise to future hatreds of the whole treaty system.

FOOTNOTES

CHAPTER VI

[1]Chi-ming Hou, Foreign Investment and Economic Development in China, 1840-1937 (Cambridge: Harvard University Press, 1965), pp. 50-79.

[2]C. A. Bodelson, Studies in Mid-Victorian Imperialism (New York: Howard Fertig, 1968), p. 79.

[3]S. W. Williams, The Middle Kingdom, II (New York: Paragon Book Reprint Corp., 1966), 193. The Chinese had always been considered as morally superior to the Indians, who were unrivaled in culturally bound licentiousness.

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Chinese Repository, VII No. 1 (1839), 7-8.

One of the most valuable publications of the period. Excellent papers contributed by students of history, language and literature of China.

Dyce, C.M. Personal Reminiscences Of Thirty Year's Residence In The Model Settlement Shanghai, 1870-1900, London: Chapman and Hall Ltd., 1906.

Giles, Herbert A. "Present State Of Affairs In China," The Fortnightly Review, XXXII (1879), 362-384.

A well informed commentary about Britain's place in China's international relations. Giles examines the commercial, political, and social aspects of Britain's contacts with China. Special emphasis is placed on the missionary question as the major roadblock to better Sino-British relations.

Knox, Thomas. "John Comprador," Harpers New Monthly Magazine, LVII (1878), 427-434.

Denunciation of Chinese merchants by a former American businessman stationed in Shanghai. This work best reflects the unreasoning paranoia felt by some Western merchants about a rising "yellow peril."

MacGowan, D.A. "Chinese Guilds, or Chambers of Commerce and Trade Unions," Journal of the North China Branch of the Royal Asiatic Society, (1888-1889), 133-192.

The first scholarly analysis of Chinese mercantile guilds and trade unions. This work formed the basis for future works on the mechanics of Chinese guild operation.

Meadows, Thomas Tyler. The Chinese And Their Rebellions. London: Smith Elder and Co., 1856.

This work, written by an interpreter and later consul, received favorable reviews from the North China Herald as being compatible with mercantile opinion about Britain's policy toward China.

Medhurst, W.H. The Foreigner In Far Cathay. New York: Scribner, Armstrong and Co., 1873.

A simplistic view of foreign interests and roles in China during mid-nineteenth century. Of little value to any serious historical study except in the sense that it reflected many of the more popular misconceptions about Chinese characteristics.

Murphey, Rhoads, ed. Nineteenth Century China: Five Imperialist Perspectives, selected by Dilip Basu, Michigan Papers In Chinese Studes, No. 13. Ann Arbor: University of Michigan Press, 1972.

Early nineteenth century essays by treaty port residents on the possibilities of the China trade and on imperialist philosophy. Although often demonstrating a lack of adequate knowledge of actual trading conditions, these essays provide useful and necessary insights into the expansionist mentality of treaty port merchants.

North China Herald [Shanghai] 1865-1879.

Founded as a weekly newspaper in 1850, the "Herald" became the chief foreign newspaper in China, if not the entire far East. Always independent and always British, the newspaper upheld the commercial viewpoint even in the face of recurrent charges of racism.

Ruskin, John. The Works Of John Ruskin. ed. E.J. Cook and Alexander Wedderburn. Library Series, Vol. XXVIII. New York: Longmans, Green and Co., 1907.

Incisive notes and comments by world traveled art critic. References to China are few, but noteworthy due to Ruskin's sharp wit and grasp of cultural disparities. Critical of mercantile aspirations in China.

Williams, S.W. The Chinese Commercial Guide. Hongkong: A. Shortrade and Co., 1863.

Descriptions of treaty ports with individual harbor and custom house regulations, geographic layouts, trade returns (1845-1862) and governmental organization. Occasional commentaries on trading status at individual ports.

_____. The Middle Kingdom. 2 vols. New York: Paragon Book Corp., 1966.

One of the first scholarly histories of China written by a missionary. Often reflects the typical unfounded notions of Chinese characteristics. Despite minor shortcomings an excellent historical narrative and a welcome relief from the general poorly conceived literature of the period.

B. SECONDARY SOURCES

Biggerstaff, Knight. "The Secret Correspondence of 1867-1868: Views of Leading Chinese Statesmen Regarding The Further Opening Of China To Western Influence," The Journal Of Modern History XXII, No. 2 (1950), 122-136.

Scholarly analysis of letters to and from the Tsungli Yamen in regard to expected terms of treaty revisions. Strong implications of the rejection of the orthodox stand toward Chinese merchants by the Ch'ing hierarchy.

Bodelson, C.A. Studies In Mid-Victorian Imperialism. New York: Howard Fertig 1968.

An excellent description of the rise and growth of the imperialist spirit in England. Well documented section on Mid-Victorian Separatism and its influences on foreign policy making decisions.

Britton, Roswell S. The Chinese Periodical Press 1800-1912. Shanghai: Kelly and Walsh Ltd., 1933.

Authoritative guide to western periodicals published in China. Describes not only the general nature of selected publications, but also explores the backgrounds of the men responsible for their production.

Chang, Peng. "The Distribution And Relative Strength Of The Provincial Merchant Groups In China, 1842-1911." Unpublished Ph.D. dissertation, University of Washington, 1958.

An analysis of the Chinese domestic market by examination of provincial guilds. Basic information on functional roles of the Chinese mercantile hierarchy. Emphasizes the relation of family power and prestige with control of local distribution and transport.

Chu, Limin. "The Images Of China And The Chinese In The Overland Monthly 1868-1875, 1883-1935." Unpublished Ph.D. dissertation, Duke, 1965.

Analysis of American attitudes toward the Chinese. Centered around west coast reactions to Chinese immigration and labor competition, the articles cited in this study reflect the same tenor as contemporary British publications.

Cordier, Henri. Histoire des Relations de la Chine avec les Puissances Occidentales 1860-1902. 3 vols. Taipei, Taiwan: Ch'eng-wen Publishing Co., 1966.

A French account of westerners in China. Interesting narration of the Tientsin Massacre as seen from the French standpoint.

Dawson, F.L. Jr. "Law and the Merchant in Traditional China: the Ch'ing Code, Ta-Ch'ing lü-li, and its Implications for the Merchant Class." Vol. II, Papers On China. Cambridge: Harvard University Press, 1948.

Seminar paper which related mercantile-bureaucratic ties to the traditional commercial laws of China. Suggests that merchants sought aid from the government by graft because of the lack of specificity of Chinese traditional law.

Fairbank, John K. Trade And Diplomacy On The China Coast. Cambridge: Harvard University Press, 1953.

Invaluable source of information on trading conditions and diplomatic developments prior to the 1860's. A standard source.

Feetham, Richard. Report Of The Shanghai Municipal Council. 2 vols. Shanghai: North China Daily News And Herald, Ltd., 1931.

Assessment of impact of western institutional development upon Shanghai's remarkable growth in trade. Strongly influenced by western mercantile opinion.

Feuerwerker, Albert. The Chinese Economy 1870-1911. Michigan Papers In Chinese Studies, No. 5. Ann Arbor: University of Michigan Press, 1969.

Up to date study of the relatively high degree of development demonstrated by the Chinese economy in the late nineteenth and early twentieth century stresses the abilities of the Ch'ing commercial system to dominate treaty port competition for local trade and to resist western attempts as "modernization." Refutes theory that late Ch'ing economic matters were in a state of chaos.

Gerson, Jack J. Horatio Nelson Lay And Sino-British Relations. Harvard East Asian Monographs. Cambridge: Harvard University Press, 1972.

A somewhat over-zealous defense of the activities of the first Inspector General of the Imperial Maritime Customs. Excellent portrayal of mercantile-diplomatic tensions during the mid-century.

Griffin, Eldon. Clippers and Consuls, American Consular and Commercial Relations with Eastern Asia, 1845-1860. Ann Arbor: University of Michigan Press, 1938.

Useful bibliography.

Hao, Yen-P'ing. "Cheng Kuan-ying: The Comprador as Reformer," Journal of Asian Studies, XXIX, No. 1 (1969), 15-22.

A study over-emphasizing the impact of the comprador class on Chinese societal structure in the late nineteenth century.

Hou, Chi-Ming. "External Trade, Foreign Investment and Domestic Development; The Chinese Experience, 1840-1937," Economic Development and Cultural Change, X, No. 1 (1961), 21-42.

Heavy reliance on secondary sources, especially C.F. Remer. Good section on the historical growth of the Chinese mercantile class.

_____. Foreign Investment and Economic Development in China, 1840-1937. Cambridge: Harvard University Press, 1965.

A useful update of Remer's original studies of Chinese foreign trade with emphasis on time span after the turn of the twentieth century.

Hutchins, Francis G. The Illusion Of Permanence, British Imperialism in India. Princeton: Princeton University Press, 1967.

Brilliant study of Victorian racial and societal attitudes in India. Many of the characteristics of the British in India are identifiable in treaty port residents of China.

Kotonev, Anatol M. Shanghai: Its Mixed Court and Council. Shanghai: North China Daily News and Herald, 1925.

Only thorough study of the development of the Mixed Court. Obvious bias shown in favor of mercantile interests.

Lane-Poole, Stanley. The Life Of Sir Harry Parkes 2 vols. London: Macmillan and Co., 1894.

Biography of the aggressive British consul which relies heavily on personal memoirs and correspondence.

Le Fevour, Edward. Western Enterprise In Late Ch'ing China. Harvard East Asian Monographs. Cambridge: Harvard University Press, 1968.

Western enterprise as seen through the eyes of the British firm Jardine, Matheson Co. Too narrow in its outlook, this work is often misleading as to economic developments after 1842.

Levy, Marion J. and Kuo-heng Shih. The Rise Of The Modern Chinese Business Class: Two Introductory Essays. New York: Institute of Pacific Relations, 1949.

A basic source for information concerning the Chinese merchant's role in late Ch'ing society. Emphasis is placed on the merchant industrialists of the 1890's, however, the purely commercial agents of earlier years receive more than adequate notice.

Liu, Kwang-Ching. "Administering A Steam Navigation Company In China, 1861-1862." Business History Review, XXIX (1955),

This article is concerned primarily with the organization and functioning of an American steamship line. References to Chinese competition or participation in steamship activities are few.

_____. Anglo-American Steamship Rivalry In China. Cambridge: Harvard University Press, 1962.

Excellent presentation of the growth of the Yangtze steam trade. Emphasis is placed on the period before active Chinese involvement in steamship operations, however many valuable references are made to western methods of dealing with the rising threat of Chinese commercial expansion.

_____. "Financing A Steam Navigation Company in China, 1861-1862," Business Historical Review, XXVIII (1954), 154-181.

Analysis of Anglo-Chinese relations, implying a difference in attitudes held by Chinese merchants about Englishmen and Americans.

Morse, H.B. International Relations of the Chinese Empire, 3 vols. London: Longmans, Green and Co., 1910.

Pioneer study of Chinese contact with the world powers in the nineteenth century. A major source for diplomatic and economic studies of late Ch'ing China.

Murphey, Rhoads. Shanghai: Key To Modern China. Cambridge: Harvard University Press, 1953.

In depth analysis of Shanghai's role in the development of modern China. All aspects of the city's development are discussed including topography, food and energy sources, population, industry and commerce. An invaluable source for any study relating to Shanghai.

_____. The Treaty Ports And China's Modernization: What Went Wrong. Michigan Papers In Chinese Studies, No. 7. Ann Arbor: University of Michigan Press, 1970.

Brief discussion of the theory of the treaty port system and its failure to play a significant role in the modernization of the Chinese economy.

Pelcovits, Nathan A. Old China Hands And The Foreign Office. New York: King's Crown Press, 1948.

Well researched book concerning the conflict between Foreign Office policy and mercantile aspirations. Although adopting a sometimes too inflexible attitude toward the foreign merchant, this work remains a standard source for research in nineteenth century Anglo-Chinese diplomacy.

Remer, C.F. The Foreign Trade Of China. Taipei, Taiwan: Ch'eng Wen Publishing Company, 1967.

The outstanding western publication on Chinese foreign trade. Based on Imperial Maritime statistics, this work reflects a very unbiased perspective of economic developments with its greatest strengths in the 1890 to 1930 era.

See, Chong Su. The Foreign Trade Of China. New York: Longmans, Green and Co., 1919.

A Chinese nationalist's perspectives of economic developments during the European age of imperialism. A useful work to offset purely western sources on China's foreign trade.

Simkin, C.S.F. The Traditional Trade Of China. London: Oxford University Press, 1968.

By necessity, a superficial account of China's foreign trade from antiquity to the twentieth century. Of little use for detailed research but it does provide an adequate framework for more in-depth study.

Stanley, Charles J. Hu Kuang-Yung And China's Early Foreign Loans. Cambridge: Harvard University Press, 1951.

Detailed biography of a Chinese merchant-industrialist whose impact was felt in the waning years of the nineteenth century. Of little use to students interested in the pre 1870 era of China's foreign trade.

Wright, Stanley F. Hart And The Chinese Customs. Belfast: Wm. Mullan and Son Ltd., 1950.

Major reference source for the Imperial Maritime Customs. Extensive bibliography and a listing of foreign office correspondence relating to Chinese customs.

Wu, James. "The Impact of the Taiping Rebellion upon the Manchu Fiscal System," The Pacific Historical Review, 19.3 (1950), 265-275.

Essay referring to the development of the liken taxes as a result of financial strains incurred during the Taiping years. Of little use in studies of foreign trade or diplomacy.