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Chinese Business Groups in Hong Kong and Political Change in South China, 1900–25

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China

in association with

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To my family, teachers, and friends,
for their care, guidance, and stimulation

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Preface and Acknowledgements

A main theme of this book is that business is closely related to politics, and the manner in which business is related to politics in a given society reveals the nature of that society. My curiosity surrounding this theme was first developed a few years ago during my undergraduate years, after reading Karl Polanyi, Louis Dumont, and Fernand Braudel. I was, and still am, impressed by their works. Let me start with what I have learnt from them.

Polanyi, Braudel, and Dumont talked about ‘self-regulating markets’, ‘capitalism’ and ‘individualistic society’ respectively. I feel strongly that the three ideas are describing different facets of the same phenomenon, that is, what Polanyi called the rise of the ‘market economy’ in modern times (‘an economy directed by market prices ... without outside interference’). The heart of this phenomenon is the belief that ‘economy’ should constitute a separate domain functioning independently of external interferences (especially political ones). This development, in Polanyi’s words, is built upon the matrix of ‘the institutional separation of society into an economic and political sphere’. Crucial to this argument is the key phrase ‘institutional separation’.

In the West, the development of this ‘institutional separation’ between politics and business is closely related to the development of social institutions that enable commercial endeavours to become independent of political patronage. This development can be symbolized by the adoption of company laws – which guaranteed commercial endeavours as a right (for example, company law) rather than as a privilege granted by a monarch (for example, royal charter). It is not necessary to suppose that the introduction of the law spelled an end to the practice of patronage, yet it reflected a fundamental change in the ideology of the rulers. By adopting company law, the political authorities in Europe openly gave up their ‘right’ to interfere in business, and thus gave legal recognition to the independence of business as business. This development, significantly, also symbolized the creation of a new social space in Europe. This space, scholars generally believe, was crucial to the development of the kind of political system that we now describe, as Dumont did, as ‘individualistic’ (a major matrix of the idea of ‘democracy’).

The process that brought to the West the circumstances whereby company laws might become meaningful, did not appear in China. The very absence of this process actually tells us a great deal about Chinese society. In modern China, the experiment to redefine the relationship between business and politics, and to separate the two spheres can be traced back to the first decade of this century (the late Qing reforms) and extends downward to the present in the 1990s (the current economic reforms). The process, however, was (and still is) incomplete. A critical period of this experiment occurred in the first quarter of the twentieth century. It was in 1904 that China's first company law, based on the Western model, was introduced by the Qing court to China. Unlike the protection offered by patronage (granted to the chosen few), the protection provided by the commercial codes was intended to apply equally to all. Despite the fact that the introduction of the law might not have spelled an end to the practice of patronage, it reflected a fundamental change in official ideology, that is, the guarantee of property rights not by patronage but by law. We are not sure whether the Qing court was ever willing to be bound by the law and to withhold itself from interfering in Chinese business, or whether the Qing government was strong enough to provide very much protection for commercial endeavours in the face of emerging regionalism. The introduction of the law failed to take root in China – as the Qing government suddenly collapsed in 1911. From 1911 to 1928, China was politically disintegrating with competing regional governments struggling among themselves for national dominance. No governments in China, therefore, could uphold these commercial codes and provide an arena where business endeavours could operate free from political interference.

From 1910 to 1928, merchants were doing business in a politically fragmented China. To secure legal protection for business endeavours in these turbulent political conditions, many Chinese businesses registered themselves as foreign companies in the coastal treaty ports. To facilitate the conduct of business outside these foreign concessions, Chinese merchants had to cultivate patronage networks with those officials governing the regions where their businesses operated. It is on this complicated political landscape that the adventure of the Hong Kong merchants in South China unfolds.

For the completion of this book, I wish to thank Dr David Faure, who gave me freedom, challenges and guidance. I also wish to thank Professor Judith Brown, Dr John Darwin, Professor Glen Dudbridge, Dr Colin Newbury and Professor Terence Ranger for their teaching, guidance and encouragement. They helped me, during my three years at Oxford, to gain insight into the richness of Chinese, Indian and African societies. I would

also like to thank Susanna Thornton and Henrietta Harrison. They accompanied me on walks in the university park; and explored with me wild landscapes in mountain and valley.

Lastly, I thank my family, especially my mother Madame Wong So-nui, for their care and support. They have allowed me to have the liberty to live my life in a way that I believe I want to.

STEPHANIE PO-YIN CHUNG

List of Abbreviations

CO 129 Great Britain. Colonial Office Records. Series CO 129. Governor's Dispatches and Replies from the Secretary of State for the Colonies, 1900–1926.

CWR *China Weekly Review*

FO 17 Great Britain. Foreign Office. General Correspondence: China 1815–1905.

FO 228 Great Britain. Foreign Office. Embassy and Consular Archive: China. Series 228.

FO 371 Great Britain. Foreign Office. General Correspondence: China 1906 onwards.

GDWZ *Guangdong wenshi ziliao* (Source Materials on the History and Civilization of Guangdong).

HKRS 121, 122, 123 Hong Kong. Company Registration Court. Articles of Association. Series 121, 122, 123.

HKRS 124 Hong Kong. Company Registration Court. Companies wound-up in Hong Kong. Series 124.

HKRS 144 Hong Kong. The Supreme Court. Probate jurisdiction – wills. Series 144.

HKSP Hong Kong Sessional Papers

HR *Huazi ribao*

JAS *Journal of Asian Studies*

JHKBRAS *Journal of the Hong Kong Branch of the Royal Asiatic Society*

MAS *Modern Asian Studies*

MR *Millard's Review*

NCH *North China Herald*

A Note on Romanisation

The *pinyin* system has been adopted throughout this book. However, a number of exceptions have been made in the cases of names familiar to the public in other forms, for example geographical names such as Hong Kong, Peking, Canton and personal names as Sun Yat-sen, Ho Kai, Ho Tung, and company names such as Wing On, Sincere, Hong Nin.

The names of Chinese authors mentioned in the notes and bibliography are transcribed in *pinyin*, except where the authors themselves use another method of transcription, in which case the form chosen by the author has been respected.

S. P-Y.C.

1. The Treaty Ports of China, 1842-1860

2. The Pearl River Delta

3. Plan of the City of Canton

4. Networking among prominent Cantonese political figures