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The Mandarin- capitalists from Nanyang

*Overseas Chinese enterprise
in the modernization of
China 1893-1911*

MICHAEL R. GODLEY

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Preface

The research for this book was begun in Singapore in 1970. I remain particularly grateful to the University of Singapore for granting use of its facilities, including an office provided by the History Department. The Institute of Southeast Asian Studies and Josef Silverstein, who was then the director, were most helpful. Sharom Ahmat, R. Suntharalingam and Eunice Thio helped break the monotony of the task with companionship and good conversation. Yen Ching Hwang shared his considerable knowledge of Ch'ing relations with the Malaya Chinese during two brief but profitable lunch hours.

In Providence, Rhode Island, several friends read parts of the original draft. Joseph Cheng was indispensable in matters of translation and the excitement he always displayed in the project kept the author going when progress was inevitably slow. Jerome B. Grieder, Eric Widmer and Michael Y. M. Kau made helpful suggestions. The greatest debt of all is owed my adviser and mentor, Professor Lea E. Williams of Brown University, who taught me Malay and gently persuaded me to follow his pioneering footsteps in the study of the Chinese in Southeast Asia.

The Late Ch'ing Reform Workshop at Harvard University in the summer of 1975 provided the stimulus needed to begin the process of converting a dissertation into a monograph. Paul A. Cohen and Linda Shin, among many others, were most encouraging. The eventful decision to seek a publisher came in the fall of the year when Professor Denis Twitchett and Robert Seal, then at Cambridge University Press, read the dissertation and urged revision. An old friend, Otis H. Shao, gave a final push in the spring of 1977. Later, even after the manuscript had been submitted, some very special people at the Australian National University gave more support and comment. Not the least of these was Professor Wang Gungwu.

Thus, a volume in the making for a full decade has benefited from much in the way of constructive criticism. A dozen libraries and their staffs have provided assistance, particularly those at Brown, Harvard,

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Cornell, Chicago and Singapore. Louis P. Warsh read over the manuscript while Yu Yee-kwan checked the Chinese characters. I have only myself to blame for factual errors, logical inconsistencies and the poor quality of the typescript. But, Marion Barnett of the Press made up for some of these shortcomings with a fine job of editing and surely gave the entire text a needed coat of polish. Of course, married scholars never get far without the support and cooperation of their family and I, too, wish to thank my wife, Marilyn, who followed me half way around the world in search of material.

Thanks should also go to the Harvard University Press and two academic journals which provided showcases for portions of this manuscript. Much of the argument in Chapter 5 first appeared in Paul A. Cohen and John E. Schrecker (eds.), *Reform in Nineteenth-Century China* (Cambridge, Mass.: Harvard University Council on East Asian Studies, 1976; 2nd edn 1979). It is reprinted by permission of the publisher. Chapter 7 was originally published as 'Chang Pi-shih and Nanyang Chinese Involvement in South China's Railroads, 1896-1911', *Journal of Southeast Asian Studies*, iv, No. 1 (March 1973), pp. 16-30. A summarized version was published as 'The Late Ch'ing Courtship of the Chinese in Southeast Asia', *Journal of Asian Studies*, xxxiv, No. 2 (February 1975), pp. 361-85. Both articles have been utilized with permission.

Hilo, Hawaii
1980

Michael R. Godley

Note

Romanization of the many sounds represented by Chinese characters is at best an imperfect art. Perhaps one of the greatest frustrations experienced by the student of the overseas Chinese in Southeast Asia is that there is no commonly accepted means of rendering names. The pronunciation varies considerably from one dialect to another while the Western spelling itself changes from one colonial setting to another. China scholars generally compromise and utilize the Wade-Giles system for romanizing the Mandarin or Peking dialect. This system works well when dealing with individuals in China proper but overseas Chinese are usually better known by the Cantonese or Hokkien form of their name. To use only the Mandarin pronunciation would be to strip away their Southeast Asian identities and make it virtually impossible for the reader to cross-check careers in popular Western-language source materials. For this reason, all but the major overseas Chinese capitalists who undeniably established reputations in China are identified in the text by the most common dialect spelling found in Southeast Asia. Full Chinese characters for most individuals can, however, be consulted in the Glossary.

Likewise, a similar problem can occur with the small but necessary word 'dollar'. Unless otherwise indicated, it should be assumed that Straits dollars are being used in Malaya and Singapore and either Mexican or Chinese silver *yuan* in China. Because trade dollars of different sorts circulated widely in Asia, the precise currency is not always stated. The general reader may feel free to ignore the difficulty and treat all dollars as very roughly equivalent. The specialist is advised to use all unspecified figures with customary caution.



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Introduction

At the time of the Revolution in 1911, as many as ten million Chinese lived abroad. The majority were poor coolies but a minority had already moved into the business pursuits for which they are well known today. Within this group, particularly in Southeast Asia, could be found a stratum of very wealthy merchants. Because few individuals viewed their expatriation as permanent but rather sought to identify with the homeland and its culture, there had been considerable interest in the events of the late Ch'ing period. It is widely assumed that the multitude actively opposed the Manchu regime and gave its support to the reform or revolutionary movements encouraged by K'ang Yu-wei and Sun Yat-sen. This traditional conclusion is unfounded. Although most overseas Chinese had lost faith in Manchu leadership by 1909, only a small percentage took political action. In fact there was a time, forgotten by some historians, when prosperous merchants abroad wanted closer relations with the Ch'ing dynasty.

In the closing decades of the old order, the absence of a strong and independent bourgeoisie stood as a formidable obstacle to modernization. There could be no development along Western lines without an innovative entrepreneurial group, but no such element was likely to emerge in a society which had long denigrated the importance of businessmen and kept them in the shadow of the bureaucracy. Hence, it appeared at first that only foreigners could provide the capital and technical skills needed. Students were sent abroad but their exposure to Western ways only served to undermine the existing system and did nothing to assist the national treasury. Finally, in a last-minute move to introduce both capital and expertise, while still maintaining some features of the traditional society, the Manchu government turned to the overseas Chinese. By largely ignoring this Ch'ing effort, scholars have heretofore missed an entire side of Chinese history and a unique opportunity to assess the problems of that nation's early modernization.

Of all immigrant peoples, the Chinese in Southeast Asia (Nanyang)

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may well be the most remarkable. Famine, population pressure, revolutionary upheaval and oppression have driven other peoples to leave their homelands before, but historical circumstances combined with the specific cultural predilections of China have lent an unusual character to overseas communities. Although the movement toward assimilation has accelerated in recent years, the six hundred years or so during which the Chinese have taken up residence in the neighboring tropics have been marked by a loyalty to the homeland and culture uncommon in other immigrant groups beyond the first few generations, and by a paradoxical ability to adapt sufficiently to local conditions to improve economic status through industry and frugality.

While many an immigrant Chinese no doubt found life in Nanyang just as difficult as his lot in China, there is no question that, as a group, the Chinese have thrived on the opportunities provided them abroad and achieved an economic pre-eminence far out of proportion to their actual numbers. Indeed, the one fact that immediately stands out is the frequency with which Chinese, when overseas, have gravitated to commercial roles and been successful. When in an alien environment, the Chinese not only turned into hawkers and small tradesmen, but created syndicates and corporations, and became entrepreneurs whose ability matched that of even the West's industrial giants. There are some who would argue that the Southeast Asian setting was able to produce 'Chinese capitalists' while traditional China was not.

At any rate, the foreign atmosphere, dominated by Western concerns for international commerce, seems to have been conducive to the growth of bourgeois values. As was the case in the treaty ports, many overseas Chinese became cosmopolitan in their views. Unlike the inhabitants of coastal China, however, the immigrants were not as easily alienated from the traditional system. The China-born among the prosperous overseas business community remained socially conservative. As previous generations on the mainland, the most respected individuals continued to be those closely associated with classical education and bureaucratic rank. Consequently, a majority of the successful overseas Chinese entrepreneurs at the turn of the century attempted to disguise bourgeois wealth with the prestige of purchased degrees, titles and brevet posts.

There are a number of reasons for this tendency to identify with an existing elite tradition even while away in the midst of a flourishing commercial milieu. First, merchants were denied entry into the European ruling class. They were also almost exclusively of peasant background with strong ties to families in the hinterland. A certain Chinese uneasiness about unrefined wealth also seems to have survived the move south. Furthermore, riches earned abroad still re-

quired protection at home and this was best secured through the attainment of traditional status. For many years, returning individuals faced discrimination often tantamount to extortion at the hands of local magistrates, since to leave one's family to search for wealth in far-off places violated at least two basic Confucian principles. Thus, to overcome both the social and the practical disadvantages of long residence abroad, prosperous overseas Chinese in the second half of the nineteenth century felt pressure to achieve the approbation of the traditional system. Yet, it must be understood that rather than being a denial of the emerging bourgeois standards of Southeast Asia and the treaty ports, this inclination to seek gentry-bureaucrat station was complementary to the on-going transformation of the Confucian order. It was but part of a broader movement to redefine the qualifications for membership in the ruling class.

For the most part, modernization studies have concentrated on the direct confrontation of modern Western and traditional Eastern values first stimulated by the Caucasian visitors themselves and later mediated by several generations of Chinese students returned from short-term stays on a foreign university campus. With only a few exceptions, the role of the overseas Chinese in China's effort to enter the modern age has been neglected.

There have, of course, been a number of credible works dealing with overseas Chinese participation in the events surrounding the establishment of the Republic, and countless references to the contributions made by the Chinese abroad to that government and its successor. The neglected Chinese on foreign shores have not been the rebel sympathizers of early years or the nationalistic expatriates who sacrificed so much to support the cause of Chinese independence during the traumatic years of war in the Pacific. The overseas Chinese to be discussed in subsequent chapters, in an effort to set the record straight, are those who supported the Ch'ing dynasty.

The following pages will outline the development, fruits and legacy of an important, if tardy, campaign to modernize pre-1911 China with the capital and skills of the overseas Chinese. Beginning with a discovery of the plight of coolie laborers in the 1860s, the Ch'ing dynasty shaped a policy which, in its final form, granted returning businessmen a major part in economic affairs. Gradually, the strategic emphasis shifted from the protection of workers to the encouragement of renewed contacts with the motherland to the outright exploitation of overseas experience and wealth. Ironically, this effort, which helped foster the growth of overseas Chinese nationalism, simultaneously produced forces which would act to unseat the ruling house. In the process, however, the Manchu government created institutions that

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were instrumental in the courtship of overseas Chinese during the Republican decades.

Regardless of the degree of political involvement, the one thing that virtually all Nanyang residents came to share by the year 1900 was a connection with the fate of the China homeland. At first, sojourners – through their tales and communications – broadened the traditional peasant view of the world. Others, because of savings and remittances, played a part in economic development. For some this was only an expression of filial piety but others, more modern in outlook, purchased a token share in the railroad which they hoped would bring prosperity to their native region. Individuals served as intermediaries in the early opening of China or took the lead in defending ethnic and, then, national interests. Growing numbers added to the emerging bourgeoisie upon returning home. A few outstanding figures took advantage of the leverage even purchased honors gave within the traditional framework first to protect their own interests and then to introduce new elements into the late Ch'ing scene.

Unquestionably the foremost example of an overseas Chinese entrepreneur is Chang Pi-shih (tzu: Chen-hsun; 1840–1916). Born in rural Kwangtung, Chang began as a provisioner for the Dutch in Java and, by the 1890s, had utilized colonial support to make extensive investments in the Netherlands Indies. His dozen ships dominated the Sumatran coastal trade and flew the Dutch flag. He soon had an interest in almost all the major revenue farms on either side of the Straits of Malacca and was also involved in mining, banking and large plantations. In the formative years of Chinese industry, between 1895 and 1910, he expanded to China where he set an example of economic diversification for the entire country to follow. He established the famous Chang Yü Pioneer Wine Company at Chefoo, textile mills, a brick factory and a glass-making operation. He was also connected with the salt monopoly, cattle, mining, cotton and general commerce. As one of the leading proponents of railroad development, his name was associated with every railroad project in the coastal provinces of Kwangtung and Fukien. He was the largest private shareholder in the Imperial Bank of China and on the board of directors of this and other early financial institutions. He took the lead in the organization of chambers of commerce and in the years immediately preceding his death, Chang was the most famous Chinese entrepreneur, honored even by America's Wall Street.

For present purposes, it is enough to say that Chang Pi-shih, receiving varying degrees of support from a number of important reformers, attained positions of power and honor in China. Although

originally recruited into the well-known *kuan-tu shang-pan* system at the merchant-managing end, diplomatic position, successive brevet ranks beginning at the taotai level and an external source of wealth beyond the touch of the government gave Chang the weight needed to become an official supervisor. He also catapulted himself ahead with several well-timed contributions. Such subscriptions gained him the first of many imperial audiences and metropolitan rank. Eventually he was made a vice-president of the brand new Board of Trade. Even greater recognition followed.

There would have been no place for enterprising overseas Chinese, of course, if the Ch'ing government had not looked favorably upon their participation. As the third chapter will document, the interest the Nanyang Chinese began to take in Ch'ing-sponsored plans to develop China was the end-product of a well-orchestrated campaign. Although such noted reformers as Ting Jih-ch'ang, Chang Chih-tung, Hsueh Fu-ch'eng and Huang Tsun-hsien all influenced this course, the decisive role was played by Chang Pi-shih. In conversations with the empress dowager and in a number of memorials, Chang repeated the same basic arguments.

In brief, he believed that the throne needed the full and active support of the new commercial community if it were to survive. But he warned that treaty port and overseas merchants were not likely to take part unless positive steps were taken to purge the bureaucracy of its corruption and anti-commerce stance. Furthermore, he suggested that commercial success itself was qualification for office. Unquestionably, however, the argument which caught the attention of high officials was his fervent belief that other overseas Chinese could be attracted back to China to provide a still missing entrepreneurial thrust while gaining the confidence of the native bourgeoisie for the embattled old elite.

The participation of such entrepreneurial types in the traditional 'establishment' raises important questions that directly address critical issues of the period including the transformation of the elite, the fate of Confucian norms and the meaning of reform in the Chinese cultural context. What is more, investigation of the way overseas Chinese were brought into the Ch'ing bureaucracy and the conditions under which they were permitted to begin new enterprises not only casts light on the process of modernization and those factors which may also have inhibited industrial growth, but reveals the complex forces at work in Nanyang.

This book will now examine the clash and interaction of values, old and new, Chinese and Western, as the dynasty made a final effort to modernize yet meet the West on its own terms by enlisting the assistance of overseas Chinese. At center stage will be the name of Chang Pi-shih.

PART I

The rise of the overseas Chinese
capitalist

1

The foreign experience

The years of foreign imperialism in China produced many tales about the humiliation of the Chinese. There was the now notorious park in Shanghai's foreign sector that allegedly excluded both dogs and Orientals as well as the slightly less galling but even more basic expropriation of sovereign rights and national treasure by outside powers and their commercial representatives. It should not be surprising that some of the most widely told anecdotes about the major overseas Chinese capitalists relate instances when these Eastern businessmen bested their foreign rivals, forced acquiescence on a point of prestige, or otherwise gained respect for their business acumen. One such story has to do with an overseas Chinese millionaire known locally as Thio Thiau Siat.

Near the end of the nineteenth century, when China's defeat at the hands of the Japanese had exposed the weakness of the Chinese modernization program, Thio was the dynasty's consular representative in Singapore. Having been ordered to return immediately to China for official consultation, Thio sent an agent to purchase a first-class steamship ticket. The German shipping company that he approached refused to issue the ticket on the grounds that non-Europeans were not permitted to travel in the superior accommodations. Even though Thio was a government official, the management refused to break the long-standing rule and allow a Chinese to purchase passage as a first-class passenger.

The Chinese consul found it difficult to contain his displeasure. What, however, could a Ch'ing official in an English colony of that period do about this blatant discrimination? There was probably little he could do as a representative of the weak Chinese government, but Thio was also a shrewd businessman who knew precisely how to handle the situation and the Imperial German government that stood behind the offensive steamship line. Almost immediately, the Singapore consul placed an advertisement in the English-language press announcing his desire to hire merchant vessels and engage the necessary