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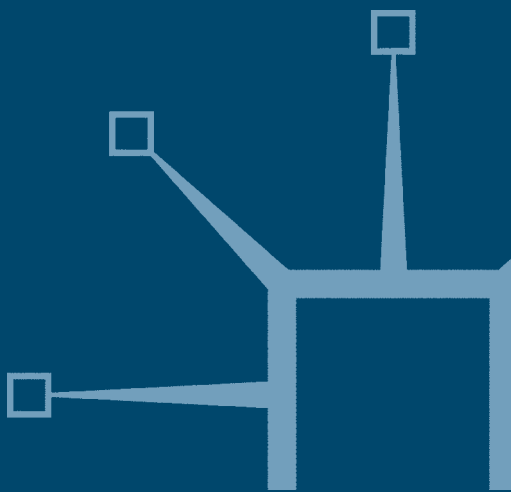
Chinese Business Groups in Hong Kong and Political Change in South China, 1900–25

Stephanie Po-yin Chung



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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*

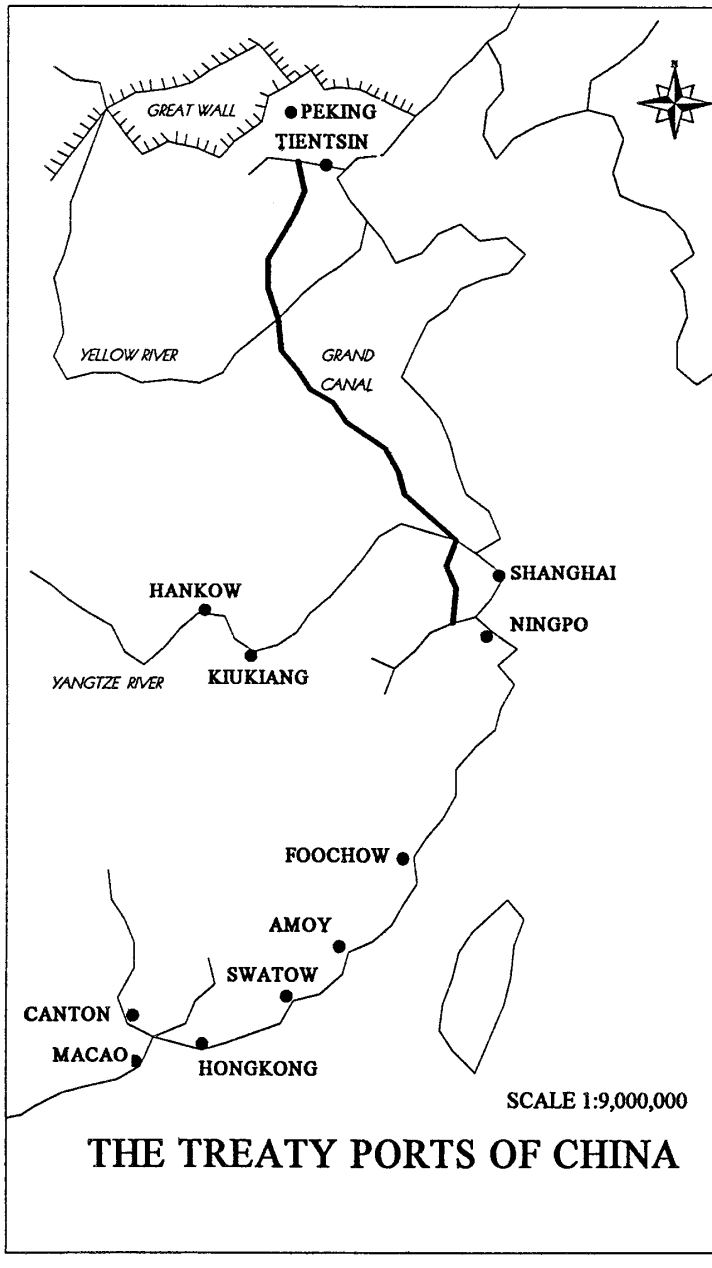
NCH *North China Herald*

A Note on Romanisation

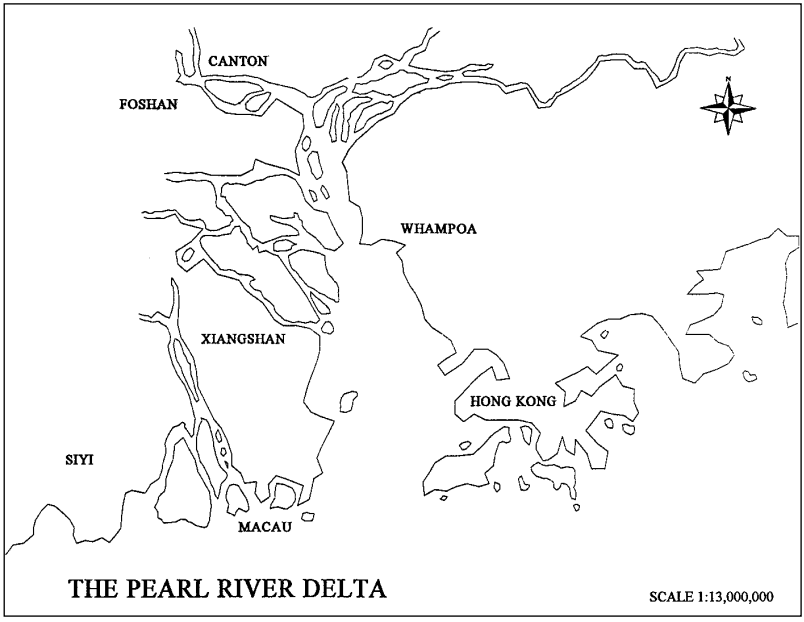
The *pinyin* system has been adopted throughout this book. However, a number of exceptions have been made in the cases of names familiar to the public in other forms, for example geographical names such as Hong Kong, Peking, Canton and personal names as Sun Yat-sen, Ho Kai, Ho Tung, and company names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

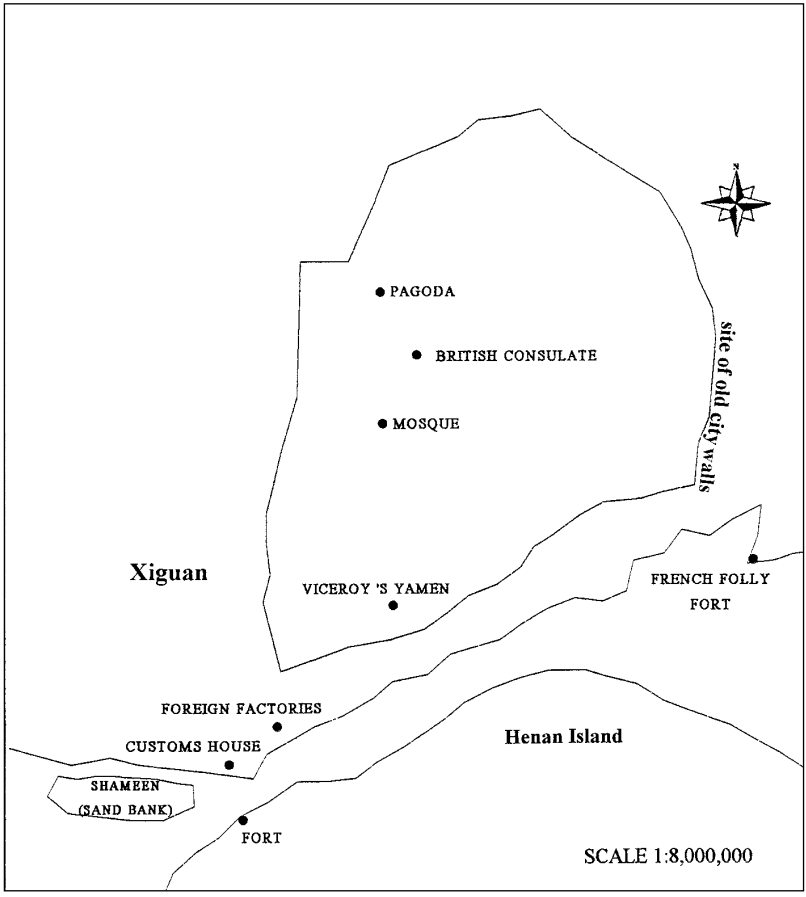
S. P-Y.C.



1. The Treaty Ports of China, 1842-1860



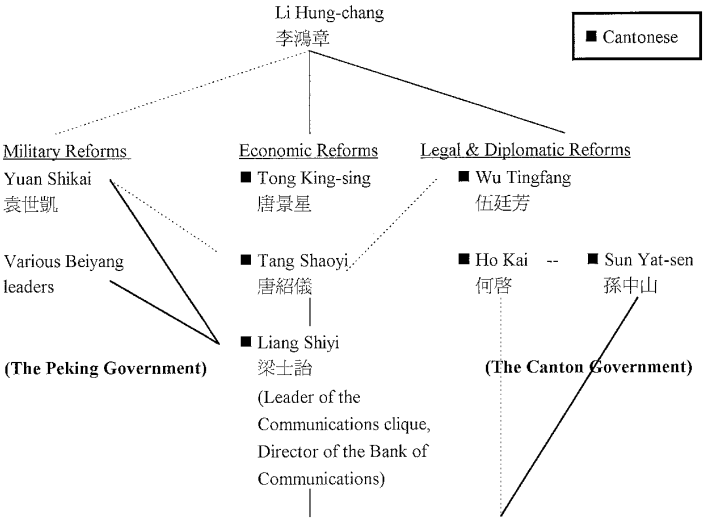
2. The Pearl River Delta



3. Plan of the City of Canton

1860s After suppressing the Taipings with his regional troops, Li strengthened his position as a prominent political figure in China:

1870s Under Li's political patronage, reforms were carried out in China in the name of the Western Affairs Movement. Li recruited several Cantonese into his *Mufu* (think tank).



1910s and 1920s Two competing merchant groups emerged in colonial Hong Kong aligning themselves with the Peking and Canton Governments respectively:

4. Networking among prominent Cantonese political figures

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1 Introduction: Business and Politics

Lu Buwei (呂不韋), a famous merchant and later a high official of the Qin dynasty (236–21 BC), once posed these questions to his father.

> 'How much can one earn from investing in land?' Lu asked.
> 'About a hundred per cent,' said his father.
> 'How much can one earn from speculation in pearls and precious stones?' Lu asked again.
> 'About a thousand per cent,' replied his father.
> Lu asked the third and final question:
> 'How much can one earn by financing a person to become a ruler of state?'
> 'That goes beyond what can be calculated.'[1]

Politics can be a profitable business investment. Where the risk is high, the profit is great.

LOCATING THE CANTONESE MERCHANTS ON THE CHANGING POLITICAL LANDSCAPE OF CHINA, 1840–1930

In the first quarter of the twentieth century, the British Colonial Office recorded that two competing groups of Cantonese merchants in Hong Kong attempted, several times, to finance the establishment of regional governments in Canton. The backdrop to these events was the political disintegration of China, with a North-South divide existing between Canton and Peking. As we shall see, the merchants' endeavours were prompted not only by regionalism as such, but also by economic calculation on the part of the financiers who, by funding the regional governments, sought privileges from the acquisition of public properties in Guangdong province, as well as control over the provincial bank and tax collection.[2]

These incidents highlight a recurring theme in this book – business is closely related to politics.[3] In some environments, politics itself is even a

kind of business investment. This political environment can be found in Republican era South China. The major investors in this political market were the Cantonese merchants residing in British Hong Kong. By focusing on the rise and fall of two competing Hong Kong merchant groups in South China politics, this book attempts to examine how business interacted with politics in China, and how these interactions highlight a crucial moment in the formative years of modern China.

China is vast in size. Its geographical diversity produces wide regional distinctions. 'If Italy … was but a geographical expression, China until very recent times had been but a social expression. China had been a society, not a state; and a Chinese, a familial not a political animal'.[4] This description, found in *The China Review* in 1934, probably rings a strong bell with all Chinese observers. In a polity as diverse as China, understandably, the maintenance of political centralisation was, and is, a most arduous task for any central government.

The late Qing and Republican periods are such difficult times in Chinese history. In the words of Cecil Clementi, an old China hand and Governor of Hong Kong (and later of Malaya), who wrote to the British Foreign Office in 1926 diagnosing decades of turbulent British China policy:

> A China united under a central Government is not applicable to the facts …. China is a civilisation, not a state.
>
> British interests throughout China … have suffered because the fact that China is for the time being in the process of disintegration was not recognised.
>
> …. Should not our policy be … to deal with the authorities who exert regional control, thereby encouraging them to be content with the area they effectively dominate and not to continue the vain struggle for an imaginery suzerainty over all China?[5]

Regional politics, as we shall see, is a master theme of modern Chinese history. The unfolding of regional politics was much affected by the merchant groups who emerged in different parts of China. Cantonese merchants living in British Hong Kong, remarkably, were one of the most active of these merchant groups. They utilised British Hong Kong as their safe haven, from which they operated their businesses in South China. To protect their interest in the changing political landscape of China, they connected themselves with competing lines of patronage networks in Peking and Canton. To illustrate these changing networks, let us take a look at the Western Affairs Movement in the 1870s, the late Qing reforms in the first decade of the century, and the post-revolution politics in the 1910s and 1920s.

China's Coastal Economic Zone and the Western Affairs Movement

After the forced opening of China in 1840, and the subsequent establishment of treaty ports in Canton, Amoy, Ningpo, Shanghai and Tientsin over the next two decades, Chinese merchants recognised that a 'commercial axis' gradually extended northward within coastal China.[6] Coastal cities expanded and were linked by a network of telegraphs, railways and steamships. Printing, census taking, urban planning and western schooling also served to set the coastal regions apart.[7] The foreign presence, supported by the use of foreign laws in territorial concessions, turned coastal China into what can be likened to 'special economic zones' in developing countries today. Under extraterritoriality, foreign laws overshadowed Chinese jurisdiction, and these areas were juridically independent from the Peking government.[8]

Along this 'commercial axis' in coastal China, groups of Cantonese were increasingly influential. These Cantonese, humble in origin, received free education at English schools in Hong Kong and Macau, where western missionaries made their earliest appearance. But the job market open to these Cantonese was small, because they could not climb up the same traditional social ladder through the Imperial Examinations as could their Chinese-educated counterparts. In addition, the number of potential employers was very small. This explains why their career paths were more often than not identical: at one time or another, these men were employed by the Chinese Imperial Maritime Customs (under British administration), the British colonial government in Hong Kong, and the compradore office of the western firms in Hong Kong.[9]

Since the 1850s, the influence of these English-educated Cantonese had extended along coastal China, as many western firms in Hong Kong expanded their business northward in China. With the help of these Cantonese, the foreign firms established branch offices within the newly-opened treaty ports. Working in the treaty ports, the Cantonese found that a new job market in politics had opened up to them.[10] Economic reforms, as part of the Western Affairs Movement, were being introduced into China and several self-styled 'reform-minded' Qing officials were recruiting advisors knowledgeable of things western for the reforms. This provided the Cantonese with golden opportunities for political advancement in China.

Regional politics was a significant aspect of the Western Affairs Movement, which was initiated by several powerful regional officials. Notable among them were Li Hung-chang of Anhui province and Tseng Kuo-fan of Hunan province. The national influence of these regional officials had much to do with their success in suppressing the Taiping

Rebellion with their regional troops. With their national influence, these regional officials charted out, on behalf of the Peking Government, China's first modernisation program. A contemporary foreign observer recalled that 'for three decades from 1860 there were two great parties in China, the Hunan men and their adherents, following Tseng Kuo-fan … and the Anhwei [Anhui] men and their adherents, following Li Hung-chang …. Tseng's party was generally conservative, … Li's party was moderately progressive'.[11] The observer explained that 'in the exercise of patronage at Peking the principle of *divide et impera* in the provinces is followed'. The Cantonese had played a significant part in regional 'party' politics. The observer continued,

> The men of other provinces … ranged themselves with one or other of these parties [the Hunan party and the Anhui party]. Latterly, the Canton party, ultra-progressive … has again come to the front.[12]

Patronage was the keyword in the functioning of regional politics. To promote their reform programs, these regional officials tried to build up their own private bureaucracies (or what we now call 'think-tanks'). They selected and recruited men whom they regarded as talented people, with or without Imperial degrees, into their private working groups. The English-educated Cantonese, knowledgable about things Western, became a popular group filling these think tanks. Before more is said about these Cantonese, let us take a look at how this patronage network functioned in the Western Affairs Movement.

In the name of Westernization, these powerful officials acted as patrons to protect and promote modern enterprises in China. We must note that at that time, China had no stock market, no business laws, no company laws, and no concept of limited liability. To give official protection and to collect adequate capital for the enterprises, these officials promoted the enterprises under an arrangement known as 'official-supervision, merchant-management' (with the official acting as patron and the person recruited by the official acting as merchant). The formula involved these officials' providing political patronage: they negotiated with Peking for charter, monopoly, tax concessions and some capital for the enterprises. The merchants, in turn, provided management and utilized their personal networks to raise the remainder of the capital.[13] Notable among these enterprises were the China Merchants' Steam Navigation Company (1872), the Kaiping Mining Company (1877), and the Shanghai Cotton Cloth Mill (1878). All these modern enterprises were established under the patronage of the reform-minded Li Hung-chang (1823–1901).

One of Li's political assets was his longevity. He outlived his major competitors and provided protection for these enterprises.[14]

Under the patronage of Li Hung-chang, two cliques of Hong Kong-educated Cantonese, engaging themselves in separate spheres of the reforms, established their political influence in China. Firstly, in the sphere of diplomatic reforms, Li recruited Wu Tingfang, a barrister educated in Hong Kong and the first Chinese Legislative Councillor of Hong Kong, as his assistant. Fame awaited Mr Wu, who would be China's Minister to the United States, Spain and Peru. He would also draft China's first company law. Secondly, in the sphere of economic reforms, Li Hung-chang recruited Tang Tingshu and his brother (both famous compradores in Hong Kong) as assistants. Tang was educated at missionary schools in Macau, and served as a clerk for the Hong Kong Government before he was employed by Jardine, Matheson and Company. Under the patronage of Li Hung-chang, Tang and his brother undertook to establish China's first modern steamship company (1872), mining company (1877) and spinning company (1878). Significantly, a substantial number of shares in these enterprises was owned by Cantonese merchants living in Shanghai, Canton and Hong Kong, cities where the Tang brothers had cultivated close personal networks and utilised their networks to collect capital for the enterprises.[15]

In sum, the patronage networks developed by the practice of 'official-supervision, merchant-management' in the Western Affairs Movement offered Chinese merchants ample opportunity for political advancement. Notable among them were those English-educated Hong Kong Chinese. Their careers shifted between merchant and political circles. Their special positions also opened up investment opportunities for other Cantonese merchants – they subscribed to shares, through their personal networks, in those modern enterprises which enjoyed the privileges and protection offered by Li Hung-chang.

The patronage networks developed by the Western Affairs Movement, however, underwent a drastic change by 1895, when Li Hung-chang's political career was suddenly disrupted. The Sino-Japanese War broke out in 1894 and in the following year, Li Hung-chang was held responsible for China's defeat in the war. He was stripped of his high position in northern China and transferred to the Governor-generalship of Guangdong and Guangxi. Li was no longer in a strong position to provide extensive patronage.

The national influence of the Cantonese could still be found after 1895, but within a different dimension. China's defeat by Japan in 1895 was followed by Sun Yat-sen's untimely reform proposal to Li Hung-chang. Li did not respond to Sun, who was then studying medicine in

Hong Kong. It was reformer Liang Qichao and his adherents, all of whom were Cantonese, who managed to secure Emperor Guangxu's patronage and introduced reforms into China in 1898. The Emperor, however, turned out to be an incapable patron in the face of the conservatism of the Dowager Empress Cixi. The reforms lasted for about a hundred days.[16] Despite their repeated failures, both Sun and Liang became modern China's most famous dissenters. Sun Yat-sen, for instance, became China's most well-known revolutionary after his London kidnapping.[17] A contemporary foreign observer, impressed by the Cantonese political activitists, remarked that 'the Cantonese had been called the Irish of China'.[18] Different from Wu Tingfang and the Tang brothers, Sun and Liang had not developed their careers inside 'the establishment', and as will be seen, they would continue to work outside it.

Late Qing Reforms – Redefining Merchants' Political Role

In the 1900's, Chinese merchants in Hong Kong saw a new China in the making, and directly related to it, new patterns of patronage also emerged in China. Central to this change is that China's first company law was introduced in 1904. This marked a fundamental shift in official ideology – business endeavour, thereafter, was intended to be guaranteed by law and not patronage. Much of the change began with the Boxer Uprising in 1900.

China's turbulent twentieth century began with the Boxer Uprising in 1900, which led to the occupation of Peking by an army made up of troops from eight foreign countries. Amidst the crisis, governors of many southern provinces (including Li Hung-chang of Guangdong and Guangxi) refused to side with Peking. They declared themselves neutral in this confrontation so as to save the provinces they ruled from foreign invasion. The Qing court learnt a lesson the hard way.

Starting from 1902, the Qing court embarked upon a set of reforms. These reforms, in part, aimed at redefining the relationship between the central government and provincial powers. Through the introduction of regional and national elections, the central government intended to establish direct linkages with the local elites, bypassing the regional bureaucracies which were regarded by Peking as increasingly unreliable. Significantly, the reforms targeted regional merchant groups as the local elites; they also identified regional chambers of commerce as a channel through which to establish this linkage.

To strengthen the direct linkage between the central government and local elites, the Qing court, strikingly, redrew the route to elite status in

Chinese society. In 1904, the Imperial Civil Examination was abolished, and China's first law on the chambers of commerce was introduced. Regional chambers of commerce were sanctioned explicitly by the central government with the express function of providing protection to merchants and communicating with government officials.[19] The central government, thereafter, targeted merchant groups as its allies in the regions.

In 1904, China's first commercial codes were introduced. The new legislation, governing the formation of joint-stock companies and guaranteeing business rights and protection, sought to redefine the relationship between state and merchant. Unlike the protection secured by patronage, typified by the practice of 'official-supervision merchant-management', the protection provided by the law was meant to be equally accessible to all. Business endeavours, thereafter, were supposed to be carried out under the Peking government's protection, with chambers of commerce serving as middlemen in the regions.

Several new government departments directly responsible to the central government were also created to provide legislative protection and administrative encouragement of business, and to institutionalise the patronage networking in business. Among other examples, a Bureau of Commerce (*Shangbu*) was established in 1903 which provided legislation to protect business from being harassed within the different provinces, especially by local officials.[20] Employing the slogan of 'rights recovery', the Qing government also recovered railway concessions given to foreign investors. To achieve this aim, a Ministry of Posts and Communications (*Youchuan bu*) was created to handle railway, telegram and postal affairs. This powerful ministry, responsible for the financial aspect of China's nationwide railway industry, controlled China's major financial arteries.[21]

Significantly, these reforms provided at least two major avenues for Cantonese people to advance their careers in China. Firstly, several Hong Kong-related Cantonese were appointed to significant positions in the new government departments. The Ministry of Posts and Communications, for example, was placed under the directorship of Tang Shaoyi, the nephew of Tang Tingshu. Through Tang Shaoyi, a group of Cantonese was recruited for, and eventually dominated the ministry. By 1906, this Cantonese faction utilised the railway fund managed by the ministry to establish the Bank of Communications. They were known as the 'Communications Clique', and played a crucial role in modern China's political and economic development. Secondly, Wu Tingfang was appointed Vice-President of the Board of Commerce. Using his legal and legislative training and experience,

Wu drafted the company laws of 1904. He finished the assignment within three months, but his influence persisted.

In conclusion, the late Qing reforms targeted merchants in local regions as major financiers for China's economic developments. Cantonese merchants living in Hong Kong were categorised by Peking as overseas Chinese and were active in responding to Peking's slogans of 'commercial war' and 'rights recovery'. They initiated drastic boycott movements against foreign goods and capital. For the same 'commercial war', they collected capital in the colony and financed railway construction in Guangdong.[22] They also established local chambers of commerce in Hong Kong, utilised China's new commercial codes, and formed themselves into capital syndicates to invest in South China.[23] Through their chambers of commerce, they petitioned to the Bureau of Commerce in Peking, and set up modern enterprises which they claimed would compete, with western firms in China.[24]

Post-Revolution Era – Market for Political Investment

Although conservative in design, the late Qing reforms led to dramatic consequences. The political mobilisation in the provinces, set in motion by the reforms, turned against the central government in 1911, when Peking's proposal of railway nationalisation ended with violent resistance by various provincial groups. The plan was denounced by the provincial groups as an infringement of regional and mercantile interests. Within several months, regional groups in at least 11 southern provinces declared their provinces independent from Peking.[25]

After the 1911 Revolution, the state–merchant relationship underwent great changes again. The political importance of merchants and their chambers of commerce continued to grow after the collapse of the Qing government. Some of the most active of these regional merchant groups were undoubtedly Cantonese.

In 1911, the Guangdong Chamber of Commerce offered to finance the new Chinese Republic in Nanking. In return, it requested that Hong Kong-educated Wu Tingfang be appointed to a significant post in the Republican government.[26] In 1912, the two envoys in the North-South Peace Talks were both Hong Kong-related Cantonese (remarkably, Tang Shaoyi representing Yuan Shikai in the North; Wu Tingfang representing Sun Yat-sen in the South).[27] In 1912, Tang Shaoyi became the first Premier of Republican China while Wu Tingfang was appointed Minister of Justice.[28] In 1913, the following passage appeared in a popular *Travellers' Handbook for China* printed in Shanghai:

> The Chinese have a saying 'everything new originates in Canton'. This is especially true of things political. It was in the narrow streets of this southern city that the plots which resulted in the recent Revolutions were hatched, and during that brief but dramatic struggle, the principal parts were played by Cantonese.
>
> The best known men in China today are: Yuan Shih-kai, Tang Shao-yi [Tang Shaoyi], Sun Yat-sen, Li Yuan-hung, [and] Ng Choy [Wu Tingfang], … of these all but Yuan and Li boast of Canton as their birth-place.[29]

Regionalism continued to increase after 1911 and the North-South disparity between Peking and Canton widened.[30]

In the northern part of China, various regional powers were held together under Yuan Shikai. Among other examples, an Anhui clique dominated the Ministry of War and a Cantonese clique dominated the Ministry of Communications. This Cantonese clique, known as the Communications Clique, was under the leadership of Liang Shiyi, a Cantonese recruited by Tang Shaoyi, and later Yuan's private secretary. They controlled the Bank of Communications, raising domestic and foreign loans for the Peking government, and were major financiers of Yuan's regime.[31] After the death of Yuan, two major regional military cliques emerged: the Zhili clique dominated the Peking government until 1924, but faced severe challenges from the Anhui clique. The Guomindang called these cliques the 'Beiyang (Northern Sea) warlords'.[32] To defeat their competitors, these warlords also turned to Liang and the Bank of Communications for financial support.

In the southern part of China, military and political cliques set their sights mainly on Canton, a wealthy city and a stronghold for revolutionary activities. The Canton government was a coalition of diverse regional elements united by their common opposition to the Peking government. The major civilian supporters of Sun's regime were none other than Wu Tingfang and his descendants. In the 1920s, Wu's son and son-in-law became prominent high officials in Sun's Canton government. Together with Sun Yat-sen's son, the younger Mr Wu and his brother-in-law were labelled by their contemporaries as the *clique of Princelings* in Republican politics. The really dominant elements in Sun's regime, however, were the military leaders of Yunnan and Guangxi, who moved their troops to Guangdong, giving lip service loyalty to Sun, and dividing the province into separate spheres of influence. The troops were known to the Cantonese as 'guest armies' (*haakgwan*). On three occasions between 1916 and 1925, Sun Yat-sen managed to secure the support of these military leaders and established a 'constitutional government' in Canton under

his nominal command. On each occasion, the government had few financial resources and almost no control over the military. As Sun and his civilian followers had no army of their own until 1924, when the Whampoa Military Academy was established in Canton with Soviet aid, they had to rely on the unreliable support of the Yunnan and Guangxi military leaders, known to the Guomindang as the 'south-west warlords'.[33]

The North-South Divide

From 1912 to 1927, the political fragmentation of China, and the recurring North-South cleavage between Peking and Canton, gave rise to a market for political investment. Governments in China were desperate for resources to sustain themselves; thus, merchants found ample chance to convert their financial strength into political influence.

Hong Kong Chinese, linked to the two competing governments in Peking and Canton, were drawn into this chaotic political arena. Generally, the governments drew from four major sources of income to sustain themselves: taxation and provincial remittances, the surplus from Maritime Customs, foreign loans, and internal loans.[34]

When it came to provincial remittances and taxation, both Canton and Peking suffered from the disadvantages of inadequate fiscal policies and institutions. While Peking did enjoy some revenue from the provinces it managed to control, Canton was never strong enough to collect anything from the southern provinces. Andrew Nathan indicates that the Peking government was 'fiscally healthiest' in the years of Yuan Shikai's rule, from 1912 to 1916. After Yuan's death, Peking's control over the northern provinces was critically weakened and 'increasing reliance was placed on foreign loans'. As for the Canton government, dominated by the 'guest armies' from neighbouring provinces, wealth was being drained out to Guangxi and Yunnan.[35]

The surplus from Maritime Customs was the only stable and reliable source of income for the governments during the Republic. It was stable because the Maritime Customs Service was headed by a senior staff of foreigners, and the funds collected were kept in custody by the foreign diplomatic corps. The Maritime Customs Service was established in 1842 after the opening of the five treaty ports following China's defeat in the Opium War. From 1865 onward, the Service was under the administration of three British inspector-generals: Sir Robert Hart (1865–1911), Sir Francis Aglen (1911–29), and Sir Frederick Maze (1929–37). After the collapse of the Qing government in 1911, the Western powers, apprehensive about the possible seizure of revenues by the provincial powers joined

hands and forced through a Custodian Bank Agreement with Peking. With the authority of this Agreement, the collection of customs duties was passed into the hands of foreign inspectors and placed under the trusteeship of the foreign diplomatic corps in Peking. After the obligations of repayment of foreign loans and indemnities were met, the surplus was returned to Peking. As for the southern government, each time Sun Yat-sen threatened to seize the customs in Guangdong, western governments sent their gunboats to threaten Canton.[36]

Foreign loans were controlled by a consortium of major Western banks with government backing, formed in order to avoid mutual competition. As the consortium recognized only the Peking government, Peking held a monopoly on all foreign loans to China. This position, however, was shaken by the outbreak of the First World War in 1914.[37] Before a new, and ultimately unsuccessful, foreign consortium was organised in 1920, Japan took the opportunity provided by the Western powers' preoccupation with the First World War to enter and gain influence in China. This arrangement, however, was upset again in the 1920s when Comintern agents with promises of Soviet aid and loans, were active in China. Until Soviet aid was offered to the Canton government, it was forced to rely on domestic loans.

It is in the distribution of domestic loans that one can see the growing power of the mercantile community. The Peking government issued two sets of government loans in 1914, when Yuan's esteem was at its peak, and both loans were over-subscribed. Nathan documents that between 1913 and 1926, Peking issued 27 loans with a total face value of Mex.$631 million. The major operational arms for these loans were the two government banks: the Bank of China and the Bank of Communications. The loans were distributed by the two banks to various native banks, which accepted the arrangement in return for high commissions. The relationship between Peking and the shareholders of the two banks was crucial to the deal.[38]

In the South, loans and donations from merchants were equally important to the self-styled 'constitutional government' in Canton. Since there was no bank that the government could rely on, the loans and donations were raised through personal networks. As will be seen, numerous 'subscription bureaus' were formed with certificates and charters issued by Sun Yat-sen. These bureaus raised funds through their own networks on behalf of the Canton government. Without any accounting or auditing systems, the government exercised minimal control over these organizations.[39]

Concerning the issue of loans and donations from Chinese merchants, an observation made by *The China Express and Telegraph* in 1922 might

help to provide the gist of the era's ethos. The London-based paper identified 'a new and important political factor' which had developed among the mercantile community within coastal China, including colonial Hong Kong.

> A really new and important factor in Chinese politics is the influence of the wealthy Chinese of the Treaty ports. The officials in Peking or any provincial capital always need money, and the inhabitants of Hong Kong know quite well that some of the local wealthy Chinese have been approached by the officials for loans. The silver lining is to be found in the places where the Chinese were brought directly into contact with Europeans.
>
> In Hong Kong, Shanghai, Hankow, and other Treaty ports, the worried Chinese do not hesitate to express disgust at the present state of affairs in China. In time their influence must make itself felt.[40]

The experiences of Hong Kong merchants with political investments in South China are most likely not isolated phenomena. The aspirations and exploits of Chinese merchants in Hong Kong who made the decision to invest in South China, and who exploited Chinese politics to do so, reflect a broader historical framework. They also touch upon issues that will be of interest to students of Hong Kong itself, as well as to readers in the wider fields of British colonial studies and modern Chinese history.

THEORETICAL CONSIDERATIONS

Merchants, State and Civil Society

For several decades, historians have discussed the unfolding of modern Chinese history in terms of a 'state-society relationship'. Drawing from a similar discussion in western historiography, historians have focused on the power relationship between the 'elites' and the 'state'. The overwhelming majority of these local 'elites' were prominent local merchants.[41]

State-society relationships, of course, have always been a focus of western scholarly interests. In recent years, modern Chinese historians have brought Jurgen Habermas's concepts of 'civil society' or 'public sphere' to bear on this discussion. Habermas' main concern was what he believed to be the rise of a 'civil society' in modern Europe which checked the expansion of the state apparatus.[42] The idea has been utilised to account for the appearance, as well as the absence, of the idea of, and the institutions for

sustaining 'democracy' in different societies. Where the 'civil society' is strong, scholars generally believe, 'democracy' is likely to emerge.

A rich literature has developed which applied Habermas's argument to Chinese history.[43] Much of this literature deals with coastal China, especially Shanghai and its surrounding areas. Scholars generally agree that there was an expansion of the 'public sphere' in the late Qing period. This took place because an elite-led public sphere became active in local defence after the Taiping Rebellion, and went on to take over many social functions previously performed by the state bureaucracy.[44] Local elites, filling the vacuum left by the withdrawal of the formal state apparatus, increased their control over such public activities as the management of education, welfare and taxes. Mary B. Rankin finds that this 'elite activism' was a major source of modern China's 'political transformation', especially in the lower-Yangzi region, where commercialisation had been brought about by foreign intrusion.[45]

Marie-Claire Bergere, in her study of the Republican period in Shanghai, calls this era the 'golden age of the Chinese Bourgeoisie'. She argues that as the central government was in political eclipse, a bourgeois-led public sphere grew after 1911. This 'golden age' however, came to an end in 1927, when China was nominally unified under Chiang Kai-shek, who established a central government in Nanking. Under this new government, parallel organisations were set up to replace the chambers of commerce. This process was accelerated by the abolition of foreign concessions in China starting in 1927, and the 1930 termination of the mixed court system. In Bergere's words, as 'the refuge that the foreign concessions provided against these encroachments by the Chinese public authorities was becoming increasingly fragile', the Guomindang bureaucracy expanded its control over China by stripping 'the bourgeoisie of the political initiative that it had possessed since the 1911 revolution and … the social autonomy that the merchant class had enjoyed in the preceding century …. The bourgeoisie had no choice but to allow itself … to be absorbed into the State apparatus.'[46]

Bergere's discussion offers us some insights into the situation within the Hong Kong-Guangdong region. Before 1927, Hong Kong resembled the treaty ports in several ways. One of these was that British jurisdiction and immunity from interference by the Chinese authorities provided a safe haven for many Chinese. With the abolition of 20 (out of a total of 33) foreign concessions between 1927 and 1930, and with the termination of the jurisdiction of the mixed court in Shanghai in 1930, Hong Kong became even more important for those Chinese who wanted to escape Chinese jurisdiction.

Nevertheless, by singling out British Hong Kong as an important safe haven to which merchant groups escaped from the infringements of the Chinese bureaucracy, it is perhaps incorrect to say that a public sphere was created by the mercantile community active in the Canton–Hong Kong region. Habermas not only argues that in introducing the idea of a 'public sphere' a constellation of individuals arises and claims they represent the 'public', but also that they use this claim to engage the state in a 'public debate' over the issues of commodities exchange and the division of social labour. These confrontations eventually lead these individuals to create a domain independent from the state.[47] It is to these crucial issues of 'commodities exchange' and 'the division of social labour' that we now turn.

In the West, the growth of this idea of 'civil society' was related to the development of business practices and the recognition given to merchants by the state. An integral part of this was the introduction of commercial laws which guaranteed commercial endeavours as a right rather than as a privilege granted by the monarch. This change symbolised the creation of a social space for the bourgeoisie.

The introduction of China's first company law in 1904, copied from the Western model, marked modern China's first effort to define the merchant's position in Chinese society and give legal recognition to the independence of business from politics. The law guaranteed business rights and protection to commercial endeavours, which was supposed to apply equally to all. However, the company law failed to take root in most parts of China, either because the Qing court refused to be bound by the law or because it was unable to offer much protection to commercial ventures in the face of rising regionalism. In Republican China, in any case, no government could uphold these measures and maintain an environment where commerce was free from political interference.

By the 1910s and 1920s, merchants were doing business in a politically disintegrated China. Many Chinese merchants registered their businesses as foreign companies as they had been doing since the late Qing period. The presence of foreign concessions, therefore, constituted, in present-day language, 'special economic zones' in coastal China. To facilitate the conduct of business outside the concessions, merchants always needed to cultivate networks with political patrons in the regions in which their businesses operated.

As illustrated by the practices of 'official-supervision, merchant-management' in the 1870s, the legislative reforms formalising the status of merchants and regional chambers of commerce starting from 1902, and merchants' investment in regional politics in the 1910s and 1920s,

merchants in modern China, unlike those in Europe, had not engaged the government in any 'public debate' on the issue of the division of social labour. Quite to the contrary, they had submitted to roles set out by the government. In contrast to their counterparts in Europe, Chinese merchants remained dependent on the political authorities, as commercial endeavours were in need of political patronage to survive and to prosper. This patronage system made commercial endeavours dependent on political authority. It also embedded business in politics.

In the case of Hong Kong, the two groups of Hong Kong merchants that this book examines were divided by their competing lines of patronage in China. After 1911, with the collapse of the central government, those Hong Kong merchants who sought to represent their own interests in China found that they could do so only by active participation in South China politics. While one allied with the self-styled revolutionaries of the Canton government, the other group aligned itself with the Cantonese Communications Clique in the Peking government. These merchants did not constitute a 'public sphere' independent from the 'state'. Instead, they were dependent on the state, and their rivalries were an extension of political rivalries at the national and local levels in China, and among the overseas Chinese communities. In other words, a 'public sphere' or a 'civil society' could not be found in Republican China. The relationship between merchants and the state in China was actually, and probably still is, a patronage system.

The 'Political Aspirations' of Hong Kong Chinese

By focusing on the careers of two competing groups of Chinese merchants in Hong Kong who vied for political influence in Guangdong politics, this book touches on a popular argument developed in the existing literature of Hong Kong studies. This is an argument centered on an issue generally described as the 'political apathy' of the Hong Kong Chinese. 'Apathy' is a concept that emerged primarily in Hong Kong journalism of the 1950s and 1960s. It was elevated to academic debate by Lau Siu-Kai, who has explained its dominance in Hong Kong politics through his idea of 'utilitarian familism'. That is, Chinese people have by tradition not been interested in expressing political views because they solve their problems within the family and lineage contexts.[48] Norman Miners has also commented that 'there is a lack of interest in political activity among the upper strata of the Chinese population'. He uses this to account for Hong Kong's political stability.[49] Inconsistencies in these arguments become manifest when scholars encounter difficulties in ironing out exceptions to the

theory. The riots that broke out in Hong Kong in 1967, for example, were politically motivated, and thus cast doubt on the view that Hong Kong Chinese are 'politically apathetic'.[50]

One does not need an elaborate argument to demonstrate that 'apathy' within the Hong Kong context, itself a dubious notion, does not have to imply apathy towards politics as such. Political orientation has much to do with self-identity, which in turn affects social behaviour. The Chinese in Hong Kong identified themselves politically with China and not with British Hong Kong. The political arena that attracted their attention and participation was not the one that existed in the colony, but that which existed north of the border. The 1967 riots in Hong Kong were, to a large extent, repercussions of political developments in China. In contrast, the colonial government in Hong Kong seemed to command some, but not final, allegiance from the Chinese in Hong Kong. Before the 1980s, constitutional reforms introduced in the colony by the Hong Kong government seemed to attract very little attention among the Chinese in Hong Kong, who had developed a national rather than a local political orientation. The making of self-identity and the political orientation it entails are always cultural constructions. To this topic, we now turn.

The Idea of the 'Invention of Tradition'

The construction of identity has much to do with what Terence Ranger and Eric Hobsbawm have called the 'invention of tradition'.[51] In the field of colonial history, this idea is concerned with the merging of national and local traditions within the colonial context, accompanied by the emergence of nationalism. Building upon this idea, considerable research has focused on how colonial rule brought about the 'invention' of national and communal identities in the colonies, and on how these identities eventually affected the social behaviour of the colonized.[52]

For the most part, these studies have been based on the situations in the British colonies in Asia and Africa. The general consensus they have come to is that British rule in the African and Asian colonies depended to varying degrees on the co-operation of indigenous leaders, who were retained, selected, or created as stewards for colonial rule. This process involved selection by both the rulers and the ruled from among competing cultural traditions. Anthropological research and census surveys, for example, have always provided a selective perspective on tradition for both the rulers and the ruled, which encouraged tribal and communal cohesion. Europeans came to believe that Africa belonged to tribes and that power should be distributed among tribal chiefs; in response, Africans constructed tribes to

which they would belong. Similarly, the British believed that India belonged to religious groups and that seats for election should be distributed along religious lines; therefore, India was further polarised along Muslim and Hindu lines, eventually dividing into the states of Pakistan and India.[53]

The cases of Malaya and Singapore highlight a special feature of colonies with substantial Chinese populations. In contrast to the cases of India and Africa, the concept of nationhood was already available in China. Chinese settlers carried the concept along with them to the colonies in which they lived. They used this concept to reconstruct their communal relations in an alien environment under foreign rule. Accordingly, indigenous Chinese concepts and political developments in China were dominant factors which influenced the emergence of leadership among Chinese people in these colonial settings. As will be seen in Chapter 3, when groups in colonial Hong Kong felt left out of the political process in the colony, they shifted their competition for power to the national arena of China.

In the case of colonial Hong Kong, insights offered by the notion of the 'invention of tradition' indicate that Hong Kong may be an exception to the idea. Moulded by the British presence and the national politics of China, Hong Kong society was, and is, too complex to be described as simply the product of imperialism. It is also too small to be self-sufficient.[54] British jurisdiction provided a safe haven for financiers who planned to do business in China. However, the traditions that the British brought to, or cultivated in, Hong Kong were overshadowed by those traditions invented in, and transplanted from, China. British rule in Hong Kong (1841–1997) coincided, and continues to coincide, with the proliferation of tradition in China and the widespread export of these new traditions to overseas Chinese communities. The traditions invented in China eventually altered the idea of 'China' itself and the ways in which 'Chineseness' was presented.

The Making of Republican Traditions

At the beginning of this century, the major political changes in China set in motion large-scale participation by overseas Chinese in the national politics of China. A common theme invented by politicians and scholars alike to narrate these incidents, was that of 'reform and revolution'. A central figure in this narrative was Sun Yat-sen.

Sun's career path is not substantially dissimilar to that of other self-styled patriots found in Chinese history. As a reformer, he submitted a fruitless reform proposal to Li Hung-chang in 1895 (the year when Li's

dominance and patronage collapsed). As a dissenter, his ranking on the Qing's 'most-wanted' list was not very high. The value of his 'head' was about one-quarter of that of Liang Qichao. As the President of the newly-founded Republic, his term of office lasted for only two months. As a Generalissimo (Grand Marshal), he commanded no army until 1924 when the Whampoa Military Academy was established in Canton with Soviet support. Before that, Sun had relied on the superficial loyalty of the unreliable 'guest armies' from Yunnan and Guangxi. As 'President Extraordinary of China' in Canton, Sun had to rely on the support offered by Chen Jiongming, whose subordinates, however, bombarded Sun's residence and drove him out of Guangdong. On three occasions between 1916 and 1925, Sun established three 'national' governments in Canton. His command, however, seldom went beyond the city wall of Canton. In effect, Sun was a 'frustrated patriot'.[55]

Before his death in 1925, Sun Yat-sen possessed very limited assets to justify his claim to national leadership. His call for national unification was ignored by the militarists in both northern and southern China. While Sun intended to utilise the regional troops in South China for what he called his Northern Expedition to defeat the northern warlords, the leaders of the Cantonese, Yunnanese and Guangxi troops stationed in Guangdong, Chen Jiongming, Tang Jiyao and Liu Xianshi, respectively, all turned a deaf ear to Sun.[56]

Sun's lack of control over the military leaders in South China can be seen on the two occasions on which he was ousted from Canton between 1917 and 1923. The first occasion was in 1918 when he left Canton for Shanghai, having realised that he was powerless in the face of the Yunnanese and Guangxi military leaders. The second time was in 1922 when he escaped from Canton to Shanghai after his residence was bombarded by the Cantonese troops of Chen Jiongming. It was during the second period of refuge in Shanghai that Sun was contacted by the Comintern agent, Adolf Joffe. This meeting resulted in a joint manifesto which was issued in January 1923. The manifesto laid the basis for the future co-operation between the Guomindang and the Soviet Union. With Soviet aid and support, a central bank and a military academy were established in Guangdong. This was the base from which the Northern Expedition, which nominally united China, was launched by the Guomindang in 1927.[57]

The arrival of Soviet influence brought about 'new traditions' in political mobilization. The labour movement gained dominance at the expense of the merchants and the chambers of commerce in the national politics of China.[58] A new rhetoric centered on the ideas of 'labour' and 'trade

unions' eventually gained ground in China at the expense of the rhetoric centered on the 'merchant' and 'chambers of commerce' (which was promoted and popularised by the late Qing reforms). The rise and decline of merchants' 'government-recognized role' in politics came full circle in the 1920s. Chinese merchants, including those merchant supporters of Sun Yat-sen, suddenly found in the early 1920s that they could not identify with the populist tendencies of Sun's policies. In 1925, the death of Sun was followed by the birth of his personal cult, which in turn, eventually became the fountainhead of the ideology of party rule in China.

REVIEW AND PROJECTION

This introductory chapter sets out three questions which become recurring themes of this book. Firstly, how in contrast to subjects of other British colonies, the Cantonese in British Hong Kong developed a national orientation in politics outside the colony. Their power struggle occurred not only in Hong Kong but also in the national and regional politics of China. Secondly, how the political ideology of modern China, based on the legend of Sun Yat-sen and the 1911 Revolution, was created during this period, and how the overseas Chinese played a part in creating both the legend and the ideology. Thirdly, how in some circumstances – circumstances that existed in Republican Guangdong – politics can be a business investment.

In the following chapters, I will trace the rise and the fall of two competing groups of Chinese merchants who were residing in Hong Kong, but were politically active in Guangdong politics. Chapter 2 illustrates how an indigenous leadership developed among the Chinese residing in Hong Kong before 1900, and how these leaders played an active role in political developments in Guangdong before 1900. Chapter 3 describes the new political landscape that was taking shape in China by the first quarter of the twentieth century, and its repercussions among the Chinese merchants residing in Hong Kong. Two groups of Chinese merchants in Hong Kong, a local-born group who formed the Bao'an Chamber of Commerce and a group that had returned from overseas who founded the Siyi Chamber of Commerce, competed for political influence in Guangdong. By dominating political developments in Guangdong, these two groups attempted to gain financial concessions from the Canton government. This chapter shows how the Governor of Hong Kong, after repeated failures to prohibit the Chinese merchants residing in Hong Kong from interfering in Guangdong politics, tried to contain the political influence by the Siyi

group (in Guangdong and in Hong Kong) by giving support to the Bao'an group in this power contest. Chapter 4 examines the financial and political developments in Guangdong between 1911 and 1914 and relates these to the power struggle between the Peking and Canton governments. Chapter 5 demonstrates the Bao'an and Siyi groups financed the setting up of two different Canton governments in 1922 and 1924 by supporting Chen Jiongming and Sun Yat-sen, respectively. Chapter 6 argues that after repeated failures to gain international recognition and foreign loans for the Canton government, Sun Yat-sen became increasingly inclined to ask for Soviet support after 1923. Sun's move alarmed the mercantile community in Hong Kong and Canton and this fear eventually led to the outbreak of a military confrontation between Sun's troops and the merchants' corps in 1924. The rise and decline of the merchants' role in politics came full circle in mid-1920s.

2 An Immigrant Community and its Leadership, 1841–1900

As a British colony, Hong Kong ironically had been 'colonized' by settlers from South China. In 1841, Hong Kong was inhabited by 7450 Chinese people. By 1891, this population had increased almost 30 fold and reached 217 000. This growing population, overwhelmingly Chinese, consisted of immigrants from South China who came to Hong Kong in search of jobs, money, and good fortune.[1]

These Chinese immigrants brought with them to the British colony their own social and political institutions, as well as their cultural identity. Indigenous Chinese institutions, organized along familial, religious and geographical networks, and the political developments in China became dominant factors which shaped the emerging leadership among the Chinese people living in colonial Hong Kong.[2]

Unlike many stateless colonial societies in Asia and Africa, China had a readily available concept of nationhood, and the migrants from China carried this concept with them when they moved overseas. Chinese people in Hong Kong identified themselves politically with China and not with British Hong Kong, and the political arena that attracted their attention and participation was not the one that existed in the colony, but the one in turmoil in China.

CHINA FACTORS SHAPING HONG KONG, AND BRITISH REACTIONS

British attempts to recruit local Chinese leaders in Hong Kong can be traced to policies implemented as early as 1841. Immediately after the setting up of colonial rule in Hong Kong, the government declared that it intended to implement indirect rule through the 'village elders' in the new colony. The government announced that Chinese inhabitants in the colony would be governed 'according to the laws, customs, and usages of the

Chinese' and especially 'by the elders of villages under the British Magistrate'.[3]

However, the actual involvement of village elders in politics was largely unsuccessful. It was abandoned by the mid-1850s.[4] The British could identify very few 'village elders' in the colony. The reason was that the majority of the Chinese in Hong Kong were male immigrants with no village to which to attach themselves. They tended to settle in an area known as Sheung Wan (the Upper Bay) on the northern shore of Hong Kong Island.[5] H.J. Lethbridge finds that in 1844 there were only 315 families among the 13 000 Chinese in the colony. Of the 436 permanent houses, only 13 were recorded as 'private' houses.[6]

The immigrant population, the majority of whom were Chinese males, had brought with them to the colony a type of social institution which differed from what the British had anticipated ('village' society, for instance). They brought to the colony occupational organizations of their own. In 1845, groups of boatmen, wine dealers, pawnshop owners, fresh fish dealers and transport labourers in Hong Kong petitioned the British administration on behalf of their crafts or businesses.[7] Such organizations grew in number, for by 1868, a temple inscription indicates that the masons had formed themselves into some sort of alignment known as the 'Hall of United Prosperity for Stone Dealers' (*shixing lianshengtang*).[8] Surveys by British colonial officials later suggested that 'the stone masons' in Hong Kong had formed themselves into a 'masons' guild'. It was organized into six 'lodges' (*tong* in Cantonese), divided by employment, regional and common-surname connections. The six lodges offered joint worship to Lu Ban, their patron deity, at a temple in Canton twice a year.[9] These occupational organizations had obviously maintained close connections with their places of origin in South China.[10]

This immigrant population, however, was viewed by the colonial government with great suspicion. The British had a deeply ingrained fear of 'secret societies' which could be traced back to medieval England and the dictum known as 'combination as conspiracy'. This dictum penalised alignments of workmen – particularly those with 'secret rituals' – as secret societies. By the 1790s, the perception that secret societies were synonymous with political subversion was strengthened by the French Revolution. Consequently a series of criminal laws, known as the Combination Acts was passed in Britain in 1799, 1800 and 1825.[11]

In Hong Kong in 1845 these same fears led to the introduction by the colonial government of an Ordinance for the Suppression of the Triad and other Secret Societies. Modelled upon the British Combination Acts, this ordinance identified as secret societies working men's groups that had

'secret rituals'. In 1846, the British claimed that three-quarters of the Chinese population in Hong Kong were members of secret societies.[12] Between 1848 and 1857, the government made several 'important arrests' and the British court fined a large number of men on the basis of the law. The government convicted groups of tailors, shoemakers and washermen on charges of participation in secret society activities. The evidence was twofold: their 'system of private intimidation by means of fines' and their interference in the 'charges of services provided'.[13] This 'evidence', ironically, could easily be found among the majority of Chinese associations in Hong Kong. A government official recorded in 1857:

> The authorities were now called on to interfere in the trade unions [guilds] … They were in reality secret societies. They were not confined to the artisans but extended to a species of employment … The books of these societies were in the hands of the government and showed a system of private intimidation by means of fines.[14]

These words echoed exactly the tenor of the British Combination Acts.

By the early 1860s, the British perceived a change in the composition of Hong Kong's Chinese population. The Taiping Rebellion in China had forced many Cantonese to leave their homeland. Some of them were wealthy merchants, and a small group came to Hong Kong to continue their businesses. They dealt in trade between South China and the Chinese communities in Malaya.

These new immigrants also aligned themselves along occupational and geographical lines. The most prominent of their organizations was the Nam-Pak Hong Kung-So (Public Office for the North–South Traders) formed in 1868. Described by the British as a guild, it was established by Chinese merchants engaged in entrepot trade between South China and southeast Asia.[15] The Nam-Pak Hong Kung-So was known to include at least seven trading houses from Canton and ten from Chaozhou.[16] The Kung-So employed a team of watchmen and a fire brigade for self-protection. This practice of employing private watchmen was not restricted to the Nam-Pak Hong. Groups of Chinese in Sheung Wan district also organized themselves into several 'neighbourhood associations' (Kaifongs in Cantonese) and employed their own watchmen to patrol their regions. These Kaifong organizers overlapped with the leadership developed in the Chinese guilds.[17]

Religious practices were an important means through which the Chinese immigrants in Hong Kong aligned themselves into a community. In Sheung Wan, the most prominent temple was the Man Mo Temple,

dedicated to the gods of Literature and Martial Skills.[18] For the guilds and neighourhood associations, the temple was a place for meetings and worship. The temple was held in high esteem among the Chinese population. It was also a place at which the Chinese in Sheung Wan settled their disputes by negotiations.[19]

Although the composition of the Chinese population in Hong Kong underwent a great change during the 1860s, the British still viewed the Chinese in Hong Kong with suspicion. They suspected, for example, that the Chinese in Hong Kong had secret links with the Qing government. A high colonial administrator in Hong Kong recalled:

> [The Man Mo Temple] committee secretly controlled native affairs, acted as commercial arbitrators, arranged for the due reception of Mandarins passing through the colony, negotiated for the sale of official titles, and formed an informal link between the Chinese residents of Hong Kong and Canton [Guangzhou] authorities.[20]

Charity, especially the offering of free medical treatment, free burial services and the transfer of coffins from Hong Kong to the home county of the deceased, gave rise to another prominent 'charitable' organization. In 1869, prominent members of the guilds, Kaifongs, and the Man Mo Temple petitioned the colonial government for a grant of land to build a Chinese hospital, which came to be known as the Tung Wah Hospital.[21]

The scope of the Tung Wah Hospital's charity activities went beyond the boundaries of the colony and extended into China. The Tung Wah leaders organized subscriptions for famine relief in China in 1877, and for the building of river embankments in Guangdong province in 1885. They raised funds in Hong Kong on behalf of the government in China, and transmitted correspondence on behalf of the Chinese government to the Chinese communities in Malaya. For their donations and virtuous acts, the Qing Emperor granted them commemorative plaques, which they hung in the most prominent places in the Man Mo Temple and Tung Wah Hospital.[22]

The Governor of Hong Kong was obviously alarmed by these connections between the Qing government and the Hong Kong Chinese. During his visit to Tung Wah Hospital in 1878, the Colonial Governor recorded that

> some 50 to 60 [of these Tung Wah men] were in their Mandarin costumes … while a few had the additional honour of wearing the peacock's feather [signifying their high status in the Qing bureaucracy].[23]

The Governor of Hong Kong was alarmed to find that these Tung Wah directors dressed, and probably perceived of themselves, as Qing officials residing in British Hong Kong. The Governor's suspicions might have been justified. Lethbridge notes that these Tung Wah directors regularly held large-scale ceremonies in their Spring and Autumn sacrifices to Confucius at the Man Mo Temple. These sacrifices were intended to be rituals performed by scholars and government officials in China. The Governor's suspicion of these indigenous leaders explains, in part, why the colonial government had not recruited any local Chinese as 'local leaders' in the colony, at least before 1880.

WESTERN FACTORS SHAPING HONG KONG AND THEIR REPERCUSSIONS IN CHINA

The presence of missionary activities in Hong Kong provided free English education to a portion of the colony's Chinese population. This education gave rise to a new elite class in Hong Kong. By the 1880s, the colonial government could identify a small group of English-educated locals, including Eurasians, in Hong Kong. This local group would gradually emerge as Hong Kong's new elite.

As one of the earliest footholds of Western missionary schools in China, colonial Hong Kong gave birth to a small community of English-educated Chinese. This small community was regarded by the Chinese in Hong Kong as marginal to the Tung Wah leaders' circles. Members of this 'marginal' community were educated in missionary schools and most of them were trained as career missionaries. On completion of their education, however, most of them decided to pursue their careers outside the Church. With their English-speaking ability, they acted as the intermediaries for the Chinese and foreign communities in Hong Kong. They worked in the Hong Kong government, the Chinese Imperial Maritime Customs, and in Western firms in Hong Kong. Quite a number of them would gradually advance to the post of compradore in these organizations.[24]

By the 1860s, the influence of these Cantonese compradores extended northward along the commercial axis within coastal China, as many Western firms in Hong Kong established their branch offices in the newly opened treaty ports. Along this 'Hong Kong-Shanghai corridor', English-educated young men in Hong Kong came to dominate many of the compradoral posts in Western firms.[25] It was in these new treaty ports that the Hong Kong compradores found a new job market in politics: in the name of westernization, economic reforms were introduced into China,

providing an environment for network building between these Hong Kong men and Qing officials. Some of these English-educated Hong Kong men, knowledgeable about Western affairs, were recruited as advisors by these Qing officials, promoting Western reforms in China.

The Hong Kong Government began to recruit some of these English-educated elites in Hong Kong as agents for its colonial rule. In 1878, the Hong Kong Governor appointed the first Chinese Justice of the Peace in Hong Kong. His name was Wu Tingfang (1842–1922, also known as Ng Choy). Fame awaited this Mr Wu – he turned out to be an influential figure in the national politics of China. Wu was educated in Hong Kong's missionary schools, and was the first Chinese, in 1877, to qualify as a barrister in Britain. He was from humble origins, being the son of a Chinese merchant worked for the Christian missions in Guangdong, Singapore and Hong Kong. Wu Tingfang was born in Singapore and lived there until he was 13 years of age. After Wu's graduation from St Paul's College in Hong Kong, he worked as a translator at the Hong Kong Police Court before going to London to obtain a degree in Law.[26] In 1880, Wu Tingfang was appointed as the first Chinese Legislative Councillor in Hong Kong. In defence of his decision, the Governor wrote to the Colonial Office stating that Wu was a barrister with a 'good private fortune … an accomplished English scholar … a man of general culture … loyal to the Queen and thoroughly identified with the interests of England in the East'. The Colonial Office endorsed this appointment.[27]

In 1881, a very thorough report on the colony's economic situation was published by the Hong Kong government. It was filled with figures indicating that the economic strength of Chinese merchants in the colony was on the rise – from 1876 to 1881 the number of trading *hongs* had increased from 215 to 395, Chinese traders from 287 to 2377, and Chinese brokers from 142 to 455. Chinese bankers, who for the first time earned a mention in the report, now numbered 55. The report continued by noting that of the 20 largest rate payers, 17 were Chinese, 90 per cent of the notes in circulation in the colony were in the hands of the Chinese, 90 per cent of the revenue of the colony was contributed by the Chinese, and, finally the Chinese were the largest owners of real estate in Hong Kong.[28] The Colonial government was aware of the growing influence of the Chinese in Hong Kong, and also of the potential threat posed by the so far uncontrolled Chinese community in Sheung Wan.

By the 1880s, health hazards in Sheung Wan gave the government a timely reason to impose its control on the Chinese community. By controlling the sanitation dangers in Sheung Wan, the Hong Kong government strengthened its presence in the self-contained Chinese settlement area. In

1882, the government commissioned Britain's Osbert Chadwick to produce a report on the sanitation conditions of urban Hong Kong. Modelled after the British Public Health Act of 1848, written by Edwin Chadwick, Osbert's father, it spelled out the need for government interference in Chinese life in Sheung Wan. 'The whole of the dwellings' within Sheung Wan require re-draining, and the 'proper execution' of this, the report suggested, 'could only be effected by the government'.[29]

In 1883, on the recommendation of the Chadwick report, a Sanitary Board was organized and empowered to 'make, alter, amend or revoke bylaws, to empower staff to enter and inspect any premises, to remove persons suspected to be infectious, to vacate houses and to investigate Chinese cemeteries'. This Board was made up exclusively of expatriates in Hong Kong. Three years later in 1886, the first Chinese member was appointed to the Board. This appointee was Ho Kai (He Qi, 1859–1914), the brother-in-law of Wu Tingfang. Ho Kai would become an important figure in South China politics. Ho's father was a Chinese preacher, affiliated with the London Missionary Society, who later built a small fortune from real estate (starting with his first purchase from the Missionary Society). Ho Kai was educated at the Government Central School in Hong Kong. By 1882, he had obtained two degrees, in Medicine and Law, in London.

With their Western knowledge, Ho Kai and Wu Tingfang financed and organized the building of a Western hospital in 1887, and the formation of the Hong Kong College of Medicine in 1888.[30] Also in 1888, the Regulation of Chinese Ordinance was passed in Hong Kong. Accordingly, Sheung Wan, the major Chinese settlement area where the Tung Wah Hospital was located, was to be divided into ten districts and the registration of households was made compulsory. The regulation laid down that:

> No person shall organize, equip, or take part in any procession in any public street … in connection with any religious ceremony or with any annual or other festival.
>
> No Chinese shall hold … any Chinese public meeting whatever … without a permit under the hand of the Governor.[31]

The introduction of these measures did not completely remould the Chinese community in Hong Kong, but it did mark the colonial government's attempts to control the previously uncontrolled communal development in Sheung Wan. In 1891, following these measures the colonial government set up a District Watch Committee (for the Chinese settlement area) and appointed 12 Chinese people as members. Chaired by the

Registrar-General, the committee was responsible for the administration of the district watchmen. Of the 12 members, 10 were leaders of Chinese charitable institutions, including seven from the Tung Wah Hospital Committee; two were leaders from the Western-educated community, including Ho Kai.[32] The Colonial government deliberately placed the Western-educated elite above the indigenous leaders. In 1892, the first 'permanent' Chinese seat in the Legislative Council was established. The seat went to Ho Kai.

HONG KONG AND POLITICAL INDEPENDENCE OF SOUTH CHINA

In the 1880s and 1890s, the two Chinese Legislative Councillors hand-picked by the Governor were attracted by the reform movements in China. Wu Tingfang was recruited by Li Hung-chang to play an active role in China's legal and diplomatic reforms. Ho Kai, in turn, was recruited by Wu for reforms in China. While Wu worked for China's reforms for over two decades, Ho stayed in China for only a brief period of time.

Li Hung-chang's political career as well as the patronage network built under him, suddenly changed direction in 1895. The Western Affairs Movement suffered a fatal blow in 1895 when China was defeated in the Sino-Japanese War, and Li Hung-chang was held responsible for China's defeat; his high position in the national politics of China was seriously reduced; he lost his prestigious high posts in northern China, and was 'demoted' to Governor-General of Guangdong-Guangxi.[33]

After 1895, saving China by reform and revolution was much discussed in South China, as well as Hong Kong. Two Cantonese emerged as prominent figures: Liang Qichao, a famous reformer, and Sun Yat-sen, a famous revolutionary (and a student of Ho Kai in the Hong Kong College of Medicine in Hong Kong). In the colony, these opinions could be found among the Chinese leaders. The most active of these opinion-makers was the English-educated group, Ho Kai and his associates. Ho's writing depicted Hong Kong as an ideal society where the Western system had been successfully transplanted to Chinese soil. He addressed China's weakness in the light of its own backwardness and believed that the foreign presence was beneficial to China. He believed also, that to cure China's weakness the Western system must be understood and adopted.[34]

In 1900, there was an abortive attempt, initiated by two Chinese Legislative Councillors in Hong Kong (Ho Kai and the newly appointed Wei Yuk), to make South China politically independent from the Peking

government. This incident also involved Sun Yat-sen, Li Hung-chang, and the Governor of Hong Kong.[35] This attempt was first disclosed in the memoirs of a Cantonese revolutionary known to be very close to Sun Yat-sen. Harold Schiffrin and Chan Lau Kit-ching have made use of British public records to examine the general reliability of this information.[36]

In 1900, the Boxer Uprising sparked off joint foreign military action in Peking. The Qing government declared war against the foreigners. The issue divided Chinese officialdom into two factions. In the North, viceroys of many provinces followed Peking's instructions. In the South, strikingly, viceroys of many provinces (led by Li Hung-chang) declared themselves neutral so as to save the provinces they ruled from foreign invasion.[37]

A close follower of Sun Yat-sen recorded later in his memoirs that Ho Kai, Legislative Councillor of Hong Kong, drafted a proposal, signed by Sun Yat-sen, and sent it to the Governor of Hong Kong, Sir Henry Blake. It started with the following sentences:

> We, patriots in the South, submit this letter to Your Excellency Blake, … Now, that the North is in trouble and the whole situation [of China] is being shaken … the provinces will certainly be devastated … We witness in it the difficulties of these times, we seek a remedy.[38]

Schiffrin documents that in early July, Governor Blake sent a despatch to the Colonial Office stating that he had been told by 'a Chinese gentleman who has exceptional facilities for obtaining information that there would be an uprising in a fortnight's time'. 'The uprising was not an anti-foreign movement', the Governor was told, and 'the men engaged in it hope that when they had met with some success they might obtain British protection.' Blake also recorded

> there are rumours that he [Li Hung-chang] wishes to establish himself either as King or as president. He sent over here about ten days ago his brother … to meet Sun Yat-sen … I think that having regard to the present state of the North, such a movement is very probable and that we ought to be prepared and to look after our interests.[39]

The 'Chinese gentleman' to whom the Governor referred was most probably Ho Kai, the Chinese Legislative Councillor. By submitting this proposal, Ho Kai sought the Governor's assistance in persuading Li Hung-chang to declare Guangdong independent. Governor Blake, anticipating that China was about to be partitioned, was anxious to find ways to protect

British interests in Southern China. The Governor, convinced by Ho, requested the British Consul-General in Canton to contact Li Hung-chang and inform him of his scheme. Li was reported to have reacted favourably. He had also 'entered into communication' with Sun Yat-sen. In a despatch to the Colonial Office, Blake reported that British officials in Singapore had confirmed with him that Sun Yat-sen was travelling from Singapore to Canton. He was preparing for a meeting with Li Hung-chang. The Governor also said that Li had charted out the following:

> If the Emperor is dead he [Li Hung-chang] would be prepared to declare the two Kwangs [Guangdong and Guangxi] a separate government.[40]

At this critical juncture, an imperial edict issued by the Qing court reached Li Hung-chang. The turbulent blow to the dynasty turned out to be the saving grace in the (supposedly) sinking political career of Li Hung-chang. He was offered a prestigious post in the North, and was recalled urgently to Peking where political disorder was disrupting the court. Li was entrusted with the task of tidying up the chaos after the Boxer Uprising.

In the South, the fear that Li was about to leave for the North provoked great fear among the Chinese in Hong Kong and Guangdong. The Governor of Hong Kong, through the Consul-General in Canton, also urged Li to reconsider his decision. Tactfully refusing this advice, Li put forward a request for an interview with the Governor in his passage through Hong Kong to Peking. Speculation arose over one issue: whether Li would really depart from Canton. All the major British newspapers in Hong Kong also urged the colonial Governor to exert pressure on Li to remain in Canton. Even the Manager of the Hong Kong and Shanghai Bank sent a telegram to Blake urging him 'to use influence to keep Viceroy [Li] at Canton'.[41] Governor Blake reported to London:

> The American admiral has been asked by Li Hung-chang to take him north … I have informed the American admiral of the desire of H.M. Government that Li Hung-chang should remain in Canton for the present … The American admiral has delayed taking any action. Li's presence in the South is very necessary.[42]

At this point, Governor Blake sent an urgent telegram to the Colonial Office asking for permission to detain Li by force while he was in Hong Kong. On the day before Li Hung-chang's arrival, a Chinese Legislative Councillor, obviously desperate, asked to see Governor Blake. Governor

Blake immediately reported to the Colonial Office that the Chinese Councillor disclosed to him that while Li did not dare to ignore the imperial edict, he would like to have an excuse for refusing.[43] A second telegram was sent to London. Governor Blake, again, asked for permission to detain Li by military force. The Governor wrote:

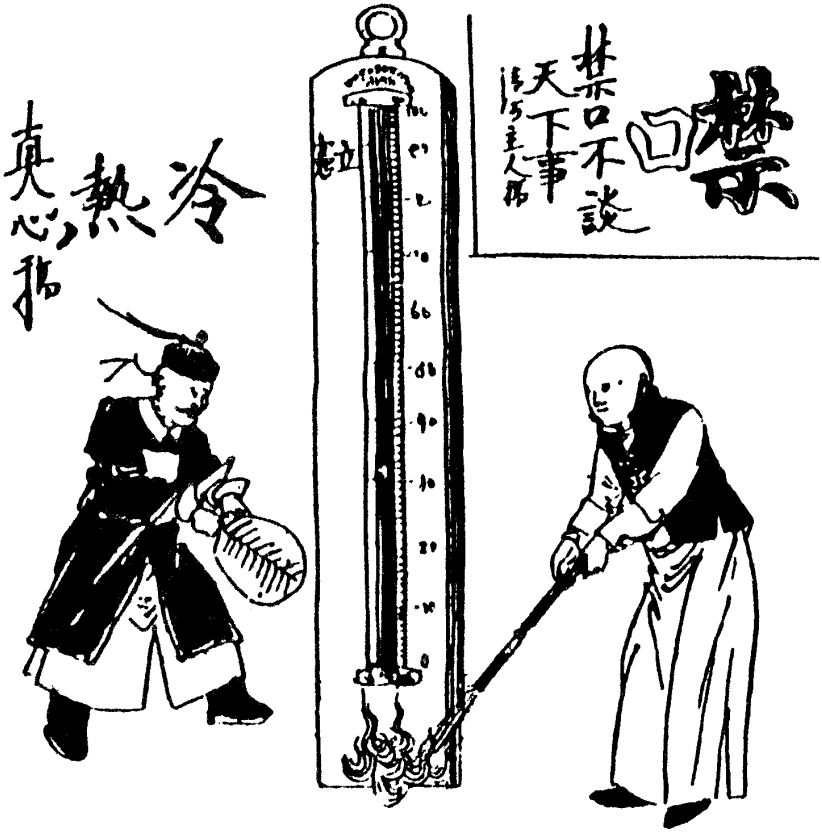
> Wei Yuk, one of the Chinese members of the Legislative Council, called upon me on behalf of the Chinese here whose families are in Canton, begging me to use my influence to prevent Li from leaving his province and saying that a well known Chinese official closely connected with the Yamen had come down and informed him that while the Viceroy did not feel safe in refusing to obey the Edict, he would be glad to have such pressure applied as would enable him hereafter to explain his inability to act upon it.[44]

The reply from London reached Governor Blake on the same day: London forbade him to take any action against Li Hung-chang. The Hong Kong government was instructed by London to remain neutral. The next day, the Governor met Li. He recorded something very interesting and reported it to London:

> The Viceroy asked … whom the Powers wanted to see to be Emperor. Who would England like to see Emperor? … I answered that in such an event the Powers would probably ask the advice of the strongest man in China that they could find as to what was best to be done.

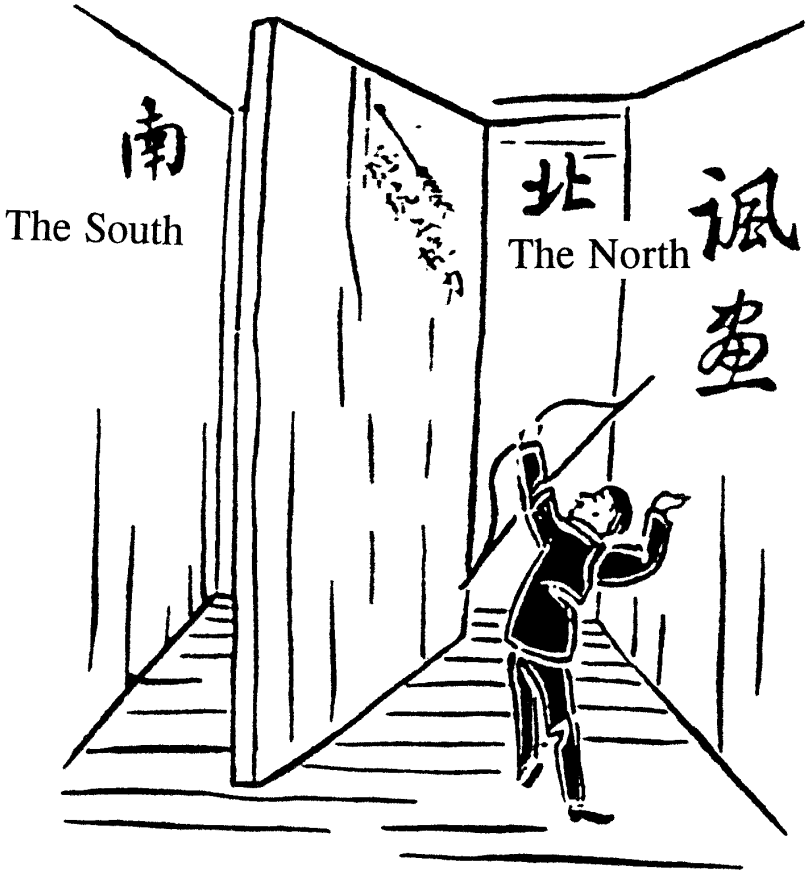
At the conclusion his record, the Governor predicted that Li 'would remain in Shanghai until the tide turns'.[45] His prediction proved correct. After passing through Hong Kong, Li travelled northward, and stayed in Shanghai for three months before departing for Peking. Li led a greatly respected life in the North before he passed away in 1901. Yuan Shikai, a recruit of Li's, replaced Li and established himself as one of the most influential men in the Qing court.

For the Hong Kong Chinese, the plan for an independent South China eventually fell through but all kinds of possibilities were still ahead. Even though the endeavour in 1900 had no immediate effect, we learn from the incident that, as early as in 1900, the Chinese leaders in Hong Kong had shown interest in supporting an independent Guangdong. The attitude of the British Colonial Office and Foreign Office (toward the possibility of an independent Guangdong), divergent from that of the Governor of Hong Kong, proved to be crucial to the political development of South China from 1900 onward.



'The people are warming up constitutional affairs, the officials are trying to cool them.'

Source: F. McCormick, *The Flowery Republic* (London: John Murray, 1913).



'The powerlessness of the President: while in North China (compartment): trying to send the Arrow (ancient emblem of authority) into South China (compartment).' *Source*: F. McCormick, *The Flowery Republic* (London: John Murray, 1913).

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3 Hong Kong Merchants in New China, 1900–11

China lurched into the twentieth century with the Boxer Uprising in 1900, which was followed by the 'sack of Peking' by an army consisting of the forces of eight foreign countries. Amidst the crisis, governors of many southern provinces refused to side with Peking but declared themselves to be neutral in order to avert foreign invasion.

Starting from 1902, the Qing court introduced reforms to China. These reforms, in part, aimed at redefining the relationship between the central and the regional powers by restructuring the way in which elite status was achieved in China – the Imperial Examination was abolished and new legislation was introduced setting out measures to formalize the status of the merchant and the chambers of commerce. Crucial to these changes was the introduction of China's first company law, which offered to guarantee business rights and protection under the central government. Through these reforms the Qing court intended to establish a direct link between the central government and the local elite, bypassing the regional bureaucracy which was regarded by Peking as increasingly unreliable.

However, before these reforms started to remould China's political and social order, railway disputes in the provinces led to the 1911 Revolution, leaving China in political turmoil, with competing regional cliques struggling amongst themselves for national dominance. No government in China, thereafter, was able to uphold a centralized political order and provide a legal environment where business endeavour was free from political interference. The political role of merchants, despite the Revolution, remained active – as competing regional governments were searching for financial sources to sustain their regimes, and the merchants were looking for political patrons to protect their businesses.

With the collapse of a central government in 1911, Hong Kong merchants who sought to represent their own political and business interests in Guangdong could do so only by active participation in South China politics. In Hong Kong, two competing groups of Chinese merchants emerged after 1911. They allied themselves with the two opposing

self-styled national governments in China (one in Peking, the other in Canton), and participated in the power struggle over China's national politics. Their political moves, involved a substantial amount of economic calculation.

REFORMS IN CHINA AND THE REDEFINITION OF MERCHANTS' POLITICAL ROLES

The late Qing reforms included various political changes directed towards constitutional monarchy. Local assemblies were set up in the provinces in 1909 and a Senate was planned for Peking.[1] The Qing court, in the name of reforms, redefined the age-old avenue to achieve elite status in Chinese society: the Imperial Examination was abolished in 1904, and the unprecedented 'General Rules for Merchants', together with China's first law concerning chambers of commerce was introduced in the same year. The significance of this development was twofold. Firstly, the chambers of commerce became institutions explicitly sanctioned by the government. The chambers had to register with the Peking government, and thus, derived their authority from the central government. Secondly, a Bureau of Commerce (*Shang bu*) was established in Peking in 1903. This Bureau, representing the Peking government, provided legislative encouragement for merchants' commercial endeavours in the local regions. Under this Bureau, proposals were made to prohibit local officials from harassing merchants (especially Chinese ones who had returned from living abroad), and to establish procedures to handle commercial litigation.[2] Under the reforms, Chinese merchants were required to register their businesses, through the local chamber of commerce, with the Bureau of Commerce in Peking.[3] By doing so, the reforms redefined the relationship between merchants and the state. Through the Bureau of Commerce in Peking and the chambers of commerce in the provinces, the Qing court attempted to maintain direct contact with the local powers, that is, the mercantile communities in the provinces.

Against this background, the relationship between merchants and the state was to undergo another transformation. In 1904, China's first commercial law code was introduced. It was, in part, intended to replace the previous practice of 'official-supervision, merchant-management'. Different from the practice of patronage, the rights guaranteed by the commercial code were supposed to be equally accessible to all. By introducing this commercial code, these reforms aimed at institutionalizing (and centralizing) the practice of patronage networking between government

officials and regional merchants which had been promoted during the Western Affairs Movement.

The reforms consisted of legislative protection and administrative encouragement of business development in China. To achieve this aim, a Bureau of Commerce was established in Peking and Commissioners of Industrial Promotion were established in the regions, providing legislation to protect business endeavours from being harassed within the different provinces (especially by local officials).[4] By doing so, the Qing court engaged itself in efforts to institutionalize the practices of patronage networking in business endeavours, and thus intended to penetrate Peking's control over the regions.

Also in 1904, laws governing commercial practices and the formation of joint-stock companies with limited liability were promulgated. According to these laws, merchants and their companies were required to register, through the local chambers of commerce, with the Bureau of Commerce in Peking. Commissioners of Industrial Promotion (*quanyedao*) were appointed by the Bureau of Commerce to the southern provinces for the express purpose of promoting and protecting business and industrial developments, especially those initiated by overseas Chinese.[5]

These new measures guaranteed business rights and protection, and in this sense, sought to redefine the relationship between state and merchant. Business endeavours, thereafter, were supposed to be carried out under the central government's protection, with regional chambers of commerce serving as intermediaries.

We cannot tell how successful these new laws were, yet the reforms led to the formation of many common-interest associations, such as the chambers of commerce, which provided channels for the redefinition of the relationship between the Emperor and his subjects, and between the state and merchants. One consequence of the reforms was a marked increase in popular involvement in governmental affairs, with merchants as the most active and influential group.[6]

OVERSEAS-RETURNED MIGRANTS – SIYI GROUP OF MERCHANTS IN HONG KONG AND THEIR INVESTMENT IN SOUTH CHINA

In Hong Kong, it was no coincidence that the most active supporters of these new reforms were not the above-mentioned Chinese leaders, but a group of new Chinese immigrants, 'late-comers', who had returned from

the United States in the 1890s. As a community marginal to the indigenous population of Hong Kong, enjoying relatively weak social and political status in the colony, they were attracted by the late Qing reforms which provided a favourable environment for their political participation and commercial activity in China.

These returned migrants were mainly natives of Xiangshan and the four counties (Enping, Kaiping, Xinning, and Xinhui) known collectively as Siyi, two regions from which the greatest number of overseas labourers had originated, especially after the 1848 discovery of gold in California. They returned to China mainly because of American and Australian exclusion policies, which came into operation in 1882 and were directed against Chinese immigrants. The most important symbolic statement of these policies was the 1894 United States Exclusion Treaty which prohibited the immigration of Chinese labourers into the United States for a period of ten years.[7] Most of these immigrants returned to their native counties, but a number of them chose to live in Hong Kong where there were ample business opportunities. They maintained very close connections with their native counties and became principal donors for flood relief, local defence, and the building of new schools in their home counties.[8] The most prominent of these Siyi men in Hong Kong included Li Yutang (Li Yuk-tong in Cantonese, 1850–1936) and Yang Xian. They had returned from the United States and were around 40 years old in 1890. With his personal connections in the United States, Li Yutang established several trading firms in Hong Kong for the sale of Chinese goods to the Chinese communities there.[9] These firms were called the 'Golden Mountain Houses' (Kam Shan Chong in Cantonese, 'golden mountain' referring to California) so they could be distinguished from the Nam Pak Hong, trading firms in Hong Kong dealing with South China and Malaya. Besides dealing in Chinese goods, these businesses were engaged in the remittance business among Guangdong, Hong Kong and the Chinese communities in the United States.[10] Such geographical networks were crucial assets for these overseas-returned merchants in their business and political endeavours.

In Hong Kong, the Siyi group was a marginal community. Hardly any of them served on the Tung Wah directorate, the Sanitary Board, the District Watch Committee, or the Legislative Council. They regarded themselves as Christians and developed social institutions for themselves. In 1890, Li Yutang co-operated with the Xiangshan men to finance and organize the first Chinese Young Men's Christian Association and Christian church, with a congregation consisting mainly of Hong Kong

Chinese. These institutions were located adjacent to a Western hospital, established by Ho Kai and Wu Tingfang in 1888. A linkage between overseas-returned migrants and current and past Legislative Councillors gradually built up. In 1900, for example, the subscription report of the Young Men's Christian Association named Ho Kai and Wu Tingfang as principal patrons.[11]

The Siyi men in Hong Kong were exceptionally active in South China's boycott of foreign goods. In 1904, Li Yutang and Yang Xian were chairmen of the Society to Oppose the United States Exclusion Treaty Against Chinese Labourers (*Guangzhou Juyuehui*). They initiated a large-scale boycott of American goods in Guangdong and in Hong Kong as a protest of the renewal of the United States Exclusion Treaty. The Society enlisted two influential advisers, one of whom was Chen Shaobai, a revolutionary and classmate of Sun Yat-sen. Chen, a Siyi man himself, was later employed as the manager of the Siyi Steamship Company. Another adviser of the Society was Ho Kai, the current Legislative Councillor. The dispute was resolved six months later, but only after the American merchants in South China started negotiations with their Cantonese counterparts. These negotiations took place in Hong Kong, with Li Yutang and Ho Kai as two of the Chinese representatives.[12]

Admist the boycott crisis, these Siyi men seized the golden opportunity provided by the late Qing reforms. They utilized the new commercial codes in China, formed themselves into capital syndicates with Peking's approval, and invested in South China. Prominent examples of these enterprises are the Siyi Steamship Company which was founded in 1904, and the Xinning (of Siyi) Railway Company founded in 1906.[13] Their decision to invest in steamships and railways was far from accidental.

From 1905 onwards, employing the slogan 'rights recovery', the Qing government began to recover railway concessions given to foreign investors. The notion of rights recovery was soon absorbed by merchant groups in different provinces, who embarked on schemes to collect capital to finance railway building in their own provinces. In many provinces, especially in such poor provinces as Yunnan and Guangxi, the merchants could not collect adequate capital for investments, and funds from local governments were used to assure the purchase.[14] Guangdong was one of the very few provinces in which merchants managed to raise adequate funds amongst themselves for building the railways.

In 1905, merchants in Guangdong promoted the subscription of capital for a railway in the province which the Qing court had redeemed from its American investor. In 1906, the number of subscriptions reached 8817 500

shares, valued at 40 million Mexican dollars. The chambers of commerce and charitable associations played a very active role in raising these funds. A railway company was established with this capital in the same year and the railway become 100 per cent privately owned. While many of these shares were subscribed to by overseas Chinese, some of the largest shareholders were found amongst overseas-returned merchants in Hong Kong. They included Li Yutang and his Siyi associates.[15]

Established in 1909, the first regional chamber of commerce in Hong Kong was the Siyi Chamber of commerce. In early 1910, equipped with the slogan of 'commercial war', the Siyi Chamber of Commerce took the opportunity offered by the economic reforms and petitioned the Peking government through the Commissioner of Industrial Promotion for a new port in China.[16] They requested a grant of land in South China for the development of a modern trading port which, they claimed, would compete with Portuguese Macau and British Hong Kong. A joint-stock syndicate, with capital of 580 000 silver taels, was proposed by and subscribed to through the Siyi Chamber of Commerce in Hong Kong. With the approval of the Qing government, the Siyi men initiated a large-scale port-market development scheme in Siyi.[17]

SIYI MERCHANTS IN HONG KONG AND REVOLUTION IN GUANGDONG

The late Qing reforms, conservative in design, sparked off revolutionary consequences. The political mobilization in the provinces, set in motion by the reforms, turned against the central government in 1911.

In May 1911, a new aspect of the Qing reforms developed. Peking's proposal for railway nationalization ended with violent resistance by various provincial groups. Railway protection societies were formed which protested against the policy of railway nationalization and declared it an infringement on provincial interests. During this crisis, a military mutiny broke out in Wuchang in October 1911, which was followed by armed uprisings across China. At this juncture, merchant groups in the southern provinces seized the opportunity, sided with the self-styled revolutionaries, and declared their provinces independent from the Peking government.

In November 1911, representatives of the independent provinces of southern China met in Nanking, where they declared the establishment of a Republic. Sun Yat-sen, who returned immediately from America, was elected President of the new Republic on 1 January 1912. At the same time, the Qing court summoned Yuan Shikai, who had been in retirement,

to handle the crisis. As we shall see, Yuan seized this opportunity for his own political advancement. A civil war between the government in Peking and the one in Nanking seemed inevitable.[18]

In Guangdong, political chaos was also set off by the railway disputes. In June 1911, the shareholders of the Canton–Hankow Railway held a meeting attended by 1000 shareholders. In August 1911, the Railway Protection Society of Guangdong was established in Hong Kong, in the face of the Governor-General of Guangdong and Guangxi's suppressive measures. Significantly, the chairman of this society was Li Yutang, the chairman of the Siyi Chamber of Commerce in Hong Kong.[19]

In October 1911, the Tartar-General of the province was assassinated. A massive defection of government troops in Guangdong ensued. At least 57 competing, self-styled revolutionary troops, known as 'people's armies', immediately gathered in Canton and its surrounding areas. All of them had their own leaders and were independent of any central control.[20] A month later, the Guangdong Railway Protection Society staged a mass meeting in Canton which was attended by members of the guilds, chambers of commerce, and charitable associations. The meeting announced Guangdong's independence.[21] Guangdong became the eleventh province in China to declare itself independent.

Immediately on 18 November 1911, at a meeting held on the premises of the Siyi Chamber of Commerce in Hong Kong, Hu Hanmin, known to be a close follower of Sun Yat-sen, was elected Governor-General of the newly-established Canton revolutionary government. Backed up by the Siyi 'thirty-man subscription team' (*sanshiren chouxiangtuan*), this new Governor-General went to Canton on the day following the meeting.

Upon his arrival in Canton, Li Yutang was appointed as Provincial Treasurer of Guangdong. Li Yutang's son, his two brothers and his son-in-law also held posts in the Canton government, including the post of manager of the Canton mint. The thirty-man subscription team was renamed 'The Subscription Bureau in Hong Kong' (*zhugang chouxiangju*). Yang Xian was appointed director of the Bureau, which was located in Hong Kong. Its members were issued appointment charters to collect subscriptions from among overseas Chinese on behalf of the Canton revolutionary government.[22] In late 1911, Li Yutang and members of the Subscription Bureau formed the Bank of Canton in Guangdong, but registered it as a British company in Hong Kong. As Li later explained, the move was intended 'to put the project' of financing the Canton government 'on a business basis by establishing a bank of Hong Kong under the Companies Ordinance' and 'to operate in aid of the rehabilitation of the Canton note currency'.[23]

One of the most difficult problems facing the new government was finance, especially the provision of military expenses for the 'people's armies' stationed in Canton after 1911. Li Yutang, as the Provincial Treasurer, returned to Hong Kong immediately following his appointment and raised a loan of HK$408 000 within a few days.[24] The [Siyi] Subscription Bureau in Hong Kong, with its thirty-man subscription team, sought to raise a loan of HK$5 million from overseas Chinese, including HK$1 million in the colony.[25]

HONG KONG GOVERNOR'S RESPONSE TO REVOLUTION AND NORTH–SOUTH SPLIT IN CHINA

Concurrently in Hong Kong, the Colonial Governor hurriedly introduced the Societies Ordinance of 1911. Unlike the Societies Ordinance of 1845 (mainly against triad societies), the ordinance of 1911 set out to control the 'criminal and political activities' of the chambers of commerce in the colony. To achieve this, a compulsory registration system was introduced and all societies were compelled either to register or to obtain exemption from registration. According to this ordinance, organizations which were likely to be used 'for unlawful purposes incompatible with the peace and good order of the colony', or whose actions and proceedings appeared 'calculated to excite tumult or disorder in China or to excite persons to crime in China', could be declared unlawful by the Governor-in-Council.[26]

In the same month, the Governor submitted to the Colonial Office the minutes of a secret meeting held between him and a group of Chinese leaders in Hong Kong, among whom were the two Chinese legislative councillors, Ho Kai and Wei Yuk. The Governor reported that he had informed these Chinese leaders that

> They must not allow posters to be put up [in Hong Kong], … or [to receive] official delegates sent down by the Canton government, or [to arrange] public subscriptions to aid the Revolution.

The fine points of British law were not missed by Ho Kai, barrister and legislative councillor. Toward the end of the meeting, Ho Kai raised with the Governor the legality of buying subscriptions to benefit the Canton government. According to the Governor's report, Ho Kai said 'there was nothing illegal in any individual sending his own money to Canton if he desired to do so'.[27] In reaction, the Governor drew the line at 'transmitting subscriptions' on behalf of other donors or subscribers to

Canton – 'no such fund in aid of the Revolutionary Government could be advertised, or any company or association formed to promote it'.

The Governor recalled saying to Ho Kai that he was 'not blind to the fact that there was no representative of the Peking government in Kwangtung [Guangdong]'.[28] Ending the meeting, the Governor announced that Sir John Jordan, the British Minister in Peking, had told him to reconsider his earlier decision to prohibit Sun Yat-sen's landing in Hong Kong (Sun was then in the United States), and that he had agreed to this. However, he requested that the two Chinese councillors ensure that Sun Yat-sen did not reside or 'carry on his Revolutionary Propaganda' in Hong Kong. Ho Kai and Wei Yuk agreed and promised that they would 'tell the Chinese Press to be silent'.[29] They made a deal.

In November 1911, both the Peking and the Nanking governments appealed to the Western powers for loans to finance their military action. E.W. Edwards documents that although some of the foreign diplomats favoured a loan to the Qing court, the British Minister in Peking, Sir John Jordan, persuaded his foreign colleagues not to aid either side. In the same month, Jordan was instructed repeatedly by the British Foreign Office that 'what Britain desired in China was a strong and stable central government which would ensure conditions favourable to trade'.[30]

The overriding British fear was that aid to the Qing court might provoke the southern government to attack British interests south of Yangtze (the Maritime Customs in Canton, for example). The British government persuaded the foreign powers in China to adopt a policy of strict neutrality, as Edwards put it, 'financial stringency would force the two opposite governments into an agreement'.[31] This policy explains why Jordan asked the Hong Kong Governor to grant Sun Yat-sen passage through Hong Kong to Canton. After all, the presence of Yuan Shikai in Peking gave Britain (as well as other Western powers in China) assurance that China would be restored to order.[32] Yuan's leadership was particularly welcomed by Britain as Jordan had cultivated a long and good relationship with Yuan. A regime headed by Yuan, the British Foreign Office believed, offered the best hope of restoring China to a stable footing.[33]

In November 1911, Sun Yat-sen arrived in Shanghai and the revolutionaries offered him the provisional Presidency of the newly formed Chinese Republic. In February 1912, representatives of the northern and southern governments met in Shanghai. This meeting was known as the 'North-South Peace Talks' but ironically both the North-South representatives were Cantonese: Wu Tingfang representing Sun Yat-sen and Tang Shaoyi representing Yuan Shikai. Understandably, (given his military strength) Yuan gained an upper hand in the peace talks. Backed by the

northern provinces (which had not yet submitted to the Republican government in Nanking) and the Imperial forces (which he and his followers had trained), Yuan Shikai offered the revolutionaries a compromise: Yuan brought over the northern provinces to the revolutionary side, but in return he asked to be made President of the Republic. Within two weeks, the Qing court was persuaded by Yuan to abdicate. Yuan replaced Sun and became President of the Chinese Republic on 15 February 1912.[34]

The disparity between the North and the South was great. In the North, politics was dominated by people who had previously been Qing officials, divided by their regional interests but held together under Yuan Shikai. Amongst other examples, the Cantonese (who dominated the Ministry of Communications) were in competition with the Anhui men (who dominated the Ministry of War). The leader of the Communications clique was Liang Shiyi, an acquaintance of Tang Shaoyi and a leading figure of the late Qing railway, telegraph, and mining reforms. With the huge funds derived from these reforms, Liang established the Bank of Communications in 1906. From 1912 to 1916, Liang was a significant adviser to Yuan, and the Communications clique was a major financier of Yuan's regime.[35] The clique also turned out to be a major patron of other Cantonese merchant groups active in South China, including those from Hong Kong.

In the South, the Canton government was formed by a coalition of self-styled revolutionaries, including those from Hong Kong. In early 1912, Yuan endorsed the existing leadership in Guangdong by appointing Hu Hanmin as the Military Governor, Chen Jiongming as the Lieutenant Governor, and Li Yutang as the Provincial Treasurer of Guangdong. This Canton government lasted for only about two years, until 1913, when Yuan stripped these southern leaders of their titles.[36]

THE SIYI MERCHANTS AND THE CANTON GOVERNMENT

In July 1912, a new Governor, Sir Henry May, was appointed to Hong Kong. He was alarmed by the Siyi men's activities in Canton. He immediately sent a ten-page report to the Colonial Office. The Canton government had no authority 'outside the City of Canton,' he wrote, and it had 'foolishly embarked on schemes of Education and Sanitary Reform which ought to wait for a full and a settled Government'. 'There seems to be a feverish anxiety to give evidence of a new civilization,' and worse than that, there was 'an utter absence of judgement in choosing lines of action'.[37]

The Governor was particularly alarmed by what he saw as the poor accountability of the Guangdong Treasury, and the repercussions which it had in Hong Kong. The Treasury was under Li Yutang's control

> [It] has been managed very badly. It was practically emptied … The Chinese community of Hong Kong supplied between $2 000 000 and $3 000 000 – has all been spent (or embezzled) without any account having been kept. Following this the pernicious device was resorted to of issuing notes without any reserve to secure them.[38]

It was estimated in October 1912 that Canton's depreciating currency with a face value of one million dollars was circulating in Hong Kong – a fact which worried the Governor. The Governor explained that the circulation of Canton currency was maintained in Hong Kong, in spite of 'its general unpopularity, not only by official pressure from Canton but also by means of intimidation practised by so-called patriotic associations' in the colony. These 'patriotic associations' were controlled by influential, 'financially interested' Chinese.[39]

The Governor was pointing his finger at Li Yutang who had organized a *Society of Chinese Abroad for the Promotion of Patriotic Subscriptions* in the colony. This 'patriotic' society, according to the Governor, intimidated the regional chambers of commerce in the colony into accepting the depreciating Canton currency at its full face value.[40] Corroborative records can be found in the Chinese press in Hong Kong. In early October, Li Yutang called for a meeting with all the major Chinese chambers of commerce in Hong Kong on behalf of this patriotic society. In this meeting, the society 'resolved' that Canton's currency would be accepted in the colony at its face value. To enforce this measure, the society would also draw up a scale of fines to be imposed for any breach of this requirement, and 'special officers would be appointed to oversee this matter'.[41]

The Governor, in response to the Siyi men's activities, published a 'notice of caution' in the *Government Gazette* in October 1912. This called for the public to pay attention to the provisions of the Bank Notes Ordinance (1895). 'It is illegal for any person, partnership or company carrying on the business of banking in this Colony to make, issue or circulate within this Colony bank notes payable on demand,' the notice said, 'except with the sanction of a Secretary of State signified through the Governor'.[42]

In November, immediately following publication of the notice, a tramway boycott broke out in Hong Kong. The Hong Kong Tramway Company, following the government's instruction, enforced the policy of accepting Hong Kong currency as the only medium of paying fares. A boycott initiated by the Chinese against the Tramway Company followed. The Company requested compensation from the Hong Kong government amounting to 44 200 Hong Kong dollars.[43]

The Governor reported to London that the Siyi men were behind the boycott. They carried out large-scale intimidation measures in Hong Kong forbidding Chinese to use the tramway. Concerning the Siyi Chamber of Commerce, the Governor commented, with contempt, that the Siyi Chamber was 'composed originally of returned California and Australian coolie and artisan emigrants, who though they could of ten talk fair English, could not write their own names in any language'. The Governor concluded that the Siyi group was men of 'little or no education'.[44]

The Governor was directing his resentment at Li Yutang and his associates. During the tramway boycott, the Boycott Prevention Ordinance was introduced in Hong Kong in late 1912. According to this ordinance, persons 'convicted of intimidation were liable to … one year's imprisonment'.[45] Following this, the Governor wrote an eleven-page letter to the Colonial Office in January 1913. The caption of the letter was 'Sze Yap Association [the Siyi Chamber]'. The Governor started with the observation that the Siyi men in Hong Kong had 'principally ruled Canton' since 1911:

> It was through the Sze Yap Association [Siyi Chamber of Commerce] that money and men were procured from Hong Kong for the revolution in Canton. When Canton was handed over to the revolutionary party, Li Yuk-tong [Li Yutang] was made the Provincial Treasurer and almost all the important positions under the new Provincial Government were given to Sze Yap [Siyi] men … [The Chamber] was the right hand of the Canton Government. It constituted its intelligence department, commissariat and financial agency.[46]

The Colonial Governor's words might be somewhat exaggerated, but the Siyi men did play a very important part in financing the new Canton government. In 1911 and 1912, Li Yutang had remitted at least three loans for the amounts of 260 000, 1 700 000 and 4 030 000 in Hong Kong dollars, to the Canton government.[47]

The Governor suggested that Li Yutang's activities to finance the Canton government had the particular aim of self-enrichment. In the same

letter, the Governor claimed that Li Yutang 'went to Canton a poor man, held office as Provincial Treasurer for a few months and returned to Hong Kong with many hundreds of thousands of dollars'. Since his return from Canton, the Governor recorded, Li had 'invested over HK$100 000 in Hong Kong in land alone'.[48]

Contemporary materials and the memoirs of a Cantonese revolutionary confirm that before 1911 Li Yutang's 'Golden Mountain House' business was on the brink of bankruptcy, but that he became the 'Insurance King' of South China by the 1920s. By 1930, Li was known to be the principal promoter or shareholder of at least two Western-styled banks, six insurance companies, and three land investment or mortgage companies registered separately in Hong Kong, Amoy, Shanghai and Tientsin.[49] The rapid growth of Li Yutang's wealth after 1911 might have been related to Canton politics in several ways.

Firstly, the Siyi men's loans to the Canton government returned very high profits. In 1913, Yang Xian, the Director of the Subscription Bureau in Hong Kong, recalled:

> [The uprising] … was a success without the casualty of a single soldier … [because] I and my associates requested Governor-General Hu [Hanmin] for a charter to raise loans in Hong Kong and collected within half a day, the sum of over 400 000 [in Hong Kong dollars] and had it transported to Canton immediately … Originally, it was scheduled that 2 dollars would be repaid for each dollar loaned, but I proposed that 1.5 dollars be repaid for each dollar loaned.[50]

The recollections of Yang Xian can be confirmed by an advertisement in the Hong Kong Chinese press in November 1911. All six subscription offices in Hong Kong were business firms owned by Siyi or Xiangshan returned migrants, five of which were owned by Siyi men, including a native bank owned by Yang Xian. An interest rate of 50 per cent was promised.[51]

Secondly, to sustain the Canton revolutionary government, a large amount of currency was forced into circulation in Guangdong and Hong Kong.[52] As early as 1912, the Hong Kong Governor observed that Li Yutang had gained a great deal from his role as Provincial Treasurer:

> In addition to the authorized issue of $16 000 000 [in Canton currency], … Li Yuk-tang … made an issue of $5 000 000 for his own benefit … He left Hong Kong a poor man but has, since his

> return, invested very largely in the Colony and is now reported to be a rich man … his methods as Master of the Mint and of the Currency and the Note Redemption Departments are … open to the gravest suspicion.[53]

By financing the Canton government – acting as agents for donation and subscription, as the Treasury to issue new money, and as patriots to promote the circulation of the money they issued – the Siyi men had gained a huge monetary return. The Colonial Governor, however, seemed to be able to do very little that was successful to contain the Siyi men's political activities in Canton or Hong Kong. Legislative controls, introduced or reaffirmed by the Governor between 1911 and 1913 (the Societies Ordinance of 1911, the Boycott Prevention Ordinance of 1912, and the Bank Notes Ordinance of 1895), were unable to deter the Siyi men from participating in Canton politics.

COMPETITORS OF SIYI MERCHANTS: BAO'AN GROUP

By 1913, the Colonial Governor hoped for assistance from the local Chinese to contain the Siyi men's political power. The Chinese he most trusted in the colony, however, disappointed him. The two Chinese Legislative Councillors, Ho Kai and Wei Yuk, had discredited themselves by siding with the Canton revolutionary government. The memoirs of a Siyi revolutionary disclosed that these councillors, both English-educated, had actually been appointed as advisers to the Siyi Chamber of Commerce and the Canton revolutionary government.[54]

Both Ho and Wei's political careers collapsed; they were not re-appointed to the Legislative Council in 1914.[55] When Ho Kai died in 1916, leaving very little wealth behind, Wei Yu requested the Governor of Hong Kong for financial assistance to educate Ho's five sons. On this occasion, the British administrator assessed the value of Ho's service to the colony. He stated that 'Wei Yuk's estimate of Ho Kai's character is not in accordance with what we know but that … does not matter. Ho Kai certainly rendered good service in Hong Kong for some time though during the last years he was useless, if not neutrally dangerous as an adviser to [the] Government on things Chinese'.[56] The Colonial Governor had to search for other 'Chinese leaders' in Hong Kong to fill the Chinese seats in the Legislative Council. He looked around and immediately found them amongst the colony's non-Siyi Chinese.

The prominence of the Siyi group in Canton politics did not go unnoticed in Hong Kong. The non-Siyi Chinese in Hong Kong were looking for ways to break the 'Siyi monopoly' in Guangdong. They had, for instance, organized themselves into different regional chambers of commerce. In three despatches in January 1913, the Governor informed London about the making of a new Chinese leadership in Hong Kong. There was a 'movement' by 16 regional chambers of commerce, the Governor said, 'which had been formed by Chinese merchants representing different districts' in Guangdong. As a result of this, the number of regional chambers in the colony was increased from 2 in 1909 to 16 in 1913. These chambers had joined together with the purpose of preventing the Siyi Chamber from 'monopolizing political influence in Canton'.[57] In response to this development, the Governor informed London that he was 'lending support' to these chambers in their attempt to form themselves into 'one central Society – the Hong Kong Chinese General Chamber of Commerce – to protect commercial interests in Hong Kong'.[58] By uniting all the non-Siyi Chambers, the Governor hoped to contain the Siyi men's political influence. This General Chamber, the Governor believed, should be controlled by those who had 'a real stake in the Colony'. The Governor wrote with obvious satisfaction:

> It was envisaged that the amalgamated body would be … [able to] break the Sze Yap [Siyi] Association, which [was] inimical to the real interests of the Chinese community and dangerous to the peace and good order of the Colony.

The Governor went so far as to specify whom he could trust:

> I confess that I have had to rely principally on the support of Mr. Lau Chu-Pak [Liu Zhubo] and the elected Chairmen of the Tung Wah Hospital.[59]

It is to Liu Zhubo, and the leadership group with which he was affiliated, that the focus of attention is moved.

By the 1890s, a new generation of English-educated Chinese emerged in Hong Kong. Unlike Wu Tingfang (1842–1922) and Ho Kai (1859–1914), this group of English-educated Chinese leaders was not closely associated with or educated by foreign missionaries. They were educated at the government-supported Queen's College, the most esteemed educational institution in Hong Kong. Their power was vested,

not in their connections with the 'think-tank' of the reform-minded Qing officials, but in the compradoral offices of prominent Western firms in Hong Kong.

The most notable of this group were Liu Zhubo (1867–1922) and Ho Tung (He Dong, 1862–1956). They found avenues for advancement in the Tung Wah directorate, the District Watch Committee, the Sanitary Board, and eventually in the Legislative Council – significantly, avenues laid out by the colonial government. Both Liu and Ho were born in Hong Kong of poor family backgrounds and raised by their widowed mothers. Ho Tung, for example, was the eldest of four brothers who had different fathers. Ho Tung himself was a Eurasian and was always excluded from Chinese circles in the colony.[60] However, like Liu, he gained a scholarship to study at the government-supported Queen's College. After graduation and later serving as instructors at the College, Liu and Ho were employed as compradores of the Douglas Lapraik Company and the Jardine, Matheson and Company respectively. They were later the founding Presidents of the Sino-British Trade Association, which was established in 1922 with the goal of 'assist[ing] merchants carrying on business in all parts of the Republic of China, Hong Kong, Straits Settlements and Federated Malay States'.[61] Liu served as an appointed Legislative Councillor from 1914 to 1922. Ho's son, son-in-law and grandson were later appointed Legislative Councillors of Hong Kong.[62]

These locally-born Chinese placed a strong emphasis on their Chinese identity despite the fact that several of them were Eurasian. They joined the Tung Wah directorship, performed annual sacrifices to Confucius and established a so-called 'Confucian Church' in the colony. A most typical example of these efforts occurred in 1913. Recognizing the rising political role played by regional chambers of commerce in Canton politics, Liu Zhubo and his associates found a way to set up a chamber of their own. Without a proper Chinese regional identity, they had to create one for themselves. They claimed to be natives of Bao'an (Hong Kong was under the administration of Bao'an County before British rule) and established a Bao'an Chamber of Commerce in 1914. Liu Zhubo became chairman of the chamber. The vice chairman, Mr Zhou Shousan, also born and educated in Hong Kong, was appointed a Legislative Councillor in 1921.[63]

THE BATTLEFIELD – HONG KONG MERCHANT CLIQUES IN THE SENATE ELECTION IN PEKING

A major incident that demonstrates the competition between the Siyi Chamber and the Bao'an Chamber occurred in 1913. By the beginning of

1913, the Peking government had introduced regulations to establish elections to the Senate in Peking. The provinces, as well as Chinese communities overseas, were to elect their representatives to the Senate in Peking through 'electoral colleges'. These were to consist of 'members appointed by general chambers of commerce'.

As an overseas Chinese community, Hong Kong might also elect a representative to the Senate in Peking. In response, the British Foreign Office expressed strong objection to China's 'interference into the British colonies'. To alleviate British concern, Chinese officials explained to the British what was meant by 'election': 'it was merely the universal custom of public nomination by the settlers … similar to the custom of public nomination of suitable officers as Chairmen of Associations, guilds, Bureaux and societies which has existed for many years'. The Chinese Official also related this 'electoral' measure to the Republic's difficult financial position:

> The franchise rights granted to the Chinese residents abroad … [were] in nature … the demands of a section of the Chinese race whose sympathies … and financial support, the Republic could not afford to alienate.[64]

These electoral measures reaffirmed the express goal of the Peking government to grant recognition to the roles merchants played in the national politics of China.

Concerning this Senate election in Peking, the Colonial Governor reported to London that a *Principal Society of Chinese Merchants Resident in Hong Kong* was formed in the colony. It was formed by 'different guilds' and made up of 'various societies' in the colony. In January 1913, the society had organized a meeting for 'members of each District Society in the Colony to elect members to go to Peking to take part in the election of a representative of those Chinese residing in Hong Kong in the Chinese Senate'.[65]

The society was, again, located on the premises of the Siyi Chamber of Commerce in Hong Kong. The speaker at the meeting claimed that he was acting on behalf of Hu Hanmin, the Governor-General of Guangdong, for two reasons: the election of senators to Peking, and the collection of voluntary subscriptions to the Canton government. Liu Zhubo, chairman of the Bao'an Chamber, attended the meeting and reported to the Governor afterward that

> The meeting was convened by anonymous notice but the first speaker said that the Governor-General of Canton requested the Chinese of

> Hong Kong to form a General Chamber of Commerce or Bureau for the collection of voluntary subscriptions. It was suggested that this Central Society should elect representatives to go to Peking.

On behalf of the Canton government, the Siyi men in the colony intended to control the election of senators (representing Hong Kong) to Peking. A more alarming event occurred after the meeting, when Liu Zhubo informed the Governor of what he saw as 'Siyi intrigue' in Hong Kong:

> This intrigue was clearly disclosed by a request being made to Mr. Lau Chubo [Liu Zhubo] after the meeting … to sign a paper certifying to the due election of one Lui Yam-sun, who is unknown except as a member of the Tung Meng Hui [revolutionary] and a nominee of the Sze Yap Association [Siyi Chamber]. Mr. Lau [Liu Zhubo] very properly refused. Nevertheless it is said that Mr. Lui has actually gone to Peking as the representative elector of a Society which has not even been formed.[66]

The Colonial Governor recounted in detail what Liu Zhubo had explained to him. The Governor told the Colonial Office that 'what the Canton Authorities desired was to debar the Chinese merchants of Hong Kong, except so far as they are members of the Tung Meng Hui [the revolutionaries], from a voice in the elections … The object of the establishment of this principal Society … was to ensure the election of a member of the Tung Meng Hui as elector'.[67]

During the conversation of Liu, the Governor had claimed that he 'was not in favour of the Chinese in Hong Kong mixing themselves up in Chinese politics', but eventually he could not stop himself from asking Liu the provocative question of whether the Chinese in Hong Kong 'wish to have a voice in the election of the proposed representatives of Chinese residing abroad?' Liu Zhubo replied that they did, but preferably 'they would like to exercise this privilege on their [own] responsibility and not at the dictation of political wire pullers'.[68]

To remove the 'Siyi political wire pullers', Liu suggested to the Governor that he was planning to set up another 'Principal Society' by grouping Hong Kong's various regional chambers into one.[69] In May 1913, the Governor reported to London that a Chinese General Chamber of Commerce was formally established. Liu Zhubo, representing the Bao'an Chamber, was elected chairman of this new General Chamber.[70] From this power base, Hong Kong's non-Siyi residents were about to enter

into another important struggle with the colony's Siyi men: the redemption of Canton currency, a topic that will be dealt with in the following chapter.

SAFETY NET – CHINESE MERCHANTS AND BRITISH COMPANY LAW

The Societies Ordinance of 1911 was slow to take effect. Under the ordinance, the Siyi Chamber of Commerce in Hong Kong was banned in the colony as from 1917.[71] But even then the Siyi men did not lose their influence among the Chinese population in Hong Kong. Their Chamber could be banned, but the Siyi men could maintain their power in a different way. British law guaranteed that the Siyi men might organize themselves as business companies. The company registration records of Hong Kong show clearly that in the two decades after 1911 at least 13 business companies were formed in Hong Kong by the Siyi men. These dealt with mortgage brokering, insurance and banking.[72] The unpopularity of the Siyi men in the colony did not deprive them of the right to register as British companies in Hong Kong and to operate outside the colony.[73] And quite to the contrary, the Siyi men's apparent 'notorious' domineering image in Canton politics became an important asset to their business in Hong Kong.

In the 1840s, the establishment of British rule in Hong Kong coincided with a series of legal reforms in England. One of the most significant legacies of these reforms was the consolidation of company law, and the institutionalization of government protection for commercial endeavours.[74] Companies set up by Royal charter (as in the case of the British East India Company) were gradually abolished. New companies were formed in accordance with methods set out by company laws. In 1845, British company law was introduced into Hong Kong. The available company registration records of Hong Kong, however, indicate that the law was not popular among the Chinese population in Hong Kong, at least not before the 1880s. Even between 1880 and 1898, only four Chinese firms were found to have registered as British companies in Hong Kong.[75] However, from 1900 to 1930, the number of Chinese businesses registered as British companies increased sharply. The Siyi merchants constituted a prominent factor in the development: of the 69 Chinese joint-stock companies identifiable in the records, more than 22 were owned and directed by similar groups of Siyi and Xiangshan men. Of these companies owned by Siyi and Xiangshan men, more than 10 were engaged in land mortgage, insurance and modern banking. The majority of them were formed in the 1910s and the 1920s, and Li Yutang's name was always on the promoter's

lists of these companies.[76] His greatest asset was most probably his political influence in Canton.

As indicated by the subscription lists, the adoption of company law brought little change to the method of capital collection for these Chinese businesses. Very clear familial and geographical networks can be identified among the shareholders.[77] The law, however, provided these family businesses with two new devices for doing business: the concept of limited liability and the practice of interlocking shares. In the absence of a stock market and easy bank loans, the businesses tended to link together by interlocking different groups of merchants. Shareholding was also interlocked. In the case of the Siyi men, for example, the Hong Nin Bank subscribed to Lui Yick Insurance, and Lui Yick Insurance, in turn, was a major subscriber of the Hong Nin Bank. By interlocking shares among sister companies, credit was created because subscribed shares were not required to be fully paid up. By distributing the risk over a number of kindred undertakings, risks were offset. In this way, it may be said that interlocking investments created a group of co-operative insurers.

The high percentage of companies registered in Hong Kong which were promoted by the Siyi men, may possibly be related to their relatively weak social and political status in the colony (even though the credibility of their banking and insurance businesses in South China might have rested on their political influence in Canton). Unlike the Siyi men, Ho Tung, Liu Zhubo and the prominent English-educated Chinese merchants in Hong Kong did not promote many companies registered as British companies. Their business practices were quite different from the Siyi men's. As an established group in Hong Kong, they were operating with different rules in a different market. One example may be cited to illustrate this point.

In 1914, Liu Zhubo and Ho Tung established the Da You Bank (The Great Wealth Bank) with another Eurasian friend, Luo Changzhao. In the same year, the three men were granted an opium monopoly in Hong Kong. The three partners were all graduates of Queen's College and were members of its Alumni Association. All of them had worked as compradores for foreign firms. In 1913 and again in 1914, Ho Tung was the compradore of Jardine, Matheson and Company; and one of his sons the compradore of the Hong Kong and Shanghai Bank.[78] When the First World War broke out in Europe, these three partners contributed a huge sum of money to the British government for the purchase of an aeroplane. The plane, as requested by the donors, was inscribed with the words 'Da You Bank of Hong Kong'.[79]

The compradore of the Hong Kong and Shanghai Bank held a very important position in Hong Kong's finance business. All requests for loans

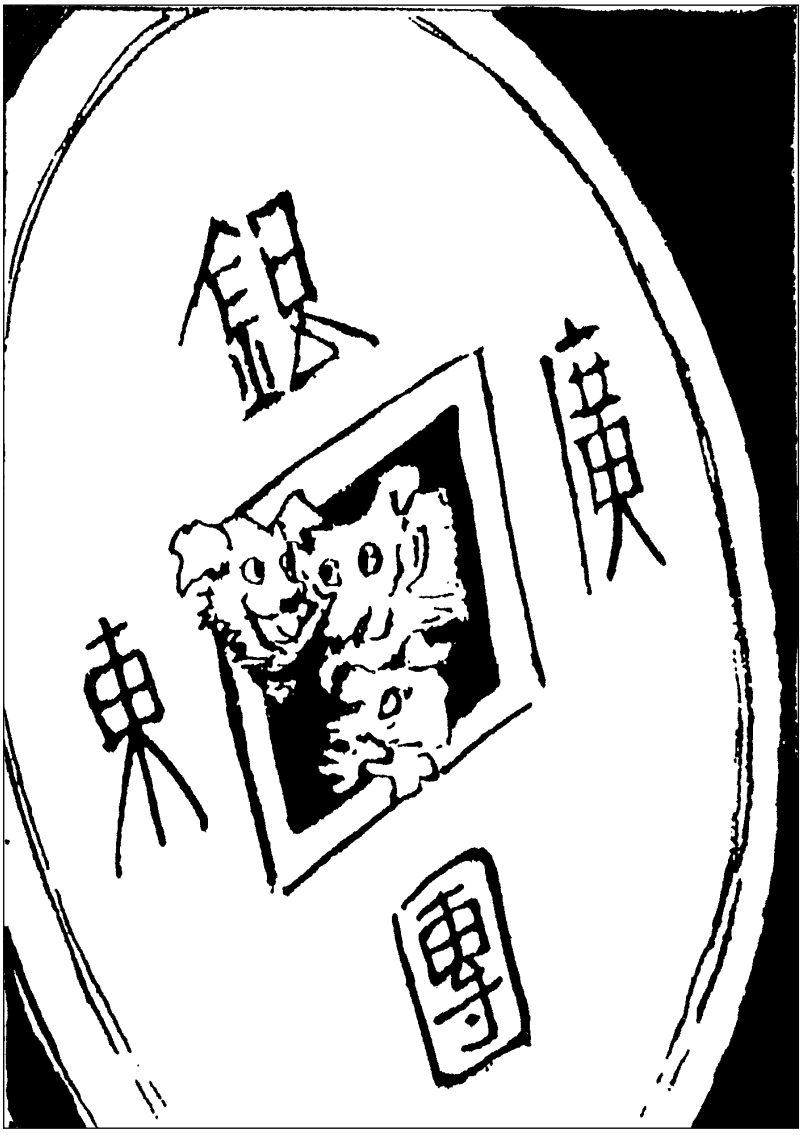
from the Chinese people to the Hong Kong and Shanghai Bank had to be channelled through the compradore's office.[80] Until 1946, the compradore of the Bank was either Luo or Ho (or their sons). Obviously, Luo and Ho were very close to the Hong Kong and Shanghai Bank, and their personal relations were translated into a relationship maintained by their families.

Despite the Western background of its owners, the Da You Bank was established as a Chinese native bank and was not registered under the Company Ordinance. It was not from any lack of legal knowledge that the Bank did not register. There were probably two reason for this. Firstly, by not registering, the Bank did not have to disclose its financial accounts as required by the Company Ordinance.[81] Secondly, as these Eurasian families had monopolized the compradore position in the Hong Kong and Shanghai Bank from the 1880s to the 1940s, it is highly likely that Da You Bank's capital could be raised through the compradore's office. With the Liu and Ho connection with the Hong Kong government, they were granted the opium monopoly in the colony. Their sons and grandsons were actually appointed as Chinese Legislative Councillors in Hong Kong until about the 1980s. In other words, with their privileged positions in Hong Kong, the owners of the Da You Bank did not depend on the company law for protection, or for attracting public subscription.

In sum, the Siyi men (overseas-returned group) and the Bao'an group (English-educated, 'established' group) were operating their businesses in Hong Kong with different rules for different markets; they had different means of obtaining capital, creditability and sources of political patronage. But in common, they found South China a risky but profitable area in which to invest and colonial Hong Kong a haven to which they could retreat.

‘The Paper Monster [depreciating Canton currency]’

Source: *Canton Pictorial Times,* September 1912



'The Canton Currency Syndicate'

Source: *Canton Pictorial Times*, November 1912.

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4 Finance and Politics in Guangdong, 1912–16

Between 1912 and 1916, China was nominally united under Yuan Shikai's presidency. The Western press compared Yuan to 'Augustus of the Roman Empire'.[1] Yuan's power to hold the provinces under Peking's control relied very much on the support of the northern militarists. To sustain the loyalty of the army, Yuan needed huge financial resources.

By 1912, however, the financial resources of the Peking government were small. The Qing court had left an empty treasury. Provincial taxation was retained by the provincial authorities, and control over the Chinese Imperial Maritime Customs had been pledged to foreigners as security for the Boxer indemnity. Before 1914, when domestic bonds were first floated by the Peking government, Yuan eagerly solicited foreign loans to sustain his rule. Notable among them was the *Reorganization Loan* of 1913, which amounted to 25 million pounds sterling. With such foreign loans, Yuan embarked on a series of measures to strengthen Peking's control over the provinces.[2] One of these was the introduction of financial reorganization in the provinces.

Guangdong, regarded by Peking as the 'centre of dissent', was selected by Yuan as the first province in which to implement financial reorganization. This measure provided an arena for the two competing Hong Kong merchant groups to participate in China's politics, with the Siyi chamber allying with the Canton government and the Bao'an chamber allying with the Peking government. Competing capital syndicates were formed by the two groups. Each group sought to establish its syndicate as a provincial bank in Guangdong.

CHINA CONSORTIUM AND ITS 'ONE-CHINA POLICY'

When the Chinese Republic was set up in February 1912, the major Western powers had almost reached a consensus on their China policy. The powers shared the view that a united and stable China was desirable for their investments. The presence of Yuan was an assurance that this aim could be achieved. This policy was known, in E.W. Edwards' words,

as 'diplomacy backed by financial pressure'. For this policy to be effective, the major powers involved in China had to maintain a high degree of unity and consistency in their China policy.[3]

Before the outbreak of the First World War, the major Western powers had enforced their 'diplomacy by financial pressure' through the China Consortium – a combination of major Western banks holding exclusive positions endorsed by their governments to handle loans to China. Since the Western governments recognized Peking as the only legitimate government in China, the Consortium also adopted a policy of securing loans only for the Peking government. Through the Consortium, the foreign governments wanted to exercise supervision over China's political and economic development. In this respect, Britain played a dominant role in the shaping of the Consortium's China policy. The Hong Kong and Shanghai Bank outflanked the Baring Bros & Co., and was chosen by the British Foreign Office to represent British interests in the Consortium.[4] Sir Charles Addis, Manager of the London branch of the Hong Kong and Shanghai Bank, was the head of the British group in the Consortium. He maintained a close relationship with the British Foreign Office, and was known by his contemporaries as one of the most influential foreigners in China.[5]

Throughout 1912, negotiations were conducted between the Consortium and the Peking government. The proposed loan to the Peking government, amounting to 25 million pounds, was named the *Reorganization Loan*. The Western powers believed that with these resources, China would move toward greater political unity and thus provide a better environment for business investment. For the provincial authorities in China (especially those in the South) the loan, however, would greatly weaken their position against the Peking government.

SIYI MERCHANTS IN HONG KONG AND LOANS FOR CANTON GOVERNMENT

As early as November 1911, Sun Yat-sen, on his return to China from the United States, stopped in London and secretly met with Sir Charles Addis. He sought a loan from the Hong Kong and Shanghai Bank for the southern revolutionaries. Addis turned down the request, probably considering the loan an unsound investment.[6]

Like the Peking government, the Canton revolutionary government was desperate for loans with which to sustain and to strengthen itself. Unlike the Peking government, the southern one failed to persuade the Western powers of its political legitimacy and economic soundness. Before the

arrival of Soviet advisers in Canton in 1923, the Canton government anxiously sought loans and donations from overseas Chinese. A substantial part of these funds came from the Chinese people in Hong Kong. Of these fund-raising activities, few Chinese records survive. But in the Colonial Office records, there are vivid descriptions of these activities and Britain's reaction to them.

By August 1912, the Governor of Hong Kong had written to the British Colonial Office expressing great concern about the formation in the colony of a *Canton and Hong Kong Financial Company*, whose major goal was to rehabilitate Canton's currency. The chief promoter of this financial company was the Siyi leader, Li Yutang. 'A name enough to damn', the Colonial Governor commented. The Governor angrily recorded that 'the Chinese firms were likely to subscribe only because they dared not refuse'.[7]

In the following weeks, the Colonial Governor tried at least three methods to stop the company from functioning. Firstly, through the Registrar-General, the Governor 'informed' Li Yutang and his associates that they should not have embarked on this enterprise without consulting the Hong Kong Government. He also reminded the Registrar-General to 'warn' the Chinese merchants in Hong Kong of the 'financial unsoundness' of Li Yutang's scheme. The Registrar-General later replied to the Governor that 'no sound men of business in Hong Kong were connected with the scheme'.[8]

Secondly, the Governor of Hong Kong consulted the Attorney-General and the Executive Council, but, finding no easy way to ban Li Yutang's financial company in Hong Kong, in accordance with the regulations set out by British company law, he later issued several instructions to the Registrar-General. Through these instructions, the Registrar-General was urged to 'warn the promoters that the levy of subscriptions was viewed with disfavour by the Government', and that the Hong Kong government intended 'to watch by means of detectives any collectors who might continue to collect subscriptions, with a view to taking away the proceedings if any attempt at intimidation were made'. The warning was straightforward – 'no public fund should be started or advertised in Hong Kong in aid of the [Canton] Government' and 'the government would use every endeavour to stop the collections of the Company'.[9]

Thirdly, Li Yutang and three of his associates were called for an 'interview' with the Registrar-General of Hong Kong. On this occasion, the Registrar-General 'explained [to Li] the view of the government'. He reported to the Governor that Li Yutang had expressed great 'regret for acting contrary to the wishes of the government'.[10] How regretful Li Yutang actually was remains doubtful.

Three months later in November, the Governor informed the Colonial Office that Ho Kai (adviser of the Siyi Chamber and the Canton government) was seeking his approval to introduce what the Governor called 'lottery loan bonds' into Hong Kong, on behalf of the Canton government. The bonds, totalling 10 000 000 in Canton currency, and in shares of $10, were proposed 'with periodical drawings for the redemption of the unsecured note issue' in Canton. Ho Kai used his legal knowledge and argued with the Governor over the legality of the bonds:

> [Ho Kai] argued that the Bonds differed from lotteries against which the [Gambling] Ordinance is aimed in that interest at 4 percent is payable on each Bond and that the capital subscribed is eventually repayable. He instanced the Ottoman and Paris Municipal Bonds and argued that by analogy these might be permitted.[11]

The Governor sought advice from the Attorney-General and informed Ho that 'the Bonds were clearly illegal under the law of this Colony and that there was no security for the payment of interest or repayment of capital'.[12] In the end, Ho Kai failed to persuade the Governor of the legality of the bonds. The Governor reported that he had given Ho Kai a clear and simple answer. He stated that 'no such funds could be advertised, or any company or association formed to promote it'. He would also do all he could to prevent the scheme. He informed the Police 'to keep a sharp look out for the introduction of the Bonds'.[13]

This loan issue was particularly sensitive at that time – when both the Peking and the Canton governments were competing for foreign loans. By early 1913, the negotiation of the *Reorganization Loan* in Peking was reaching its conclusion. This development alarmed the Canton government. Members of the Canton government warned the Hong Kong and Shanghai Bank that if the loan was concluded without the sanction of the National Assembly, in which sat a number of members from the South, it would be repudiated by all the provinces south of the Yangtzi.

At this juncture Ho Kai requested, through the Hong Kong Governor, a foreign loan from Britain for the Canton government. The loan would be utilized to establish a provincial bank in Guangdong. In return, he promised that the British could exercise some kind of supervision over the functioning of the Canton government. The Governor recorded:

> Ho Kai expressed the opinion, in which Mr. Wei Yuk concurred, that if financial aid could be given to the Canton Government it would accept

local supervision by Englishmen of the expenditure and their advice in matters of administration.[14]

Tempting as it sounded, the Governor turned down this suggestion. He advised Ho Kai that before the Canton government could secure any foreign loans, it should first apply to the Peking government for approval.[15] In so doing, the Colonial Governor was following the one-China policy, the official line of the China Consortium, endorsed by the British Foreign Office.

COMMUNICATIONS CLIQUE IN PEKING AND BAO'AN MERCHANTS IN HONG KONG

In February 1913, two months before the conclusion of the *Reorganization Loan*, the Governor of Hong Kong received a visitor from Peking. This visitor was none other than Liang Shiyi – the leader of the Communications Clique, the principal private secretary to Yuan, the Director of the Bank of Communications and, significantly, a Cantonese. Liang was travelling through Hong Kong to Canton. He had come, as he told the press, solely for his father's birthday.[16]

During his short stay in Hong Kong, Liang had a meeting with the Governor. He had brought with him, strikingly, a recommendation letter from Sir John Jordan, the British Minister in Peking and a close friend of Yuan. The Governor was asked by Jordan to help Liang 'in any way he could'. Liang took the opportunity and asked the Governor to arrange for him to meet Liu Zhubo, whom he referred to as 'the leading Chinese merchant in Hong Kong'.[17]

On 1 March 1913, Liang held a long and in-depth meeting with Liu Zhubo during which he disclosed to Liu Zhubo the real purpose of his southward visit. He came to the South, he said, 'to enquire into the state of administration of Canton'.[18]

After the meeting, Liu Zhubo submitted a four-page report to the Governor of Hong Kong. He recorded in great detail the content of the conversation. According to this report, Liu Zhubo disclosed to Liang his discontent with the Canton government. He commented that the Canton government, when compared to its Qing predecessors, was far less competent in financial management. Its ability to collect revenue was low. Liang Shiyi, in return, disclosed to Liu that President Yuan had decided to allocate a sum of 22 000 000 dollars from the *Reorganization Loan* to redeem

and reorganize the Canton notes. The outstanding problem was, as always, that the present Canton government had failed to place any trust in Yuan:

> It had been decided in Peking to give the provincial Government $22 000 000 for the redemption of notes … [but it] was well-aware that it would not be safe to entrust the money to the [Guangdong] Provincial Government … the money should not be placed under the control of the Kwangtung Government.[19]

Throughout the discussion, Liang emphasised that the fund had to be handled through an agent in South China, but Liang did not make it clear to whom the fund would be entrusted. Though the three-hour meeting reached no definite resolution, this dialogue between Liu and Liang proved to be crucial. Ending the report, Liu told the Colonial Governor:

> Mr. Liang thanked me for my frank expression of opinion and said that he would call again on his return from Canton.[20]

This encounter between Liu and Liang led to increased co-operation on a number of occasions between the Communications Clique, the Peking government, the Governor of Hong Kong, and the 'Bao'an men' against their common threat, that is, the Canton government and its Siyi supporters.

In March 1913, one month before the conclusion of the *Reorganization Loan*, the merchant associations in Guangdong and Hong Kong, including the Hong Kong General Chamber of Commerce under Liu Zhubo, sent telegrams to Peking stating that they represented public opinion in the South. They announced their support for the *Reorganization Loan*, and for a strong central government under President Yuan.[21]

In April, the *Reorganization Loan* was concluded between the Peking government and the Consortium. Although the Hong Kong Bank officials in China were alarmed by the opposition of the southern provinces to the Loan, the British Foreign Office was determined to do everything possible to keep Yuan in power. To meet Yuan's need for foreign loans, the Consortium (dominated by the Hong Kong and Shanghai Bank) offered a loan of 25 million pounds to the Peking government. In return, the Consortium requested that the salt tax revenues, which were to guarantee the operation, be transferred to foreign management.[22]

With the loan, the Peking government set out to strengthen its grip over the southern provinces. A means to achieve this purpose was through the introduction of (what Yuan called) financial reorganization in the southern

provinces. Guangdong was selected by the Peking government as the first province to be 'reorganized financially'.

SECOND REVOLUTION IN CANTON AND ITS FAILURE

Threatened by the financial conquest of the North, the Canton government denounced the *Reorganization Loan* as unconstitutional. The Canton government, however, was also seeking foreign and domestic loans to strengthen itself.

On 5 April 1913, an advertisement appeared in *Huazi ribao*, a prominent Chinese newspaper in Hong Kong. A bank known as the *Ordinary Bank*, intended to be organized by Li Yutang, was to be set up in Guangdong in an unusual way:

> Governor Hu [Hanmin thinks that] on account of the difficulty to set up a national bank, and the resemblance of native banks to [modern] banks, [native banks] may be modified into an *Ordinary Bank* so that [financial] assistance may be rendered to the Government. He intends to recall Li Yutang by telegraph to Guangdong to make all arrangements to liaise with native bankers in Hong Kong and prepare the charter for a joint-stock company.[23]

Fearful that this *Ordinary Bank* would issue new unsecured currency and force it into Hong Kong, the Colonial Governor immediately reaffirmed the Bank Notes Ordinance of 1895 in the Legislative Council in order to 'prevent as early as possible any attempt to force on the colony a paper circulation of exceedingly doubtful value'.[24] The General Chamber of Commerce of Hong Kong, under the leadership of Liu Zhubo, immediately acknowledged their support for this ordinance.[25]

In May 1913, an article entitled 'Merchants are the foundation stone of the Republic' appeared in *Huazi ribao*. The Cantonese merchants proclaimed their support for Yuan Shikai and the conclusion of the *Reorganization Loan*:

> Merchants can, without despatching a soldier or losing an arrow, put down the rebels that have spread throughout the 23 provinces within the short time of several ten hours [in 1911] … Merchants in Guangdong and Hong Kong are especially able to do this.
>
> We, merchants in Hong Kong and Guangdong are much more knowledgeable than the so-called great men. We should not allow the personal view of Governor-General Hu Hanmin to overrule our view.[26]

Outraged, the Canton government fought back by sending a telegram to the Peking government stating that the Hong Kong merchants were not qualified to represent the people of Guangdong.[27] The following day, another article appeared in the *Huazi ribao*. This time, the merchants did not hide their disdain for the Canton government:

> So-and-so of the 'Mob Party', despite his human face, has an animal's heart. He resists the central government above, destroys public opinions below. This is the rule of the mob.[28]

The political attitude of these Hong Kong merchants was confirmed by the Governor of Hong Kong, who was then gathering 'public opinion' from among 'the merchants of the best class' in Hong Kong. Chan Lau Kit-Ching documents that he wrote to Sir John Jordan, the British Minister in Peking

> As far as can be gathered from Hong Kong merchants of the best class, they and the mercantile community of Canton are tired of the Kwo Mong T'ang [Guomindang] Government at Canton who seek not the public advantage but [are] intent on filling their own pockets. I am assured that if Yuan were to take strong action in Canton with a view to turning out the existing Government there, the people of Canton would stand aside and would not support the latter.[29]

In May, Yuan sacked the Military Governors in the four southern provinces, including Hu Hanmin of Guangdong. Persuaded by Liang Shiyi, Chen Jiongming took up the post of Governor-General of Guangdong. The Chinese press in Hong Kong was very supportive of this new appointment. Contrary to Yuan and Liang's calculations, Chen took up the post announcing his allegiance to Sun Yat-sen.[30] An open breach between Yuan and the revolutionaries broke out in July when the discarded Governor-General of Guangxi declared the province independent from Peking. Military conflicts immediately broke out in South China. This was followed by declarations of independence from Guangdong, Shanghai, Anhui, Fujian, Hunan and Sichuan.

In Guangdong, the independence movement was carried out with great hesitation. Chen Jiongming declared Guangdong independent some six days after the other southern provinces. He responded after receiving repeated telegrams from the revolutionaries.[31] In contrast to the 1911 revolution, this declaration of independence was not supported by the Cantonese merchants. Chen Jiongming was immediately labelled

'bandit Chen' by the Chinese press in Hong Kong.[32] Many commercial, financial, and industrial organizations in Hong Kong telegraphed Peking, pledging their support for the Peking government. These merchants urged Yuan Shikai to punish Chen Jiongming for forcing Guangdong into independence.[33] The Governor of Hong Kong recorded that 'Canton declared its independence', however, 'the merchant classes Chinese in Canton and in Hong Kong are in favour of President Yuan … No disorder'.[34]

In this situation, seeking financial support among the Cantonese merchants to sustain this independence movement was not as easy as it had been in 1911. Apart from refusing to contribute towards a campaign against Yuan, the Chinese merchants in Hong Kong sent their representative to consult the Secretary of Chinese Affairs in Hong Kong about the formation of an association to offer 'collective resistance' to the forced subscriptions of the independence movement, as individual refusal, they feared, might 'invite reprisals by the rebel government' in Guangdong over the properties they owned in the province.[35]

The Cantonese merchants expressed their dismay at the Canton government in other ways. In June, when Sun passed through Hong Kong, enroute from Canton to Shanghai, what he encountered was the following:

> Dr Sun's arrival is unnoticed … He is most distinctly under a cloud and moves about unnoticed. One hears more of 'the man who has been trying to ruin China' than of 'the great reform leader'. There are rumours, which are believed, that some of his photographs exhibited in the streets have been stoned.[36]

With very limited funding, this independence movement (known as the 'Second Revolution') in Guangdong died out very quickly. Immediately after the declaration of independence, Chen Jiongming recognized that his army was unreliable and several of its important leaders were being bribed by the Peking government. The Chinese press disclosed that these army leaders were bribed by a northern agent named Liang Shixu. This Mr Liang was the younger brother of the famous Liang Shiyi. He was the Director of the Bank of Communications in Hong Kong, and was socially active in Hong Kong and Canton. G.E. Morrison, an adviser to President Yuan, also confirmed that Liang Shixu was Yuan's informant on Guangdong affairs. This younger Mr Liang had organized several social clubs in South China which attracted many of the prominent political and financial figures of South China.[37]

Threatened by a potential mutiny, Chen Jiongming fled from Canton to Hong Kong in early August. As the Second Revolution failed, Sun and

his close associates fled to Japan, and Chen Jiongming to Malaya where he set up a conservancy company, thereby raising funds for his own campaign against Yuan.[38]

The two-year revolutionary regime in Guangdong formally ended in August 1913 when Yuan appointed General Long Jiguang, of Guangxi origin, as the new Governor-General of Guangdong. Many shops in Canton welcomed the resumption of Yuan's control over Guangdong by setting off firecrackers.[39]

Despite the change in government, the financial situation in Guangdong showed little improvement. By the spring of 1914, the situation had become desperate. 'Government banknotes had fallen 50 per cent in value', resulting in the merchants' refusal to accept the Canton currency. The currency's lack of credibility was indicated by the fact that even government departments in Guangdong refused to accept the paper currency for tax payment.[40]

The Governor was obviously disturbed by the financial chaos in Guangdong. He reported to the British Colonial Office in January 1914 that the Canton currency had depreciated 'to a discount of about 70 per cent', and the enormous trade between Hong Kong and Guangdong was 'very seriously prejudiced'. The Canton government was 'at its wits' end to obtain cash with which to pay the troops … if they [did] not obtain financial assistance soon … a catastrophe seemed inevitable'.[41]

In the face of such a desperate financial situation, the Canton government approached the Hong Kong and Shanghai Bank for a loan. When the manager of the bank went to the Governor of Hong Kong for advice, the Governor, surprisingly, advised that 'the opportunity should be taken to force the provincial authorities to accept foreign supervision and control of any funds that might be lent to them'.[42]

Tempting as the opportunity was, the Manager of the Hong Kong and Shanghai Bank told the Governor that he could not justify a loan that was handled by the Hong Kong Bank alone – the bank was a member of the China Consortium, thus it was obliged to follow the one-China policy of the Consortium.[43]

The Governor of Hong Kong, therefore, authorized the Secretary for Chinese Affairs to look into the views of what he called 'the leading Chinese merchants' in Hong Kong 'on the subject of the introduction of the principle of foreign supervision and control [over the Canton administration]'. The merchants 'expressed themselves unanimously in favour of it', the Secretary of Chinese Affairs reported, but the Chinese also voiced the opinion 'there was little hope of the officials [in Canton] accepting the change – except under orders from the Central Government [in Peking].'[44]

'Orders' were to come from Peking soon afterwards.

FINANCE AND POLITICS IN GUANGDONG

In January 1914, the Governor reported to the Colonial Office that 'several leading Chinese' in Hong Kong had contacted him about a proposal to raise a domestic loan for the Canton government. The central figure among these 'leading Chinese' was Liu Zhubo. The Governor reported in great detail:

> Lau Chu-Pak [Liu Zhubo] and some 30 representative Chinese merchants in Hong Kong had a long discussion with the [new] Provincial Treasurer of Kwangtung [Guangdong], the result of which was that a resolution was passed by the merchants in support of $25 000 000 to be raised by subscriptions from Chinese in Hong Kong, Canton and abroad, secured on the Likin Tax [Transit Tax] collectible at certain places in Kwangtung Province … and subject to supervision by an English Officer to be paid by the Kwangtung Government.

Enclosed with the despatch was a separate proposal from Liu Zhubo. According to this proposal, a loan of $25 000 000 denominated in Canton 20 cent pieces, was to be raised in Hong Kong to redeem the unsecured currency in Canton. The security for the loan was the Transit Tax collectable at five locations in Canton and amounting to about $2 600 000 per annum. A supplementary clause stated that if the Peking government abolished the Transit Tax, a sum equal to the same amount would be deducted from the import and export duties. Apart from this, the proposal stated clearly that 'there [was] to be no further issue of Provincial Notes'.[45]

In return for this loan, Liu Zhubo put forward several conditions. Firstly, Liu and his associates requested from the Peking government that they should be granted the 'privilege' of establishing a bank in Guangdong 'which should have a monopoly of the Provincial Government business'.[46] Secondly, the syndicate should be granted 'the privilege of selecting an Englishman … to investigate into and to look after all matters connected with the repayment of the loan'. Thirdly, to guarantee the smooth functioning of this arrangement, Liu suggested that the Canton government, under the instructions of the Peking government, should 'invite the Government of Hong Kong and the British Consul to act as arbitrators'. According to Governor May, Liu Zhubo indicated that they would welcome the 'reorganization of the administration of Guangdong Province under tactful and conscientious British supervision'.[47]

The Colonial Office made no explicit response to the Governor's report besides advising the Governor to mark his further correspondence on the same issue 'confidential'.[48]

To help Liu Zhubo's proposal to be accepted by the Peking government, the Governor sought the assistance of Sir Jordan in Peking through the British Consul-General in Canton (who, like Jordan, was under the Foreign Office). 'The Chinese in the Colony could and would assist with a domestic loan up to $20 million', the Governor wrote, 'provided that Peking imposes on them and the Provincial Government, for purpose of face, efficient foreign control'.[49]

The Consul-General in Canton, forwarded the scheme to Sir Jordan putting forward the suggestion that 'Chinese in Hong Kong were willing to furnish the Canton Government with a domestic loan … provided that effective foreign control was imposed by central government'. He elaborated to Sir Jordan that 'there was a disposition on the part of [the] Chinese in the colony to assist by subscribing to a domestic loan, if the principle of foreign control be established, but as none of them have the moral courage to advocate its adoption, it would have to be dictated by the Central Government [of Peking]'.[50] The Consul-General's request to Jordan was straightforward. He asked: 'could you induce President [Yuan] to accept this principle and instruct Canton accordingly?'[51]

Jordan found the scheme attractive. He advised the British Foreign Office that the scheme seemed to him 'more practicable and consonant with British interests' when compared to the interests the British could gain from the Consortium.[52] In February, the Governor was informed that Peking had responded favourably to the proposal that a 'domestic loan be raised in Hong Kong'.[53] We cannot tell to what extent Peking's acceptance was due to Sir John Jordan's influence.

Parallel to these developments, it now seems clear that Liu Zhubo was working very closely with Liang Shiyi. The subscription of the proposed syndicate organized by Liu Zhubo was intended to be managed by the Bank of Communications, with its northern branches controlled by Liang Shiyi, and its southern branches by Liang's younger brother, Liang Shixu.[54]

Like his elder brother, Liang Shixu maintained close relations with President Yuan. His position in the South had not only given him the opportunity to bribe Chen Jiongming's subordinates to rebel against the so-called 'Second Revolution' the previous year, but also provided him with easy access to information in the South. G.E. Morrison, the adviser to President Yuan, recorded in 1914 that 'the President [had been

presented with] a lucid picture of the danger of the … present unsettled conditions [of the South]. His chief source of information was Liang, the head of the Chiaotung Bank [Bank of Communications], a brother of Liang Shiyi'.[55]

The linkage between the Liang brothers and the Bao'an group of Hong Kong can also be found in the company registration records in Hong Kong. Liang Shixu was one of the principal shareholders of the Chinese Estates Company Ltd, which was first established in 1921. His partners in the company included such prominent merchants in Hong Kong as the vice-chairman of the Bao'an Chamber of Commerce, and Liu Zhubo's son.[56]

The linkage between Liu Zhubo and the Communications Clique was also disclosed in a letter written by Morrison, the adviser of President Yuan, to the Governor of Hong Kong in 1914. Morrison recorded:

> The Minister of Finance was … speaking of the three big public Works in Canton – the Electric Light, the Water Works and the Canton Cement Works – I told him that if there was adequate guarantee against future interference on the part of the Authorities there would be little difficulty in obtaining from Hong Kong and Canton merchants a sum of probably not less than $3 000 000 for the purchase outright of these three works.
>
> I fancy he [the Minister of Finance] will telegraph an enquiry to Lau Chu-Pak [Liu Zhubo] whom he knows well.[57]

Liu Zhubo was then liaising with Liang Shiyi to secure the Peking government's backing for the purpose of purchasing the three major public works in Guangdong, which included the Electric Light, the Water Works and the Canton Cement Works. If these purchases were successful, the group of Hong Kong merchants associated with Liu Zhubo would control the centre of Canton's economic power. Liu Zhubo's co-operation with Liang Shiyi would greatly diminish the influence of the revolutionaries' and the Siyi men over Guangdong. These purchases of public properties in Guangdong and the proposed financial syndicate to redeem Canton currency, however, did not materialise. No explanation for this dramatic change was given by the Governor of Hong Kong, nor by the British Consul-General in Canton. Sir John Jordan tried to suggest a reason for the change. He explained that 'loans by Hong Kong Chinese have fallen through, owing to the refusal of the Canton Government to permit any form of control'.[58]

The reason suggested by Jordan, if correct, is far from convincing. Liang Shiyi's biography, compiled by his close follower, can be used to shed new light on the change. Liang's prominence in the national politics

of China reached its zenith by early 1914. His reputation among foreign diplomatic circles was as high as, if not higher than, that of Yuan. He reached a point where he was envied not only by his competitors, but also his great patron, Yuan Shikai. Liang's father, according to the biography, warned his son in the spring of 1914 that 'reputation hurt' and advised him to avoid the jealousy of Yuan. These words, as we now see, proved prophetic. In March, the Anhui militarists succeeded in persuading Yuan to contain Liang Shiyi's expanding political influence by establishing a separate state council under a secretary of state, thus abolishing the secretariat of the presidency which was headed by Liang Shiyi. According to the biography, Liang had tried in vain to persuade Yuan to abandon this idea. Liang said that

> 'The term Secretary of State is itself a mis-translation imported from Japan … As China is now a Republic, how come we have this feudalistic post?' Without saying any words, Yuan stared at Liang for a long while. Liang suddenly recognized what was in Yuan's mind. Thereafter, Liang disappeared from Yuan's circle.[59]

Liang Shiyi's subsequent disappearance from Yuan's circle was immediately noted by the press. The phrase 'shooting the sparrow' gained prominence in Chinese newspapers – 'Liang Shiyi's school name was Yansun (literally, sparrow), and the President is now … shooting this Liang Yansun … The only base Liang had was his devastated castle of the Bank of Communications'.[60]

On the other hand, Liang's competitors, the Anhui military men, were appointing their proteges to posts previously held by Liang's supporters. This Anhui clique had 'recently gained an upper hand over the Cantonese clique. … They dominated not only the high posts in the army and the legal department … but also the posts in the newly-established state council'.[61]

The downfall of Liang and his Communications Clique worked against the Bank of Communications in its competition with the Bank of China for control over the central treasury. The background to this rivalry was that the two banks were established in the late Qing under different political patronage. While the Bank of Communications was established by the Board of Communications which controlled funds from the railways and telegraphs, the Bank of China was founded by the Board of Finance which controlled funds acquired through taxation. In Republican times, the two banks had competed for the authority to act as the Central Bank of China, and thus for control over the central treasury.[62]

As the influence of the Bank of Communications reached its trough, the Bank of China was appointed as the agent to manage the huge *Reorganization Loan* and make use of it to redeem the unsecured Canton currency. The first branch office of the Bank of China in Guangdong was established in Canton in June, 1914. The British Colonial Office first kept under close surveillance the redemption of the Canton currency. Starting out pessimistically, British officials gradually found that the reorganization materialised into a success. Within just three months, the unsecured currency disappeared from the market.[63] Yuan's reputation and authority enhanced this success, and in return, this success strengthened Yuan's grip over Guangdong.

At this critical moment, the outbreak of the First World War in August 1914 brought a dramatic wrinkle in the ability for Liang and the Communications Clique to move ahead. Entitled 'Liang Shiyi's Revival', a Chinese newspaper article in Shanghai predicted the restoration of Liang in Peking. It noted that as 'the European War advances, the possibility for China to get a foreign loan is very remote. The first essential thing to do is to organize internal finance. … Liang will rise again'.[64] The prediction proved correct. In December 1914, the *North China Herald* reported that 'the war has had a very unfortunate effect on the finances of the Government. Any loan from Europe is out of the question for a long while'.[65]

This unfavourable blow to the national finances of China turned out to be the redeeming factor in the sinking political career of Liang Shiyi. This view was also shared by the *North China Herald:* 'The stories which have lately been spread as to the downfall of Liang are now given the lie by the fact that the President relies entirely on him to pull China out of her difficulties. Undoubtedly, he is the only official with brains sufficient to devise the necessary methods of finance and administration at this critical moment'.[66]

In August 1914, President Yuan asked Liang Shiyi for a loan of 100 million Chinese dollars from the Bank of Communications. As 'the [European] war cut off China from the people who were willing to lend her money', China had to adopt new methods to meet her urgent expenditure. This method consisted of floating government bonds within China. In the same month, the Bureau for Internal Loans was established and Liang was appointed as its director. Under Liang's supervision of the Bureau were the largest Chinese banks and the wealthiest government departments in China.[67]

This Bureau, together with the Bank of Communications, played a very significant role in securing internal loans. The bonds were so successful that they were oversubscribed, and a proposal was made to issue premium

bonds. By the end of the year, the *North China Herald* reported that 'the total amount subscribed to by the Chinese masses was $23 220 000. Out of this sum, the Bank of Communications put through $6 180 000. In view of the disruption to trade in China caused by the European War, Yuan is highly satisfied with the result'.[68]

By the second half of 1914, China's financial situation was inclining toward greater centralization and efficiency. As Peking strengthened its financial muscle, Yuan's control over the provinces was consolidated, especially in Guangdong, which was the stronghold of the southern revolutionaries. The Governor of Hong Kong recorded in October 1914, 'the President and his Government hold a high place in the estimation both of Canton and of Hong Kong, his strength is known and signs of genuine efforts at government are beginning to be felt and appreciated'.[69]

In light of these developments, the political atmosphere in Peking was one full of optimism. Chan Lau Kit-ching documents that even Sir John Jordan shared this optimism. Jordan reported to London that 'China is going along quietly, keeping her head above water and just managing to pay her way financially. Unless there are some unexpected complications, I see no reason to be apprehensive about the immediate future.[70]

Looking back to the year 1914, we see that neither the Siyi nor the Bao'an group of Hong Kong merchants could succeed in plans to finance the Canton Government in return for economic concessions. Their failures, to a large extent, were due to the collapse of their political patrons: the disintegration of Hu Hanmin's Canton government in the 'Second Revolution' (against Yuan Shikai); and the fall of Liang Shiyi and his Communications Clique in Peking (against the Anhui militarists) respectively. On the ever-changing landscape of Republican politics, connecting to the 'right' lines of political patronage had proved to be a most testing task for any Hong Kong merchants who vied to invest in China.

Unfortunately for China, the 'unexpected complications' about which Sir Jordan had written, were soon to occur, leading to the downfall of Yuan.

5 Hong Kong Merchants and 'Canton for the Cantonese', 1917–23

Between 1914 and early 1916, Yuan Shikai's control over the provinces reached its peak. In January 1916, he drew up plans to make himself Emperor of China. This attempt, however, presented an opportunity to the southern provinces to declare themselves independent from Peking. Military conflicts broke out among various regional troops. Yuan was driven to postpone, and finally to cancel, his enthronement. He died in disgrace, a broken man, in July 1916.[1]

Following Yuan's death, Peking's efforts to extend its control over the southern provinces suffered a fatal blow, and a North-South divide (centering on Peking and Canton) reappeared. In contrast to the situation in 1911, no strong leader like Yuan emerged at the center, and political power gradually shifted to those who controlled the regional armies. These military men were called 'warlords'.[2]

In the South, 'guest armies' from such poor neighbouring provinces as Yunnan and Guangxi seized the opportunity to force their way into Guangdong. While paying lip-service loyalty to Sun Yat-sen, these armies stationed themselves in Guangdong and divided the province into spheres of influence. In reaction to this crisis, cliques of Chinese merchants in Hong Kong and Canton united to finance military attempts to exterminate the 'guest armies' from Guangdong, aiming at building up what they called a 'Canton for the Cantonese'.

GUANGDONG UNDER GUANGXI DOMINANCE

Yuan Shikai's attempt to make himself Emperor of China, and his subsequent death, upset the power balance in China. In Peking, the strength of the Communications Clique (civilian, Cantonese clique) was shattered by the death of Yuan. Liang Shiyi was forced to flee to Hong Kong.[3] The military leaders under Yuan split into two regional groups which finally agreed that a President under their control, was to be restored. To bridge

the North-South divide, these northern militarists allowed the presidency to pass to Li Yuanhong, the Vice-President and a self-styled revolutionary. Several Cantonese were also appointed to important posts in this Cabinet in Peking. Tang Shaoyi was made the Minister of Foreign Affairs; but since he rejected the offer, Wu Tingfang took up the position. Admiral Cheng Biguang was appointed as the Minister of the Navy. The two previous Governor-Generals of Guangdong, Chen Jiongming and Hu Hanmin, were allowed to serve as members of the restored Parliament in Peking.[4]

This fragile North-South co-operation broke down in 1917 when the northern military leaders forced the President to dissolve the Parliament.[5] Wu Tingfang, then the acting premier, denounced the Presidential Mandate as illegal. Things reached a deadlock. At this point, Admiral Cheng Biguang offered to arrange for transport so that the President and his official household could leave Peking in his warships, if the President would carry the central government with him to another part of China. Guangdong, the home province of both Wu Tingfang and Admiral Cheng, was intended to be the new power base. However, President Li hesitated to accept the offer.[6]

At this juncture, Sun Yat-sen, who had escaped to Japan after the abortive Second Revolution, informed Wu Tingfang that if President Li Yuanhong refused to go south, he would take the Parliament, the navy, and anybody who would come with him, to Canton to set up a new government there. Wu Tingfang found Sun's offer agreeable. They went to Canton in July 1917, accompanied by the Chinese First Squadron, under Admiral Cheng Biguang's personal command.[7]

On his way from Japan (through Shanghai) to Canton, Sun cast around for supporters, and found many immediately at hand. *Millard's Review*, an English newspaper printed in Shanghai, commented that all the 'discredited minor cliques and other treaty port acrobats' were clustering around Sun again.[8]

The most significant groups to offer Sun their allegiance were the military groups from Yunnan and Guangxi, provinces that suffered from great poverty and backwardness. As early as April, after the southern provinces declared themselves independent from Yuan, different Yunnanese and Guangxi armed troops had forced their way to Guangdong and divided the province into spheres of influence. The post office reports recorded vividly what had happened at Canton in June 1916:

> The Province suffered the horrors of civil war … In June a Yunnan army, on its way to the North [against Yuan] turned against Kwangtung

> [Guangdong] and marched on Canton … Then Kwangsi [Guangxi] troops approached … and reached within a few miles of the city … Robbers and brigands made the most of the opportunity. Business and communications almost came to a standstill. Inland offices were pillaged and burned. Postal agents were captured and held for ransom … There were 165 cases of robbery and piracy of mails, in another 42 cases couriers were held up and robbed of their belongings by brigands. Three couriers were killed and 4 seriously wounded.[9]

By pledging their allegiance to Sun, these Yunnan and Guangxi troops received official titles to justify their control over areas of Guangdong.[10] These troops, known as the 'guest armies', had to sustain themselves in a very unusual way – they asked Sun for an official title and extorted money from localities where they managed to dominate. The memoirs of a Guangxi general, present very vivid descriptions of this development. When the anti-Yuan movement started, 'local militia were organized everywhere … Once a local militia was organized, its commander would petition general headquarters for recognition and for an official title, and once formal recognition was accorded, they would draw rations from the local government. Thus all such local armies had their respective territories'.[11]

The same memoirs show clearly that the troops were made up of poor, destitute soldiers competing among themselves to earn a living. 'They really look[ed] awful! The entire army was in a state of near-starvation', the memoirs record, 'our uniforms were in a terrible condition [as they] … had been worn through a war and a hot summer … [and] had been worn to rags. Without needle or thread … [we] used grass to fasten the torn [uniforms] together'. Understandably, 'the troops became harder to discipline every day'.[12]

As these guest armies approached from all directions, Guangdong fell into disorder. The memoirs of the Guangxi General contain memorable descriptions of the ensuing chaos.

> Our relations with the local populace [the Cantonese] worsened each day. The natives looked down upon us … [One day] the entire regiment suddenly rose as one man and shouted for armed revenge against the local people. 'Captain we are going to Yuha [the town] to pay them back for those insults!' … About a thousand soldiers marched toward the town, rifles in hand … The noise made by a thousand soldiers was dreadful! Some of the soldiers even began to fire their rifles … The people of the town were frightened. Merchants and gentry began to send agents across the river begging our pardon.[13]

Sun Yat-sen, with supposed allegiance from the guest armies, easily entered Guangdong. He proclaimed the establishment of a Southwest Military Government in Canton, and designated himself Generalissimo (Grand Marshal) of the army and navy, though he did not directly command any troops. He also appointed the two leaders of the Guangxi and Yunnan troops as Lieutenants-Generalissimo under him but neither of them accepted the posts. These militarists were ready to give superficial allegiance to Sun, but they did not want to declare themselves in total opposition to the northern government.[14]

This military government in Canton represented a combination of factions under the nominal leadership of Sun. A divergence of interest soon became apparent. While Sun wished to use the 'guest armies' to recover northern China by what he called a 'northern expedition', the armies preferred to stay in Guangdong where they could make huge profits, mainly from extortion. The leaders of the guest armies simply turned a deaf ear to him.[15]

FINANCING THE CANTON GOVERNMENT – CANTONESE MERCHANTS AND THE BANK OF CHINA IN CANTON

The fall of Yuan shattered China's political unity, and this had significant repercussions on local finances. As early as April 1916, the huge expenses involved in Yuan's monarchical movement hastened the depreciation of the Peking government's banknotes, which were issued by both the Bank of China and the Bank of Communications. In May, Yuan Shikai followed Liang Shiyi's advice and tried to resolve this financial difficulty by issuing a mandate suspending the species payments of the two banks. However, the Shanghai branch of the Bank of China, considering this a blow to its credibility, resisted the order by declaring that its assets had been placed under two foreign trustees. This incident shattered the control of the head office of the Bank of China in Peking over its provincial branches.[16]

In Guangdong, Yuan's henchman, General Long Jiguang (from Guangxi), turned against Yuan and declared the province independent in April 1916. At the same time, he declared the Canton branch of the Bank of China independent from its head office in Peking. Following this, the bank was forced to issue three million dollars in Canton currency. Long forced on Guangdong the circulation of this new currency, which had no reserve to support it.[17]

Amidst this political chaos, the various competing cliques of military leaders in Canton, especially those from Guangxi and Yunnan, held

'peace talks' in late April. Representatives of the Bank of China were present at the meeting. To the surprise of all, the 'discussion ended in a quarrel in which firearms were freely used' and 'several persons were killed'. High on the casualty list was the Deputy-Manager of the Bank of China in Guangdong. He was gunned down, and his valuables taken. Following the fight, there was an immediate influx of about 70 000 people into Hong Kong.[18]

The Cantonese merchants were shocked by this 'political anarchy' in Canton. They turned to the Hong Kong Governor for help. The colonial Governor reported to London that Liu Zhubo, the Chinese Legislative Councillor, had contacted him repeatedly 'on behalf of the merchants in Guangdong'. On the first occasion, Liu demanded that the British should interfere, as the Chinese community was extremely nervous 'lest the defeat of Long [Jiguang]'s troops … may result in looting at Canton'. The Governor gave no definite reply.[19]

On the second occasion, Liu claimed that he had been 'approached by a leading merchant in Canton' with the aim of 'ascertain[ing] whether the British Government would not be prepared to intervene with a view to the protection of life and property in Canton'. The name of this 'leading merchant in Canton' was not disclosed. The Governor, again, offered no definite reply.[20]

The situation in Guangdong worsened. Two months later, the colonial Governor reported that Liu Zhubo had again requested his assistance. By this time, the Governor observed, Canton was chaotic with 'serious recrudescence in lawlessness and the formation of large bands of robbers and pirates bent on plunder'. Liu Zhubo was desperate:

> [Liu] waited on me today, and on behalf of the Chinese community, asked me to move His Majesty's Government to use its good office to bring about [the] restoration of order in Kwangtung [Guangdong] with a view to [the] re-establishment of trade. They fear wholesale destruction of property may ensue if present conditions are allowed to continue and they suggest that the Chinese government should be warned that [the] British Government will take steps to protect British interests.[21]

The Governor turned down the request explaining that Britain was fighting a world war in Europe and thus was unable to undertake the responsibility of 'warning' the Canton authorities that the British Government would 'take steps to protect British [and Hong Kong] interests' in South China. Although Liu failed to move the Governor, his counterpart in Canton,

known to be a 'leading Cantonese merchant', succeeded in persuading the British Consul-General in Canton to send a telegraph to the leaders of the guest armies. The Consul-General 'advised' all parties to cease fighting temporarily to allow the retreat of Long Jiguang's troops.[22]

Anticipating difficulties in retaining control of Guangdong, General Long of Guangxi (originally a henchman of Yuan) announced that he would retreat from Guangdong provided that the merchants would 'buy peace for Guangdong' by paying him a sum of 2.5 million dollars in Canton currency. Before a reply was given, General Long sought another alternative. He gathered a gang of soldiers and broke into the strongroom of the Bank of China in Canton. They removed the reserve of silver coins which amounted to 933 000 dollars in Canton currency. With this sum, Long retreated from Canton to Hainan Island in late July.[23]

The new government in Canton, a coalition of Yunnanese and Guangxi militarists with nominal allegiance to Sun Yat-sen, solicited loans to sustain itself. But the Bank of China in Canton now had an empty treasury, and the Western consortium was occupied with the issue of war finances in Europe. Japanese bankers took the opportunity to establish a bank in Guangdong, in the form of Sino-Japanese co-operation. Huge loans, with inadequate security, were lent to different military cliques in South China. These loans were guaranteed by the opium and alcohol taxes in Guangdong.[24] *Millard's Review* recorded an interview with Tang Shaoyi, who was the Minister of Finance in Guangdong in 1917. Tang recalled these disturbing events:

> The Kwangsi [Guangxi] people mortgaged the Cement Works [of Guangdong], which are provincial property, to the Bank of Taiwan [controlled by the Japanese] for $3 500 000 [in Canton currency]. They hypothecated the provincial mint to the same institution for $1 500 000 and other government properties were given as security for small loans amounting in all to another million.[25]

In this state of disorder, the Bank of China in Canton was looking for ways to restore itself. With the help of the Chinese General Chamber of Commerce in Canton, 1.5 million dollars in Canton currency was collected and deposited in the bank as fixed savings in mid-1917. The idea was to stop the Canton currency from depreciating further by reducing the amount in circulation.[26] At this time, the Chamber of Commerce was headed by a new chairman, Chen Lianbo, a graduate of Queen's College in Hong Kong, and the Compradore of the Canton branch of the

Hong Kong and Shanghai Bank. As a member of the alumni society of Queen's College, he was an acquaintance of Ho Tung and Liu Zhubo.[27]

In September 1917, however, the Guangxi militarists repeatedly forced the Bank of China in Canton to give them a loan of five million dollars in Canton currency. Wu Tingfang undertook to save the Bank by negotiating with the Cantonese merchants. They resolved that a government gunboat (one of the few resources that the Canton government managed to control) would be sold for a return of 700 000 dollars in Canton currency and the sum would be deposited in the Bank of China in Canton. However, the sale of the gunboat later fell through when the foreign buyer refused to pay.[28]

The Canton government could only govern minimally. In the middle of 1918, Sun Yat-sen, Tang Shaoyi, and groups of the Parliamentary members left Canton for Shanghai, because of the ungovernable guest armies. They left behind in Canton an empty and rotten government.

THE CO-OPERATION OF THE MERCHANTS IN HONG KONG AND CANTON

By 1918, the Canton government was almost non-existent. In the absence of a workable government, the merchants in Hong Kong and Canton worked together over several issues concerning the well-being of Guangdong and Hong Kong. Two notable examples were rice relief and the maintenance of the Canton currency.

In 1919, there was a severe rice shortage in Guangdong and Hong Kong. This crisis originated in Japan, which had an extraordinary demand for rice in 1919. As a result, a large quantity of rice in Southeast Asia, the major rice-supplying area for the region, was exported to Japan.[29] By the middle of 1919, China's Anhui province, another rice-supplying area in the region, became the next focus of the Cantonese and Japanese rice merchants. To compete with the Japanese for the purchase of Anhui rice, merchants in Canton and Hong Kong formed themselves into a Guangdong Food Relief Association (Guangdong *liangshi jiujihui*), with the aim of raising funds for the purchase of rice from Anhui.[30] The chairman of this Association was Chen Lianbo. Besides donating 50 000 Hong Kong dollars, he secured a loan of 100 000 Hong Kong dollars from the Hong Kong and Shanghai Bank for the Association. High on the donors' list were such Hong Kong companies as the Sincere, Wing On, Sun, True Light companies, as well as the Bank of Canton.[31]

In a July 1919 meeting of the Hong Kong Legislative Council, Liu Zhubo was challenged by his foreign colleagues as to why the Hong Kong Chinese General Chamber of Commerce had to affiliate itself with the merchants in Canton for the purchase of rice from Anhui. Liu's reply was simple. He said 'even with money, we could not purchase rice in China, only a government could achieve this'.[32]

Liu Zhubo's statement is valid. The purchases of rice from Anhui involved not only a huge sum of money, but also extensive political networks. The Cantonese merchants were competing keenly with buyers from Japan and other provinces in China for the Anhui rice. Acting as the representatives of Guangdong, the merchants contacted the Anhui Government for the purchase of 0.5 million *shi* (1 shi = 133 lb.) of rice. The merchants had to lobby with competing governments in other provinces to facilitate the rice purchases. To ensure that the Anhui rice would be transported cheaply to Guangdong, the Association telegraphed the governments in the coastal provinces for tax concessions in the transport of rice. To achieve this purpose, telegrams were also sent to the Cantonese associations in these coastal provinces, requesting that they pressure the local government.[33] Liu Zhubo also sent a telegram to the President in Peking asking for his help in persuading the Anhui government not to sell rice to Japan.[34] Merchant groups in Hong Kong also sent telegrams to Liang Shiyi asking for his help in persuading the Anhui government to allow the export of rice to Guangdong.[35]

Through the Association, rice was transported from Anhui to Guangdong in July 1919. Through the co-ordination of Chen Lianbo in Canton, Ho Tung and Liu Zhubo in Hong Kong, part of this rice was eventually transported to the colony.[36] In Hong Kong, the rice was allocated to different districts through the regional chambers of commerce or business guilds. The co-ordinator of this distribution was one of Ho Tung's sons, Ho Sai-Kong.[37] The younger Ho and his brother were then the Compradores of the Hong Kong branch of the Hong Kong and Shanghai Bank. Through the British Consul-General in Canton, a note of thanks was sent to Chan Lianbo by the Governor of Hong Kong.[38]

These efforts to purchase rice from Anhui, in the absence of a workable Canton government, drew the mercantile communities in Canton and Hong Kong into closer co-operation. This co-operation also functioned in the maintenance of the depreciating currency in Guangdong.

In early 1919, merchants in Canton and Hong Kong formed themselves into a capital syndicate (named the *Righteous Profit Currency Maintenance Capital Syndicate*), the aim of which was to raise two million dollars in Canton currency. The sum was to be deposited in the

Bank of China in Canton as fixed savings and as security to support the existing paper currency in Guangdong. The crucial point in this deal was that the capital was to be kept in custody by the Hong Kong and Shanghai Bank in Shameen (the British concession) so as to prevent forced borrowing by the Guangxi militarists. The leading promotor of this Capital Syndicate was Chen Lianbo. Before agreeing to maintain the depreciating currency, the Capital Syndicate put forward several conditions to the Canton government. One condition stated that fixed savings should be kept in custody by the Hong Kong and Shanghai Bank in Shameen. Another specified that the taxation from the Canton government should be deposited in the Bank of China in Canton. The Capital Syndicate could appoint its agents to co-supervise, with the Bank of China, the collection of government taxation in Guangdong. It was also stipulated that should an occasion arise when the Bank of China would have to move out of Guangdong, the Capital Syndicate would act on the Bank's behalf and take over the Bank's assets and investments in the province.[39]

These requests suggest that the Capital Syndicate intended to control several important aspects of financial administration in Guangdong. Before any of these measures materialized, however, around late 1920 the political situation in Guangdong underwent a drastic change.

'CANTON FOR THE CANTONESE'

By 1920, Guangxi dominance in Guangdong was threatened by the return of Chen Jiongming from the neighbouring province of Fujian. Chen was the Governor-General of Guangdong in 1912 and 1913. After the failed 'Second Revolution' against Yuan in 1913, he escaped to Malaya (while Sun went to Japan) and developed his own anti-Yuan organization independent of Sun. When the Canton Government was established in 1917, nominally under Sun Yat-sen, Chen returned to Canton only to find that the guest armies from Yunnan and Guangxi held real control of the province. As a result, he gathered a small troop of soldiers made up of native Cantonese and in early 1918 moved to Fujian, where he strengthened the troop's fighting potential. This army was known at the time as the Guangdong Army (*Yuejun*).[40]

Amidst the rumours of Chen Jiongming's return, the Hong Kong Chinese General Chamber of Commerce and the Canton Chinese General Chamber of Commerce sent their representatives to meet Chen Jiongming in September 1920. Under Liu Zhubo and Chen Lianbo, both Chambers

made known their support for Chen's return and for the restoration of a 'Canton for the Cantonese'. 'A group of Chinese bankers in Hong Kong', under Chen Gengyu, advanced an amount of 200 000 Hong Kong dollars to Chen Jiongming.[41] Chen Gengyu was the first vice-chairman of the Hong Kong Chinese General Chamber of Commerce, founded in 1914 (with Liu Zhubo as the first chairman). According to Japanese records, he came from a Eurasian family in Hawaii. He settled in Hong Kong around 1890 and was related to Chen Jiongming by marriage. By profession, he and his brother had once been the Compradores of the Hong Kong and Shanghai Bank.[42]

The Cantonese merchants offered to pay the Guangxi troops a 'give-way fee', if they retreated from Guangdong. The Guangxi militarist also announced that he would hand over his official seal, provided he was given a sum of two million dollars in Canton currency. It was 'overdue army expenditure', he explained.[43] In response, the Cantonese merchants held a meeting with him to bargain for a reduction of this overdue expenditure. While the merchants offered a 'farewell fee' of 1 500 000 dollars in Canton currency, the Guangxi leader refused to take anything less than two million. At this juncture, the Guangxi leader received a letter from Chen Gengyu who promised to 'buy peace' for the whole province. Chen intended to raise the sum in Hong Kong through subscription.[44] Military action could not be delayed for bargains to be struck, as, by late October, Chen Jiongming's 'Guangdong Army' had forced its way into Canton. The Guangxi guest armies obtained the 'overdue army expenditure' by different means. They retreated westward to Guangxi and looted along the way.[45]

The return of Chen Jiongming was welcomed by the Cantonese. The Teachers' Association in Canton raised funds to cast a bronze statue of Chen, the hero who freed Guangdong from the brutal Guangxi troops.[46] The feeling in Canton, as described in the newspapers, was that Chen Jiongming should be the Provincial Governor. Funds were promised by the merchants for a new government. A second '*Righteous Profit Capital Syndicate*' was about to be set up by the Cantonese merchants under Chen Lianbo.[47]

At this juncture, Sun Yat-sen and his key supporters left Shanghai and triumphantly returned to Canton on 25 November. Sun prepared to re-assume power. After all, Chen was his subordinate in the 1913 and 1917 Canton governments. When Sun passed through Hong Kong, he was invited by the Siyi men in Hong Kong to a banquet. Li Yutang and Yang Xian, together with other members of the Siyi 'thirty-man subscription team', warmly welcomed him upon his return.[48]

The situation Sun found on his return to Canton was not to his liking. Chen Jiongming, with his army controlling Canton, had a list of impressive titles. Chen was the Governor of Guangdong, the Minister of War, Commander-in-Chief of the Guangdong Army and High Inspecting Commissioner of Guangdong and Guangxi. Sun Yat-sen was only a Director and Minister of the Interior.[49]

At this point, the Siyi men in Hong Kong advised Sun to take up the post of President of China. By doing so, Sun would gain an upper hand over Chen Jiongming in Canton. To facilitate the return of the 'parliamentary members' to Canton, the Siyi men subscribed a sum of 30 000 Hong Kong dollars as 'travelling expenses' for these members. Consenting, Sun summoned all available parliamentarians to a meeting in Canton in January 1921. There was no quorum, but they had already made up their minds and they voted regardless. Eventually, the Parliament duly elected Sun 'President Extraordinary'. To thank the Siyi men, who were active in the business of land mortgaging, President Sun granted them a piece of land in the wealthiest area of Canton city.[50]

Chen Jiongming felt no urgency to act, but neither was he ready to follow Sun. In an interview with a British diplomat, Sun described his relationship with Chen: 'We do not see eye to eye, we threshed out our differences round the Council table which … we thumped'.[51]

Acting as the self-styled 'President Extraordinary of China', Sun now faced the familiar problem of organizing a Canton government with minimal financial resources and inadequate command over the army. Sun appointed Liao Zhongkai as the Minister of Finance of Guangdong. Liao was the son of a Siyi migrant in the United States. He had also studied in Japan, where he gained early exposure to Marxism, an ideology that would shape his political career. In 1912, he was the Vice-treasurer of Guangdong and worked under Li Yutang. But their relationship was not a cordial one. While Li regarded young Liao as an idealist with impractical theories, Liao regarded Li Yutang as a speculator looking for quick profits.[52] As will be seen, their competition reached a climax in 1923.

Sun's efforts to reorganize the chaotic Guangdong finances actually undermined his already unpopular leadership among the Cantonese merchants. In January 1921, Liao Zhongkai announced a new and radical method to resolve Guangdong's years-long financial chaos: a total abolition of the existing currency in Canton. This policy was fatal to the Cantonese merchants in light of the fact that the currency was issued by the Bank of China in Canton and backed up by the *Righteous Profit Capital Syndicate*. After abolishing the existing currency, Liao planned to set up a new government bank and to issue a new currency. He claimed

that the Canton branch of the Bank of China was controlled by the Peking government, and, as Guangdong was independent, the Bank should no longer exist in Guangdong. The Canton currency depreciated by 70 per cent after this announcement. To safeguard their interests, Cantonese merchants in Guangdong, Hong Kong, Shanghai, and Peking petitioned the Canton Government to maintain the existing currency.[53]

The different regional chambers of commerce in Canton wrote a joint letter to Sun, stating that 'to cancel the existing currency (issued by the Bank of China in Canton) is equivalent to issuing the death penalty to the merchants'. The chambers compared this fiscal policy in 1920 to the one carried out by the Peking government under Yuan Shikai in 1914. As hostile as the Peking government was in 1914, it dared not abolish the existing currency in Guangdong, but in 1920, with a government controlled by the Cantonese, the merchants were robbed of their wealth overnight. Ending the letter, the chambers warned the government that 'if the credibility of the Government is shattered, the new notes issued by the Provincial Bank of Guangdong may suffer too'.[54]

The merchants' 'prediction' proved correct. The currency issued by the new provincial bank depreciated sharply once it entered circulation. Liao attempted to raise loans for the government by appealing directly to the Sincere Company, Sun Company, and Real Light Company, Chen Lianbo, and the Canton Chinese General Chamber of Commerce. A sum was eventually collected by Liao, but only 30 per cent of what Liao needed.[55] In February, a month after the announcement of Liao's radical fiscal policy, the following passage appeared in the *Huazi ribao*:

> Today, both the northern and southern governments are beggars' governments … [They] bring troubles to the nation and victimize the people … The so-called officials … all aim to seize money … We, the citizens should ask both governments to step down in this critical moment. As the Republic belongs to all 400 million people of the nation [*guomin*], it should be totally returned to us. We, the people, should manage the nation directly.[56]

Negative feelings toward Sun Yat-sen were gaining ground among the Cantonese merchants, who increasingly shifted their support to Chen Jiongming. This Sun-Chen struggle in Guangdong was presented as a divergence of policies; whereas Chen Jiongming talked of the need to consolidate Guangdong by local reform under a federal system of provincial autonomy, Sun fixed his attention on a centralized state after a northern expedition, which was to be supported by Guangdong's resources.[57]

Against this background, Chen Jiongming secretly approached Liu Zhubo and Zhou Shousan in Hong Kong in March 1921. Liu and Zhou were the Chairman and the Vice Chairman of the Bao'an Chamber of Commerce. Both were also Legislative Councillors of Hong Kong. Liu Zhubo disclosed to the Colonial Governor that Chen Jiongming had made a special request that the two Legislative Councillors of Hong Kong organize an Advisory Committee for the Canton Government. The proposed committee would give advice on the 'administration of the province [of Guangdong] in relation to civil and financial matters'. Structurally, the committee was modelled on the Legislative Council in Hong Kong, and, in essence, it would 'possess the power of the Executive Council' for a new Canton government. The Governor was obviously impressed by the scheme. He explained to the Colonial Office that 'the Committee consisted of five officials and five merchants, three of whom will be [from] Hong Kong'.[58]

Corroboration for this claim can be found in the Chinese press. In March and April, Liu Zhubo and Chen Gengyu had drafted and announced an organizational charter for a *Business Maintenance Committee* in Hong Kong. This committee intended to raise a loan of 3 000 000 Hong Kong dollars for the new Canton government. To collect the sum, Liu and Chen proposed two methods to recruit adequate subscribers. The committee would either include a membership of 300 merchants with a subscription fee of 10 000 Hong Kong dollars or a membership of 30 000 merchants with a subscription fee of 100 Hong Kong dollars. They intended to publish and distribute the charter in Hong Kong. In the meantime, Chen Jiongming invited Liu Zhubo to Canton for a brief visit.[59]

The Colonial Governor passed the scheme to the British Consul-General in Canton, and then to the British Minister in Peking. Enclosed with the Governor's letter was a six-page report submitted by Liu Zhubo on his three-day visit to Canton in March 1921.

In this report, Liu disclosed that the real object of the formation of the advisory committee was 'to finance and to enable' Chen Jiongming 'to sever connections with Sun Yat-sen'. The Committe intended to place the new Canton government under 'the supervision of the Cantonese merchants', and to model it structurally 'on the form of government in Hong Kong'. In Liu's words:

> The Political ship of Canton – officiated, manned and navigated as it now is – is bound to strike rock [or run aground] … What the Chinese merchants in Hong Kong and Canton should do, and do at once, is to prepare and equip another ship for their own salvage purposes.[60]

Liu claimed that the organization had formed 'at the request of 100-odd men in Hong Kong to protect their properties and industries in Canton' as these merchants could not 'afford to sit tight and see their interests seriously impaired … by unscrupulous or theory-laden politicians'.[61] By saying this, Liu was pointing his finger at Hu Hanmin and Liao Zhongkai. Liu emphasized that all the 'influential merchants' in Canton also agreed with him.

The Peking Government had a role to play in this secret deal. Liu recalled that Chen Jiongming had disclosed, in a secret conversation that he had been contacted by the Peking government. He reported that 'two secret agents had been sent down' by the Peking government, and they had offered to appoint Chen in the 'dual capacity as the Military and Civil Governor of Guangdong' on condition that he would 'sever his connections with the Sun party'.[62]

Chen Jiongming, however, commented that he was not 'in a position to accept the offer without the support of the merchants and the people'. The meeting ended with the agreement that Liu Zhubo's son would be appointed as a member of the Executive Council for the new Canton government 'so things could be done in his name'.[63]

Liu Zhubo went to great lengths in his report to impress the Governor of Hong Kong that all the important merchants in Canton were 'inducing' him not to drop negotiations with Chen Jiongming, as 'Canton needs the salvage [that is, the help] of a large and united body of influential men'. Liu added that the Cantonese merchants 'all begged him to form a *Merchants' Association* at once' and 'not to leave things as they were'. They also promised 'to whole-heartedly support the scheme of government that he might propose'.[64]

The Governor was impressed. He forwarded Liu Zhubo's report to the British Minister in Peking in April, but it was not until six months later, in September 1921, that the report was sent to the Foreign Office. The British Minister forwarded Liu's report with a two-page note. This note ends with the sentence that 'Mr Liu's letter, though somewhat belated, afforded an interesting insight into Canton politics as they were at the time it was written and as they have since continued'.

The belated action of the British Minister in Peking in forwarding Liu's proposal to the home government is not accidental. It was only in late 1921 that the political situation in southern China suddenly became alarming to the Foreign Office. A Seamen's Strike broke out in Guangdong, and it was generally believed that Sun Yat-sen was supporting the strike as a means to strengthen his position in Guangdong, especially in his competition with Chen Jiongming.[65]

In early 1922, three of the most important British officials in South China (the Governor of Hong Kong, and the British Consul-Generals in Canton and Shanghai) wrote to the home government, all of them going to great lengths to analyze and endorse Chen Jiongming's leadership.

Firstly, the British Consul-General in Shanghai wrote a carefully worded missive to the Foreign Office comparing Sun Yat-sen and Chen Jiongming, and blaming Sun for the increase of 'Bolshevik activities' in South China, and emphasising that Chen Jiongming did not support Sun's policies.[66]

Secondly, the Consul-General in Canton, J.W. Jamieson, wrote to the Foreign Office, accusing Sun of 'coquetting with the Labour Guilds'. He offered a solution to the threat saying that General Chen Jiongming was 'entirely out of sympathy with the movement' of Sun and was 'in a wise and tactful attitude on the part of the British and other foreigners'. The Consul-General disclosed that an agent had been sent to him by Chen Jiongming. 'On the security of the civil Governor's seal and that of the Provincial Treasurer', Chen asked for a loan of 2.5 million Hong Kong dollars.[67]

Thirdly, Sir Reginald Stubbs, the Governor, was informed by Jamieson of Chen's request. He wrote to the Colonial Office stating that if Sun got rid of Chen, 'there would be continual trouble for us'. He suggested that 'the best way of serving the interests of the Colony and of Great Britain in China' would be by assisting Chen Jiongming against Sun Yat-sen.[68]

The Hong Kong and Shanghai Bank had played a part in this Sun-Chen struggle. The Bank was a member of a new China Consortium formed in 1920. The Bank was obliged to follow the Consortium's one-China policy; however, Sir Charles Addis, the representative of the Hong Kong and Shanghai Bank in the Consortium, believed that while a loan to the Peking government under Yuan Shikai in 1913 was a profitable investment, a loan to the Peking government (without a strong leader) in 1922 was highly risky.[69]

Addis' diary recorded that Chen Jiongming paid him a visit on 28 December 1921 but the content of the conversation was not noted. Chen's visit was followed by a visit of the Governor of Hong Kong three days later. In his diary, Addis quoted a striking statement made by Governor Stubbs:

> [Stubbs] thinks we are backing the wrong horse in supporting the North.[70]

By the end of March, the Governor wrote to the Colonial Office again, this time proposing that Chen Jiongming should be furnished with a

foreign loan to enable him to defeat Sun. Wording his letter very diplomatically, he wrote:

> Would there be any objection on the part of his Majesty's Government to loans being made to Chan [Chen Jiongming], privately, to enable him to consolidate his position? Sufficient security can be obtained to justify the [Hong Kong and Shanghai] Bank in providing the money. They would however wish to be assured through me his Majesty's Government would approve the proposal.[71]

The Colonial Office sought advice from the Foreign Office. The Foreign Office thought that Stubbs was overreacting. With contempt, the Foreign Office noted that 'it would be difficult to conceive a more dangerous and absurd policy'.[72]

The Colonial Office instructed Stubbs to abandon his proposal. Nevertheless, R. A. Dayer documents that a loan was actually arranged. The Governor thought that this was the best way to win Chen Jiongming's goodwill and thus protect the political and business interests of Hong Kong. The Hong Kong and Shanghai Bank promised to provide Chen Jiongming with a loan of 500 000 Hong Kong dollars if Chen could really settle the Seamen's Strike and set up a new Canton government. By so doing, the Governor and the Hong Kong Bank were acting against London's instructions.[73]

Parallel to these developments, Ho Tung, Liu Zhubo's close friend and business partner, accompanied the Governor of Hong Kong on a visit to Peking in April 1922. He was granted an audience by the President in Peking. In the meeting, the President questioned Ho Tung 'concerning the Chinese of Hong Kong' and 'expressed his pleasure at Ho's industrial connections'. The three of them dined at the palace where they had a private discussion. This provoked a considerable amount of speculation in Guangdong. The foreigners anticipated a 'house-cleaning' in Guangdong against Sun.[74]

With everything in place, Chen Jiongming broke with Sun Yat-sen in June 1922. Sun's repeated calls for a northern expedition were ignored by Chen Jiongming. In April, Chen sent a telegram to Sun resigning from several of his posts and moved his forces to his home county of Huizhou. Some of the military leaders under Chen Jiongming, stationed in Canton, openly asked for Sun's resignation. Unexpectedly, they bombarded Sun's residence on 15 June 1922. Sun fled in panic to a nearby gunboat. While taking refuge on the gunboat, Sun was interviewed by the American Consul. According to Martin Wilbur, Sun insisted 'why should I resign when I am the Constitutional President of China?' Seeking a graceful

retreat, Sun asked the consular body to 'request his departure' in the interests of trade in South China. He was willing to leave Guangdong on two conditions: firstly, the city of Canton should bid him farewell in an appropriate manner showing adequate respect to his high position; and secondly, the Canton government should pay him a sum equal to expenses for his future presidential election in Peking. Both requests were turned down. Sun was finally deserted by the Navy and was asked by the leaders of the Navy to leave the gunboat. At this point, the British Consul-General in Canton intervened and Sun's request to make a farewell speech to the Navy was finally granted. After a three-hour farewell speech, Sun was taken to Hong Kong by a British river gunboat. From Hong Kong, Sun went to Shanghai.[75]

Within six days of Sun's flight, Chen Jiongming returned to Canton. He pronounced himself Military Governor and appointed Chen Gengyu Provincial Governor of Guangdong. Two major tasks were set out for the new government: to strengthen its military power and to reorganize the Canton currency.

To restore the Canton currency, which amounted to 26 000 000 dollars [in Canton currency] but had depreciated to 20 per cent of its face value, Chen Gengyu managed in just two weeks to reach an agreement with the Hong Kong and Shanghai Bank. Chen Lianbo was one of the agents in this deal.[76] The Hong Kong and Shanghai Bank established a new type of fixed savings account, allowing for a total of 10 million dollars in Canton currency to be deposited in the bank. By this means, Chen wished to halve the amount of currency circulating in the market place. In return, the interest for this fixed savings was guaranteed by taxation in Guangdong.[77] After this, Chen Jiongming called for the setting up of a *Finance Disclosure Committee* (*Caizheng gongkai weiyuanhui*) under Chen Lianbo. Chen Gengyu also appointed Ho Tung and Chen Lianbo as financial advisers to the Canton government. As a consequence of these measures, the value of the currency rose from 40 per cent to 80 per cent of its face value within three months.[78]

To strengthen the military power of the new government, Chen Gengyu advanced 200 000 Hong Kong dollars for the purchase of a discarded war arsenal from America. This 'fully equipped American arsenal' was supposed 'to manufacture almost anything used in modern warfare'. The new arsenal in Guangdong was subsequently placed under the management of Chen Gengyu's son, a Yale graduate.[79]

However, neither of the policies, to reorganize the Canton currency or to strengthen the government's military power, lasted long enough to show results. Within six months, before Chen could rebuild his fragile

military strength, Sun Yat-sen was fighting his way back to Canton. This time, Sun brought the military support of the Yunnanese troops with him. Through Hong Kong, Sun's representatives negotiated with the agents of the Yunnan and Guangxi troops. An agreement was reached among the three parties whereby the Yunnanese and the Guangxi troops would attack Canton after receiving funds and military supplies from Sun.[80] Among the major suppliers of funds to Sun were the Siyi merchants in Hong Kong.

Threatened by the return of Sun, the Governor, again, appealed to the Colonial Office for their approval of his support for Chen Jiongming by raising a loan of two million Hong Kong dollars among the Chinese in Hong Kong. Governor Stubbs, anticipating the collapse of Chen Jiongming's regime in Canton, warned that every effort should be made to prevent Sun's return to Canton. Stubbs' request was bluntly turned down and his involvement in Chinese politics cost him the governorship of Hong Kong.[81]

With Sun supported by the Yunnanese and Guangxi guest armies, Chen Jiongming was forced to retreat to Huizhou in January 1923. His fall shattered the strength of the English-educated merchant group in Canton politics. Chen Gengyu escaped back to Hong Kong together with his son, the Commandant of the Canton Coast Defence and the Director of the Guangdong Arsenal. His son was assassinated in the colony two months later and he died several months afterwards.[82] Liu Zhubo had passed away earlier, in late 1922, due to an illness. Chen Lianbo resigned from his post in the Canton General Chamber of Commerce.[83]

SIYI MEN AND THE NEW POLITICAL LANDSCAPE IN CANTON

After his return to Canton in January 1923, Sun handpicked a new political figure from his own camp to control Guangdong's finances. This prominent figure was Sun Ke, his son. Under whose patronage, the Siyi men revived their influence in Canton.

In his mid-twenties, Sun Ke had returned from the United States with a master's degree.[84] He was appointed by his father as Mayor of Canton (a new government post created by Sun Yat-sen). As Sun's rule hardly extended beyond Canton city, Sun Ke had control of the major component of Sun's regime. Although Liao Zhongkai was appointed as the Minister of Finance of Guangdong, financial resources under his control were small, at least until Soviet aid reached Canton, through Liao, in late 1923.

The struggle for power between Sun Ke and Liao Zhongkai was known in the press as one between the *Clique of Princelings* and the *Clique of Elders*. The *elders*' camp included Liao Zhongkai and Hu Hanmin, both of whom were Sun's long-time followers. The *princelings*' camp included Sun Ke, Wu Tingfang's son and Ho Kai's son-in-law. The Siyi men revived their influence in the Canton government by aligning themselves with the *princelings*. The main struggle between the '*princelings*' and the '*elders*' ensued in attempts at fund-raising for the bankrupt Canton government.

Back in Canton, Sun faced the familiar problem of trying to organize a government without adequate money and with only nominal control over the military forces. To sustain his rule, Sun had to surrender himself to the unreliable mercenaries from Yunnan. Following the precedent of the Guangxi troops, the Yunnanese troops now became the new usurpers in Canton. They imposed new taxes, extorted protection fees from shipping, gambling, opium and other daily activities, including a tax on night soil, and turned Canton into '[a haven for] opium dens, gambling halls and other vicious resorts'.[85] The British Colonial Office observed in late 1923:

> Sun is now regarded by all classes in Canton as an avenging wolf, devouring the fat and blood of the people in order to sustain his obsession that he is destined to be the saviour of the country. He is being used by the mercenary Yunnanese troops, who have no object but plunder, and, in his name, there has been established in Canton a system of extortion astonishing even for China.[86]

To prevent the guest armies from mutiny, Sun had to provide daily 'maintenance expenses' of 20 000 to 30 000 dollars in Cantonese currency.[87] But Sun's Canton government, with its limited ability to extend its control outside the city of Canton, experienced many difficulties in collecting these 'maintenance expenses', as tax collection was 'stopped and confiscated by armies who happened to be stationed in the area … extra tax was imposed, tax-farming was sold by the armies'.[88]

Sun had to rely on domestic loans and to secure these, he found the Hong Kong merchants useful. As early as late 1922, Sun Yat-sen had instructed Sun Ke to contact the Siyi men in Hong Kong for funds. Anticipating Sun's return to power, the Siyi men in Hong Kong announced in 1923, through Sun Ke, that they could raise several billion dollars for the new government if the following three conditions were granted. First, for every dollar raised for Sun two dollars would later be

repaid. Second, the financial departments of the Canton government were to be managed by Siyi companies, and, third, the Siyi men should have a say in the appointment of the future Provincial Governor of Guangdong.[89]

Upon his return to Canton, Sun called for a meeting with the merchants residing in Hong Kong. Fifty of them, led by the Siyi leaders Li Yutang and Yang Xian, met Sun Yat-sen in the Cement Works of Guangdong. In response to Sun's call for financial support, Li made a public speech: 'If Generalissimo Sun could give us, the people [*renmin*], supervisory power [over the finances], we, the people, would maintain the situation'. Li concluded that 'after all, all the Generalissimo needs is several million'.[90]

Desperate for money, Sun accepted the three conditions set out by the Siyi men. According to the Chinese press, the Siyi merchants had promised Sun a loan of 5 million dollars in Canton currency. After Sun's return to Canton, the Siyi men fulfilled part of their promise by providing a sum of 3 million dollars to the new government. In return, the posts of Provincial Governor, Minister of Finance, and Commissioner of Salt Transport were all given to Siyi men. These arrangements triggered resentment in Liao Zhongkai and Hu Hanmin, leaders of the *Clique of Elders*.[91]

Under the Siyi men, the Guangzhou Registration Bureau for Government Properties (*Guangzhou guanchan gengjiju*) was set up in 1923 for the registration of immovable properties in Canton city. Accordingly, all properties controlled by lineages, temples, and guild halls were declared public property until 'red deeds' (land deeds issued by the Qing government) were produced. Financial rewards were given to those who reported to the Office any unknown 'government property' (*guanchan*) and 'public property' (*gongchan*) held in private hands.[92]

Under the pretext of land classification and deed examination, many private sites and buildings were confiscated and sold by the Guangzhou Government Property Clearance Office (*Guangdong sheng guanchan ginglichu*) which was, also again, under the control of a Siyi director. His main duty was to sell 'public property' and 'government property' in Canton to private owners.[93]

By subjecting properties in Canton to inspection and registration, and imposing heavy fees for every service, the Siyi men were actually running a very profitable business. This business, built upon the confiscation of 'public property' and 'government property', caused great resentment among many Chinese merchants in Canton and Chinese residing in Hong Kong who had property investments in Canton. The press

observed that the Siyi men had 'lent Sun Yat-sen 3 millions, and they were earning back more than the principal and the interest'.[94] The Siyi men's activities evoked discontent among groups of Chinese in Guangdong and Hong Kong. In April, Cantonese merchants issued an open letter to Sun, requesting that the Siyi men step down from their posts. The letter reads:

> What [sic] is Yang Xian? [He] steals and sells the Buddhist monasteries, interferes with people's religious beliefs … He even sells the Earth God's temple and the temples where coffins are stationed.[95]

The auctions of public and government properties gave rise to a land boom in Canton so the real estate market in Canton expanded dramatically in the early 1920s.[96] The 1923 records of the British War Office stated that 'in the last few months there has been a considerable rise in the prices fetched by land sold by auction on the open market and an outburst of speculation in real estate. Demand exceeds the available supply'.[97] The *China Weekly Review* also recorded that:

> The boom in lands and shares was the most outstanding feature of the year 1923 … Both markets helped to swell the government's income, the former with premia and the latter with stamp duties. Money too plentiful, speculation rife … Work seems to have been plentiful.[98]

During this boom in real estate, not every piece of public or government property was openly put up for auction. These properties could often be purchased through personal networks. In some cases, one could purchase the land for just 10 per cent of the estimated auction price.[99] One example is the Canton–Sanshui R.R. Wharf on the Bund, which was sold together with control over the ferry services to Wu Dongkai, a Siyi man, close friend of Li Yutang, and former member of the thirty man subscription team.[100]

The most notorious case was the purchase of the Canton Agricultural Experiment Laboratory (*Guangdong nonglin shiyanchang*). The Bank of Canton, under the directorship of Li Yutang, purchased the site and buildings of the laboratory in 1923. The site was an area of about 200 000 square meters, and the buildings were the Canton government offices, which were to be sold to the Bank of Canton for a nominal price of just 550 000 dollars in Canton currency. Ironically, this figure was eventually adjusted to only 220 000 dollars in Canton currency, after deducting the so-called 'overdue interest' that Sun had to pay to the Bank of Canton for

all the loans that he had previously taken from the Siyi men. As a token of good will, the Bank of Canton promised to pay 5000 dollars in Canton currency for the removal of the government offices from the site. The agent in this purchase was Yang Xian, then the Minister of Finance, a close friend of Li Yutang, and a principal shareholder in the Bank of Canton. After the purchase, the Bank announced its intention to sell the Experiment Station. It asked for 850 000 dollars in Canton currency, four times the purchase price.[101]

The memoirs of a government official who had worked under Sun Ke in the Canton government indicate that a large number of land investment and mortgage companies appeared in Canton in the 1920s, the majority of which were set up by Siyi men. A recent study also confirms that Siyi men were active speculators in Canton's real estate market. The sales of 'public properties' sparked off severe criticism from the press, and from those lineages, temples and monasteries whose properties were being confiscated.[102]

FINANCING THE CANTON GOVERNMENT – ALTERNATIVES TO DOMESTIC LOANS

The Siyi men's dominance in the financial departments of the Canton government was subjected to at least two challenges: from the guest armies and from the *Clique of Elders*.

Soon after Yang Xian was appointed Minister of Finance, a small band of Yunnanese soldiers came to the Ministry to cash a cheque for 3000 dollars in Canton currency issued by Sun Yat-sen. When the Ministry failed to pay the cash immediately, Yang Xian was located, tied up and detained by the Yunnanese soldiers. Yang was released only after his relatives in Hong Kong advanced the sum to the Ministry of Finance and paid the soldiers.[103]

The fatal blow to the Siyi merchants' influence in the Canton government came from Liao Zhongkai. He enjoyed a political revival in the middle of 1923 when the Soviet government promised to grant a 'huge loan', through negotiation by Liao Zhongkai, to Sun Yat-sen's Canton government. In June 1923, Sun Yat-sen, on the advice of Liao Zhongkai, issued an order to appoint Liao and his associates to such high posts as Provincial Governor, Minister of Finance, and Commissioner of Salt Transport in Guangdong. The Siyi men currently holding these posts were dismissed.[104]

Yang Xian, the Siyi leader acting as Minister of Finance under Sun staged a modest protest against Sun's sudden change of policy by hiding his seal of office and refusing to hand it over. Liao Zhongkai took the chance to ask Sun to punish the disobedient Yang Xian. Sun agreed so as 'to warn others from doing the same'.[105] We do not know details of what punishment Yang suffered, but the subsequent developments suggest very strongly that the Siyi men were never able to regain their dominance in Guandong politics where Liao Zhongkai was emerging.

The revival of the *Clique of Elders* introduced a new factor in Canton politics – the arrival of Soviet aid. This new development released Sun from his reliance on domestic loans.

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6 Military Confrontation and Retreat

On three occasions between 1917 and 1923, Sun Yat-sen established a government in Canton. On each occasion the government had few financial resources and almost no control over the military. All three of the Canton governments depended heavily on domestic loans, and a substantial portion of these loans came from the Chinese in Hong Kong. Of the Canton governments, the one established in 1923 eventually launched the northern expedition to unify China and transformed itself into a 'national' government in 1928.

A significant factor contributing to the emergence of the 1923 Canton government within the national politics of China was that the Soviet Union gave aid to Sun from 1924. With Soviet assistance, a central bank and the Whampoa Military Academy were established in Guangdong in 1924. In the same year a severe military confrontation between Sun's government and the merchant corps broke out in Canton. This military confrontation, known as the 'Merchant Corps Incident', marked a decline in the role played by merchants in Guangdong politics.

POSSIBILITY OF BRITISH AID TO CANTON GOVERNMENT

Developments on the international scene during the early 1920s may explain why foreign loans became available to Sun. Both the China Consortium (formed by the major western banks) and the Comintern (supported by the Soviet Union) were looking for ways to build channels through which they could exert their influence on China's future development. In this difficult contest of gambling on Chinese politics, both the Consortium and the Comintern focused some of their attention on Sun's regime in Canton.

Firstly, a new China Consortium was formed in 1920, but its avowed policy of giving exclusive recognition to the Peking government was not upheld by its members. The bankers in the Consortium were eager to lend to the local authorities in China, including the Canton government, despite Peking's objections. Notable among these bankers was Sir Charles Addis,

the Manager of the Hong Kong and Shanghai Bank and the head of the British representatives in the Consortium.[1] Secondly, by the 1920s, Comintern agents active on the international scene were promoting what was considered an international revolution. Adolf Joffe was one of the notable Comintern agents active in China by the early 1920s.[2]

While taking refuge in Shanghai after breaking up with Chen Jiongming, Sun Yat-sen explored different possibilities for foreign loans for his future government in Canton. In January 1923, Sun contacted the British Consul-General at Shanghai. Sun was, the Consul-General recorded, 'not entirely confident of his ability to re-establish his old position in Canton and 'more than ever desirous of assuring for himself a more sympathetic neighbour in the Colony of Hong Kong'.[3] Through the British Consul-General, Sun put forward a request for a meeting with the Governor of Hong Kong.

Governor Stubbs was losing confidence in Chen Jiongming's ability to establish a government in Canton and welcomed Sun for a luncheon at Government House, a degree of attention that was surprising given his previously negative attitude toward Sun. This was followed by afternoon tea at Ho Tung's residence.[4] Probably through Ho's arrangement, Sun visited the Manager of the Hong Kong and Shanghai Bank at his grand residence a few days later. Sun took advantage of the occasion and asked the Bank for a loan of 10 million Hong Kong dollars. Politely declining this request, the Manager, as Frank King documents, advised Sun that the Cantonese were 'buying land in Hong Kong and driving up prices; they had the funds and should lend to their own authorities'.[5]

Parallel to these developments, the British Foreign Office, adhering to its avowed one-China policy, was annoyed by the contacts between Sun and the Governor.[6] Defending his decision to hold a meeting with Sun, Governor Stubbs explained that Sun 'seemed to have undergone a very great change. He appears to be anxious to be on good terms with us'.[7] He disclosed what Sun had told him in their meeting:

> [Sun wanted me to] suggest names in Hong Kong [who] can help in the reorganization of certain departments in Kwangtung [Guangdong], especially taxation, land, and audit.[8]

The Governor persuaded the Colonial Office that 'in the interest of Hong Kong it is most desirable that [the] Kwangtung [Guangdong] administration should be put on a satisfactory footing', and he predicted that 'things would go more smoothly than in the past if we endeavoured to work with him in a friendly spirit'.[9]

During his brief stay in Hong Kong, Sun called on Ho Tung to arrange a meeting with Liang Shiyi, the leader of the Communications Clique, who was then living in Hong Kong.[10] Liang's retirement to Hong Kong was connected with Peking politics. After Yuan's death, Liang had lost some of his influence over the Ministry of Communications, but managed to retain control over the Bank of Communications. Liang's ability to raise loans through the Bank meant that several military leaders in northern China sought his help in acquiring funds. By the early 1920s, Liang had joined forces with the Manchurian warlord Zhang Zuolin. In 1922, Zhang was defeated by a competing military clique and had to retreat temporarily from Peking to Manchuria, while Liang retired to Hong Kong. Liang Shiyi then planned the restoration of Zhang Zuolin to the Peking government. To this end, he proposed a coalition of several provincial authorities under the leadership of Zhang. Consequently, he welcomed the visit of Sun, the leader of the newly established Canton government. The contents of the meeting between Sun and Liang, however, were not disclosed.[11]

In March 1922, about a month after the aforementioned meetings, Liang, surprisingly, negotiated on behalf of the Canton government with the China Consortium for a loan of 100 million Chinese dollars. Liang suggested to the Consortium that the loan could be guaranteed by the salt revenues in Guangdong. He specified that three-quarters of this money would be allocated for 'constructive purposes', and 'supervised by the foreign powers', but the rest would be 'free money' controlled by the Canton government.[12] If these negotiations were successful, the Consortium's one-China policy would be terminated.

In April, Ho Tung arranged for Liang Shiyi to take tea at Government House. During the two hours of conversation, Liang tried very hard to persuade Governor Stubbs of the advantages of co-operation between Zhang in Peking and Sun in Canton. The Governor of Hong Kong recorded what Liang Shiyi had told him in the meeting:

> Chang Tso-lin [Zhang Zuolin] … is a good administrator … [and] a good financier … The salvation of the country lies in the pacification of each province separately under its separate head … Chang [Zhang] and Sun are proceeding along the right lines of pacification … Sun has abandoned his extremist policy … and has gained … popularity among the merchant class. Chang is assisting Sun with funds.[13]

Liang obviously was lobbying for British aid for Sun's regime in Canton. However, before any agreement was reached between the Consortium and the Canton government, the Lincheng Incident occured in northern China.

An express train was held up by a group of Chinese bandits near Lincheng County in Shandong Province and 19 foreign passengers were kidnapped.

The incident diverted the attention of the Consortium back to the North. The Consortium seized this opportunity and immediately began negotiations with the Peking government for a new loan agreement, which was to have one condition – foreign supervision of China's national railways.[14] The British Foreign Office noted with satisfaction that 'at last we have got the Consortium to work and could give it our blessing'.[15] Besides China's railway system, the British Foreign Office also proposed that the Consortium examine 'the possibility of opening up new and hitherto untried sources of revenue' in China.[16]

As the Consortium shifted its attention back to the North, Liang's proposal of a loan for the South gradually faded in importance. In early September, the Foreign Office ended the discussion of a foreign loan to the Canton government by drawing the conclusion that Sun was unworthy of support. It commented that 'Sun, like every other leader in China, would agree to anything which would bring him in free money'.[17] On the subject of the Hong Kong and Shanghai Bank's proposal to finance an alliance between Sun and Zhang Zuolin, the Foreign Office commented with contempt:

> It is surprising that Sir Charles Addis [of the Hong Kong and Shanghai Bank] appears to have entertained with some degree of seriousness this proposal for financing a combination of Tuchuns [military governors] who aspire to set up a new Chinese Government of their own. For that is what the project amounts to, even though its propounders call it a unification of China.[18]

As the mediation of the Governor of Hong Kong, Ho Tung and Liang Shiyi ended in failure, the opportunity for a British loan to Sun was lost.

In November, recognizing his inability to gain financial support from the Consortium, Sun took the risk of offending the Western powers by claiming a share of the customs surplus collected in Guangdong. Sun requested the return of part of the customs surplus to the 'southern government' in Canton. As they had done previously, the Western powers ignored Sun's request. After several unsuccessful appeals, Sun resorted to his former tactics of announcing that he would seize the Maritime Customs by force.[19]

At this juncture, the Governor of Hong Kong wrote to the Colonial Office and 'urged most strongly' that the powers refrain from interfering with Sun. His reasoning was simple: with all her interests concentrated in

South China, 'Great Britain stands to lose so infinitely more than any other power'.[20] In the same despatch, Stubbs warned that 'drastic action against Sun will mean disaster to this Colony, British trade and to our interests throughout the Far East'.[21] A week later, Stubbs wrote again to the Colonial Office using the same alarmist tone:

> The prosperity of this Colony is bound up with Kwangtung [Guangdong] … Peking is far away, and, owing to the unfortunate state of affairs for many years past, is much out of touch with the South.[22]

Once again, London did not take Governor Stubbs' opinion seriously. The Foreign Office even condemned Stubbs for his 'persistent itch to interfere in the affairs of Canton'. His political career as Governor of Hong Kong was drawing to a close.[23]

The Foreign Office seemed to accept with ease the view of the British Minister in Peking, whose opinions were quite opposite to those of the Governor of Hong Kong. He wrote to the Foreign Office that the expatriate circle in China was anticipating another collapse of the government in Canton, with Sun Yat-sen fleeing once more, which 'would provide a solution to this embarrassing question'.[24]

The Western powers' final answer to Sun was to send a powerful international naval force to Canton. On 19 December, the day Sun had set for seizing the Customs, more than a dozen foreign gunboats appeared in Canton waters: six American, five British, two French, and two Japanese.[25]

Outraged, Sun called a mass meeting in Canton. He declared that if the Western powers would not help him, he would turn to the Soviet Union. He 'had lost hope of receiving help from the Western Powers' and he believed that 'only the Soviet Union would help the Chinese'.[26] Sun's words were to prove prophetic.

THE ARRIVAL OF SOVIET INFLUENCE

Sun Yat-sen's decision to request Soviet support was neither a sudden development nor one that was entirely unexpected. As early as January 1923, before his departure from Shanghai to Canton, Sun Yat-sen had been contacted by Adolf Joffe, Comintern agent in China. Through Liao Zhongkai, a Sun–Joffe Manifesto was drawn up and announced in

January 1923.[27] This paved the way for Soviet aid to Sun, who was seeking foreign aid from the Soviet Union, as well as from Britain.

In August 1923, eight months after the Sun–Joffe manifesto, and after repeated failures to obtain British aid, Sun sent a delegation to the Soviet Union. This delegation was headed by Chiang Kai-shek, Sun's eventual successor.[28]

In October 1923, two months after Chiang's trip to Moscow, Liao Zhongkai was appointed chairman of a Guomindang *Reorganizing Committee*, with Mikhail Borodin as its adviser.[29] Borodin, Chiang Kai-shek, and Liao Zhongkai exerted a strong influence over Guangdong politics.

The influence of the Soviet advisers mainly took three forms. Firstly, they brought with them a new political language clustered around the idea of labour and trade unions. With the encouragement of the Canton government, traditional guilds quickly re-organized themselves into modern trade unions and registered themselves with the Canton Municipal Government. Secondly, Soviet promises of loans released Sun from his reliance on funds from the overseas Chinese. With these promises, a new central bank was established in Guangdong in August 1924. Thirdly, with Soviet support, a Whampoa Military Academy was set up under Chiang Kai-shek which eventually freed Sun from his reliance on the guest armies.[30]

As the chairman of the Guomindang *Reorganizing Committee*, Liao Zhongkai helped to introduce to Canton a new political rhetoric for the reorganization of the Guomindang Party. This helped to transform it from a group of individuals held together by their expressed allegiance to Sun into a party that claimed to have an ideology that appealed to what they believed were the 'masses'. The political language changed quickly during these few years. In almost all government publications, the merchants were labelled as 'capitalists'. The ideas of labour and trade unions were employed to mobilize support for the Canton government.[31] In order to do this, a Labour Bureau, a Peasant Bureau, a Women's Bureau, a Youth Bureau, a Propaganda Bureau, an Organization Bureau, and an Investigation Bureau were established by Liao under the Canton government. Liao also established the Guangdong Peasant Institute (Guangdong *Nongmin Jiangxisuo*) for the recruitment of leaders for what was designated the 'peasant movement' (*nongmin yundong)* in Guangdong.[32] Liao undertook to recruit and organize a labour corps (*gongtuan*) and a peasant corps (*nongtuan*) in Canton. By September 1924, the membership of the labour corps was around 2400, and that of the peasant corps was about 4000. These corps were divided into different teams and patrolled the city of Canton.[33] Under Liao, a government-sponsored magazine, the

Guide Weekly *(Xiangdao)* was published, printing a series of accusations against what the Guomindang termed the 'merchant class' in Canton and Hong Kong.

The Canton government's attitude toward merchant groups changed dramatically within a few months. The merchants in Canton and Hong Kong, whose financial support had been sought by the Canton government, were suddenly proclaimed 'anti-revolutionary capitalists' who 'worshipped only the Peking government and the Hong Kong government'.[34] In an article in August 1924, Chen Lianbo and Chen Gengyu were specifically identified as the 'anti-revolutionary compradore-capitalist class'.[35] In another article, we find the following passage:

> What [sic] is Ho Tung? He is a wealthy man in Hong Kong. Is he a Chinese or is he an Englishman? His surname suggests that he is a Chinese but his title is an English knight … He holds the double role of a wealthy Chinese and an English noble, to show himself off in Chinese politics.[36]

By September 1924, an article in this government magazine stated that the overseas merchants, seeing the rise of the labourers in China, were 'turning their backs'. It recorded that Sun Yat-sen had openly proclaimed that the 'Overseas Chinese (that is the merchants) were no longer revolutionary', that they made up 'rumours' that Guangdong was 'turning red'.[37] This rhetoric, as presented by the government magazine, indicated that the Canton government's attitude toward merchant groups in Canton and Hong Kong had undergone a great change.

The creation of an effective army was the responsibility of Chiang Kai-shek. This endeavour was intended to remedy the fatal weakness of Sun's government, which was that it had no army of its own and had to rely on the guest armies or Chen Jiongming's troops. With Soviet promises of arms and training, a Military Academy was established on Whampoa Island, about 14 miles from Canton, in mid-1924. Chiang Kai-shek was appointed chairman of the Preparatory Committee, and Liao Zhongkai was given the office of Political Commissioner responsible for the teaching of ideology.[38]

The re-organization of the Guomindang, the establishment of the Whampoa Military Academy, and the establishment of the labour and peasant corps threatened established interests in Guangdong. A British Officer in South China reported to London:

> A 'Red' military school is training officers in Whampoa, a 'red' organization called the labour Volunteer corps, is in [the] process of being

formed. At present it only consists of a few hundred but it is intended to be some thousand strong and to be armed by [the] government.[39]

Threatened by the new developments symbolized by the Military Academy, the guest armies proceeded to extort as much money as possible from Guangdong. A Guomindang-sponsored magazine published a detailed report on Guangdong's financial situation in 1923. It recorded that the salt tax, estimated by the government to be 12 million dollars in Canton currency, had been reduced to a few hundred thousand by the army which stopped salt boats and confiscated the money. The land tax collected was estimated to be 3 790 000 dollars in Canton currency, but over 90 per cent was being held back by the armies. In conclusion, the record reads, 'as roads were blocked [by the armies], tax could not reach Canton'.[40] Corroboration can be found in British records. The British Consul-General in Canton estimated that in 1923, 'a sum of $100 000 000 was wrung out of the City [of Canton [and] to the neighbouring provinces] in the shape of taxes both regular and irregular … the balance of $70 000 000 having been levied by the non-Cantonese troops, chiefly the Yunnanese, who remitted the money to their own Province'. Canton was being 'rapidly drained of money'.[41]

In early 1924, the Cantonese merchants were threatened by Liao Zhongkai's plans to introduce a new currency to Guangdong. These plans would be followed by a prohibition in Guangdong on the use of Hong Kong currency, which had been one of the most popular mediums of exchange in South China since 1911. With the promise of Soviet aid, Liao Zhongkai hurried to announce plans for the establishment of a new Central Bank in Canton which would issue three million dollars in Cantonese currency.[42] To ensure the smooth circulation of the new currency, Liao intended to issue new legislation forbidding the use of foreign currency in Guangdong. The major target of the legislation was the currency issued by the Hong Kong and Shanghai Bank. Cantonese merchants had expressed concerns that the establishment of a new provincial bank, the introduction of a new currency with an uncertain reserve, and the prohibition of Hong Kong currency in Guangdong might adversely affect the mercantile communities, both in Hong Kong and in Guangdong.[43]

It was against this background that the 'Merchant Corps Incident' broke out in Canton in September 1924. This incident was a military confrontation between a merchant-financed militia, under the command of Chen Lianbo, and the Canton government, under Sun. The Inspector-General of Chinese Customs, and the managers of the Hong Kong and Shanghai Bank played a role in this conflict.[44] Scholarly interpretations of this incident vary. There is agreement that Chen Lianbo intended to drive

Sun's regime out of Guangdong with secretly imported weapons. The major controversy, however, rests on the role of Hong Kong.[45]

THE 'MERCHANT CORPS INCIDENT'

The merchant corps was a private militia equipped and hired by the Guangdong merchants. This militia had existed in Guangdong before the setting up of the peasant and labour corps. It sprang up in various parts of Guangdong after the 1911 political chaos. The press recorded that these militia were a 'direct outgrowth of the military anarchy' in Canton when, after 1911, the Canton government was unable to maintain peace and order in the region. The most powerful of these militia forces was the merchant corps in the city of Canton. We have little evidence to indicate that all the militia men were mercenaries, but there is some evidence that some of them were hired by the shops. In the crucial years between 1921 and 1924, the Canton corps was commanded by Chen Lianbo (a Hong Kong-educated merchant and the compradore of the Canton branch of the Hong Kong and Shanghai Bank). In 1921, the Canton corps was connected with the corps in the surrounding cities by telephone lines specially financed and organized by Chen, with the aim of providing collective protection for the region. The Chinese press commented that under Chen, the merchant corps in Canton experienced impressive growth. In late 1923, the militia in and around Canton was said to number around 20 000, all of whom supposedly had undergone six months of military training.[46]

Attempts were made to strengthen the corps' fighting ability. Among other measures, Chen Lianbo attempted to expand the number of corps members, and significantly, to improve their equipment by purchasing modern weapons from abroad. However, any importation of arms to China would have been a violation of the China Arms Embargo Agreement signed several years earlier at Versailles. As Britain was a signatory, Hong Kong was bound by the Agreement too.[47]

The origin of the 'Merchant Corps Incident' can be traced back to an extra-ordinary event that occurred in late 1923. On 10 October of that year, James Jamieson, the British Consul-General in Canton, received a strictly confidential letter from Hong Kong. It was written by an A.G. Stephen, on the subject of arms purchases. Mr Stephen was a close friend of Governor Stubbs, the Chief Manager of the Hong Kong and Shanghai Bank in the colony, and a Councillor of both the Legislative and Executive Councils of Hong Kong.[48] Undoubtedly, he was one of the most influential foreigners in South China. He wrote:

> My Dear Jamieson,
> Chan Lim Pak [Chen Lianbo] has been telling me about the situation of the Merchants Volunteer Corps which seems to have done good work …since the Revolution…
>
> He says there are 10 000 men enrolled and there are only arms for 5 000 of them, so they are anxious to obtain rifles and machine guns [from overseas] to equip the rest.

Stephen put forward a very remarkable proposal to the Consul-General. His letter continues:

> It [obtaining arms overseas] can be done quite well … [if] the Hong Kong Government would preserve a benevolent blindness.

His letter ends with the anxious questions: 'What do you think about it? What would your attitude be?'[49]

Unfortunately the archives of the Hong Kong and Shanghai Bank, the British Foreign Office, and the Colonial Office offer few clues as to how the Consul-General answered this interesting recommendation.[50] Concerning Chen's proposal for arms purchases, little evidence remains in the Chinese or the British records between November 1923 and June 1924.

In the meantime, it seems that the merchant corps was increasingly active in Guangdong. Three incidents in early 1924, widely reported by the Chinese newspapers in Hong Kong and Canton, illustrate the increasing strength of the merchant corps. In February 1924, a group of Hunanese soldiers attempted to use the depreciating paper currency to buy rice. In addition, they requested that the shop change their paper currency into silver coins. The rice shop refused to give them either rice or silver coins. Furious, the soldiers threatened to open fire on the shop. The shopkeepers raised an alarm which attracted nearby merchant corps members. An exchange of fire followed in which three Hunanese soldiers were killed. Several days later, the soldiers' leader asked the shop for compensation of 200 000 dollars in Canton currency. Backed up by the merchant corps in other parts of Canton, the rice shop refused to give the full sum and offered only 1 500 dollars in Canton currency. The soldiers were forced to accept this.[51] Secondly, in May 1924 Liao Zhongkai announced a new tax in the name of 'street reconstruction' to sustain the bankrupt Canton government. In response, the Canton merchants threatened a general strike. To reinforce the strike, the merchant corps, which then amounted to 234 groups, announced their readiness to fight Sun's troops if necessary.

After several weeks of indecision, the Canton government was forced to back down and rescind the tax. To mark their success, in May 1924, the merchant corps called a meeting, which was attended by 300 representatives from merchant corps in different parts of Guangdong. At this meeting, members made proposals to establish a 'merchant corps' asernal', a 'merchant corps' public bank', a 'merchant corps' public school', and a 'united headquarters of all the Guangdong provincial merchant corps'. Of all these proposals, only the last proceeded quickly. A headquarters for all the merchant corps in Guangdong was to be established in Canton on 24 August, and its commander was to be Chen Lianbo.[52] In June, conflicts resurfaced. This time they began with Liao Zhongkai's introduction of a 50 per cent sales tax on land transfers. The merchants used their corps to picket Canton in preparation for another general strike. Sun was forced to back down again and the tax was finally suspended. Apprehensive that Sun might again rely on force to obtain revenue, the merchants created a Traders' Protective League (*shangyi baohuhui*) to decide on what new taxes they would accept. To back up this decision, Chen Lianbo publicly announced a proposal to expand the membership of the merchant corps to 100 000, so that they could check the continued financial extortions of the government. Threatened by the merchants' stand, Liao Zhongkai issued a decree preventing the planned inauguration of the corps' headquarters. The merchants continued to insist that they were entitled to a self-defence force, free of government interference.[53]

Chen Lianbo's scheme for arms purchases was secretly proceeding parallel to the growing political influence of the merchant corps. Five more letters concerning this scheme were sent from the Canton branch to the Hong Kong head office of the bank in June and August 1924. By then, A.G. Stephen had returned to Britian and had passed away in August 1924. His post as the Chief Manager of the bank in Hong Kong was given to A.H. Barlow, with D.M. Ross as the sub-manager. In Guangdong, J.E.B. de Coury was appointed as the Canton Agent of the bank (in Shameen) in Canton.[54] The involvement of all these men in Chen's scheme for arms purchase is documented by letters in the bank archives.

The Inspector-General of Chinese Customs also knew of the deal. In a letter dated 10 June 1924, the Canton agent wrote to Barlow in Hong Kong, as follows:

> Mr. Chan Lim Pak [Chen Lianbo] says that … in view of the fact that he had previously obtained the sanction of the Commissioner [of

> Customs at Canton] … he thinks that the Customs are under an obligation to assist.
>
> The Compradore does not think that it will be difficult to arrange matters with the Peking government, but if he did so the fact of recognizing Peking might make trouble with the authorities here [in Canton].
>
> He suggests that the Bank might act as intermediary, with Sir Francis Aglen [the Inspector-General of Maritime Customs] pointing out that in the opinion of the Hong Kong government, the Kwangtung [Guangdong] government, and the merchants of Canton this is the only great hope of saving the city.[55]

On that same day, the Acting Commissioner of Customs at Canton, known as a Commissioner Law, 'interviewed' Governor Stubbs though the contents of the interview were not recorded.[56] A letter concerning the arms purchase was then written by Commissioner Law to the bank. This letter, unfortunately, was again not recorded. In a letter dated 21 June 1924, the Canton Agent described the letter to Ross (the Sub-Manager in Hong Kong):

> The letter from Mr. Law … is non-committal and of no value. He will not commit himself in writing.
>
> The shipment is covered by Canton government permit … [the] permit has been inspected by the Commissioner of Customs.[57]

To obtain an urgent permit for the arms, Chen Lianbo made arrangements to secure a license from the Canton government by bribing a Yunnanese military officer. A blank permit was issued and later completed by Chen Lianbo, stating that the imported goods were 'machinery'.

The Canton Agent wrote to Barlow (in Hong Kong) again on 23 June 1924. He said that Sander Wieler and Company, the Belgian supplier of the arms, had arranged with Chen Lianbo to provide two 'manifests' for customs inspection – with one manifest declaring the imported goods as 'arms' and the other declaring them as 'machinery'. Remarkably, the Belgian supplier informed the bank that 'manifests can be altered provided that instructions [are] given immediately.'[58]

These records suggest that the arms purchases went ahead secretly with great caution on all sides. In a letter dated 2 August 1924, the Canton Agent confirmed with Ross in Hong Kong that

> He [Chen Lianbo] has all his papers [permits] ready for the Customs but Law [Commissioner of Customs at Canton] tells me that he will not

> assist in hastening clearance – or interfere at all. The ship is expected on 5th inst. and will under ordinary circumstances anchor near Shameen and the captain will have to come ashore to get his papers from the Norwegian Consul.
>
> If any interference takes place with the cargo owing to delay I don't see how it can be helped.[59]

The Canton Agent confirmed with Barlow on 9 August 1924 that he had explained to Chen Lianbo in 'the plainest possible terms' that

> He [Chen Lianbo] and he alone was responsible for the cargo … [and to ensure that it] is delivered to the proper hands … he may expect no assistance from Peking or from the British government and the Bank would not have countenanced the business if there had been any doubt about his ability to do his part.[60]

The bank felt that financial loss was secondary, but what really mattered was that the arms should reach the right hands:

> No insurance company would pay for 'seize' [sic] if [the arms were] seized by the Canton government … I have impressed on him [Chen Lianbo] very strongly that it is of the least importance to the Bank that insurance should be paid on the arms shipment. What is important is that the stuff should get into the right hands.[61]

According to the permit completed by Chen Lianbo, the steamer *Hav* was to arrive within four months. However, just four days after the issuance of the permit, the steamer suddenly arrived in Canton waters. On the eve of the arrival of the arms, the Canton Agent sent a telegram to Barlow reporting that:

> It is now 3.45 am and the steamer has not yet arrived, but I am told that all arrangements are now in order.[62]

Barlow, Ross and De Coury were obviously keeping a close watch on the shipment of arms. Unexpectedly, as the steamer reached Guangdong waters, it was met by ships manned by Chiang's Whampoa cadets, and was instructed to proceed to Whampoa, where the munitions were confiscated. *Huazi ribao* disclosed that it was the Yunnanese militarist, from whom Chen had obtained the permit for the shipment, who had

betrayed the merchant corps. A dispute immediately arose over the processing of the munitions.[63]

The imported arms amounted to at least 4 850 rifles and 1 150 000 rounds of ammunition, 4 331 Mauser pistols with 2 060 000 rounds of ammunition, 660 revolvers, large and small, with 164 200 rounds of ammunition, and 40 machine guns with a huge quantity of ammunition.[64] These figures offered Sun Yat-sen adequate reason to suspect that Chen Lianbo was probably preparing for something more than simply self-defence. Nonetheless, Sun, the labour unions and the guest armies all laid claim to a share.

After the seizure of the arms, Chen Lianbo, whose arrest had been ordered by the Canton government, was said to have escaped to Hong Kong. But the archives of the Hong Kong and Shanghai Bank show that he was actually hiding in the compradore's office of the Bank in Shameen. The headquarters of the Merchant Corps was immediately moved from Canton to the neighbouring city of Foshan, the second largest town in Guangdong. The 5 000 Yunnanese soldiers stationed at Foshan were surrounded by the Merchant Corps and disarmed on the same night.[65]

While this was in process, Chen Lianbo's younger brother, the chairman of the General Chamber of Commerce in Canton, called at the various consulates trying to solicit their intervention, and the Chamber sent telegrams to Chinese communities overseas presenting the merchants' side of the case. The Canton Agent of the Bank commented:

> Cham Lim Pak [Chen Lianbo] has lost a lot of face over this affair … The government wishes him to be discredited and mud will stick. His brother … has taken refuge here not in order to keep the bank but firstly to deliver letters in person from the volunteers to the various consuls and discuss with them the object of foreign intervention.[66]

This confrontation between Sun and the merchant corps caused serious concern among the foreign diplomats in China. The British Foreign Office requested an explanation of the incident from the Consul-General in Canton. Sir Bertram Giles, the new occupant of this position who had replaced James Jamieson a few months earlier, admitted that he had had direct contact with Chen Lianbo and that

> [Chen's] avowed aim, as expounded by him to me on more than one occasion, is to free Canton, through the Volunteers, … to bring about

> the removal of the Yunnanese and other extra-provincial troops [the guest armies], and to establish a Government run by [the] Cantonese for the benefit of Canton.[67]

Consul Giles, however, did not say that he supported Chen in this aim. It was the senior staff of the Hong Kong and Shanghai Bank, Giles explained, who were 'induced by their compradores to involve themselves in this discreditable gun-running business'. By stating this, Giles implied that other than Chen Lianbo, the Chinese compradore of the Hong Kong branch of the Bank was also involved in the plot. In 1924, the Chinese compradore of the Hong Kong branch was Ho Sai-kong, son of Ho Tung.

To justify this claim, Giles explained in great detail that the managers were induced by 'the advantages that would accrue to the trade of the City'. This, according to Chen, 'could best be brought about through the Merchant Volunteers'. The Consul-General gave a reason for the bank's move:

> The situation in Canton had already caused the Bank authorities serious concern … During 1923 a sum of no less than $100 000 000 was wrung out of the City in the shape of taxes both regular and irregular … levied by the non-Cantonese troops, chiefly the Yunnanese, who remitted the money to their own provinces. Canton was thus being rapidly drained of money, the deposits in the Hong Kong and Shanghai Bank being proportionately depleted … Another reason doubtless being the desire, shared by the whole Chinese mercantile community, to put an end to the extravagances of the Sun Regime.[68]

Next, Giles began to confess that he knew the imported arms had a 'duplicate manifest':

> [That] the whole affair was carefully planned from the beginning is evident from the charter-party of the '*Hav*'. I have not seen it myself, but the Acting Commissioner of Customs informs me it contains a clause that the munitions were to be invoiced as machinery.[69]

However, Consul Giles claimed that he played no part in this arrangement. It was the Inspector-General of the Maritime Customs (Sir Francis Aglen) who was 'evidently in possession of detailed knowledge' of the plot.[70]

To illustrate his lack of involvement in this plot, he informed the Foreign Office that after the seizure of the arms by Sun, the Canton Agent of the Hong Kong and Shanghai Bank, De Coury, had visited him

> on behalf of Chan Lim-Pak [Chen Lianbo, who] requested my assistance in obtaining the munitions for the Merchants Volunteers … He made the astonishing statement that the Governor of Hong Kong and Sir James Jamieson [the previous Consul-General in Canton] had approved the transaction, and Mr Stephen [the previous Manager of the Hong Kong office of the Bank] had not only sanctioned it but that the Bank had opened a credit in connection therewith.[71]

In response to this 'astonishing statement' that the Governor of Hong Kong and the previous Counsul-General in Canton were involved in the plot, Giles informed the Foreign Office he had made repeated attempts to contact both of them. Giles had gone to great lengths, bordering on the extreme, to find out what he wanted to present to be true.

According to Giles, Jamieson admitted that the Manager of the Bank had revealed the plot to him in October 1923. Giles tried to prove his innocence by surrendering to the Foreign Office the confidential letter he had received from Stephen (cited above on page 108). He also said that his reply to the Manager stated that he refused to assist, but he failed to produce any substantial record to document his refusal.[72]

Giles informed the Foreign Office that he had not contacted the Governor of Hong Kong directly, but had confirmed through Commissioner Law of the Canton Customs that the Governor had not been involved in Chen's plot:

> He [Mr Law] informs me that the Governor was amazed to learn of the plot and expressed his intention of seizing the arms when the ship passed through the Colony.

Mr Law, the Acting Commissioner of Customs in Canton, is shown by the correspondence of the Hong Kong Bank Group archives to have been closely informed by the bank Managers of the development of the importation of arms, and was dismissed by the Martime Customs immediately after the incident. No explanation for this decision was offered by Sir Francis Aglen, the Inspector-General of Maritime Customs.

Giles concluded his letter by disclosing that apart from the Managers of the Hong Kong Bank, 'one other foreigner is involved in the plot whose name I am not permitted to divulge, even in the strictest confidence'.[73]

The Governor, Sir Reginald Stubbs, did not escape so easily, and was asked by the Colonial Office to provide an explanation for the arms import. This, the Governor was at pains to do, and to show his innocence in the plot, he enclosed an extract from the 'China Command Intelligence

Diary' of August 1924 providing such basic information as the estimated number of arms imported. He also wrote to the Manager of the Hong Kong and Shanghai Bank in the colony requesting information about the incident, since, he claimed, he knew nothing about the plot. The Manager of the Bank, A.H. Barlow, skillfully presented to the Colonial Office his version of the *Hav* incident:

> I was at home on leave when this business was initiated … The late Mr Stephen, then Chief Manager of the Bank, personally dealt with it until his departure.'[74]

This powerful statement could not be proved as Stephen had died four months earlier. However, the archives of the Hong Kong and Shanghai Bank strongly suggest that Barlow was not speaking the truth. He was well informed by the Canton Agent of this arms purchase. Denying his part in the plot, Barlow included the significant remark that he was informed by the late Stephen that 'the matter had been discussed with the authorities here [in Hong Kong]'.[75]

Governor Stubbs, penalized by his previous record of keen involvement in Guangdong politics, was in a poor position to defend himself against this accusation. He replied:

> [Barlow] is mistaken in inferring that 'the matter had been discussed with the authorities here'. Mr Stephen had certainly never discussed it with me and I cannot find that anybody else had any knowledge of what was proposed.

Responding to the letter surrendered by Giles to the Foreign Office concerning 'the Hong Kong Government's benevolent blindness toward the arms purchase', he defended himself:

> I do not understand the observation in Mr Stephen's letter of 10th October, 1923 to the Consul General at Canton that he thought that 'the Hong Kong Government would preserve a benevolent blindness' to any measures likely to secure peace and good order in Canton city … I find it difficult to believe that anybody who knew me as intimately as Mr Stephen did could have formed this opinion…[76]

It appears that Stubbs' defence was far from successful. He ended his letter with the statement that 'if that is not the explanation I am at a loss to suggest any'.[77] He was transferred from Hong Kong in early 1925.

A interesting feature in all these British documents is that they make no mention of any Chinese other than Chen Lianbo. The same is true of the *Huazi ribao* of Hong Kong, which gave wide coverage to what it referred to as the Guangdong weapons appropriation storm (*Guangdong kouxie chao*), but made no report on the attitude of the Hong Kong Chinese toward the storm. The manner in which the storm was reported by the *Huazi ribao* gives the impression that the Hong Kong Chinese were mere observers. The Chinese merchants in Hong Kong, as portrayed by the news, kept a very low profile, and neither protested against nor supported Sun's seizure of the arms. The few exceptions that can be found include a newspaper report on 29 August 1924, that Ho Sai-Kong, son of Ho Tung and the compradore of the Hong Kong branch of the Hong Kong and Shanghai Bank, sent a telegram to Sun Yat-sen requesting that he return the confiscated armaments to Chen Lianbo and the merchant corps.[78] In September 1924, *Huazi ribao* referred to Ho Tung and his sons at least twice. On both occasions, they were mentioned in connection with Chen Lianbo. It recorded briefly that Ho Tung, his two sons and Chen Lianbo were promoting a financial syndicate with capital worth HK$2 000 000 among the overseas Chinese. Their aim was to finance the return of Chen Jiongming from Huizhou to Canton.[79] It cannot be verified whether these two reports were correct, but it is clear that *Huazi ribao* had few words to express the attitude of the Hong Kong Chinese toward the conflict in Canton.

At the same time, the political situation in Canton was deteriorating. A general strike had been called by Chen Lianbo immediately after the seizure of the arms. This call was echoed in 130 localities in Guangdong. The *West Gate (Xiguan)*, the wealthiest part of Canton, was plastered with slogans pouring scorn on Sun Yat-sen:

> All his life, he has relied on his three-inch tongue; now that he has come back he is not worth a halfpenny.[80]

一生只憑三寸舌
再來不值半文錢

Sun threatened to use force in response to the strike. An eyewitness observed

> Canton was closed up today … The large shops were all tight [sic], the merchants being defiant toward Dr Sun. The merchants have collected volunteers whom they have trained and armed. Sun has only his mercenaries and the government is so helpless that there is no order or safety. Sun has threatened to turn the Yunnanese troops loose in the city if the

> merchants do close, but both troops were in the streets and nothing happened. Canton is very nervous and excited. Everyone seems to be expecting something to happen. The boats in the river are full of soldiers, and the guns on the junks are all uncovered ready for use.[81]

To prevent Sun's troops from tearing up their placards, the merchant corps patrolled the business areas. To protect themselves from looting, the Chinese shops hoisted British or French flags in front of their doors. From the 20th August onwards, the majority of the shops in Canton were closed. The *Sincere* and *Sun* department stores even posted English notices, in addition to Chinese ones, on their front doors warning looters that they were Hong Kong-registered companies. The street gates in all the major city streets were closed and guarded by members of the merchant corps. The press recorded that with all the streets gates closed, the merchants were building bridges to connect different main streets in the city.[82] The rice shops also refused to supply rice to Sun's troops:

> The rice shops are holding supplies for the benefit of the Volunteer Corps [merchant corps] in preparation for possible conflict between the people and the Kuomingtang [Guomindang], and the ward and street committees are erecting barriers within their spheres to prevent looting by Chinese Bolshevists.[83]

In response, Sun declared martial law in Canton. Rumours spread in Canton that Sun was going to cut off the water and electricity supplies. The Whampoa cadets were despatched into the city, and the labour corps was mobilized. Sun went so far as to threaten to mobilise the guest armies, should the merchants continue the strike. The Canton police also made an effort to prevent Chinese citizens from taking valuables into Shameen. In late August, Sun sent a gunboat to a location opposite the city of Canton next to Shameen Island, and threatened to bombard the *West Gate*, the wealthiest part of the city, should the merchants continue the strike.[84]

At this critical juncture, on 29 August 1924, Sir Bertram Giles, the British Consul-General of Canton sent a warning to Sun. Acting without authority from the Peking legation, Giles warned the Canton government bluntly that 'in the event of Chinese authorities firing upon the city, immediate action is to be taken against them by all British Naval forces available'.[85] Sun Yat-sen immediately protested, claiming that this was evidence of 'British imperialism in support of a rebellion by the compradore of the Hong Kong and Shanghai Bank'. Giles, in defence of his

action, explained to the Foreign Office that all he wanted to achieve was to stop Sun from spoiling British interests in South China.[86]

The Cantonese merchants, showing their gratitude to the British Consul-General in Canton and to the Governor, circulated the following telegram:

> Representing the 96 districts of the Province, … the [Canton] General Chamber of Commerce … communicates to the British government … the appreciation of people of Kwangtung [Guangdong] of the action of the British Naval authority in Canton waters in warning Sun against his intended bombardment of Canton … [Sun's] acts of oppression and devastation in Kwangtung [Guangdong, are regarded] as those of the bandits against whom every reasonable measure of the corps will be welcome.[87]

The Canton Chinese General Chamber of Commerce also took the opportunity to request that Sun return all confiscated 'public property' to the local temples and neighbourhood associations.[88] The merchants threatened to embark on a second strike if the government failed to fulfil four requests: the return of the arms, the abolition of all harsh taxation, the granting of the right for the merchants, to control the Police Force in the city, and the transfer of the control over the Canton Mint to the merchants, so that the quality of coins produced could be guaranteed.[89]

The British Consul-General's warning to Sun was followed by five weeks of indecision. During this period, Sun attempted to find another base for his revolutionary movement and to withdraw from Canton. He summoned a military meeting and announced his decision to launch a northern expedition. It was the third such attempt, but also, it failed to materialize. Hearing this news, the agent of the Hong Kong and Shanghai Bank in Canton could not hide his delight, commenting that:

> If Sun goes he will [be] unlikely to return and this seems a good face-saving way of going.[90]

Aiming to establish a new military headquarters outside Canton, Sun took with him his own guard, a company of Whampoa cadets, some of the guest armies, the labour and the peasant corps, and moved northward. One of the purposes of this move, as Sun later recalled, was to evacuate the 'guest armies' from Canton.[91]

In early September, Sun telegraphed Chiang Kai-shek repeatedly instructing him to transfer all his arms and men to the new headquarters.

He was anticipating a northern expedition and made it very clear that he would give up Canton. Sun warned Chiang Kai-shek that he would not send any of his troops back to save Chiang if Canton fell into the hands of the merchants. Sun explained to Chiang that the lawless 'guest armies', the hostile Cantonese merchants, and the imperialist British in Hong Kong were the major threats to the party's survival. He also announced that he would cancel his order for the arrest of Chen Lianbo in return for a payment of 500 000 dollars in Canton currency, and he would return the arms to the merchants for another payment of 3 000 000 dollars in Canton currency. In early October, an agreement was reached between Sun and the merchant corps that 200 000 dollars in Canton currency and a payment equivalent to the total amount of one month's rent on a house in Canton city would be given to Sun in return for 5 000 rifles.[92]

Chiang Kai-shek, however, did not follow Sun's instruction to abandon Canton, nor did he send all the weapons and cadets from the Whampoa Military Academy. He reported to Sun that Borodin had just paid him a visit at the Whampoa Academy and Chiang was determined to defend the island of Whampoa. He insisted that they must not surrender Canton but should equip a troop with Russian arms. He requested Sun to return.[93] Sun's decision to abandon Canton was simply ignored.

The arrival of Soviet arms may have been the turning point in this deadlock. The first shipment of Soviet arms reached Canton on 7 October. The arms were unloaded openly at Whampoa, a move regarded as a gesture of confrontation. By this time, Sun seems to have changed his mind. Early on the morning of 10 October, he sent an urgent telegram to Chiang Kai-shek, stating that the merchants' strike had been carried out in Canton because of the party's leniency. He urged Chiang to send the Whampoa cadre to the *West Gate* to suppress the strike.[94]

On 10 October 1924, a nationalist parade organized by the trade unions, with the support of the Canton government, took place in Canton to celebrate the 'Double Ten' National Day. This was also the date when the merchants were notified by Sun to retrieve their arms. The Cantonese merchants used the opportunity to publish an article on the front page of *Huazi ribao*, entitled 'The Merchant Corps against the Violent Government', in which they stated that they would neither join Sun's party, nor accept the Guomindang flag as the national flag of China.[95] Wilbur documents these developments in detail

> At about 2:30 P.M. a nationalist parade was marching down the bund carrying banners and shouting slogans. It was made up of labour corps

> in blue uniforms and Whampao cadets in olive drab, followed by students and school children.

Guomindang sources emphasised that all the parade participants were empty-handed. Wilbur noted that the American Consul claimed that some of the labourers and cadets were armed:

> The parade arrived at the spot where the merchant corps was unloading its arms, and the parade leaders demanded the right to march straight along the bund. This the corps refused. Someone started shooting and there was an exchange of fire.

Wilbur concludes that 'about a dozen paraders were killed, eight members of the merchant corps were wounded, and many spectators were killed or wounded'.[96]

Immediately after the fighting, the merchants declared a large-scale general strike. Streets were heavily barricaded by the merchant corps. In response, Sun's government issued heavily-worded orders to end the strike. The merchant corps turned a deaf ear to Sun and sent an open letter to the overseas Chinese communities accusing Sun of being a tyrant who wanted to set up Communist rule in Canton. At this critical moment, all the merchant corps in the neighbouring regions were moving to Canton, anticipating a fight with Sun's troops.[97]

On 11 October, Sun Yat-sen announced the establishment of a revolutionary committee – with himself as the chairman and six of his followers, including Chiang Kai-shek and Liao Zhongkai as its members. Significantly, Borodin was appointed advisor to this revolutionary committee. It was he who recorded that in a meeting of the committee, on 14 October, Sun, Chiang and the members finalized the plan for destroying the Canton merchant corps that very night. 'They decided to raid and destroy the lair of the the Tigers, as the corps was called', in the *West Gate* area.[98]

On 14 October, Hu Hanmin issued the order for a general attack. The attack started at 5:30 p.m. on 15 October. 'Almost all the available forces participated in the combined assault,' Wilbur asserts, 'The merchant corps had barricaded itself in the densely populated commercial section. Members of the corps fired down upon the invading troops from the strong towers which pawn shops used for storing valuables'. But before the fighting really started, many parts of the *West Gate* were on fire. The barbers were accused of acting as saboteurs and of having set fire to different parts of the *West Gate*, and were massacred by the members of the

merchant corps. By nightfall much of the business area was in flames. The corps retreated to the roof of such Hong Kong registered companies as the Sincere and Sun department stores and continued the fight. At this point, Sun issued an order to his troops to attack the corps who were in the two buildings. He instructed the troops 'not to be afraid of foreign intervention [after attacking the two buildings] … as the foreigners had already intervened [in our affairs]'.[99] Twenty-four hours later, the merchant corps was forced to surrender. Members of the corps were disarmed, and their leaders fled to Hong Kong. Troops looted freely until the next day, when the government threatened looters with immediate execution. 'Property losses due to the fires were huge, around 600 to 1 100 buildings were burned and many others looted'.[100] An eye witness account was offered by an American teacher in Canton:

> Bund was full as usual; met one and passed another group of soldiers carrying broad, yellow wooden swords with Chinese characters in red. These constituted military courts who could summarily arrest and punish. We found Sun Co. closed but Hotel Asia was open and we could see devastated area from there. It begins about 500 feet back of Sun's [Department Store] … looters [searching] for money. Soldiers were opening boxes.[101]

The *China Weekly Review* gave the following description:

> Canton has been horribly red … a Red Army of 40 000 terrorists red-washed 35 wards and streets in the Western Suburb with the blood of aged and young who were too weak to endure the rage of a Red Sun which pierced through them in the form of daggers and bayonets and kerosene oil, the power of which has left a monument of hundreds of blackened walls standing over debris, once the glory of 1 600 homes and shops worth more than $25 000 000 but now a grave of 6 000 innocent men, women, and children who perished.[102]

The military conflict settled the power struggle between the merchant leaders and the Canton government. Guomindang materials describe the suppression of this 'rebellion' as a glorious victory. For the Cantonese merchants, however, the feeling against Sun was 'bitter and full of hatred'. After the incident, the merchants issued a public statement, which they sent overseas blaming Sun for the devastation in Canton. Nine Cantonese associations in Shanghai published an open telegram to all Cantonese

associations in cities both inside and outside China. They expressed anger over Sun Yat-sen's tyranny and unanimously passed a resolution that 15 October should be the memorial date for Sun's massacre at Canton.[103] As soon as some order had been restored, hundreds of Chinese began to deposit their valuables in the foreign banks in Shameen. Approximately, 50 000 Cantonese arrived in Hong Kong within a week of the military conflict.[104]

To counteract these adverse reactions, the Canton government immediately issued an official account of its suppression of the 'rebellion'. In addition, it took the initative in organizing relief measures. However, it had little success in persuading the Cantonese merchants to make voluntary financial contribution.[105] In Hong Kong, the Chinese Chamber of Commerce held a meeting and put forward a proposal for fund raising for relief measures. Ho Tung, surprisingly, was not present at this meeting, but two of his sons were. They voted against the proposal, stating that relief was 'a sensitive political problem', since after all, this 'disaster was created by the Great Man'.[106]

Notable among those who escaped to Hong Kong was Chen Lianbo. All his property in Guangdong was confiscated and auctioned. The Canton government's repeated requests for the extradition of Chen Lianbo were ignored by the Hong Kong government. Rumours concerning Chen Jiongming's return continued, but the event never materialized. Such news gradually died out in the early 1930s, and Chen Jiongming led a humble life in Hong Kong dying in the colony almost unnoticed in 1933.[107]

The commercial situation in Guangdong was gloomy. The Rice Guild in Canton had no rice because the merchants in Hong Kong dared not transport any rice to Guangdong. The Native Banks Guild also refused to purchase the new currency, which was issued by a new central bank in Canton established on the promise of Soviet loans. When the Canton government tried to induce the merchants to use the money, the merchants avoided the paper currency like 'snakes and Scorpions'.[108] An article entitled, 'Commerce in Canton is gloomy', appeared in *Huazi ribao*, stating that:

> those who have capital and property are moving out from Canton. It is difficult for Canton to regain the merchants' confidence in investment.

The merchants, the paper reported, did not want to invest their capital in a dangerous place:

> The political situation in Canton gives no guarantee of the merchants' safety and property, so they keep their capital and commodities in the colony.[109]

This gloomy attitude was reflected also in land prices which fell sharply after the military conflict.[110] For those who held property in Canton, a solution came quickly. As many of these land-holders fled to Hong Kong, a new business appeared in Canton: advertisements appeared in the Chinese newspapers offering to collect rent, and to manage land and properties.[111] The appearance of this new business reflects the phenomenon that a large proportion of the land and properties in Canton was held by those who were no longer in Canton.

Several developments followed the Merchant Corps Incident. Firstly, the death of Sun Yat-sen, which marked the beginning of his personality cult. Sun's success in defeating the merchant corps in October 1924 did not go unnoticed in Peking. In November, he received and accepted an invitation to go to Peking for negotiations, but he did not live to see his goals realized. Sun was suffering from cancer and by the time he reached Peking, his health had deteriorated badly. He died on 12 March 1925. Various provincial governments competed for the right to keep Sun Yat-sen's corpse, and to hold his funeral. After a formal state funeral in Peking, his body was placed in a mausoleum outside the city. In other parts of China the ceremonial burial of items of his clothing was carried out and impressive mausoleums and monuments were built. His books were published and republished. His testament was made the second page of almost all government publications. Several Sun Yat-sen universities were established, including one in the Soviet Union. From August 1925 onwards, small bronze statues of Sun were available for purchase in Guangdong. His photograph was thereafter hung side by side with the national flag in all government buildings, on all public properties and in all schools. The foreign press commented of Sun:

> In no sense a great man, he was undeniably a great force.[112]

Secondly, a new political language, centered on the ideas of labour and trade unions, soon overshadowed the existing political language, which had been introduced during the late Qing dynasty and which had clustered around the ideas of merchants and chambers of commerce. To curb the political power of merchants, the Canton government dissolved all the existing merchant associations in Canton. The directorship of the Canton Chinese General Chamber of Commerce was abolished and the Canton government appointed their own supporters to the Chamber.[113] Liao Zhongkai even went so far as to introduce in 1925 legislation which prohibited 'compradore-merchants' from taking up government posts.[114]

Ironically, this policy (aimed at restricting the role of merchant in politics) formed an interesting contrast to the policy set out by the late Qing reforms.

Political rhetoric changed fast, and trade unions continued to expand and became politically active in Canton. This partially contributed to the 1925 General Strike in Hong Kong and Canton, which involved a total of 300 000 labourers. This was reputed to be the greatest strike which had ever occurred in China, and has subsequently been greatly applauded by the Chinese Communist Party.

RETREAT TO BRITISH HONG KONG

Chen Lianbo was socially active in Hong Kong until his death in 1940. After his escape from Shameen, he became the Compradore of the Hong Kong and Shanghai Bank in Hong Kong. The diary of a chairman of the Hong Kong Chinese Chamber of Commerce in the 1940s throws light on how Chen spent his days in Hong Kong. On 20 June 1925, for instance, a magnificent banquet was held in a big mansion on the Peak, a luxurious residental area previously reserved for foreigners. The Royal Hong Kong Police Orchestra was present to provide music for this occasion. All the most important political and financial figures in the colony, including the Governor, turned up for the banquet. High on this guest list were the Chinese Legislative Councillors, and chairmen of almost all the regional chambers of commerce in Hong Kong, including the Siyi and Bao'an ones. The occasion was the marriage of Chen Lianbo's daughter. Chen Lianbo, after his retreat in disgrace to Hong Kong, was leading a 'gracious' life in the colony.[115]

As for the rest of the merchants and the Communications Clique, they retreated to Hong Kong after 1924 and lived, as far as can be discerned, lives of blissful retirement.

There is one very beautiful piece of the historical record from 1941 concerning a *Jiulao Hui*, or the Nine Elders Club. The club was formed by the retired leaders of the regional chambers of commerce, including Li and Zhou, the previous chairmen of the Siyi and Bao'an Chambers of Commerce, respectively. These retired Cantonese, despite their previous competition, joined together in a social club to celebrate the abundance of their offspring and their own longevity. These nine gentlemen, according to the record, enjoyed a combined age of 676 years by 1941. On this occasion, Liang Shiyi sent them a couplet which translated, reads:

The three of us in person congratulating the nine elders, altogether in one hall we celebrate our thousand years.[116]

三子身恭逢匝九老
一堂首敘慶頌千秋

For this small circle, it seem as though their story had a happy ending. Beyond this circle however, all that can be seen is a Hong Kong society whose members, over the long term, showed little interest in the issues of constitutional reform, representation or self-government, unlike their Indian, African, or Malay counterparts. This was even true during the years following the Second World War when the issue of decolonization was much talked about and the British Empire actually collapsed.

To the Hong Kong elites, the political arena that commanded their attention, or participation, was not the one that existed in the colony, but that which existed in China. They developed national (that is, toward China) rather than local (Hong Kong) orientation. I cannot say that this general conclusion holds beyond Hong Kong and extends to other overseas Chinese communities. However, given the surprisingly strong penetrating power of the concept of 'China' and the enduring identity of being Chinese, it would not be surprising to find the Hong Kong experience is not unique.

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7 Conclusion: Business, Politics and Civil Society

This book begins with the question of how politics was related to business within the context of Hong Kong during the early twentieth century. In particular, it asks how politics became a form of business investment in South China during the Republican era. In response, it singles out for discussion the intricate relationship between Cantonese merchants, the Hong Kong government and Chinese politics, and argues that in an environment where there was no central government to provide institutional protection, through either the law or patronage, investors had to set up their own institutions to enable them to conduct business. During the 1910s and 1920s, Chinese merchants in Hong Kong attempted to do this by financing a regional government in South China. Colonial Hong Kong made this attempt possible because it offered them legislative and diplomatic protection and, therefore, a haven to which they could retreat.

In the main body of the work, it has been shown that between 1911 and 1927, when China was without a central government, and different regional governments struggled for national dominance, merchant groups in Hong Kong sought to finance the provincial government in Canton in return for financial concessions. On four occasions between 1911 and 1924, the setting up of a government in Canton involved substantial financial support from two competing groups of Chinese in Hong Kong. In return for this support, the Hong Kong financiers involved sought the privileges to be gained through the acquisition of public properties in Guangdong province, and control over the provincial bank and tax collection.

The reasons why the Chinese in Hong Kong identified themselves politically with China were manifold. Firstly, unlike many stateless societies in Asia and Africa, China had a readily available concept of nationhood which had been transplanted overseas by its migrants. Secondly, by the early twentieth century, China's new political traditions having been constructed around the 1911 revolution, the personality cult of Sun Yat-sen and the language of 'class struggle' in political mobilization appealed differently to different sections of overseas Chinese communities. Thirdly, policy differences between the governors of Hong Kong (who supported the southern government financed by Hong Kong Chinese) and the British

Foreign Office (that insisted on a one-China policy giving exclusive support to the Peking government), reinforced the political identity of the Hong Kong Chinese. The Governor of Hong Kong and the leaders of the Chinese merchant groups were both looking to benefit from their relationship with China. While the Governor was looking for a friendly neighbour (that is, Guangdong), the Chinese merchants residing in Hong Kong were seeking to protect their business interests in Guangdong amidst the chaos of a politically fragmented China. The strategy of the Governor, however, was opposed by the British Foreign Office, which adopted a 'one-China policy', wanting to deal with the Peking government as if Peking could impose its views on the southern provinces. By granting exclusive recognition to the Peking government, and by prohibiting loans and recognition to the self-styled national government in Canton, the British Foreign Office reinforced the national (rather then regional) identity and political orientation of the Hong Kong Chinese. British policy, ironically, helped to encourage and reinforce the influence of China on the Hong Kong Chinese.

LEGAL STATUS OF BUSINESS

The involvement of Hong Kong Chinese merchants in the politics of Guangdong ensued from a fundamental shift in the relationship between the state and merchants that came about in the early twentieth century. In the West, the development of the idea of civil society was closely related to the development of social institutions which enabled commercial enterprises to become independent from political patronage. Some of the most important of these social institutions were related to the development of business practices and the recognition given to merchants by the state. Symbolic of an enlarged public sphere was the adoption of company laws which guaranteed commercial endeavours as a right for all rather than as a privilege granted to the few. It is not feasible to assume that the introduction of the law spelled an end to the practices of patronage in commercial endeavour, yet it represents a fundamental shift in official ideology as political authorities openly surrendered their 'right' to interfere in business activities and gave recognition to the independence of business as business.

The process that brought to the West the historical situations whereby company laws might become meaningful did not appear in modern China. In China, at least before 1904, the ideas of company, corporation, and limited liability were non-existent. An easy alternative for

the Chinese merchants was the institution of patronage. Generally, Chinese business tended to be carried out under the protective cover of lineage or religious community, and was connected to patronage networks provided by government officials. Patronage politics reached its peak during the Western Affairs Movement of the late nineteenth century, when the practice of 'official-supervision, merchant-management' typified the functioning of patronage in commercial endeavors. The formula involved government officials providing political patronage by negotiation with the Peking government for monopolies, tax concessions, and some capital for the enterprises. In return, the merchants provided management, business networks and the remainder of the capital. Only in 1904 were commercial codes and company laws first introduced to China by the Qing court. The laws guaranteed business rights and protection, and, in this sense, sought to redefine the relationship between merchants and the state, business and politics. Unlike the protection secured by patronage, the protection provided by the laws was supposed to apply equally to all. The introduction of legal protection for commercial exploits, given time, might have replaced some of the functions previously provided through the practice of patronage. However, these efforts failed to take root in most parts of China. It was not clear whether the Qing court was ever willing to be bound by the new laws and to restrain itself from interfering in Chinese businesses, or whether it could offer very much protection for commercial activities in the face of rising provincialism. In any case, in Republican China no government could uphold these measures and provide an environment where commerce was free from political interference.

By the 1910s and 1920s, merchants were doing business in a politically fragmented China. Many Chinese merchants registered their businesses as foreign companies as they had done since the late Qing period. The foreign concessions, therefore, continued to constitute, in present-day language, 'special economic zones' in coastal China. However, to make the conduct of businesses possible outside the concessions, merchants always needed to cultivate networks with government officials in the provinces in which their businesses operated. Different from their counterparts in Europe, Chinese merchants remained dependent on the political authorities as commercial endeavours were in need of political patronage to survive and prosper. This patronage system made commercial activity dependent on political authority. It also embedded business endeavors in politics. In other words, a 'public sphere' or a 'civil society' independent of the state could not be found in Republican China.

THE INVENTION OF A REPUBLICAN TRADITION

Nevertheless, the Republican period was a time in Chinese history during which vital political traditions were being invented in China and transplanted to the overseas Chinese communities. The idea of 'revolution' was manipulated by different Chinese politicians to legitimize their political pursuits. After 1911, the three successive governments in China (in 1911, 1927, and 1949) claimed to be inheritors of revolutionary traditions, from which they sought legitimacy. The invention of this revolutionary tradition in modern China also coincided with the invention of Sun Yat-sen's personality cult, which was largely non-existent before 1924. Sun Yat-sen showed little sign of possessing the resources to justify his claim for national leadership during his lifetime and the legend of Sun was largely created after his death in 1925. This was also the time for the introduction of the idea of 'class' to Chinese politics for the purpose of mass political mobilization. Since the late Qing era, the Chinese governments had endeavoured to consolidate their rule by mobilizing their subjects. While the late Qing reforms encouraged mass mobilization in the form of chambers of commerce, the Guomindang by 1925 sought to mobilize the masses in the form of trade unions.

The invention of these new political traditions had repercussions in Hong Kong as well as in Canton politics. Merchant groups, significantly, tended to react to such policy shifts rather than to initiate them. The Western Affairs Movement, the Late Qing Reforms and the Post-Revolution rehabitation illustrate this point. Firstly, during the Western Affairs Movement, Chinese merchants utilized the opportunity granted by arrangements for 'official-supervision, merchant-management' and invested in China's first modern shipping, mining and spinning enterprises. These companies, enjoying monopolies and tax concessions offered by their political patrons, claimed that they were working towards China's 'westernization'. These activities enjoyed some success at least down to 1895, when the movement was discredited and the patronage networks collapsed after China's defeat in the Sino-Japanese War. Secondly, in the 1900s, when the late Qing reforms were introduced by the Peking government, Chinese merchants utilized the rights and protection offered by the new legislation and commercial codes introduced by Peking and invested in China's shipping, port-building and railway-construction industry. The merchants organized themselves into regional chambers of commerce, set up business companies, registered them in Peking and operated their businesses in different provinces. They claimed that they were waging a 'commercial war' against foreign firms in China. With the collapse of the

central government after the 1911 revolution, those Hong Kong merchants who sought to represent their own political and business interests in Guangdong found that they could do so only by active participation in South China politics. Competing merchant groups appeared in Hong Kong and they sought to finance the Canton government in return for privileges in the acquisition of public property in Guangdong and control over the provincial bank and tax collection. By the early 1920s, however, none of their attempts had borne much fruit: merchant supporters of Sun Yat-sen (for example the Siyi merchants) could not identify with the populist tendencies of his policies, while his opponents were outmanoeuvred. It was in the late 1920s that Hong Kong's value as a haven was apparent. Ultimately, one has to conclude that Chinese merchants did not operate in a fully-developed civil society, but were very much directed by the various governments in their approaches to politics. Despite the fact that the Hong Kong merchants greatly influenced the setting up of regional governments in South China, they created not a 'social sphere' against the state, but a 'territorial sphere' in South China, independent of the North. In other words, a 'public sphere' or a 'civil society' independent of the state cannot be found in Republican China. The Western model of the 'state–society' dichotomy, which suggests that society is either subsumed within or opposed to the state, does not work well to account for China's social changes. On the contrary, the 'state–regions relations' model was, and still is, a core explanation for China's political changes.

GOOD SEASONS TO INVEST IN CHINA

Since the 1930s, Hong Kong has been one of the major territories of China where foreign jurisdiction has been kept alive, whilst foreign privileges in China were, one after another, withdrawn by the Chinese government. Looking back at Hong Kong's 150 years of British rule, at least three 'good seasons' for Hong Kong merchants to invest in China can be identified: the Western Affairs Movement of the 1870s, the late Qing reforms of the 1900s, and the post-revolution rehabilitation of the 1910s. On all three occasions, political changes in China were followed by government policies inviting overseas Chinese to invest in China. These invitations were accompanied by government initiatives to offer protection to overseas investors. In all three investment seasons, the political patrons for Hong Kong merchants changed from season to season. They could be the 'Western-minded officials' of the 1870s, the Commissioners for

Industrial Promotion of the 1900s, or the revolutionary leaders of the first quarter of the twentieth century.

The 1980s witnessed the fourth good season for Hong Kong merchants to invest in China. The climax of this investment boom might occur in the 1990s, when China's elderly leadership gradually passes away and the Beijing government's control over the provinces will again be put to the test. The lesson of the 1920s is that in the absence of an effective central government, a market for business investments in politics will open up again. By that time, there may be an opportunity to test the book's final conclusion: if business is to be independent from politics, and if civil society is to find a place in China, the process must be led by the central government, and not started from the periphery, in locations such as Hong Kong, a city on the doorstep of China.

Notes

1. BUSINESS AND POLITICS

1. Lu put this philosophy into practice and his investments were enormously successful. The man in whom he invested, as the story goes, was the father of the First Emperor of China, the founder of the Qin dynasty. For details of this record, see *Shiji*, juan 85, pp. 2506–7.
2. For very general descriptions of these incidents, see for example, Edward J.M. Rhoads, *China's Republican Revolution, The Case of Kwangtung, 1895–1913* (Cambridge, Mass.: Harvard University Press, 1975), pp. 240–1; Jung-Fang Tsai, *Hong Kong in Chinese History, Community and Social Unrest in the British Colony, 1842–1913* (New York: Columbia University Press, 1993), pp. 250–1; Chan Lau Kit-ching, *China, Britain and Hong Kong 1895–1945* (Hong Kong: The Chinese University Press, 1990), pp. 111–5, 150–1; C. Martin Wilbur, *Sun Yat-sen, Frustrated Patriot* (New York: Columbia University Press, 1976), pp. 50–1.
3. Literature on the relation between merchant and state in China is vast. The existing literature concentrates largely on the areas of Zhejiang and Shanghai. These works include Keith R. Schoppa, *Chinese Elite and Political Changes: Zhejiang Province in the Early Twentieth Century* (Cambridge, Mass.: Harvard University Press, 1982); Mary B. Rankin, *Elite Activism and Political Transformation in China: Zhejiang Province, 1865–1911* (Stanford: Stanford University Press, 1986); Joseph Fewsmith, *Party, State, and Local Elites in Republican China: Merchant Organizations and Politics in Shanghai, 1890–1930* (Honolulu: University of Hawaii Press, 1985); Marie-Claire, Bergere, *The Golden Age of the Chinese Bourgeoisie, 1911–1937*, translated by Janet Lloyd (Cambridge: Cambridge University Press, 1989); Parks M. Coble, Jr, *The Shanghai Capitalists and the Nationalist Government, 1927–1937* (Cambridge, Mass.: Council on East Asian Studies, Harvard University, 1986).
4. Yung Chi-hoe, 'From Family to State,' *The China Review*, no. 1 (Jan–March 1934), p. 26.
5. CO129/493, Memo on Policy of China, 28 May 1926. Clementi Papers, 'Correspondence to the Colonial Office', 28 May 1926.
6. John K. Fairbank, *Trade and Diplomacy on the China Coast, The Opening of the Treaty Ports, 1842–1854*, 2 vols (Cambridge, Mass.: Harvard University Press, 1953); see also his 'The creation of the treaty system' in J.K. Fairbank (ed.), *The Cambridge History of China,* vol. 10, Late Ch'ing 1800–1911 (Cambridge: Cambridge University Press, 1978), pp. 213–63.
7. For illustrations, see Arnold Wright and H.A. Cartwright, *Twentieth Century Impressions of Hong Kong, Shanghai, and Other Treaty Ports of*

China: Their History, Commerce, Industries and Resources (London: Lloyd's Greater Britain Publishing Company, Ltd., 1908).

8. Paul A. Cohen, 'The new coastal reform' in Paul A. Cohen (eds.), *Reform in Nineteenth-Century China* (Cambridge, Mass.: East Asian Research Centre, Harvard University, 1976), pp. 256–7; see also his 'Littoral and hinterland in nineteenth century China: the "Christian" reformer' in J.K. Fairbank (ed.), *The Missionary Enterprise in China and America* (Cambridge, Mass.: Harvard University Press, 1974), pp. 197–225; see also John K. Fairbank, 'The Creation of the Treaty System' in *The Cambridge History of China,* vol. 10, pp. 213–63.
9. Carl T. Smith, *Chinese Christians: Elites, Middlemen, and the Church in Hong Kong* (Hong Kong: Oxford University Press, 1985); see also his 'The emergence of a Chinese elite in Hong Kong,' *JHKBRAS*, 11 (1971), pp. 74–115; Yen-ping Hao, *The Compradore in Nineteenth Century China, Bridge Between East and West* (Cambridge, Mass.: Harvard University, 1970); see also his 'A new class in China's treaty ports: the rise of the Comprador-Merchants,' *Business History Review*, 44, no. 4 (1970), pp. 446–59.
10. See Thomas G. Rawsky, 'Chinese Dominance of Treaty Port Commerce and its Implication, 1860–1875,' *Explorations in Economic History*, 7, no. 4 (1970), pp. 451–73; see Shao Xunzheng, 'Yangwu yundong yu Zhongguo zican jieji fazhan de quanti wenti' (The question of the relationship between the Western Affairs Movement and the development of the capitalist class in China), *Xin jianshe*, no. 1 (March 1963), p. 3.
11. Hosea Ballou Morse, *The Trade and Administration of China* (Shanghai: Kelly and Walsh, 1921), p. 48.
12. Ibid.
13. For a detailed illustration, see Albert Feuerwerker, *China's Early Industrialization: Sheng Hsuan-huai (1844–1916) and Mandarin Enterprise* (Cambridge, Mass.: Harvard University Press, 1958).
14. See Stanley Spector, *Li Hung-chang and the Huai Army, A Study in Nineteenth-Century Chinese Regionalism* (Seattle: University of Washington, 1964); see also Chi-kong Lai, 'The Qing State and Merchant Enterprise: the China Merchants' Company, 1872–1902,' in J.K. Leonard and J.R. Watt (eds.), *To Achieve Security and Wealth: The Qing Imperial State and the Economy, 1644–1911* (Ithaca: East Asia Program, Cornell University, 1992), pp. 139–56; see also Samuel C. Chu and Kwang-Ching Liu (eds.), *Li Hung-chang and China's Early Modernization* (London and New York: M.E. Sharpe, 1991). On Li Hung-chang's advisors, see Smith, *Chinese Christians*, pp. 34–51.
15. Ibid. See also Kenneth E. Folsom, *Friends, Guests and Colleagues: The Mu-fu System in the late Ch'ing Period* (Berkeley: University of California Press, 1968); Jonathan Porter, *Tseng Guo-fan's Private Bureaucracy* (Berkeley: Centre for Chinese Studies, University of California, 1972); see also Smith, *Chinese Christians*, pp. 71–4.
16. Luke S.K. Kwong, *A Mosaic of the Hundred Days: Personalities, Politics, and Ideas of 1989* (Cambridge, Mass.: Council on East Asian Studies, Harvard University, 1984).

17. John Wong, *The Origins of an Heroic Image: Sun Yat-sen in London, 1896–1897* (Hong Kong: Oxford University Press, 1986).
18. See Lancelot Forster, *The New Culture in China* (London: George Allen & Unwin Ltd., 1936), pp. 174–8. See also J.O.P. Bland, *Recent Events and Present Policies in China* (London: William Heinemann, 1912), p. 196.
19. Zhu Ying, 'Qingmo shanghui di chengli yu guanshang guanxi di fazhan (The establishment of the chambers of commerce and the development of the relationship between merchants and officials in the late Qing) in *Shehui kexue zhanxian*, no. 2 (1990), pp. 67–73.
20. These proposals included plans to publish a business newspaper, to establish procedures to handle commercial dispute, and to develop new regulations governing railways and mines. See Wellington K.K. Chan, *Merchants, Mandarins and Modern Enterprises in Late Ch'ing China* (Cambridge, Mass.: East Asian Research Centre, 1977). See also Linda Pomerantz-Zhang, *Wu Tingfang 1842–1922, Reform and Modernization in Modern Chinese History* (Hong Kong: Hong Kong University Press, 1992), pp. 149–50.
21. Same as 20.
22. En-han Lee, 'China's response to foreign investment in her mining industry, 1902–1911,' *JAS*, no. 28 (1968), pp. 58–76; Roberta Albert Dayer, *Bankers and Diplomats in China 1917–1925, The Anglo-American Relationship* (London: Frank Cass, 1981), pp. 15–22; Frank H.H. King, *The History of the Hong Kong and Shanghai Banking Corporation*, vol. III (Cambridge: Cambridge University Press, 1988), pp. 378–451.
23. For illustrations, see *Guangdong Gangzhou shangfou zhangcheng* (Regulation of the port-market development scheme in Gangzhou of Guangdong) Canton, 1910; *Kaipi Xiangzhoufou zhangcheng* (Regulation of the port-market development scheme in Xiangzhou of Guangdong) Canton, 1911; and Zheng Dehua and Sheng Luxi, *Xinning tielu yu Taishan qiaoxiang* (Xinning Railway and the overseas returned Chinese community in Taishan) (Canton: Zhongshan Daixie, 1992).
24. Ibid.
25. For a general description of the crisis, see Robert A. Scalapino and George T. Yu, *Modern China and its Revolutionary Process, Recurrent Challenges to the Traditional Order 1850–1920* (Berkeley: University of California Press, 1985), pp. 301–8.
26. John H. Fincher, 'Political provincialism and the national revolution,' in M.C. Wright (ed.), *China in Revolution*, pp. 185–226.
27. Pomerantz-Zhang, *Wu Tingfang*, pp. 211–16, 219–22.
28. On Tang Shaoyi, see Lee En-han, 'T'ang Shao-yi: diplomat and Politician of Late Ch'ing China,' *Bulletin of the Institute of Modern History, Academia Sinica*, 4, Part 1 (1973), pp. 53–126; Louis T. Sigel, 'T'ang Shao-yi (1860–1938): The Diplomacy of Chinese Nationalism,' PhD dissertation, Harvard University, 1972.
29. Carl Crow, *The Travellers' Handbook for China* (Shanghai: Hwai-mei, 1913), p. 178.
30. For a detailed history of the northern government, see Andrew Nathan, *Peking Politics 1918–1923, Factionalism and the Failure of*

Constitutionalism (Berkeley: University of California Press, 1976); for a detailed history of the southern government, see Pomerantz-Zhang, *Wu Tingfang,* pp. 231–85.

31. On Liang Shiyi's history, see H.L. Boorman and R.C. Howard, *Biographical History of Republican China* (New York: Columbia University Press, 1967–71), vol. 2, pp. 354–7. A list of 22 Cantonese in the Ministry of Communications and their backgrounds can be found in Jia shucun, *Beiyang junfa shiqi di jiaotongxi* (The Communications clique in the period of Beiyang warlords) (Zhengzhou: Henan renmin chubanshe, 1993), pp. 25–43; on the rise of the Communications clique and its linkage with Yuan, see Stephen R. MacKinnon, 'Liang Shih-i and the Communications Clique,' *JAS*, 29 (1970), pp. 581–602.
32. On the origins of the Beiyang militarists, see Stephen R. MacKinnon, 'The Peiyang Army, Yuan Shikai, and the origins of modern Chinese warlordism,' *JAS*, 32 (1973), pp. 405–23; see also his *Power and Politics in Late Imperial China: Yuan Shikai in Beijing and in Tianjin 1901–1908* (Berkeley: University of California Press, 1980). On a discussion of the term 'warlord', see Arthur Waldron, 'The warlord: twentieth-century Chinese understandings of violence, militarism, and imperialism,' *American Historical Review*, 96, no. 4 (October 1991), pp. 1073–100; Edward A. McCoed, *The Power of the Gun, The Emergence of Modern Chinese Warlordism* (Berkeley: University of California Press, 1993).
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34. Nathan, *Peking Politics,* pp. 76–101.
35. On the condition of tax collection by the Peking government, see for example, Nathan, *Peking Politics*, pp. 75–81; on the condition of tax collection by the Canton government, see for examples CO 129/486, Enclosure, Macleay to MacDonald, 6 September 1924; see also Diana Lary, *Region and Nation: The Kwangsi Clique in Chinese Politics,* pp. 26–33, 42–8; Sutton, *Provincial Militarism and the Chinese Republic: The Yunnan Army,* pp. 238–61.
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(London 1919), pp. 817–21; Charles S. Addis, 'Changes in China in the past twenty years,' *The Bankers Magazine*, 104 (May 1922), pp. 849–55.

38. Nathan, *Peking Politics*, pp. 75–90.
39. For a detailed illustration of these fund-raising activities, see Tan Yongnian, *Zhongguo Xinhai geming huiyilu* (Reminiscences of China's 1911 Revolution) (Hong Kong: Rongqiao, 1956), pp. 205–366; Deng Zeyu, *Zhongguo Guomindang ershinian shiji* (Historical record of the Guomindang of the past twenty years) (Shanghai: Zhengzhong, 1948); see also CO 129/391, Political Situation in Canton, 16 August 1912.
40. 'Wealthy Treaty Port Chinese,' *The China Express and Telegraph*, 10 August 1922.
41. For a general discussion of the changing relationship between merchants and government bureaucrats, see Susan Mann, *Local Merchants and the Chinese Bureaucracy 1750–1950* (Stanford: Stanford University Press, 1987); Shoppa, *Chinese Elite and Political Changes*; Rowe, *Hankow: Conflict and Community in a Chinese City*; Rankin, *Elite Activism and Political Transformation in China*; Fewsmith, *Party, State, and Local Elites in Republican China*; Bergere, *The Golden Age of the Chinese Bourgeoisie, 1911–1937*; Coble, *The Shanghai Capitalists and the Nationalist Government, 1927–1937*.
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44. Philip A. Kuhn, 'Local Self-Government Under the Republic, Problems of Control, Authority and Mobilization,' in F. Wakeman and C. Grant (eds.), *Conflict and Control in Late Imperial China* (Berkeley: University of California Press, 1975), pp. 257–98. For a discussion of social changes after the rebellion, see Philip A. Kuhn, *Rebellion and Its Enemies in Late Imperial China*, pp. 3–4.
45. Rankin, *Elite Activism and Political Transformation in China,* pp. 6–17. See also Rhoads Murphey, *Shanghai, Key to Modern China* (Cambridge, Mass.: Harvard University Press, 1953).
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47. Habermas, *The Structural Transformation of the Public Sphere*, pp. 28–9.
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51. T. Ranger and E. Hobsbawm (eds.), *The Invention of Tradition* (Cambridge: Cambridge University Press, 1983), pp. 1–14.
52. See, for example, T. Ranger, 'The invention of tradition in Colonial Africa,' in T. Ranger and E. Hobsbawm (eds.), *The Invention of Tradition*, pp. 211–19; B.S. Cohn, 'Representing authority in Victorian India,' in *The Invention of Tradition*, pp. 165–209; see also Leroy Vail, 'Ethnicity, language and national unity,' *University of Zambia seminar paper* (1978).
53. See for examples Henrika Kuklick, *The Imperial Bureaucrat: the Colonial Administrative Service in the Gold Coast, 1920–1939* (Stanford: Stanford University Press, 1979); see also her *The Savage Within: The Social History of British Anthropology, 1840–1945* (Cambridge: Cambridge University Press, 1991); see also T. Ranger, 'European attitudes and African realities: the rise and fall of the Matola Chiefs of South-East Tanzania,' *Journal of African History*, 20, no. 1 (1979), pp. 69–82; Louis Dumont, *Religion/Politics and History in India, Collected Papers in Indian Sociology* (Paris: Mouton Publishers, 1970), pp. 89–110; and Judith M. Brown, *Modern India, The Origins of an Asian Democracy* (Oxford: Oxford University Press, 1985).
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55. Wilbur, *Sun Yat-sen*; see also Dan N. Jacobs, *Borodin, Stalin's Man in China* (Cambridge, Mass.: Harvard University Press, 1981).
56. See Pomerantz-Zhang, *Wu Tingfang*, pp. 193–285. Wu Tingfang was one of the most important leaders of the Canton government. See also Chan, *China, Britain and Hong Kong*, pp. 107–67.
57. Wilbur, *Sun Yat-sen*; Dan N. Jacobs, *Borodin, Stalin's Man in China* (Cambridge, Mass.: Harvard University Press, 1981).
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2. AN IMMIGRANT COMMUNITY AND ITS LEADERSHIP, 1841–1900

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2. See for example Elizabeth Sinn, *Power and Charity. The Early History of the Tung Wah Hospital, Hong Kong* (Hong Kong: Oxford University Press, 1989).
3. James W. Norton-Kyshe, *The History of the Laws and Courts of Hong Kong* vol. I (Hong Kong: Vetch & Lee, 1971 first published 1898), pp. 5–6.
4. See Joseph Ting, 'Native Chinese peace officers in British Hong Kong, 1841–1861,' in Elizabeth Sinn (ed.), *Between East and West, Aspects of Social and Political Development in Hong Kong* (Hong Kong: Centre of Asian Studies, University of Hong Kong, 1990), pp. 147–58.
5. See Endacott, *Government and People in Hong Kong,* pp. 90, 121; D. Evans, 'Chinatown in Hong Kong: The Beginning of Taipingshan,' *JHKBRAS*, 10 (1970), pp. 69–78.
6. H.J. Lethbridge*, Hong Kong: Stability and Change; A Collection of Essays* (Hong Kong: Oxford University Press, 1978), p. 71.
7. FO 233/186, no. 4, 6, 9, 19, 25, 26/1845; FO 233/187, no. 2, 22, 41, 45/1845.
8. D. Faure, H.K. Luk, A. Ng (eds.), *Xianggang beiming huibian* (Historical inscriptions of Hong Kong) vol. 3 (Hong Kong: Xianggang Shizheng chu, 1986), p. 822.
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10. Ibid.
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13. CO 129/187, Enclosure, petition from the cloth-washers, 21 February 1857; see also Norton-Kyshe, *Laws and Courts*, vol. I, pp. 276, 377, 436–7.
14. Norton-Kyshe, *Laws and Courts*, vol. I, p. 276.
15. *HKSP*, 1881, no. 65, p. 824.
16. *Nanbei hang gongsuo chengli yibai zhounian jinian tekan* (Centenary publication of the Nam Pak Hong) (Hong Kong, 1968); also 'The Nam-Pak Hong commercial association in Hong Kong (notes and queries),' *JHKBRAS*, 19 (1979), pp. 216–26.
17. Sinn, *Power and Charity*, pp. 16–7, 39–40.
18. On the Man Mo Temple, see Lethbridge, 'The evolution of a Chinese voluntary association in Hong Kong: The Po Leung Kuk,' in his *Hong Kong: Stability and Change*, p. 100.
19. Sinn, *Power and Charity*, pp. 30–49.
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21. Board of Director, Tung Wah Hospital, *Zhengxinlu* (Newsletter for subscribers) (Hong Kong, 1873, 1904); see also Sinn, *Power and Charity*, pp. 50–81.
22. CO 129/225, Marsh to Stanley, 25 January 1886. See also Sinn, *Power and Charity*, pp. 141–50.
23. Hong Kong Government, *Hong Kong Government Gazette*, 13 July 1878, p. 352. See also Lethbridge, *Stability and Changes*, p. 62.
24. Carl T. Smith, *Chinese Christians: Elites, Middlemen, and the Church in Hong Kong* (Hong Kong: Oxford University Press, 1985); Yen-ping Hao, *The Compradore in Nineteenth Century China Bridge Between East and West* (Cambridge, Mass: East Asian Research Centre, Harvard University, 1970).
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29. Osbert Chadwick, *Report on the sanitary conditions of Hong Kong: with appendices and plans* (London: HMSO, 1882), pp. 39–40; D. Evans, 'Chinatown in Hong Kong: The Beginning of Taipingshan,' *JHKBRAS*, 10 (1970), pp. 69–78.
30. Pomerantz-Zhang, *Wu Tingfang*, pp. 7–70; G.H. Choa, *The Life and Times of Sir Kai Ho Kai* (Hong Kong: Chinese University Press, 1981), pp. 45–90.
31. Regulation of Chinese, No. 3 of 1888. *The Ordinances of Hong Kong, from 1844 to 1900* (Hong Kong, 1913).
32. See Sinn, *Power and Charity*, pp. 150–2; Lethbridge, 'The District Watch Committee,' in *Stability and Change*, p. 128.
33. Pomerantz-Zhang, *Wu Tingfang*, pp. 103–36.
34. Chan Lau Kit-Ching, *China, Britain, and Hong Kong 1895–1945* (Hong Kong: The Chinese University Press, 1990), pp. 26–9. See also Yen-ping Hao, 'Zheng Guanying: The compradore as reformer,' *JAS*, no. 29 (1969), pp. 15–22.
35. The other Chinese Councillor was Wei Yuk. He was a western-educated Chinese in Hong Kong, and was the compradore of the Hong Kong office of the Mercantile Bank of India. See Smith, *Chinese Christians*, pp. 135–6.
36. See Harold Z. Schiffrin, *Sun Yat-sen and the Origins of the Chinese Revolution* (Berkeley: University of California Press, 1970), pp. 179–213. Chan, *China, Britain, and Hong Kong*, pp. 45–57. See also Chen Shaobai, *Xingzhong hui geming shiyu shi* (Outline of the revolutionary history of the Xingzhong hui) (Nanjing: 1935, Taibei: Zhongyang wenwu gongying she, 1956), pp. 16–22; Tan Yongnian, *Zhongguo Xinhai geming huiyilu*, vol. 2

(Hong Kong: Rongqiao, 1956), pp. 405–11; see also Marius B. Jansen, *The Japanese and Sun Yat-sen* (Cambridge, Mass.: Harvard University Press, 1954), pp. 86–90. See also CO 129/299, Blake to Chamberlain, 29 June 1900; CO 129/300, China and Li Hung-chang, 2 July 1900; Departure of Li Hung-chang, 14 July 1900, CO129/300; Affairs in China: Report interview with Li Hung-chang, 19 July 1900, CO129/300. The role of the Chinese councillors in this incident can also be confirmed by another study about one of Li Hung-chang's follower in Canton, see Deng Jingjia 'Sun Zhongsan xiansheng yu Yueshen Liu Xiexun di guanxi' (Sun Yat-sen's relationship with the Cantonese gentry Liu Xiexun), *GDWZ*, no. 15 (1964), pp. 86–8.

37. Chan Lau Kit-ching, 'Kwangtung during China's Boxer Crisis of 1900,' *Papers on Far Eastern History*, 20 (September 1979); Schiffrin, *Sun Yat-sen and the Origins of the Chinese Revolution*, pp. 179–213.
38. Both Schiffrin and Chan have queried the reliability of this record. The narrative of this record, however, is worth our attention. See Tan, *Zhongguo Xinhai geming huiyilu*, vol. 2, p. 406.
39. CO 129/300, Blake to Chamberlain, 2 July 1900. See also Schiffrin, *Sun Yat-sen and the Origins of the Chinese Revolution*, pp. 179–213. Chan, *China, Britain, and Hong Kong*, pp. 45–57.
40. CO 129/300, Sir Blake to Chamberlain, 13 July 1900. See also Deng Jingjia 'Sun Zhongshan xiansheng yu Yueshen Liu Xiexun di guanxi' (Sun Yat-sen's relationship with the Cantonese gentry Liu Xiexun), *GDWZ*, no. 15 (1964), pp. 86–8.
41. CO 129/300, Departure of Li Hung-chang, 15 July 1900.
42. CO 129/300, Proposed Departure of Li Hung-chang, 14 July 1900.
43. Ibid., see also Schiffrin, *Sun Yat-sen and the Origins of the Chinese Revolution*, p. 202.
44. CO 129/300, Affair in China: Report interview with Li Hung-chang, 19 July 1900.
45. Ibid. See also Schiffrin, *Sun Yat-sen and the Origins of the Chinese Revolution*, p. 203.

3. HONG KONG MERCHANTS IN NEW CHINA, 1900–11

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2. The Bureau was renamed as the Bureau of Agriculture and Commerce (*Nonggongshang bu*) in 1906. See Linda Pomerantz-Zhang, *Wu Tingfang 1842–1922, Reform and Modernization in Modern Chinese History* (Hong Kong: Hong Kong University Press, 1992), p. 149.
3. See for example Michael Godley, *The Mandarin-Capitalists from Nanyang, Overseas Chinese Enterprises in the Modernization of China 1893–1911* (Cambridge, Mass.: Harvard University Press, 1981), chaps. 4–5; Wellington K.K. Chan, *Merchants, Mandarins, and Modern Enterprises in Late Ch'ing China* (Cambridge, Mass.: East Asian Research Centre, Harvard University, 1977), pp. 39–63, 107–53.

4. Chan, *Merchants, Mandarins, and Modern Enterprises in Late Ch'ing China*. See also Pomerantz-Zhang, *Wu Tingfang*, pp. 149–50.
5. See Pomerantz-Zhang, *Wu Tingfang*, pp. 149–51; Chan, *Merchants, Mandarins, and Modern Enterprises in Late Ch'ing China*, pp. 107–53.
6. See for example Mary B. Rankin, *Elite Activism and Political Transformation in China, Zheijiang Province, 1865–1911* (Stanford: Stanford University Press, 1986); Joseph Fewsmith, *Party, State and Local Elites in Republican China: Merchant Organizations and Politics in Shanghai, 1890–1930* (Honolulu: University of Hawaii Press, 1985).
7. For a general history of overseas Chinese and their treatment by foreign governments, see Linda Pomerantz-Zhang, 'The Chinese bourgeoisie and the anti-Chinese movement in the United States, 1850–1905,' *Amerasia Journal*, 11, no. 1 (Fall 1984), pp. 1–30; for a survey of China's policy toward the overseas Chinese see Yen Ching-Hwang, 'The Ch'ing court's changing image of the overseas Chinese (1644–1912),' *MAS*, 15, no. 2 (1981), pp. 261–85.
8. See Y.F. Woon, 'An emigrant community (chiao-hsiang) in the Ssu-yi area, South China 1885–1949: a study in social change,' *MAS*, 18, no. 2 (1984), pp. 273–306; Chen Ta, *Emigrant Communities in South China: A Study of Overseas Migration and Its Influences on Standards of Living and Social Change* (New York: Secretariat, Institute of Pacific Relations, 1940), pp. 82–4; see also the *Kaiping xianzhi* (The gazetteer of Kaiping county) (Canton, 1933), pp. 30, 88, 139, 145, 173, 182, 187.
9. For detailed history of Li Yutang and his associates, see Tan Yongnian, *Zhongguo Xinhai geming huiyilu* (Reminiscences of the 1911 Revolution) (Hong Kong: Rongqiao, 1958), pp. 297–327; Feng Shaoshan (ed.), *Guangdong jinxiandai renwu cidan* (A biographical dictionary of Guangdong in the modern and contemporary Eras) (Guangzhou: Guangdong Keji chubanshe, 1991), p. 187; Li Bingxing, *Li gong Yutang shishi sazhounian jinian lu* (A special volume commemorating the thirtieth anniversary of the death of Mr. Li Yutang) (Hong Kong, 1966).
10. Chen Datong and Chen Wenyuan, *Bainian shangye* (One hundred years of commerce) (Hong Kong, 1914).
11. *Oingnianhui shiye gailue* (A history of the Young Men's Association) (Hong Kong, 1919); Carl T. Smith, *Chinese Christians: Elites, Middlemen, and the Church in Hong Kong (*Hong Kong: Oxford University Press, 1985*)*, pp. 4, 73.
12. Jung-fang Tsai, *Hong Kong in Chinese History, Community and Social Unrest in the British Colony, 1842–1913* (New York: Columbia University Press, 1993), pp. 202–3; Chan Lau Kit-ching, *China, Britain and Hong Kong 1895–1945* (Hong Kong: The Chinese University Press, 1990), pp. 67–8.
13. Yen Ching-hwang, 'The overseas Chinese and Late Ch'ing economic modernization,' *MAS*, 16, no. 2 (1982), pp. 227–32; Zheng Dehua and Cheng Luxi, *Xinning tielu yu Taishan qiaoxiang* (The Xinning railway and the overseas Chinese community in Taishan) (Guangzhou: Zhongshan daxue, 1992).
14. En-han Lee, 'China's response to foreign investment in her mining industry, 1902–1911,' *JAS*, 28 (1968), pp. 58–76; Roberta Albert Dayer, *Bankers and*

Diplomats in China 1917–1925, The Anglo-American Relationship (London: Frank Cass, 1981), pp. 15–22; Frank H.H. King, *The History of the Hong Kong and Shanghai Banking Corporation*, vol. III (Cambridge: Cambridge University Press, 1988), pp. 378–451.

15. Chan, *China, Britain and Hong Kong*, pp. 90–1; Edward J.M. Rhoads, *China's Republican Revolution. The case of Kwangtung, 1895–1913* (Cambridge, Mass.: Harvard University Press, 1975), pp. 31–3, 62–3, 92–4.
16. On a discussion of the notion of 'commercial war', see Wang Ermin, 'Shangzhan guannian yu zhongshang sixiang' (The concept of commercial war and the mercantilist ideology), in Wang Ermin, *Zhongguo jindai sixiang shilun* (A discussion of modern Chinese intellectual history) (Taibei: Huashi, 1977), pp. 233–380.
17. *Guangdong Gangzhou shangfou zhangcheng* (Regulation of the port-market development scheme in Gangzhou) (Canton, 1910).
18. For a general description of the crisis, see Robert A. Scalapino and George T. Yu, *Modern China and its Revolutionary Process, Recurrent Challenges to the Traditional Order 1850–1920* (Berkeley: University of California Press, 1985), pp. 301–8. On railway and provincialism, see Quan Hansheng, 'Tielu guoyua wenti yu Xinhai geming' (The railroad nationalization question and the 1911 Revolution), *Zhongguo jindaishi zongkan*, no. 1 (1960), pp. 209–71; John Fincher, 'Political provincialism and the national Revolution,' in Mary Wright (ed.), *The Chinese Revolution*, pp. 185–226.
19. Tan*, Zhongguo Xinhai geming huiyilu*, pp. 305–11.
20. The names of the leaders of these 57 armed troops can be found in Tan, *Zhongguo Xinhai geming huiyilu*, pp. 310–3; Rhoads, *China's Republican Revolution*, pp. 180–233. See also Winston Hsieh, 'The crowd in the Revolution in the Canton Delta: the people's Armies from silk-producing regions in the Canton Delta, a case study,' in *Symposium on the History of the Republic of China*, vol. 1, pp. 231–47.
21. Rhoads, *China's Republican Revolution*, pp. 135–52. For an account of the Guangdong merchant community in these political developments, see Qiu Jie, 'Guangdong shangren yu Xinhai geming' (The merchants of Canton and the 1911 Revolution) in his *Sun Zhongshan lingdao di geming yudong yu Qingmo minzu di Guangdong* (The Revolution under Sun Yat-sen's leadership and Guangdong in the Late Qing and Early Republican Era)(Guangzhou: Guangdong Renmin, 1996), pp. 245–82.
22. Tan, *Zhongguo Xinhai geming huiyilu*, pp. 308–10. A general description of the Chamber's activities in the 1911 Revolution can also be found in *Xianggang Siyi shanggong zongju guangfu tekan* (Special publication of the Siyi Chamber of Commerce on the recovery of Hong Kong) (Hong Kong, 1948), pp. 1–2. For the history of Hu Hanmin, see Boorman and Howard, (eds.), *Biographical Dictionary of Republican China*, vol. 2 (New York: Columbia University Press, 1967–71), pp. 159–66. See also Hu Hanmin, *Hu Hanmin Zizhuan* (Autobiography), in *Geming wenxian*, vol. 3 (Taibei: Zhongyang wenwu, 1953), pp. 372–422.
23. This statement was recorded by the Registrar-General of Hong Kong in his interview with Li Yutang in 1912. See CO 129/391, May to Harcourt, 16 August 1912.

24. *Huazi ribao*, 24 June 1913; Tan, *Zhongguo Xinhai geming huiyilu*, pp. 289–90.
25. *Huazi ribao*, 17, 18 November 1911; Tan, *Zhongguo Xinhai geming huiyilu*, pp. 290–307.
26. *Ordinance of Hong Kong, 1911* (Hong Kong, 1911). See also Joe England and John Rear, *Industrial Relations and Law in Hong Kong* (Hong Kong: Oxford University Press, 1981), p. 103.
27. CO 129/381, Lugard to Harcourt, 11 November 1911.
28. Ibid.
29. Ibid.
30. E.W. Edwards, *British Diplomacy and Finance in China, 1895–1914* (Oxford: Clarendon Press, 1987), p. 158. See also FO 371/1095, Grey to Jordan, 14 and 17 November 1911; FO 350/1, Campbell to Jordan, 15 November 1911; see also Dayer, *Bankers and Diplomats in China*, pp. 23–4.
31. Edwards, *British Diplomacy and Finance in China,* p. 158.
32. Ibid., see also FO 371/228, Jordan to Grey, 13 December 1911.
33. Same as 30. See also Chan Lau Kit-ching, *Anglo-Chinese Diplomacy 1906–1920 in the careers of Sir John Jordan and Yuan Shih-kai* (Hong Kong: Hong Kong University Press, 1978).
34. Louis T. Sigel, 'Revolution by Diplomacy: A Re-examination of the Shanghai Peace Conference of 1911,' in *Papers on Far Eastern History: China's 1911 Revolution*, vol. 19 (March 1979), pp. 130–2.
35. See Howard and Boorman, *Biographical Dictionary*, vol. 2, pp. 354–7; Jia Shucun, *Beiyang junfa shiqi di jiaotongxi* (The Communications clique in the period of Beiyang warlords), pp. 25–43; Stephen R. MacKinnon, 'Liang Shih-i and the Communications Clique,' *JAS*, 29 (1970), pp. 581–602.
36. Chan, *China, Britain and Hong Kong*, pp. 121–31. Li stepped down from his position within several months, but his influence lasted in Canton.
37. CO 129/391, May to Harcourt, 23 July 1912. See also Chan, *China, Britain and Hong Kong*, pp. 112–3.
38. Ibid.
39. Ibid., CO 129/392, May to Harcourt, 4 October 1912.
40. Ibid.
41. *Xunhuan ribao* (Universal Circulating Herald), 5, 9, 10 October 1912.
42. *Hong Kong Government Gazette*, no. 314, 12 October 1912.
43. Jung-fang Tsai, *Hong Kong in Chinese History*, pp. 270–87.
44. CO 129/399, May to Harcourt, 16 January 1913.
45. Chan, *China, Britain and Hong Kong*, pp. 112–3.
46. CO 129/399, May to Harcourt, 22 January 1913. See also Chan, *China, Britain and Hong Kong*, p. 113.
47. Que Jie, 'Guangdong zhengfu chuqi di caizheng zhuangfuang' (The financial situation of the early Guangdong government), in his *Sun Zhongshan lingdao di geming yudong yu Qingmo minzu di Guangdong*, pp. 283–300. Tan, *Zhongguo Xinhai geming huiyilu*, pp. 44–5
48. Same as 46.
49. Feng Ziyou, *Geming yishi, 1946–47* (Reminiscences of the Revolution), reprint (Taibei: Shangwu, 1953), pp. 193–201; Feng, *Guangdong jinxiandai renwu cidan*, p. 187; Woo Sing Lim, *The Prominent Chinese in Hong Kong*

(Hong Kong: Five Continents Book Co., 1937), pp. 7–8 of the supplement; Chen Fulin and Yu Yanguang (eds.), *Liao Zhongkai nianpu* (A Chronological biography of Liao Zhongkai) (Changsha: Hunan chubanshe, 1991), pp. 57–9. HKRS 122, 124; Company Registrations.

50. *Huazi ribao*, 24 June 1913.
51. *Huazi ribao*, 18 November 1911. See also Chan, *China, Britian and Hong Kong*, p. 102.
52. According to Ou Jiluan, a sum of 13 million in Canton currency was issued in 1913. The face value of this unsecured currency immediately depreciated by 30 per cent. See his *Guangdong zibishi* (A history of paper currency in Guangdong) (Canton: Zhongshan daxue jingji tiaochazu, 1933), pp. 9–10. A corroborating account can be found in Chen Fulin and Yu Yanguang, (eds.), *Liao Zhongkai nianpu*, pp. 57–9. Liao was the vice-treasurer of Guangdong under Li Yutang in early 1912.
53. CO 129/391, Political Situation in Canton, 23 July 1912.
54. Tan, *Zhongguo Xinhai geming huiyilu*, pp. 44–5; see also CO 129/399, May to Harcourt, 27 January 1913. Chan, *China, Britain and Hong Kong*, pp. 115–19.
55. Chan, *China, Britain and Hong Kong*, pp. 116–7.
56. CO 129/413, Education of 5 sons of late Sir Kai Ho Kai, 11 September 1914.
57. CO 129/399, May to Harcourt, 27 January 1913. Sinn, 'A History of Regional Association in Pre-war Hong Kong,' in Sinn (ed.), *Between East and West, Aspects of Social and Political Development in Hong Kong* (Hong Kong: Centre of Asian Studies, University of Hong Kong, 1990), pp. 178–9. See also Chan, *China, Britain and Hong Kong*, pp. 114–15.
58. Same as 57.
59. CO 129/399, May to Harcourt, 22 January 1913. See also Chan, *China, Britain and Hong Kong*, pp. 114–5.
60. Eurasians in Hong Kong formed a close community connected through marriage and business networks, see Irene Cheng, *Clara Ho Tung: A Hong Kong Lady. Her Family and Her Times* (Hong Kong: The Chinese University of Hong Kong, 1976); for a general discussion, see Lethbridge, 'Caste, class, and race in Hong Kong before the Japanese occupation', in his *Hong Kong: Stability and Change: A Collection of Essays* (Hong Kong: Oxford University Press, 1978), pp. 175–6.
61. 'Chinese Business men and British Trade,' *The China Express and Telegraph*, 27 April 1922 (London). See also Liu Fuzhong, *Liugong Zhubo xingshu* (An account of the activities of the venerable Liu Zhubo) (Hong Kong, 1922).
62. On a general history of Ho Tung, see Cheng, *Clara Ho Tung: A Hong Kong Lady. Her Family and Her Times*; on a biography of Liu Zhubo, see Liu, *Liugong Zhubo xingshu*. See also Woo, *The Prominent Chinese in Hong Kong*.
63. *Xianggang shangye jiaotong renming Lu* (Hong Kong Chinese business and communication personnel directory) (Hong Kong, 1914); *Anglo-Chinese Directory in 1922* (Hong Kong, 1922). See also Liu, *Liugong Zhubo xingshu* (An account of the activities of the venerable Liu Zhubo) (Hong Kong, 1922).

64. CO 129/399, Enclosure. May to Harcourt, 17 December 1912.
65. Ibid.
66. CO 129/399, May to Harcourt, 31 January 1913.
67. Ibid.
68. Ibid.
69. Ibid.
70. CO 129/399, May to Harcourt, 2 May 1913.
71. *Hong Kong Administrative Report, 1917*, p. C13.
72. HKRS 121, 122, 123, 124.
73. An example of this can be found in CO 129/391, Political Situation in Canton, May to Harcourt, 16 August 1912, an occasion when the Governor, after consulting the Attorney-General, found that no legal action could be taken against Li. To stop Li from forming a financial company for the redemption of Canton notes, he resorted to instructing the Registrar-General to directly 'interview' Li Yutang.
74. Bishop Carleton Hunt, *The Development of the Business Corporation in England 1800–1867* (Cambridge, Mass.: Harvard University Press, 1936) Alan Harding, *A Social History of English Law* (London: Penguin, 1965).
75. See Company Registration Court Record in the Public Record Office of Hong Kong. HKRS 121, 122, 123, 124, 144. These companies were Man On Fire and Marine (1881), Chuen On Fire and Marine, (1895), Yee On Fire and Marine (1899), Tung On Fire and Marine (1899).
76. HKRS 121, 122, 123, 124. See Luk Yick Mutual Fire and Marine (1903), Hong Nin Life Insurance (1908), Shanghai Fire and Marine Insurance Company Ltd (1915), Lun Tai Mutual Fire and Marine Insurance Company Ltd (1916), On Lok Yuen Company Ltd (1920), Hong Nin Bank (1922), Yin Nin Savings and Mortgage (1924), Hing Fat Land Investment and Loans (1924), Luk Hoi Tong Company Ltd (1926), Luk Hoi Tong Life Assurance Company Ltd (1927), Chung Shum Land Investment Company Ltd (1928), Luk Hoi Tong Dispensary (1930), Toishan Investment Company (1930).
77. Two instances of this are the Ma and Kwok families of the Sincere group and Wing On group of companies. Both families were of Xiangshan origin and were linked up by marriage, see HKRS 121, 122, 123, 124, 144, Sincere Company (1900), Sun Company Ltd (1912), Li Man Hing Kwok Knitting (1915), Sincere Insurance (1915), Sincere Company Ltd. (1919), National Commercial & Savings Bank (1921), Sincere Life Insurance (1922), Wing On Life Insurance (1922), Heung On Insurance (1924), Wing On Life Insurance (1924), Sincere Perfumery (1926), Wing On Bank (1928).
78. Frank H.H. King, *A History of the Hong Kong and Shanghai Banking Corporation*, vol. III, p. 75; Smith, *Chinese Christians*, p. 154. Ho Tung's four sons, all of whom graduated from Queen's College in Hong Kong, were compradores of the Hong Kong and Shanghai Bank, Jardine, Matheson and Company, the Mercantile Bank, and E.D. Sasson and Company, Ltd.
79. CO 129/422, Gift of Aeroplane, 24 May 1915.

80. Carl T. Smith, 'Compradores of the Hong Kong Bank,' in Frank H.H. King (ed.), *Eastern Banking, Essays in the History of the Hong Kong and Shanghai Banking Corporation*, pp. 93–111.
81. See for example, Clementi Papers, 'Memorandum on an examination of the Opium Farmers' Book in May, 1908'. This document illustrates the Chinese practice of keeping secret accounts in business.

4. FINANCE AND POLITICS IN GUANGDONG, 1912–16

1. See, for example, the *North China Herald*, 19 December 1914.
2. See Ernest P. Young, *The Presidency of Yuan Shih-k'ai, Liberalism and Dictatorship in Early Republican China* (Ann Arbor: The University of Michigan Press, 1977), pp. 105–37, 210–40.
3. E.W. Edwards, *British Diplomacy and Finance in China, 1895–1914* (Oxford: Clarendon Press, 1987), pp. 158–9. See also Roberta Albert Dayer, *Bankers and Diplomats in China 1917–1925, The Anglo-American Relationship* (London: Frank Cass, 1981), p. 64.
4. Frank H.H. King, *The History of the Hong Kong and Shanghai Banking Corporation*, vol. III (Cambridge: Cambridge University Press, 1988), pp. 415–8, 482–4.
5. For a biography of Sir Charles Addis, see Dayer, *Bankers and Diplomats in China*, pp. 16–7, 248.
6. Addis Papers, Diary, 11, 13 November 1911; see Edwards, *British Diplomacy*, p. 158. see also King, *The History of the Hong Kong and Shanghai Banking Corporation*, vol. II, p. 477. FO 350/1, Campbell to Jordan, 11, 15 November 1911.
7. CO 129/391, 'Political Situation in Canton', May to Harcourt, 16 August 1912; see also Tan Yongnian, *Zhongguo Xinhai geming huiyilu* (Hong Kong: Rongqiao, 1958), pp. 297–304.
8. Same as 7.
9. Ibid.
10. Ibid.
11. CO 129/399, May to Harcourt, 21 November 1912.
12. Ibid.
13. Ibid.
14. CO 129/399, May to Harcourt, 31 January 1913.
15. Ibid.
16. *Huazi ribao*, 29 February 1913. Chan Lau Kit-ching, *China, Britain and Hong Kong* (Hong Kong: The Chinese University Press, 1990), pp. 122–3.
17. Ibid., CO 129/400, Affairs in Canton, 6 March 1913.
18. Ibid., CO 129/400, Enclosure. May to Harcourt, 1 April 1913.
19. Ibid.
20. Ibid.
21. See for example *Huazi ribao*, 10 to 15 March 1913.
22. Edwards, *British Diplomacy and Finance in China*, pp. 114–37, 158–76; see also CO 129/401, Quintuple Loan to China, 17 May 1913.

23. *Huazi ribao*, 5 April 1913.
24. CO 129/400, May to Harcourt, 12 April 1913.
25. *Huazi ribao*, 22 April 1913.
26. *Huazi ribao*, 20 May 1913.
27. *Huazi ribao*, 21 May 1913.
28. *Huazi ribao*, 22 May 1913.
29. CO 129/400, Enclosure. Political Situation in South China, 29 April 1913. See also Chan, *China, Britain and Hong Kong*, pp. 122.
30. Chan, *China, Britain and Hong Kong*, p. 124. *Huazi ribao*, 5, 14, 15 July 1913. On Liang Shiyi's contacts with Chen Jiongming, see Zou Lu, *Huigulu* (Taibei: Sanmin, 1974), pp. 56–60; Yao Yuxiang, *Hu Hanmin xiansheng chuan* (Taibei: Chuanji wenxue, 1969), pp. 7–8. For a general biography of Chen, see Winston Hsieh, 'The ideas and ideals of a warlord: Ch'en Chiungming, 1878–1933,' *Harvard Papers in China*, 16 (Cambridge, Mass.: East Asian Research Centre, Harvard University, 1962), pp. 198–252; Boorman and Howard (eds.), *Biographical Dictionary*, vol. 1, pp. 173–80.
31. A detailed discussion can be found in Chen Dingyan and Gao Zhonglu, 'Chen Jiongming: liansheng zizhi di shixing zhe' (Chen Jiongming: practitioner of Federal Government), *Chuanji wenxue*, 36, no. 4 (January 1994), pp. 103–7. The author of this article, Chen Dingyan, is Chen Jiongming's younger son.
32. *Huazi ribao*, 25 July 1913. See also Chan, *China, Britain and Hong Kong*, pp. 125–6.
33. Ibid., see also *Huazi ribao*, 14, 15, 23 July 1913.
34. Ibid., CO 129/402, May to Harcourt, 21 July 1913.
35. Ibid., CO 129/402, May to Harcourt, 28 July 1913. Chan, *China, Britain and Hong Kong*, p. 127.
36. CO 129/402, Situation in Canton, 8 July 1913. See also Chan, *China, Britain and Hong Kong*, pp. 125–6.
37. *Huazi ribao*, 23,24,25 July 1913; Lo Hui-min (ed.), *The Correspondence of G.E. Morrison* (Cambridge: Cambridge University Press, 1976), vol. 2, pp. 309–10; see also Chen Singyan and Gao Zhonglu, 'Chen Jiongming: Liansheng ziye di shixing zhe'.
38. See George T. Yu, *Party Politics in Republican China: The Kuomintang, 1912–1914* (Berkeley: University of California Press, 1966), pp. 56–73.
39. These reports are documented by Edward J.M. Rhoads, *China's Republican Revolution*, *The Case of Kwantung, 1895–1913* (Cambridge, Mass.: Harvard University Press, 1975), pp. 263–4.
40. CO 129/403, Jamieson to Alston, in May to Harcourt, 23 August 1913; Rhoads, *China's Republican Revolution*, p. 261.
41. CO 129/409, May to Harcourt, 16 January 1914.
42. Ibid.
43. Ibid., for a detailed discussion of the relationship between the Hong Kong and Shanghai Bank and the China Consortium, see Edwards, *British Diplomacy and Finance in China*, pp. 158–95.
44. CO 129/409, May to Harcourt, 16 January 1914.
45. CO 129/409, Enclosure. May to Harcourt, 30 January 1914.
46. Ibid.
47. Ibid.

48. CO 129/409, minutes on May to Harcourt, 30 January 1914.
49. CO 129/416, Enclosure. May to Harcourt, 5 February 1914.
50. Ibid.
51. Ibid.
52. CO 129/416, Enclosure. May to Harcourt, 5 February 1914. For details relating to the close relationship between Yuan and Jordan, see Chan Lau Kit-ching, *Anglo-Chinese Diplomacy 1906–1920 in the Careers of Sir John Jordan and Yuan Shih-K'ai* (Hong Kong: Hong Kong University Press, 1978).
53. CO 129/416, Enclosure. Loan to Canton Government, 17 February 1914.
54. See for example *Shenbao*, 20 April 1914.
55. See Lo, *The Correspondence of G.E. Morrison*, vol. 2, pp. 309–11. This is a letter from G.E. Morrison to the Governor of Hong Kong, Henry May, dated 21 April 1914.
56. Company Registration Record, HKRS 122, 144, 'Chinese Estates Company Limited' (1921).
57. Lo, *The Correspondence of G.E. Morrison*, vol. 2, p. 310.
58. CO129/416, Enclosure. May to Harcourt, 23 March 1914.
59. Cen Xuelu, *Sanshui Liang Yansun xiansheng nianpu* (The chronology of Liang Yansun of the Sanshui county) vol. 1, Reprint (Taibei: Wenxing, 1962), pp. 184–8.
60. *Fengtian Shibao* (Peking's Time), 28 May 1914; for a general discussion of the political situation of the Communications clique in 1914, see Robert A. Scalapino and George T. Yu, *Modern China and its Revolutionary Process, Recurred Challenges to the Traditional Order*, *1850–1920* (Berkeley: University of California Press, 1985), pp. 411–2.
61. *Fengtian Shibao* (Peking's Time), 13 June 1914.
62. For a general discussion, see Andrew Nathan, *Peking Politics, 1918–1923, Factionalism and the Failure of Constitutionalism (*Berkeley: University of California Press, 1976), pp. 76–90; Dayer, *Bankers and Diplomats in China*, pp. 85–6; see also S.H. Chafkin, 'Modern Business in China: The Bank of China before 1935,' *Harvard Papers on China*, 2, pp. 103–10.
63. CO129/412, May to Harcourt, 15 August 1914; Zhongguo yinhang Guangzhou fenhang lishi bianxiezu, *Guangdong Zhongguo yinhang lishizil-iao huibian, 1914–1949* (Documents on the history of the Bank of China in Guangdong) (Canton, 1988), pp. 1–8; Ou Jiluan, *Guangdong zibishi* (A history of paper currency in Guangdong) (Zhongshan daxie jingji tiaocha zu, 1933), pp. 27–42.
64. *Shenbao*, 4 August 1914.
65. *North China Herald*, 12 December 1914.
66. *North China Herald*, 8 August 1914.
67. *North China Herald*, 14 November 1914.
68. *North China Herald*, 12 December 1914.
69. Andrew Nathan indicates that the Peking government was 'fiscally health-iest' during the 1914–6 period of Yuan Shikai's rule, see his *Peking Politics*, pp. 75–90. See also CO 129/414, May to Harcourt, 21 October 1914; Chan, *China, Britain, and Hong Kong*, pp. 129–30.
70. FO 352/12, Jordan to Langley, 30 November 1914. Chan, *China, Britain and Hong Kong*, p. 130.

5. HONG KONG MERCHANTS AND 'CANTON FOR THE CANTONESE', 1917–23

1. The Western press compared him to 'Augustus of the Roman Empire' in 1914. See for example the *North China Herald*, 19 December 1914. For his fall, see Ernest P. Young, *The Presidency of Yuan Shih-Kai: Liberalism & Dictatorship in Early Republican China* (Ann Arbor: University of Michigan Press, 1917), pp. 210–26.
2. On the origin of the idea of 'warlord', see Arthur Waldron, 'The Warlord: Twentieth-Century Chinese Understandings of Violence, Militarism, and Imperialism', *American Historical Review*, 96, no. 4 (October 1991), pp. 1073–110.
3. Stephen R. MacKinnon, 'Liang Shih-i and the Communications Clique,' *JAS*, 29(1970), pp. 581–602.
4. See Tao Juyin, *Beiyang junfa tongzhi shiqi shihua* (Historical tales of the period of rule by the Beiyang militarists) vol. 4 (Peking: Shenghuo, 1957); see also Andrew Nathan, *Peking Politics, 1918–1923, Factionalism and the Failures of Constitutionalism* (Berkeley: University of California Press, 1976), pp. 28–58; Li Chien-nung, *Political History of China, 1840–1928*, edited and translated by Ssu-y Teng and Jeremy Ingalls (Princeton: Van Nostrand, 1956), pp. 354–5.
5. The Parliament and the northern militarists had confrontations over the issue of whether China should join the First World War. For detailed discussion, see Robert A. Scalapino and George T. Yu, *Modern China and its Revolutionary Process, Recurrent Challenges to the Traditional Order, 1850–1920* (Berkeley: University of California Press, 1985), pp. 437–8.
6. For a detailed account of the political development in Peking and Canton, see Linda Pomerantz-Zhang, *Wu Tingfang 1842–1922, Reform and Modernization in Modern Chinese History* (Hong Kong: Hong Kong University Press, 1992), pp. 250–85; see also Scalapino and Yu, *Modern China and its Revolutionary Process*, pp. 426–51; Li Chien-nung, *Political History of China*, pp. 368–9; for contemporary records, see *North China Daily News*, 13, 15 June 1917.
7. *Millard's Review*, 28 July 1917; for a detailed history of Cheng Biguang, see Chen Shenxiutang (comp.), *Cheng Biguang xunguo ji* (An account of Cheng Biguang's martyrdom for the country), n.d. Reprint (Taibei: Wenhai, 1971); see also *Chuanji wenxue* 43, no. 3 (September 1973), pp. 134–5.
8. *Millard's Review*, 8 September 1917.
9. Hesea Ballou Morse, *The Trade and Administration of China* (Shanghai: Kelly and Walsh, 1921), p. 81.
10. See for example, Xie Benshu, *Xinan junfa shi* (A history of the south-west warlords) (Guiyang: Guizhou renmin chubanshe, 1991); Diana Lary, *Warlord Soldiers, Chinese Common Soldiers* (Cambridge: Cambridge University Press, 1985), pp. 13–23, 59–70. See also Chan Lau Kit-ching, *China, Britain and Hong Kong 1895–1945* (Hong Kong: The Chinese University Press, 1990), pp. 107–69. For detailed discussion of the troops in South China, see Donald S. Sutton, *Provincial Militarism and the Chinese Republic: The Yunnan Army 1905–25* (Ann Arbor: University of Michigan

Press, 1980), pp. 238–61; Diana Lary, *Region and Nation: The Kwangsi Clique in Chinese Politics, 1925–1937* (Cambridge: Cambridge University Press, 1974), pp. 30–3, 42–8.

11. Te-Kong Tong and Li Tsung-jen, *The Memoirs of Li Tsung-jen* (Boulder: Westview Press, 1979), pp. 41–2.
12. Ibid., pp. 43–4.
13. Tong and Li, *The Memoirs of Li Tsung-jen*, p. 45.
14. Scalapino and Yu, *Modern China and Its Revolutionary Process*, pp. 399–441.
15. The complex factional coalition in the Canton government was recorded by a secret report dated 28 November 1918 written by a Peking agent who was sent to Canton to size up the southern situation. This report can be found in Zhu Qiqian, 'Nanbei yihe wenxuan' (Documents on the North–South peace conference) in *Yijiu'yijiu' nian nanbei yihe ziliao*, special issue no. 2 of *Jindaishi ziliao* (1962), pp. 47–9. See also Pomerantz-Zhang, *Wu Tingfang*, pp. 250–85.
16. For a detailed account, see Ray Ovid Hall, *Chapters and Documents on Chinese National Banking* (Shanghai: Shangwu, 1919), pp. 101–11.
17. Zhongguo yinhang Guangzhou fenhang lishi bianxiezu, *Guangdong Zhongguo yinhang lishiziliao huibian, 1914–1949* (Documents on the history of the Bank of China in Guangdong) (Guangzhou: Zhongguo yinhang Guangzhou fenhang, 1988), pp. 8–19, 61–77; Ou Jiluan, *Guangdong zibishi* (A history of paper currency of Guangdong) (Canton: Zhongshan daxue jingji tiaochazu, 1933), pp. 40–3.
18. CO 129/432, 'Chinese Rebellion', May to Harcourt, 4 April 1916.
19. Ibid.
20. CO 129/432, May to Law, 28 April 1916.
21. CO 129/434, May to Harcourt, 10 July 1916.
22. Ibid.
23. Zhongguo yinhang Guangzhou fenhang lishi bianxiezu, *Guangdong Zhongguo yinhang lishiziliao huibian, 1914–1949*, pp. 12–3; see also Chan, *China*, *Britain and Hong Kong*, pp. 143–5.
24. For detailed discussion of the effect of the World War on the Consortium, see Roberta A. Dayer, *Bankers and Diplomats in China 1917–1925, The Anglo-American Relationship* (London: Frank Cass, 1981), pp. 142–5. For an account of the threat imposed by Japan to British interest in China, see CO 129/437, Japanese Influence in Kwangtung, 20 July 1916.
25. *Millard's Review*, 26 February 1921.
26. *Guangdong Zhongguo yinhang lishiziliao huibian, 1914–1949*, pp. 14–15; Ou Jiluan, *Guangdong zibisi* (Canton: Zhongshan daxie jingji tiaochazu, 1933), pp. 54–61.
27. Gaimusho johobu (Intelligence section of the Japanese Ministry of Foreign Affair), *Gendai Shina jimmeikan* (Biographical dictionary of contemporary Chinese) (Tokyo, 1924), p. 248; S. Seagrave, *The Soong Dynasty* (London: Sidgwick and Jackson, 1986), pp. 193–94; for an illustration of the close networks between the Chinese merchants in Hong Kong and Canton, see Guangdong liangshi jiujihui, *Guangdong Liangshi jiujihui baogaoshu* (Report of the Guangdong Food Relief Association) (Canton, 1919).
28. Ou Jiluan, *Guangdong zibisi*, p. 61.

29. David Faure, 'The Rice Trade in Hong Kong before the Second World War', in Sinn (ed.), *Between East and West Aspects of Social and Political Development in Hong Kong* (Hong Kong: Centre of Asian Studies, University of Hong Kong, 1990), p. 218.
30. *Huazi ribao*, 10 February 1919.
31. Guangdong liangshi jiujihui, *Guangdong Liangshi jiujihui baogaoshu* (Report of the Guangdong Food Relief Association) (Canton, 1919).
32. *Huazi ribao*, 25 July 1919.
33. All correspondence and telegrams were published by the Guangdong Liangshi jiujihui, see *Guangdong liangshi jiujihui baogaoshu*.
34. *Huazi ribao*, 26, 29 July 1919; *Shenbao*, 29 July 1919.
35. *Huazi ribao*, 7, 8 July 1919.
36. *Shenbao*, 6 August 1919; *Huazi ribao*, 4, 5 August 1919.
37. *Shenbao*, 26, 30 July 1919; *Huazi ribao*, 25, 26, 29, 30 July, 1919.
38. *Huazi ribao*, 8, 9 August 1919.
39. For detailed information of the capital syndicate, see Ou Jiluan, *Guangdong zibisi*, pp. 73–8, see also *Guangdong Zhongguo yinhang lishiziliao huibian, 1914–1949*, pp. 70–6.
40. A brief history of the Guangdong Army can be found in Chen Dingyan and Gao Zonglo, 'Chen Jiongming: liansheng zhizi di shixingzhe'; see also *Yuejun yu Sun Zhongshan* (The Cantonese Army and Sun Yat-sen) (Canton, 1922). This is a booklet written by members of the Cantonese Army refuting that Chen Jiongming's troops were financially supported by Sun. For a history of Chen Jiongming, see Winston Hsieh, 'The ideas and ideals of a warlord: Ch'en Chiung-ming, 1878–1933,' *Harvard Papers on China*, 16 (Cambridge, Mass.: East Asian Research Centre, Harvard University, 1962); see also the *North China Daily News*, 16, 17 February 1921. See also Boorman and Howard (eds.), *Biographical Dictionary*, I, pp. 173–80; see also Martin Wilbur, *Sun Yat-sen, Frustrated Patriot* (New York: Columbia University Press, 1976), pp. 30–1.
41. *Huazi ribao*, 9 September 1920; see also the retrospective account by Rodney Gilbert in *North China Daily News*, 16, 17 February 1921. *China Weekly Review*, 22 January 1921; see also *Yuejun yu Sun Zhongshan* (The Cantonese Army and Sun Yat-sen) (Canton, 1922).
42. Ibid., see also *Gendai Shina jimmeikan*, pp. 240, 248. A detailed history of Chen Gengyu and his brother can also be found in CO 129/402, May to Harcourt, 28 July 1913. As early as in 1913, the Governor had pointed out that Chen Gengyu had very close relationship with Chen Jiongming.
43. *Huazi ribao*, 12 to 16, 27 October 1920. *Shenbao*, 3 October 1920.
44. *Huazi ribao*, 16 October 1920.
45. See for example *Huazi ribao*, 1 November 1920.
46. *Huazi ribao*, 11 December 1921.
47. Ou Jiluan, *Guangdong zibishi*, pp. 73–4.
48. Tan, *Zhongguo Xinhai geming huiyilu*, vol. 2, pp. 358–9.
49. Pomerantz-Zhang, *Wu Tingfang*, pp. 276–9.
50. Tan, *Zhongguo Xinhai geming huiyilu*, vol. 2, pp. 360–1.
51. CO129/470, Alston to Curzon, 12 February 1921. For the background of the Sun-Chen struggle, see CO129/470, Political Situation in China, 3 May 1921.

52. See Feng Ziyou, *Geming yishi* (Reminiscences of the Revolution) (reprinted Tabei: Shangwu, 1953), p. 286.
53. *Huazi ribao*, 26 to 31 January 1921; *Shenbao*, 27 January 1921.
54. *Huazi ribao*, 2 to 7 December 1920.
55. See for example, *North China Herald*, 10 January 1921, *Huazi ribao*, 24 January 1921.
56. *Huazi ribao*, 21 February 1921.
57. Jean Chesneaux, 'The Federalist Movement in China, 1920–3,' in Jack Gray (ed.), *Modern China's Search for a Political Form* (Oxford: Oxford University Press, 1969); Winston Hsieh, 'The ideas and ideals of a warlord: Ch'en Chiung-ming, 1878–1933,' *Harvard Papers on China*, 16, pp. 198–252.
58. CO 129/467, Affairs in Kwangtung, 20 March 1921; corroboration can be found in *Millard's Review*, 26 March 1921; *Shenbao*, 20, 31 March 1921.
59. See *Shenbao*, 29 March 1921; see also *Millard's Review*, 20 March 1921, 2 April 1921.
60. CO129/471, Enclosure. Situation in China, 7 September 1921. Liu Zhubo's report is dated 30 March 1921, but it reached the Foreign Office only in September 1921.
61. Ibid.
62. Ibid.
63. Ibid.
64. Ibid.
65. See Chan, *China, Britain and Hong Kong*, pp. 170–76; see also M.K. Chan, 'Labour vs Crown: Aspects of Society-state interactions in the Hong Kong Labour Movement before World War II', in E. Sinn (ed.), *Between East and West*, pp. 132–46.
66. FO 371 F1529/927/10, Enclosure. Alston to Foreign Office, 6 March 1922. See also Roberta Albert Dayer, *Bankers and Diplomats in China,* pp. 126–7.
67. Ibid., FO 371 F1496/927/10, Jamieson to Foreign Office, 14 March 1922, FO 371 F1577/927/10, Jamieson to Foreign Office, 17 March 1922.
68. CO129/474, Probable movement of Sun Yat-sen, 26 March 1922.
69. On Addis' speech to the Shanghai Chamber of Commerce, see *The Times*, London, 9 November 1921, 30 January 1922. John Addis was the Manager of the Hong Kong and Shanghai Bank. For a history of Addis, see Dayer, *Bankers and Diplomats*, pp. 50, 91.
70. Addis Diary, 28, 31 December 1921. Addis' papers are now kept in the SOAS Library of London University. For a more detailed discussion, see Dayer, *Bankers and Diplomats in China*, pp. 126–7, 148.
71. CO 129/474, Shipping strike at Hong Kong, 28 February 1922; CO 129/467, Affairs in Kwangtung, 20 March 1921. For a discussion of these incidents, see Dayer, *Bankers and Diplomats in China*, pp. 124–6.
72. Ibid., FO 371 F1577/297/10, Colonial Office to Foreign Office, 29 March 1922.
73. See Dayer, *Bankers and Diplomats in China, 1917–1925*, pp. 126–7.
74. *Millard's Review*, 25, 30 April 1922; *North China Herald*, 23 April 1922.
75. Wilbur, *Sun Yat-sen*, pp. 31–2, pp. 122–6; *North China Herald*, 19 August 1922.
76. *Shenbao*, 2, 4, 7 September 1922.

77. See *Guangdong Zhongguo yinhang lishiziliao huibian, 1914–1949*, p. 142; Ou Jiluan, *Guangdong zibishi*, p. 36.
78. *Shenbao*, 7, 10, 16 September 1922. Liu Zhubo was suffering from deteriorating health in this period of time. See *Liu Gong Zhubo xingshu*, pp. 4–6.
79. *China Weekly Review*, 22 January 1923. (*Millard's Review* was renamed *China Weekly Review* in January 1923).
80. Zhou Lu, *Huigulu* (Reminiscences), (reprinted, Taibei: Wenhai, 1971), vol. I, pp. 149–54.
81. CO129/479, Stubbs to Macleay, 6 January 1923.
82. *China Weekly Review*, 3 February 1923, 28 April 1923; *Huazi ribao*, 1 May 1924.
83. *Shenbao*, 11 January 1923, *China Weekly Review*, 11 January 1923. On Liu Zhubo's passing away, see *Liu Gong Zhubo xingshu*.
84. Lai Jeh-hang, 'A study of a faltering democrat: the life of Sun Fo, 1891–1949,' unpublished PhD Thesis, University of Illinois at Champaign-Urbana, 1976.
85. *China Weekly Review*, 25 August, 8 September 1923.
86. CO 129/481, Sun Yat-sen's threat to seize Kwangtung Customs, 12 December 1923.
87. Cheng Tiangu, *Cheng Tiangu huiyilu*, pp. 140–5.
88. Ibid., *Shenbao*, 19 January 1924.
89. Cheng Tiangu, *Cheng Tiangu huiyilu*, pp. 140–5.
90. Ibid., *Shenbao*, 31 March 1923.
91. Ibid., *Shenbao*, 11 April 1923.
92. Guangzhou shizhengfu, *Guangzhou shizheng gongbao, yijiu'ersan* (Report of the Canton Municipal government, 1923) (Canton, 1924). Sun Ke gave a retrospective account of these policies in *Shenbao*, 16 October 1923.
93. Zhou Ruisong, 'Yijiu'ersinian Guangzhou di minchan baozheng' (Property Registration in 1924 Guangzhou) in *GDWZ*, no. 9 (1963), pp. 133–6; Pan Quoqiu, 'Wosuo zhidi Guangzhou minchan baozhengju' (What I know about the Guangzhou Property Registration Bureau) in *GDWZ*, no. 9 (1963), pp. 137–46. See also Cheng Tiangu, *Cheng Tiangu huiyilu*, p. 163.
94. *Shenbao*, 11 April 1923.
95. *Shenbao*, 18 April 1923.
96. Lin Jinzhi, *Jindai Huaqiao tuozi guonei qiyi shiziliao xuanji, Guangdong quan* (The investment of the Overseas Chinese in Modern China, Guangdong) (Fuzhou:Fujian Renmin, 1989), pp. 49–50. Lin's study shows that between 1919 and 1927, a large quantity of land and property in Canton, amounting to 551 975 100 dollars in Canton currency was also purchased by overseas Chinese merchants.
97. CO 129/480, Enclosure. Sun Yat-sen and condition in Kwangtung, 9 May 1923.
98. *China Weekly Review*, 7 February 1924.
99. See for example *Shenbao*, 16 October 1923; *China Weekly Review*, 8, 29 March 1924.
100. *Millard's Review*, 20 May 1923.
101. *Shenbao*, 12 April 1923; *China Weekly Review*, 12 May 1923; Cheng, *Cheng Tiangu huiyilu*, p. 163.

102. Cheng Tiangu, *Cheng Tiangu huiyilu*, p. 163; Lin Jinzhi, *Jindai Huaqiao tuozi guonei qiyip shiziliao xuanji*, p. 50. See also *Huazi ribao*, 20 September 1924, 1 October 1924.
103. *Shenbao*, 7 February 1923.
104. On Liao's revival, see Cheng, *Cheng Tiangu huiyilu*, pp. 140–63; Chen, *Liao Zhongkai nianpu*, pp. 182–233. See also *The Reminiscences of Mr Fu Ping-chang* (Taibei: Institute of Modern History, Academia Sinica, 1993), pp. 30–56.
105. Zhongguo dier lishi danganguan (comp.), *Zhonghua Minguoshi dangan ziliao huibian* (A collection of archival materials of the Chinese Republic) (Jiangsu: Jiangsu Renmin chubanshe, 1991), no. 4, vol. 3, pp. 26, 942–52.

6. MILITARY CONFRONTATION AND RETREAT

1. FO 372 F1424/59/10, Alston to Curzon, 3 March 1922. See also Roberta Albert Dayer, *Bankers and Diplomats in China 1917–1925, The Anglo-American Relationship* (London: Frank Cass, 1981), pp. 57–64.
2. On Sun's search for British aid, see F.G. Chan, 'An alternative to Kuomintang-Communist collaboration: Sun Yat-sen and Hong Kong, January–June 1923,' *MAS*, 13, no. 1 (1979), p. 129. On Sun's contacts with the Comintern agents, see C. Martin Wilbur, 'Problems of starting a revolutionary base: Sun Yat-sen and Canton, 1923,' *Bulletin of the Institute of Modern History*, Academia Sinica, Part 4, 2 (1975), pp. 1–63.
3. Ibid.; see also FO 371/9181/F649, Barton to Peking, 17 January 1923.
4. *North China Herald*, 24 February 1923; Chen, *Sun Zhongshan nianpu zhangbian*, vol. 2, pp. 1573–83.
5. This is documented by H.H. Frank King in his *The History of the Hong Kong and Shanghai Banking Corporation*, vol. III (Cambridge: Cambridge University Press, 1988), p. 154.
6. FO 371/9223/F564, Enclosure. Foreign Office to Colonial Office, 20 February 1923; CO 129/482, Situation in Southern China, 28 February 1923; see also Dayer, *Bankers and Diplomats in China*, pp. 162–3; C. Martin Wilbur, *Sun Yat-sen*, *Frustrated Patriot* (New York: Columbia University Press, 1976), pp. 144–7.
7. CO 129/480, Sun Yat-sen and Conditions in Kwangtung, 9 May 1923.
8. Ibid.
9. Ibid.
10. CO 129/480, Interview with Liang Shih-yi and Yeh Kung-cho, 26 April 1923. Wilbur, *Sun Yat-sen*, pp. 143–7; see also Stephen R. MacKinnon, 'Liang Shih-i and the Communication Clique,' *JAS*, 29 (1970), pp. 581–602; Chen, *Sun Zhongshan nianpu zhangbian*, vol. 2, pp. 1573–4.
11. Same as 10. See also Andrew Nathan, *Peking Politics 1918–1923, Factionalism and the Failures of Constitutionalism* (Berkeley: University of California Press, 1976), pp. 176–200, 245–56.
12. FO 371/918/F 1520, Conversation between S.F. Mayers and Sun Yat-sen, 13 March 1923; Conversation between S.F. Mayers and Liang Shih-yi,

16 March 1923; see also Dayer, *Bankers and Diplomats*, pp. 127, 162–3, Wilbur, *Sun Yat-sen*, p. 146.

13. CO 129/480, Interview with Liang Shih-yi and Yeh Kung-cho, 26 April 1923.
14. Dayer, *Bankers and Diplomats in China*, pp. 75–85, and 155–61; Chan Lau Kit-ching, 'The Lincheng Incident – A case study of British policy in China between the Washington Conference (1921–22) and the first nationalist revolution (1925–28),' *Journal of Oriental Studies*, 10 (1972), pp. 172–86.
15. Ibid., FO 371 F1667/81/10, Wellesley minute on Addis to Foreign Office, 2 June 1923. Dayer, *Bankers and Diplomats in Chin*a, p. 156.
16. Same to 14, see also FO 371 F1667/81/10, Wellesley to the Chinese consortium, 6 June 1923.
17. Ibid., FO 371 F2648/22/10, Macleay to Foreign Office, 2 September 1923.
18. Ibid.
19. *Shenbao*, 23 November 1923; *Huazi ribao*, 22 to 24 November 1923; Wilbur, *Sun Yat-sen*, pp. 183–90, Dayer, *Bankers and Diplomats in China*, p. 161.
20. CO 129/481, Stubbs to Duke of Devonshire, 12 December 1923.
21. Ibid.
22. CO 129/481, Stubbs to Jamieson, 23 December 1923.
23. See for example CO 129/483, Curzon to Duke of Devonshire, 19 December 1923; CO 129/483, Duke of Devonshire to Stubbs, 22 December 1923. See also Dayer, *Bankers and Diplomats in China*, p. 162.
24. Ibid., FO 405/244, Macleay to Wellesley, 21 December 1923.
25. Sun was forced to abandon his plan to seize revenues from the Maritime Customs in Guangdong. See *Huazi ribao*, 20 December 1923, see also Chan Lau Kit-Ching, *China, Britain and Hong Kong* (Hong Kong: The Chinese University Press, 1990), pp. 156–8; Wilbur, *Sun Yat-sen*, pp. 183–90.
26. *Shenbao*, 20, 21 December 1923, Chen, *Sun Zhongshan nianpu zhangbian*, vol. 2, pp. 1551–2. See also Dayer, *Bankers and Diplomats in China*, p. 163.
27. *Shenbao*, 26 January, 1923. See Wilbur, *Sun Yat-sen*, pp. 125–60.
28. *Shenbao*, 16 August 1923. Wilbur, *Sun Yat-sen*, pp. 151–6; see also Pichon P.Y. Loh, *The Early Chiang Kai-shek: A Study of His Personality and Politics, 1887–1924* (New York: Columbia University Press, 1971).
29. *Shenbao*, 25 October 1923; Wilbur, *Sun Yat-sen*, pp. 150–8, 172–89; Dan N. Jacobs, *Borodin, Stalin's Man in China* (Cambridge, Mass.: Harvard University Press, 1981), pp. 108–35.
30. From 1920 to 1923, at least 25 guilds in Canton had reorganized into trade unions and registered with the Municipal government of Canton. On these registration records, see Canton Municipal government, *Guangzhou shizheng gongbao, yijiu'ersan* (Report of the Canton Municipal government, 1923) (Canton, 1924). Chen Fulin and Yu Yanguang (eds.), *Liao Zhongkai nianpu* (Changsha: Hunan chubanshe, 1991), pp. 286–90. See also Wilbur, *Sun Yat-sen*, pp. 207–42; Jacobs, *Borodin*, pp. 108–211.
31. On the transformation of guilds to trade unions and their political activities in Guangdong, see M.K. Chan, 'Labour and Empire: The Chinese Labor Movement in the Canton Delta, 1895–1927,' PhD thesis, Stanford

University, 1975. On the general development of labour movements at the coastal treaty ports, including Hong Kong, see J. Chesneaux, *The Chinese Labor Movement, 1919–1907* (Stanford: Stanford University Press, 1968).

32. Chen and Yu (eds.), *Liao Zhongkai nianpu*, pp. 260–71. See also Wilbur, *Sun Yat-sen*, pp. 174–80, 192–7, 208–9, 222–5.
33. *Huazi ribao*, 29 August 1924.
34. *Xiangdao*, 8 January 1923, 11 July 1923, 18 June 1924, 2 July 1924.
35. *Xiangdao*, 2 August 1924.
36. *Xiangdao*, 8 September 1923.
37. *Xiangdao*, 10 September 1924.
38. Jacobs, *Borodin*, pp. 179–84; Wilbur, *Sun Yat-sen*, pp. 208–11.
39. FO 371/10240 [F3443/15/10], Enclosure. Macleay to Wellesley, 6 September 1924.
40. 'Yinian laidi Guangdong' (Guangdong in the Last Year) in *Qianfeng* (The pioneer), no. 2 (Canton, February 1924), pp. 28–46.
41. FO 371/10240 [F3443/15/10], Enclosure. Macleay to Wellesley, 6 September 1924.
42. The announcement can be found in *Huazi ribao*, 14 May 1924.
43. See for examples *Shenbao*, 25 July 1924; *Huazi ribao*, 13 August 1924.
44. The major historical material for this incident is the correspondence from the Canton branch to the Hong Kong branch of the Hong Kong and Shanghai Bank, kept in the Group Archives of the Hong Kong and Shanghai Banking Corporation. Other sources are the Huazi ribao (comp.), *Guangdong kouxie chao* (The Guangdong weapons appropriation storm) (Hong Kong: Huazi ribao, 1924); CO129/486, Importation of arms into China, 1 November 1924; FO 371/10240 [F3443/15/10], Macleay to the Foreign Office, 6 September 1924.
45. For example, Frank H.H. King, Martin Wilbur and Chan Lau Kit-ching suggest that Chen Lianbo induced the British managers of the Hong Kong and Shanghai Bank in Hong Kong and the Bank's Canton agent to take part and to provide financial support. They suggest that the Governor of Hong Kong and the Consul-General in Canton were not involved. This view is largely based on the retrospective reports written by the British Consul-General and the Governor of Hong Kong. See Frank H.H. King, *History of the Hong Kong Bank*, vol. III, pp. 152–61; Chan, *China, Britian and Hong Kong*, pp. 159–67; Wilbur, *Sun Yat-sen*, pp. 249–54.
46. *Guangdong kouxie chao*; Li Langyu, Lin Chijun and He Muzi, 'Guangzhou shangtuan pulu shimo' (The origin and the end of the Guangdong Merchant Corp's rebellion) *GDWZ*, no. 42 (1984), pp. 242–58.
47. Chan, *China, Britain and Hong Kong*, p. 160.
48. On the background of A.G. Stephen, see King, *The History of the Hong Kong and Shanghai Banking Corporation*, vol. III, p. 148.
49. This letter, dated 10 October 1923, was disclosed by Jamieson to the Foreign Office almost a year later, when the incident led to a strike in Guangdong. The letter is in FO 371/10240 [F3443/15/10], Enclosure. Macleay to Wellesley, 6 September 1924.
50. It was only in December 1924, when military confrontation broke out between Sun's troops and the Merchant Corps, and when Jamieson was

asked by the Foreign Office to explain the incident that he produced this letter. The only evidence he cited to defend his innocence in this incident is his one-sentence 'minutes' written on Stephen's letter. It reads 'I can do nothing to help them'. See FO371/10240 [F3443/15/10], Enclosure. Macleay to Wellesley, 6 September 1924.

51. *Shenbao*, 12, 14 February 1924, *Huazi ribao*, 12, 13 February 1924. *China Weekly Review*, 26, 27 March 1924.
52. *Shenbao*, 14, 18, 25 to 28 May 1924, *Huazi ribao*, 15, 26 to 28 May 1924.
53. *Huazi ribao*, 6 June 1924; *Shenbao*, 7 June 1924. *Guangdong kuoxie chao*, pp. 13–46.
54. On the history of these bankers, see King, *The History of the Hong Kong and Shanghai Banking Corporation*, p. 157.
55. The Hong Kong and Shanghai Banking Corporation, Group Archives, 'Correspondences from Shamain [Shameen] to Hong Kong, 1921–8', 10 June 1924.
56. CO129/485, Stubbs to Amery, 31 December 1924. The content of the meeting was not recorded.
57. Hong Kong and Shanghai Bank, Group Archives, 'Correspondences from Shamain to Hong Kong, 1921–8', 21 June 1924.
58. Ibid., 23 June 1924.
59. Ibid., 9 August 1924.
60. Ibid.
61. Ibid.
62. Ibid., Telegram from Shameen to Hong Kong, 9 August 1924.
63. *Huazi ribao*, 11, 12, 13 August 1924.
64. Extract from China Command Intelligence Diary, 1–31 August 1924, in CO 129/485, Stubbs to Amery, 31 December 1924. See also *Guangdong kuoxie chao*, pp. 13–46.
65. *Huazi ribao*, 12 August 1924.
66. Same to 55, 15 August 1924.
67. FO371/10240 [F3443/15/10], Enclosure. Macleay to Wellesley, 6 September 1924.
68. Ibid.
69. Ibid.
70. Ibid.
71. Ibid.
72. Ibid. The only defence he produced is what he called his 'minutes' to Stephen's letter. The one sentence long minutes read, 'I can do nothing to help them,' typed on Stephen's letter.
73. CO 129/486, Giles to Macleay, 21 August 1924. Enclosed in Macleay to MacDonald, 6 September 1924; see also Frank H.H. King, *History of the Hong Kong and Shanghai Banking Corporation*, vol. III, pp. 152–61.
74. CO 129/485, Stubbs to Amery, Enclosure, 31 December 1924.
75. Ibid.
76. Ibid.
77. Ibid., Wilbur, *Sun Yat-sen*, pp. 127–8.
78. *Huazi ribao*, 29 August 1924.
79. *Huazi ribao*, 12, 24 September 1924.

80. Li Langyu, Lin Chijun and He Muzi, 'Guangzhou Shangtuan pulu shimo', *GDWZ*, no. 42 (1984), pp. 242–58.
81. Kenneth W. Rea, *Canton in Revolution, The Collected Papers of Earl Swisher, 1925–1928* (Boulder: Westview Press, 1977), p. 3.
82. *Huazi ribao*, 22 to 28 August 1924.
83. *China Weekly Review*, 30 August 1924.
84. *Shenbao*, 28 to 30 August 1924; *Huazi ribao*, 29, 30 August 1924.
85. FO 371/10244 [F3043/19/10], Macleay to Foreign Office and minutes, 6 September 1924.
86. Ibid.
87. Ibid., Enclosure.
88. *Huazi ribao*, 20 September 1924.
89. *Huazi ribao*, 10 October 1924.
90. Hong Kong Bank Archives, 6 September 1924.
91. *Shenbao*, 14, 21 September 1924; *Huazi ribao*, 10, 11, 12 September 1924; Chen Xiqi, *Sun Zhongshan nianpu zhangbian*, vol. 2, pp. 786–7.
92. *Huazi ribao*, 10, 21 September 1924; *Shenbao*, 29 September 1924.
93. Mao Sicheng (comp.), *Mingguo shiwu nian yiqian zhi Jiang Jieshi xiansheng* (Mr. Jiang Jieshi before the fifteenth year of the Republic) (Hong Kong: Longmen chubanshe, 1965) reprint of 1936 edition, pp. 339–40.
94. Jacobs, *Borodin*, p. 161; *Huazi ribao*, 12, 13 October 1924. Wilbur, *Sun Yat-sen*, pp. 249–54.
95. *Huazi ribao*, 12, 13 October 1924.
96. This information is in Wilbur, *Sun Yat-sen*, pp. 261–3.
97. *Huazi ribao*, 15 October 1924.
98. Same to 96, see also Jacobs, *Borodin*, pp. 160–1.
99. Sun's telegraph is in Liangwen, 'Sun zhongsan yauguan shengtuan sibei handian boyi' (Materials and telegrams concerning Sun Yat-sen's suppression of the merchant corps' rebellion) in *GDWZ*, no. 17 (1965), pp.121–3.
100. *Huazi ribao*, 16 to 20 October 1924; *Shenbao*, 16, 19 October 1924.
101. Rea, *Canton in Revolution*, pp. 3–4.
102. *China Weekly Review*, 29 November 1924.
103. *Shenbao*, 19 October 1924; *Huazi ribao*, 19, 20 October 1924. See also Wilbur, *Sun Yat-sen*, p.263.
104. *Huazi ribao*, 22 October 1924.
105. *North China Herald*, 25 October 1924; *Shenbao*, 23, 24 October 1924, *Huazi ribao*, 22 to 24 October 1924.
106. *Huazi ribao*, 1 November 1924.
107. *Chengong Jingquan rongailu* (The Life of Mr Chen Jiongming) (Hong Kong, 1933).
108. *Huazi ribao*, 4, 5 November 1924.
109. *Huazi ribao*, 7 November 1924.
110. See, for example, *Huazi ribao*, 1 October 1924.
111. See, for example, *Huazi ribao*, 20 November 1924.
112. *China Weekly Review*, 21 March 1925.
113. *Huazi ribao*, 20 November 1924.
114. Zhongguo dier lishi danganguan (comp.), *Zhonghua Mingguoshi dangan ziliao huibian* (A collection of archival materials of the Chinese Republic) (Jiangsu: Jiangsu renmin chubanshe, 1991) no. 4, vol. 3, p. 126.

115. Guo Zan Papers, Diary, 20 June 1925. Guo was the son-in-law of Chen Lianbo. He was a compradore of a French bank in Hong Kong and the Chairman of the Hong Kong Chinese General Chamber of Commerce in the 1940s, and became a significant social leader in Hong Kong by the 1930s and 1940s.
116. Li Jinwei (ed.), *Xianggang bainian shi, 1841–1948* (Centenary history of Hong Kong) (Hong Kong: Nanzhong bianyi chubanshe, 1948), p. 42.

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Appendix 1: Major Chinese Businesses Registered in Hong Kong, 1880–1933

Year of registration	*Name of company*
1881	Man On Insurance Co. Ltd
1895	Chun On Fire Insurance Co. Ltd
1899	Tung On Fire Insurance Co. Ltd
	I On Marine and Fire Insurance Co. Ltd
	Hong Kong and Kowloon Land and Loan Investment Co. Ltd
1901	Shiu On Steamship Co. Ltd
1903	Lun Yick Mutual Fire and Marine Insurance Co. Ltd
1906	Sze Yap Steamship Co. Ltd
1908	China Hon Nin Life Assurance Co. Ltd
	Po Lam Land Investment Loan & Agency Co. Ltd
1910	Kwong Sang Hong Ltd
1911	Lun Tai Mutual Fire & Marine Insurance Co. Ltd
1912	Sun Co. Ltd
1914	Fook Wa Banking and Insurance Co. Ltd
1915	Shanghai Fire and Marine Insurance Co. Ltd
	Lun On Fire & Marine Insurance Co. Ltd
	Li Man Hing Kwok Weaving & Manufacturing Co. Ltd
	Sincere Insurance and Investment Co. Ltd
	Wing On Fire & Marine Insurance Co. Ltd
1916	South China Fire & Marine Insurance, & Godown & Loan Co. Ltd
	Lun Tai Mutual and Marine Insurance Co. Ltd
	Sing Lee Cheong Co. Ltd
1917	Kwong Tai Co. Ltd
1919	Bank of East Asia Ltd
	Sincere Co. Ltd
1920	Wing Fat Printing Co. Ltd
	On Lok Yuen Co. Ltd
1921	Ping On Land Investment Co. Ltd
	Tai Hing Loong Co. Ltd
	National commercial and Savings Bank Ltd
1922	Hong Nin Savings Bank Ltd
	Chinese Estates Ltd
	Sincere Life Assurance Co. Ltd

Year of Registration	*Name of Company*
1923	Hong Kong & Yaumeti Ferry Co. Ltd
	C. Ah Ying & Co. Ltd
	Chiu Chow Pak Yap Chamber of Commerce Ltd
	Ho Man Tin Land Investment Co. Ltd
	Yuen On Steamship Co. Ltd
1924	Kwan On Mutual Fire and Marine Insurance Co. Ltd
	Pun Tak Land Investment & Agency Co. Ltd
	Hing Fat Land Investment & Loan Co. Ltd
	Yin Nin Savings, Mortgage, Loan & Land Investment Co. Ltd
	Sheung Wan Tai Tung Restaurant Ltd
	Wing On Life Assurance Co. Ltd
	Heung On Insurance
	China Distillery (Wong Kwong Shin Tong) Ltd
	Ching Siong Land Investment Co. Ltd
	Yuk Yuen Land Investment Co. Ltd
1925	Overseas Chinese Daily News, Ltd
	Sang Yuen Land Investment and Loan Co. Ltd
1926	Wai Tak Land Investment and Loan Co. Ltd
	Luk Hoi Tong Co. Ltd
	Tsang Chung Shun Tong Co. Ltd
	Sincere Co. (Perfumery manufacturers) Ltd
1927	Wing Lai Land Investment & Loan Co. Ltd
	Dor Fook Co. Ltd
	Luk Hoi Tong Life Assurance Co. Ltd
	Nam Hoi Traders Association Ltd
1928	Hong Kong & Kowloon Cinema Co. Ltd
	Wing On Co. Ltd
	Oriental Investment Co. Ltd
	Chung Shun Land Investment Co. Ltd
	Yue Tak Land Investment & Loan Co. Ltd
1929	Tung Wa Land Investment Co. Ltd
	China Entertainment & Land Investment Co. Ltd
	Tak Wa Land Investment Co. Ltd
1930	Building Contractors' Association Ltd
	Shun Tak District Min Yuen Tong Ltd
	Toi Shan Investment Co. Ltd
	Sam Wo Hing & Co. Ltd
	Luk Hoi Tung Hotel Ltd
	Luk Hoi Tung Restaurant Ltd
	Luk Hoi Tung Dispensary Ltd
	Wing Pang Knitting Co. Ltd
1931	Shum Yee Hing Tong & Co. Ltd
	Shun Kwong Investment & Trust Co. Ltd
	General Chamber of Commerce and Industry of the Tung Kun District Ltd

Year of Registration	*Name of Company*
1932	New Asia Hotel Ltd
	Wing On Bank Ltd
	Sheung Shui Land & Investment Co. Ltd
	King Wan Co. Ltd
	Yik On Investment Co. Ltd
	Cheong Wah Co. Ltd
	China Emporium Ltd
1933	Lun Tai Finance, Savings and Mortgage Co. Ltd

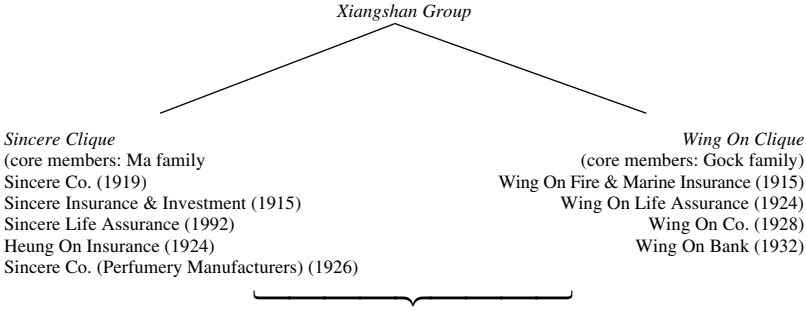
Source: HKRS, 121, 122, 123, 124, 144.

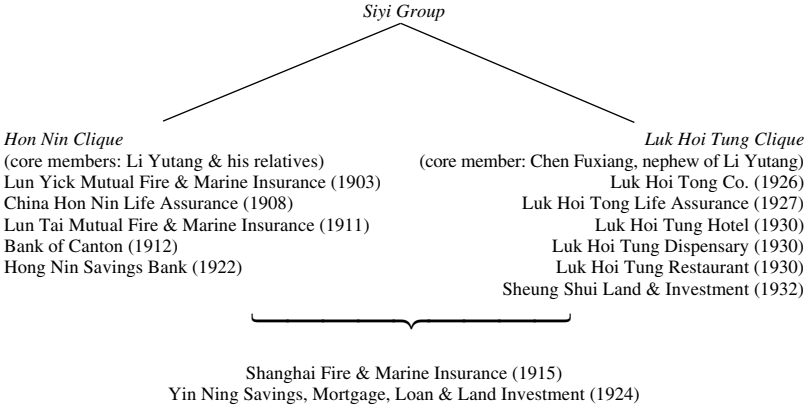
Appendix 2 : Major Business Groups*

	Nam Pak Hong Group 南北行	Overseas- returned Migrants		Local Elites
		Siyi Group 四邑	Xiangshan Group 香山	
1881	Man On Insurance 萬安洋面保險			
1895	Chun On Insurance 全安火險			
1899	I On Marine and Fire Insurance 宜安洋面兼火燭保險			
	Tung On Fire Insurance 同安保險			
	Hong Kong and Kowloon Land and Loan Investment 香港九龍置業按揭			
1901	Shiu On Steamship 瑞安輪船			
1903		Lun Yick Fire & Marine Insurance 聯益火水聯保		
1906		Sze Yap Steamship 四邑輪船		
1908		China Hong Nin Life Assurance 康年人壽		
1911		Lun Tai Mutual Fire and Marine Insurance 聯泰火水聯保		
1912		Bank of Canton 廣東銀行	Sun Co. 大新公司	
1915			Sincere Insurance and Investment 先施保險	Da You Bank 大有銀行
			Wing On Fire & Marine Insurance 永安火水險	(* not registered)
		Li Man Hing Kwok Weaving and Manufacturing Co. 利民興國織造		
		Shanghai Fire and Marine Insurance 上海火水聯保		
1916	South China Fire & Marine Insurance, & Godown & Loan 南華火燭洋面保險貨倉按揭			
1919			Sincere Co. 先施公司	Bank of East Asia 東亞銀行
1921			National Commerical & Savings Bank 香港國民商業銀行	
1922		Hong Nin Savings Bank 康年銀行	Sincere Life Assurance 先施人壽	Chinese Estates 華人置業
1923	Chiu Chow Pak Yap Chamber of Commerce 潮州八邑同鄉會			
1924	Kwan On Mutual Fire & Marine Insurance 均安聯保火險洋面燕梳	Yin Nin Savings, Mortgage, Loan and Land Investment 延年銀業儲蓄按揭	Wing On Life Assurance 永安人壽	
			Heung On Insurance 香安保險	
1926		Luk Hoi Tong Co. 陸海通公司	Sincere Co. (Perfumery Manufacturers) 先施香水	
1927	Nam Hoi Traders Association 南海商會	Luk Hoi Tung Life Assurance 陸海通人壽		
1928			Wing On Co. 永安公司	Oriental Investment 東方置業
1929				China Entertainment & Land Investment Co. 華人娛樂
1930	Shun Tak District Min Yuen Tong 順德綿遠堂	Toi Shan Investment Co. 台山僑港陳氏聯合有限公司		
		Luk Hoi Tung Dispensary 陸海通葯房		
1931	General Chamber of Commerce and Industry of Tung Kun District 東莞工商總會	Luk Hoi Tung Restaurant 陸海通酒樓		
1932		Sheung Shui Land & Investment Co. 上水置業	Wing On Bank 永安銀行	China Emporium 大中華百貨

*Business groups with interlocking shares or directorship.

Appendix 3: Major Business Cliques Among the Overseas-Returned Migrants*





*Companies with interlocking shares and directorships.

Glossary

Anhui 安徽
Bank of Canton 廣東銀行
Bank of Communications (*Jiaotong yinhang*) 交通銀行
Bao'an 寶安
bashi 罷市
Beiyang warlords 北洋軍閥
caizheng gongkai wei yuanhui 財政公開委員會
caizheng tongyi 財政統一
'Canton for the Cantonese' 粵人治粵
Chaozhou 潮洲
Chen Gengyu 陳庚虞
Chen Jiongmeng 陳炯明
Chen Lianbo 陳廉伯
Chen Shaobai 陳少白
Cheng Biguang 程璧光
Cheng Tiangu 程天固
Chiang Kai-shek (*Jiang Jieshi*) 蔣介石
China Consortium 中國銀團
China Hon Nin Life Insurance Co. 中國康年人壽
China Steam Navigation Co. 中國輪船招商局
Clique of Elders 元老派
Clique of Princelings 太子派
Confucian Church 孔聖廟
daotai 道臺
Da You Bank 大有銀行
Enping 恩平
Foshan 佛山
Fujian 福建
gongchan 公產
gonghui 工會
gongtuan 工團
gongtuanjun 工團軍
guandu shangban 官督商辦
guanchan 官產
Guangdong Gangzhou shangfou zhangcheng 廣東岡州開埠章程
Guangdong kouxie chao 廣東扣械潮
Guangdong liangshi jiujihui 廣東糧食救濟會

Guangdong nonglin shiyan chang 廣東農林試驗場
Guangdong sheng guanchan qinglichu 廣東省官產清理處
Guangzhou minchan baozhengju 廣州民產保証局
Guangxi 廣西
Guangzhao gongsuo (Kwang-chao Kung-so) 廣肇公所
Guangzhou (Canton) 廣州
Guangzhou Juyuehui 廣州拒約會
Guo Zan 郭贊
Haak gwan (Guest Army) 客軍
Ho Kai (*He Qi*) 何啓
Ho Sai-kong 何世光
Ho Tung (*He Dong*) 何東
Hong Nin Savings Bank 康年銀行
Hu Bu 戶部
Hu Hanmin 胡漢民
Huaqiao 華僑
Huaqiao tuanti 華僑團體
Huazi ribao 華字日報
Huizhou 惠州
Hunan 湖南
Jiu'lao hui 九老會
Kaipi Xiangzhoufou zhangcheng 開闢香州埠章程
Kaifong (*Jiefang*) 街坊
Kaiping 開平
Kam Shan Chong 金山莊
Li Hung-chang (*Li Hongzhang*) 李鴻章
Li Yutang 李煜堂
Li Yuanhong 黎元洪
Liang Qichao 梁啓超
Liang Shiyi 梁士詒 (*Liang Yansun* 梁燕蓀)
Liangshi weichihui 糧食維持會
Liao Zhongkai 廖仲凱
Lijin 厘金
Lingnan 嶺南
Liu Zhubo (Lau Chu-po) 劉鑄伯
Long Jiguang 龍濟光
Luo Changzhao 羅長肇
Lu Buwei 呂不韋
Luk Hoi Tong Co. Ltd 陸海通有限公司

Ma Ying Piu (*Ma Yingbiao*)馬應彪
Man Mo Temple (*Wenwu* Temple) 文武廟
Merchant Corps' Incident 商團事件
Millard's Review 密勒氏評論報
minchan baozheng 民產保證
Minguo ribao 民國日報
Minjun (People's Army) 民軍
mufu 幕府
Nam Pak-hong Kung-so (*Nanbei hang gongsuo*) 南北行公所
Nonggongshang Bu 農工商部
nongtuan 農團
Qin 秦
Quanyedao 勸業道
Qianfeng 前鋒
Reorganization Loan 善後大借款
Righteous Profit Currency Maintainace Capital Syndicate 義利維持紙幣團
Sanshiren chouxiangtuan 三十人籌餉團
Sanshui 三水
Shameen (Shamain) 沙面
Shang Bu 商部
Shanghai Cotton Cloth Mill 上海織布局
Shanghai Fire & Marine Insurance 上海火水險有限公司
shanghui 商會
shangtuan 商團
Shangyi baohuhui 商業保護會
shangzhan 商戰
Shenbao 申報
Sheung Shui Land and Investment Co. 上水置業有限公司
Sheung Wan (*Shanghuan*) 上環
shichan 市產
shimin 市民
Shishi huabao 時事畫報
Shixing liansheng tang 石行聯盛堂
shizheng 市政
Fengtian shibao 奉天時報
Sincere Co. 先施公司
Siyi (Sze Yap) 四邑
Siyi shanggong zongju 四邑商工總局
Sun Co. 大新公司

Sun Ke 孫科
Sun Yat-sen 孫逸仙
Taipingshan 太平山
Tang Jiyao 唐繼堯
Tang Shaoyi 唐紹儀
Tung Wah Hospital (*Donghua Yiyuan*) 東華醫院
Waiwu Bu 外務報
Wei Yuk (*Wai Yuk*) 韋玉
Whampao (*Huangpu*) 黃埔
Wing On Co. 永安公司
Wu Tingfang (Ng Choy) 伍廷芳
Wu Dongkai 伍東啓
Xianggang Huashang Zonghui 香港華商總會
Xiangshan 香山
Xiangdao 嚮導
Xiguan (*West Gate*, Western Suburb) 西關
Xinhai geming 辛亥革命
Xinhui 新會
Xinan warlords 西南軍閥
Xinning (Taishan) 新寧 (台山)
Xinning tielu 新寧鐵路
Xunhuan ribao 循環日報
Yang Xian 楊西岩
Yangwu 洋務
Yangwu Yundong 洋務運動
Youchuan Bu (Board of Communications) 郵傳部
Yuejun (Guangdong Army) 粵軍
Yunnan 雲南
Zhang Zuolin 張作霖
Zhejiang 浙江
Zhengxinlu 徵信錄
Zhongli 總理
Zongguo yinhang 中國銀行
Zongguo yinhang Guangzhou fenhang 中國銀行廣州分行
Zhou Shousan 周壽臣
Zhugang chouxiangju 駐港籌餉局
Zibenjia 資本家

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