From Guild to Interest Group: The Transformation of Public and Private in Late Qing China

JOSEPH FEWSMITH

Kent State University

Voluntary associations of one sort or another were clearly an important component of traditional Chinese society. Their importance for the economy has long been recognized, and their potential political efficacy was acknowledged—albeit negatively—by the government, which prohibited gentry from forming study associations (*xuehui*).[1] An earlier generation of Western observers was quick to note this facet of Chinese life. The French social scientist, Maurice Courant, declared that "the fact that dominates the Chinese life is the existence of associations," and E. T. C. Werner, in a less scholarly vein, commented on "the tendency of the Chinese to act not singly but in groups." As early as 1803, the American missionary S. Wells Williams had observed in a manner reminiscent of Tocqueville that the natural tendency of the Chinese people to "crystallize into associations" provided a "stimulus to activity," which he credited with "quickening the vitality of the mass."[2]

The prevalence of such associations in traditional China did not, however, imply à la Tocqueville the existence of *pouvoirs intermediares* linking together state and society. On the contrary, Chinese associations were not

This article was written while on a postdoctoral fellowship at the Center for Chinese Studies at the University of California, Berkeley. I am indebted to the Center for its financial support and intellectual stimulation.

[1] On the role of guilds in the Chinese economy, see He Bingdi, *Zhongguo huiguan shilun* [An historical survey of *landsmannschaften* in China] (Taipei: Xuesheng shuju, 1966); Negishi Tadashi, *Chūgoku no girudo* [Guilds of China] (Tokyo: Nippon hyoron shinsha, 1953); Susan Mann Jones, "Finance in Ningpo: The 'Ch'ien-chuang,' 1750–1880," in *Economic Organization in China*, W. E. Willmott, ed. (Stanford: Stanford University Press, 1972) 47–77; Hosea Ballou Morse, *The Gilds of China* (London: Longman's, 1909); and D. J. Macgowan, "Chinese Guilds or Chambers of Commerce and Trade Unions," *Journal of the North China Branch of the Royal Asiatic Society*, 21:3 (1886), 133–92. On the prohibition against gentry associations, see Jung-pang Lo, ed. and trans., *K'ang Yu-wei: A Biography and a Symposium* (Tucson: The University of Arizona Press, 1967), 71.

[2] Maurice Courant, "Les associations en Chine," *Annales des science politique*, 14 (January 1899), 89; E. T. C. Werner, *Autumn Leaves* (Shanghai: Kelly & Walsh, 1928), 32; and S. Wells Williams, *The Middle Kingdom*, 2 vols. (New York: Scribner, 1883), II, 87–88.

0010-4175/83/4392-2456 $2.50

representative in the literal sense that they did not "re-present" the interests of their constituents to the state. Their role could be more accurately described as an extrabureaucratic group fulfilling regulatory functions beyond the normal reach of the bureaucracy. They were, in effect, *pouvoirs subsidiares*[3] whose authority derived from and complemented that of the state. This relationship changed dramatically in the latter half of the nineteenth century. Domestic rebellion and foreign economic incursion combined to increase the scope and importance of local government and to cause commerce to expand rapidly. Voluntary associations—such as guilds—began to take on a new role in the polity. Society emerged as distinct from state, and guilds were transformed from extrabureaucratic self-regulating organizations to modern interest associations representing their constituents (as they saw them) and making an increasingly broad range of demands on the state. In this process new notions of authority, the relationship between state and society, and the role of intermediary associations emerged. In short, *pouvoirs intermediares* came into existence and posed questions of authority and legitimacy which became (and remain) central issues in Chinese politics.

The emergence of a private sphere and of interest groups to represent it both reflected and contributed to the breakdown of traditional authority. The traditional political order distinguished between public (*gong*, in the sense of public-mindedness) and private (*si*, in the sense of selfish, opposed to the public good). "Public" was based on Confucian precepts and, in a well-ordered society, would be embodied in the state, and especially in the monarch. In reality, of course, individual monarchs and bureaucrats could pursue their selfish interests at the expense of the public good just as upright Confucians could oppose a corrupt state, but it was illegitimate to oppose the state on the basis of a partial interest.

This identification between Confucian knowledge, public-mindedness, and the right of political action is well illustrated by Ouyang Xiu's classic essay "On Factions" ("*Pengdang lun*"). In the Song Dynasty, Ouyang had argued that there were two types of factions, those of small men (*xiaoren*) and those of gentlemen (*junzi*). Small men group together in the hope of profit and hence, as the opportunities for profit making change, they inevitably end in struggle and "mutual injury." Such factions, then, were destructive of social order. Gentlemen, on the other hand, come together on the basis of common morality (*tongdao*) for the purpose of self-cultivation and mutual assistance. One was an expression of selfishness (*si*) and the other of public-mindedness (*gong*). Because a faction of gentlemen was based on common morality and public-mindedness, it would continue "from first to last as one." Thus, Ouyang asserted, the wise rulers of the past had employed the faction of gentlemen to rule over society. The tyrants of the past had, contrarily, sup-

[3] I am indebted to Kenneth Jowitt for suggesting the use of this term.

pressed the faction of gentlemen, thereby causing the factions of small men to flourish and bring ruin to the nation. Public-mindedness was clearly rooted in Confucian knowledge and antagonistic to the selfish and partial interests of small men.[4]

Ouyang Xiu's limited defense of faction—which was by no means universally accepted—shows how far Confucian China was from accommodating the concept of expertise as a criterion of decision making. There is no room in Ouyang's argument for men of specialized ability to come together to promote a particular interest—such as commerce—on the basis of "objective" knowledge. On the contrary, Ouyang Xiu's defense of faction was a celebration of Confucian morality and the amateur ideal (so much so, in fact, that the Yongzheng emperor, sensing a traditional Confucian effort to elevate the monarchy to a position of impotence, felt compelled to refute Ouyang's arguments[5]). Only gentlemen could judge what was or was not "public-minded"; such judgments were not subject to external validation. Confucianism constituted a self-contained system of knowledge which acted as a barrier between the state and the claims of local society and partial interests. When Confucianism stopped being the only test of legitimacy and the claims of interests began, however tenuously, to be accepted, then the locus—and the determinants—of public-mindedness became subject to dispute and a polity with *pouvoirs intermediares* became possible.

In practice, the Confucian monopoly on moral knowledge and legitimate political action was institutionalized in a bureaucracy which, through the law of avoidance, attempted to insulate itself from society. In a constant effort to maintain the centralization of authority, the government relied on a relatively small bureaucracy which regularly rotated its officials. To expand the bureaucracy to further "penetrate" the society or to choose officials from the local areas, as some writers in the "feudal" (*fengjian*) tradition desired, risked the "capture" of the bureaucracy by society and the consequent overwhelming of centripetal forces by centrifugal pulls. The bureaucracy monopolized communication to the throne and hence dominated without penetrating.[6]

The low degree of bureaucratic penetration left a large amount of political space on the local level which was filled by voluntary and ascriptive associations of one type or another: clan, secret society, guild, and so on. Such extrabureaucratic "private" associations existed with precarious legitimacy.

[4] Ouyang Xiu, "Pengdang lun" [On factions] in *Ouyang wenzhong gongwen ji* [The collected writings of Ouyang Xiu], 36 *ce* (Shanghai: Commercial Press, 1922), *ce* 5, *zhuan* 17:6b–8a.

[5] David S. Nivison, "Ho-shen and His Accusers: Ideology and Political Behavior in the Eighteenth Century," in *Confucianism in Action*, David S. Nivison and Arthur F. Wright, eds. (Stanford: Stanford University Press, 1959), 226–27.

[6] On the Qing bureaucratic system and its relation to local society, see Ch'u T'ung-tsu, *Local Government under the Ch'ing* (Cambridge: Harvard University Press, 1962; rpt. Stanford: Stanford University Press, 1969); and Etienne Balazcs, *Chinese Civilization and Bureaucracy*, Arthur F. Wright, ed. and trans. (New Haven: Yale University Press, 1964).

Study associations were, as noted above, forbidden, and secret societies were strictly, if not effectively, prohibited. Clan organizations, normally co-opted to maintain local order, became suspect if they grew too large or powerful.[7] Guilds were important for the regulation of the economy, but had no foundation in law. One senses a contradiction between the de facto organization of local society and the lack of legitimacy such organizations possessed. Existing on the boundary between *gong* and *si,* they often pursued *si* while the state pretended they were *gong.* A game of words perhaps, but one with important ramifications for the legitimacy of the state and the role of local associations.[8] It was in this extrabureaucratic nether world that traditional guilds existed.

THE ROLE OF TRADITIONAL GUILDS

The role of guilds in the traditional polity is a matter of some debate. Traditionally, the importance of guilds has been denigrated. Hsiao Kung-ch'üan makes no reference to guilds in his monumental work on rural China, and Ch'u T'ung-tsu dismisses them as "not powerful enough to have a voice in the common good of the community, still less in the governing process."[9] Nevertheless, the recent research of William Rowe has convincingly demonstrated the importance of guilds in the city of Hankou.[10] And the authority of guilds within individual trades was great enough, according to Quan Hansheng, to deprive an errant member of his livelihood if expelled from the guild.[11]

Most guilds, with the exception of special monopolies such as the salt monopoly or co-hong, maintained a distance and an independence from the bureaucracy which gave them a high degree of control over their own occupations. All persons engaged in a given trade were required to join the guild and adhere to its regulations. Merchants from other places (*keshang,* "guest merchants") wishing to do business in the locale of a particular guild were required to sell their goods directly to the guild; they were not permitted to search out buyers on their own and compete with resident merchants. For example, regulations of the Shanghai Bean and Rice Guild stated, "All guest merchants must sell their goods directly to the guild; if they sell privately,

[7] Maurice Freedman, *Chinese Lineage and Society: Fukien and Kwangtung,* London School of Economics, Monographs on Social Anthropology, no. 33 (London: The Athlone Press, 1966; New York: Humanities Press, 1966), 97–117 *et passim.*

[8] On language and politics, see J. G. A. Pocock, *Politics, Language, and Time; Essays on Political Thought and History* (New York: Antheneum, 1971).

[9] Hsiao Kung-ch'üan, *Rural China: Imperial Control in the Nineteenth Century* (Seattle: University of Washington Press, 1960); and Ch'u, *Local Government,* 168–69.

[10] William Townsend Rowe, "Urban Society in Late Imperial China: Hankow, 1796–1889" (Ph.D. diss., Columbia University, 1980).

[11] Quan Hansheng, *Zhongguo hanghui zhidu shi* [A history of China's guild system] (Shanghai: Xin shengming shuju, 1934), 159. See also Negishi, *Chūgoku,* 380–81, 383.

then upon being discovered they will be fined according to the resolution of the members."[12]

In the enforcement of these and other regulations, guilds were permitted considerable juridical authority. Guild directors, either singly or together, resolved disputes that arose within their guild and represented the guild in disputes arising between its members and those of other guilds. If a case reached the local magistrate, a guild director represented the corporate interest. Moreover, in certain occupations the guilds even took on limited police functions. For instance, the grain guilds had the authority to appoint inspectors to ensure that incoming merchants did not increase the weight of their grain by dousing it with water. Violators were punished by the guild. In other cases, however, such police functions were more clearly an extension of government authority. The Guangdong Guild in Fuzhou, for instance, was charged with appointing inspectors to investigate illegal acts and bring the accused before the local yamen. In the years following the establishment of the likin tax, Shanghai guilds petitioned for permission to collect it themselves. As a result, the Tax Guild (*renjuan gongsuo*) was established and granted certain police functions in order to prevent tax evasion.[13]

Guild authority ultimately rested on the ability to use collective action to protect the group interest. This could be employed against individuals by expelling them from the group, an action referred to as *tongmeng juejiao*, "allied severing of relations"; against the actions of foreigners; or even against the financial demands of officials. A case from 1883 illustrates the effectiveness of guild action. In a dispute over new guild regulations and the price of tea, foreign merchants decided to boycott the Hankou Tea Guild. The guild responded by reaffirming its policies and forbidding any member from selling until the foreigners agreed to the arrangements. In this double boycott, "the ever united Chinese had the advantage over the ever disunited Europeans and carried off the victory."[14] This example suggests that the collective authority of guilds was great enough, at least in some places and for some commodities, to affect price levels.

An instance in which such collective action thwarted official efforts to raise funds occurred in the years immediately following the Taiping Rebellion (1850–64). Zuo Zongtang, serving as governor-general of Jiangnan, decided to issue a large number of salt certificates (*yanpiao*), but the vigorous opposi-

[12] Quan, *Zhongguo hanghui*, 159. There is, at the moment, little empirical evidence as to precisely how enforceable such regulations were. The point, however, is that even if guilds had considerable authority, they did not, in the traditional period, emerge as *pouvoirs intermediares*.

[13] Negishi, *Chūgoku*, 378–79.

[14] Charles F. Remer, *A Study of Chinese Boycotts: With Special Reference to Their Economic Effectiveness* (Baltimore: The Johns Hopkins Press, 1933), 13. For a fuller description of the boycott, see Rowe, "Urban Society," 275–89.

tion of the Huai salt merchants forced him to stop after issuing only a fifth of the intended amount. Similarly, when Zhang Zhidong, then governor-general of Huguang, tried to raise funds by establishing an opium monopoly, the united resistance of opium merchants forced him to discard his plan.[15]

It seems clear that Chinese guilds had a considerable degree of authority over their members and an ability to defend their interests at least passively against official exactions. However, this authority, unlike that of European guilds, had no basis in law, customary or otherwise, and no territorial authority. The Qing Statutes and Criminal Code (*DaQing lüli*) contains few commercial codes and makes no mention of guilds. One clause contains a prohibition against any merchant who, "observing the state of his neighbors' business, so fixes his prices that they cannot sell theirs," or who acts in such a manner as to "excite distrust against [his neighbors] and thereby make a profit greater than usual."[16] Such prescriptions against competition must have given comfort to guilds, but it is nowhere specified that guilds should be the agents of such regulation. As for the legal basis of the guilds, Hosea Morse was quite right when he wrote that Chinese guilds "have grown apart from and independent of the government; they have molded their own regulations, and enforced them in their own way and by their own methods."[17] But while guild jurisdiction was largely autonomous, it did not, as in Europe, constitute a separate structure of authority.[18] Guilds could appeal to local custom or the magnanimity of officials (and back their appeals by collective action), but they could not point to customary law and plead their cases in court.

If guilds could find no basis of legitimacy in Qing law, neither could they find it in the de facto administration of territory. Except in such areas as northern Manchuria and the remote coastal areas of Fujian and Guangdong,[19] guild authority was based on functional lines rather than territorial jurisdiction. It is clear that the juridical authority of guilds applied to commercial cases and only peripherally to criminal cases. Moreover, it is apparent that the authority of guilds was ultimately dependent on official sanction: if a person violated repeatedly the regulations of the guild, the guild would take the offender before the local magistrate. Except in the remotest regions of the empire, urban guilds did not create supraguild organizations which might

[15] Quan, *Zhongguo hanghui*, 161.

[16] Cited in F. L. Dawson, Jr., "Law and the Merchant in Traditional China: The Ch'ing Code, *Ta-Ch'ing Lü-li*, and Its Implications for the Merchant Class," *Papers on China*, 2 (1948), 73–74.

[17] Morse, *Gilds of China*, 25.

[18] In his *Economic and Social History of Medieval Europe* (New York: Harcourt, 1956), Henri Pirenne writes (p. 55), "The medieval burgess . . . was a different kind of person from all who lived outside the town walls. Once outside the gates and the moat we are in another world, or more exactly, in the domain of another law."

[19] Negishi, *Chūgoku*, 73.

have formed the basis of territorial administration. It is in this sense that Negishi Tadashi speaks of the "separateness" of Chinese guilds.[20]

Thus, despite the importance of guilds in the traditional Chinese economy, they lacked the legal standing or territorial jurisdiction necessary to become alternative forms of authority. In fact, it could be argued that guild organizations fit into "Confucian China" rather well. By performing an extra-bureaucratic function that the state was ill-disposed, either intellectually or organizationally, to deal with, the guilds permitted the bureaucracy to remain uninvolved in the details of the economy and thus relieved it of the task of developing the expertise to deal with commerce. The willingness of guilds to wallow in *si* facilitated the preservation of bureaucratic *gong*. This division of labor thus presented no challenge to the Confucian monopoly. As long as the authority of guilds could be thought of as having been delegated by the bureaucracy, commercial association represented no challenge to Confucian knowledge and constituted no limitation to public authority. Traditional guilds, then, were not *pouvoirs intermediares;* they could not link state and society because there was no recognized distinction between the two.

This monistic conception of public authority and the relationship between state and society that it expressed were eroded and finally destroyed by the rapid changes in social structure that occurred in the wake of domestic rebellion and the radical challenge to Confucian knowledge implicit in foreign military and economic intrusion. A gradual devolution of power and expansion of commerce (especially foreign trade) was accompanied, particularly in and around Shanghai, by a growth in the number and influence of guilds. This awakening of civil society and the growing recognition of the need to "stimulate commerce" (*xingshang*), forced the state first to employ and then to recognize the organizations of civil society. But that recognition implied the existence of alternative forms of knowledge and structures of authority. As a result, a distinction, however ill defined and contested, emerged between public and private.

The immensity of the Taiping Rebellion and the ineffectiveness of official troops in suppressing it gave the court no choice but to allow the militarization of local society. Local militia units, called *tuanlian,* were recruited and led by local gentry.[21] They relied on personal ties between leaders and troops, existed outside the bureaucratic system, and gradually acquired administrative and taxation authority—all in direct contravention of the Qing practice. Whereas the Qing had previously used local troops as auxiliaries, such forces were either disbanded after the danger had passed or were co-opted into the regular

[20] *Ibid.*, 384, and Negishi Tadashi, *Shanghai no girudo* [The guilds of Shanghai] (Tokyo: Nippon hyoronsha, 1951), 7–14.

[21] The development of *tuanlian* is surveyed by Philip A. Kuhn in *Rebellion and Its Enemies in Late Imperial China: Militarization and Social Structure, 1796–1864* (Cambridge: Harvard University Press, 1970). See especially 211–23.

military structure. The local and regional forces that grew up during the Taiping years, however, were too numerous and too powerful to be disbanded or absorbed.[22] Hence *tuan* organizations persisted after the suppression of the rebellion; the court maintained the fiction that *tuan* heads were officially appointed but acquiesced in the effective takeover of local government by *tuan* organizations.[23]

What made this involvement of the local elite in local government into a true devolution of power was the government's desperate need for revenue and the ability of local elites to supply it. The archetype of this consolidation of administrative, military, and financial authority was Zeng Guofan's famous Hunan Army. Zeng realized that to build an effective force he would need more money than the government could supply or than the gentry was wont to contribute. With his appointment as governor of his native Hunan province, Zeng was able to secure independent control over the army, the provincial administration, and the tax system. Zeng's model was widely replicated at the county level as *tuan* organizations took effective control of the local tax structure.[24] Thus, as the need for revenue rose, the tax structure fell increasingly into the hands of the provincial and county elites; it was such people who would seek out new sources of revenue, supervise its collection, and be entrusted with its remission.

At the county level, one of the main sources of new revenue came through an expansion of tax farming.[25] After some experimentation with issuing a large number of licenses for tax collection, local authorities (at least in the lower Yangzi region) soon found that dealing directly with commercial guilds netted greater cooperation and revenue.[26] The guilds would guarantee payment of the tax and then undertake to collect it themselves. This arrangement both secured sufficient revenue for the authorities and prevented overtaxation by corrupt tax collectors. As the need for revenue increased, the government became willing to grant more authority to the *yahang* (licensed brokers) and other brokers in the Shanghai area—such as the authority to determine the

[22] Franz Michael, "Regionalism in Nineteenth-Century China," introduction to *Li Hung-chang and the Huai Army: A Study in Nineteenth-Century Regionalism*, by Stanley Spector (Seattle: University of Washington Press, 1964), xxi–xliii.

[23] Kuhn, *Rebellion*, 206–8.

[24] *Ibid.*, 97–100.

[25] Susan Mann Jones, "Commercial Tax-Farming at the County Level under the Republic: A New Perspective on Merchant Networks in Chinese Society" (Paper presented at the Conference on Urban–Rural Networks in Chinese Society, Mackinac Island, Michigan, 28 August–2 September, 1979).

[26] One stimulus for this development was the favored tax status of the foreigners. By guaranteeing tax revenues, guilds were able to gain control of likin and destination taxes (*loudi shui*) and lower the burden on themselves. These guild monopolies were later challenged with at least partial success by "contract merchants" (*baoshang*) who were outsiders. See James Coates Sanford, "Chinese Commercial Organization and Behavior of the Late Nineteenth and Early Twentieth Centuries" (Ph.D. diss., Harvard University, 1976), 126–27, 132–33.

entry and licensing of new brokers[27]—and the brokers in turn worked to maintain the guild system. Thus the devolution of power that occurred during and after the Taiping Rebellion resulted ultimately in a convergence of interests between local government and commercial guilds; the guilds guaranteed tax receipts and the authorities protected guild monopolies.[28]

The guild system was further stimulated by the expansion of foreign trade in the second half of the nineteenth century. While over-all trade expanded at a modest rate,[29] it is evident that commerce grew at a much faster rate and had a greater impact in the lower Yangzi valley. Whereas some six thousand bales of raw silk were exported from Shanghai in 1845, eighty-five thousand bales were exported in 1858. Similarly, the tea trade expanded from twelve million pounds in 1846 to some eighty million pounds in 1855.[30] Moreover, Shanghai was rapidly emerging as the center of foreign trade in China. In 1846 it contributed about one seventh of China's total exports; by 1851 it already accounted for one half of the export trade, and by 1870 it was unquestionably the paramount economic center in China.[31] An important reason for this dramatic growth was not only that Shanghai's strategic location facilitated access to the tea and silk of nearby Zhejiang and Jiangsu, but also that it was an ideal entrepôt for foreign goods destined for other parts. The value of this re-export trade rose rapidly from about four and a half million taels in 1861 to twenty-five million in 1865, the latter figure representing more than half of all foreign imports that year.[32]

There was, as a result, an unprecedented growth in the number of guilds in the last half of the nineteenth century. A list of major Shanghai guilds shows only eleven founded prior to 1800, nine between 1801 and 1850, and fifty-six between then and the end of the dynasty. With the inclusion of the smaller guilds, there may have been more than a hundred in the city by the end of the century. Guilds not only grew in number, but also became more economic in orientation, diversified in structure, and more secular.[33] They also became increasingly involved in civic affairs. By the end of the century, as one writer has observed, "the guilds in Shanghai had an unprecendented influence in

[27] Negishi, *Chūgoku*, 65–66; Sanford, "Chinese Commercial Organization," 120.

[28] Sanford, "Chinese Commercial Organization," 119–27.

[29] For a discussion of the difficulties of measuring the growth of trade in this period, see Yang Tuan-liu *et al.*, *Statistics of China's Foreign Trade during the Last Sixty-five Years*, Academia Sinica, monograph no. 4 (Shanghai (?): National Research Institute of Social Sciences, 1931), xvi–xxiv, tables I–III. See also Ho Ping-yin, *The Foreign Trade of China* (Shanghai: The Commercial Press, 1935), 10–11.

[30] T. R. Banister, "A History of the External Trade of China, 1834–81," in *Decennial Reports, 1922–31* (Shanghai: The Maritime Customs, Statistical Series, No. 6, 1933), I:22–25.

[31] Charles F. Remer, *The Foreign Trade of China* (Shanghai: Commercial Press, 1926), 30.

[32] Banister, "History," I, 52, 60–61. See also Rhoads Murphey, *Shanghai, Key to Modern China* (Cambridge: Harvard University Press, 1953), 97–100, 103–11, 127–29.

[33] Negishi Tadashi, *Shanhai no girudo*, 7–14.

almost every facet of municipal life."[34] Ironically, this traditional institution achieved its golden age only after the impact of the West.

Thus the decades immediately following the Taiping Rebellion witnessed a devolution of power and an expansion of commerce, both of which redounded to the benefit of guilds. Able on the one hand to gain official support in return for their tax payments and on the other hand to use their special status to extract maximum benefit from the growing foreign trade, guilds emerged as significant new actors on the local level. At the same time, the continuing and growing deficit in foreign trade made observers aware of the need to promote China's own commerce. External pressure thus provided the stimulus to legitimize the configuration of power that had come into being.

LEGITIMATION OF MERCHANT ASSOCIATIONS

The legitimation of merchant organizations was actually a part of a wider movement to mobilize society and formalize the participation of local elites in the formation and execution of policy which directly affected their areas. Building on the feudal (*fengjian*) tradition in Chinese thought (and drawing eclectically from Western writings), reform writers like Huang Zunxian and Feng Guifen began to promote the idea of local self-government (*zizhi*).[35] This concept looked toward the release of local energies in order to build a new and stronger nation from the bottom up. By mobilizing local elites, local self-government would fundamentally restructure the relationship between state and society. Whereas the Qing had maintained the fiction that *tuan* heads were the lowest level of state functionaries, the local-self-government theorists openly proclaimed these elites to be representing local interests. For these theorists, as Philip Kuhn noted, "localism, far from being a danger to the collectivity, was really essential to it."[36]

Like reform writers who urged the court to encourage commerce, the local-self-government theorists claimed for local elites a role as partners in governing the nation. In essence, they were arguing that local elites, because of their special knowledge, were legitimate participants in the process of governing; the same argument was also made on behalf of merchants. Traditionally, local elites, like guild organizations, had accepted the fiction that they performed functions delegated by the state. Their authority was derivative, not primary. Acceptance of the local-self-government concept meant that this fiction could no longer be maintained.

At the same time that reform writers were seeking ways to revitalize the

[34] Sanford, "Chinese Commercial Organization," 109.

[35] The development of *zizhi* thought has been surveyed by Philip A. Kuhn in his "Local Self-Government under the Republic: Problems of Control, Autonomy, and Mobilization," in *Conflict and Control in Late Imperial China*, Frederick Wakeman, Jr. and Carolyn Grant, eds. (Berkeley: University of California Press, 1975), 256–98.

[36] *Ibid.*, 275.

countryside (and the nation), they also turned their attention to the economic threat posed by the West. What caught their attention was the drain (*louchi*) of China's wealth—1876 was the last year in which China had a favorable balance of trade.[37] Anticipating by a generation the theme of economic imperialism, the comprador-scholar Zheng Guanying wrote, "Being swallowed up by troops is a disaster men perceive easily, [but] conquest by commerce envelops the nation invisibly."[38] In a passage worth quoting at length, Zheng pointed out that the answer did not lie in building weapons or in the superficial reforms of the self-strengthening movement:[39]

> Since China and the West have started trading the foreigners (*bizu*) have run rampant and [caused] our people to be bullied. Is there any man with blood and breath in him who does not want to tie his hair in a knot, sharpen his weapon, and fight a decisive battle with them? Therefore, we have bought steel battleships, erected gun towers, manufactured guns, made mines, established a navy and trained an army. In striving for military matters we have not spared any effort, feeling that soon in the future the waters will tremble and the land will quake [with our might]. But the foreigners laugh noisily over their shoulders. Why is this? It is because they plot to eat our fat and blood and not [merely] eat our skin and hair. [Thus] they attack with capital and do not attack with troops. . . . Even if we ordered a general as fierce as the thunder to lead boats as numerous as the trees in the forest, still the foreigners would come laughing and talking and go drumming and dancing. Who would be satiated and who would be the victim of this satiation? Therefore I sum up my feelings in one phrase: Practicing armed warfare is not as good as practising commercial warfare.

Waging commercial warfare, however, meant attaching new importance to trade and re-evaluating the contributions the entrepreneur could make to state and society. Ultimately, it implied a new, though not cohesive, concept of authority.

To launch a commercial war to stop the drain of China's wealth and to restore her economic rights meant that China had to adopt "mercantilist policies" (*zhongshang zhengce*); in particular it had to "stimulate commerce" (*xingshang*). The formulation of economic policy, however, necessitated the utilization of expertise and "objective" knowledge which the Confucian bureaucracy did not possess and could not recruit without undermining its own basis of authority. Unlike Japan, where the bureaucracy, after the

[37] Yang *et al.*, *Statistics*, table I.

[38] Zheng Guanying, *Shengshi weiyan* [Words of warning to a seemingly prosperous age] (Shanghai: Commercial Press, 1895), 681. On Zheng, see Yen-p'ing Hao, "Cheng Kuan-ying: The Comprador as Reformer," *Journal of Asian Studies* 29:1 (November 1969), 15–23. For an excellent survey of this school of thought, see Wang Ermin, "Shangzhan guannian yu zhongshang sixiang" [The concept of commercial war and mercantilist thought] in his *Zhongguo jindai sixiang shi lun* [History of China's modern thought] (Taipei: Huashi chuban she, 1977), 233–79. See also Li Chen Xunyan (Mabel Lee), "WanQing de zhongshang zhuyi" [The "exalt commerce" movement of the late Qing] *Zhongyang yanjiuyuan jindai yanjiusuo jikan* [Bulletin of the Institue of Modern History, Academia Sinica], 3 (July 1972), 207–21.

[39] Zheng, *Shengshi weiyan*, 680–81.

Meiji Restoration, was able to absorb expertise, in China commercial knowledge remained relatively isolated from bureaucracy—a fact which affected the relationship between the state and the economy until well into the twentieth century. There was a recognition, at least in the writings of reformers, that officials needed to work together with merchants to formulate commercial policy and to stimulate the economy. The strength of the West lay in the "unity of officials and merchants," whereas China remained weak because "merchants [were] left to act on their own."[40] In order to stimulate commerce, "above and below should be of one mind in reforming politics," and "official strength should be used to help merchants where their strength is insufficient."[41]

However, the idea of cooperation between merchants and officials (or, more broadly, between the people and officials) also implied its opposite: that merchants and officials were in some sense separate and therefore able to cooperate. If one reason for China's weakness was that the merchants were "left to act on their own," another reason, as the very next clause brought out, was that officials "from time to time suppressed and exploited them." The problem was not that officials had ignored merchants in a laissez-faire sense, but that they had, on the contrary, paid the most insidious attention to commercial activities. Thus, as Zheng Guanying said:[42]

> The position [of officials] is august and their authority heavy. They can act entirely on their own authority and benefit themselves while pretending to act for the public benefit. Those whose station is humble and lacking in authority must all take orders; they dare not say too much. If a company makes a profit, there is not an official who does not exact his "thanks" (*"xiaobao"*).

In order to flourish, merchants had to be protected from the "august" authority of officials and the only way to do that was to "emulate the Western example and enact commercial law." Society needed protection from the state; without a clear understanding of justice (*gongli*) and a legal demarcation of authority (*quanxian*), commerce could not flourish nor China be able to compete with the West.[43]

If cooperation implied separation, then perhaps a distinction between state and society can be perceived as early as the *guandu shangban* (official supervision and merchant management) system of the self-strengthening movement. This term, like its variant *guanshang heban* (joint management by

[40] Cited in Wang, "Shangzhan guannian," 302.

[41] Cited *ibid.*, 252, 242.

[42] Zheng, *Shengshi weiyan*, 692.

[43] *Ibid.* See also Liang Qichao, "Lun Zhongguo yi jiangchiu falu zhi xue" [China ought to strive for the study of law], in *Yinbingshi heji, wenji* [Collected essays from the ice-drinker's study], 40 *ce* (Shanghai: Zhonghua shuju, 1936), *ce* 1, *zhuan* 1:93–94; and *idem*, "Lun zhengfu yu renmin zhi quanxian" [On the demarcation of authority between the government and the people] in *ibid.*, *ce* 4, *zhuan* 10: 1–6.

officials and merchants), connoted a conscious tapping of expertise and a voluntary cooperation in the pursuit of policy. If this is the case, then, despite the surface similarity, these terms differed significantly in content and context from traditional phrases such as *guandu shangxiao* (official supervision and merchant sales) and *guandu shangyun* (official supervision and merchant transport).[44] The latter terms, used to describe official supervision of the salt monopoly, expressed a delegation of authority rather than a utilization of expertise. Officials supervised to see that merchants carried out their delegated responsibilities, to assure a regular flow of revenue, and to prevent what would now be called "spontaneous capitalist tendencies" from appearing. Far from suggesting a partnership in the pursuit of policy, the traditional terms connoted regulation of mercantile activity in the pursuit of social harmony (and state control). In contrast, the self-strengthening movement called (however reluctantly) for an "unleashing" of merchants and commercial activity. The purpose of official supervision, in theory, was not to regulate and inhibit but to nurture and protect commerce and industry. The new terms expressed the new circumstances.

If a distinction between state and society was already discernable in the efforts of the self-strengthening movement to promote commerce and industry, the shock of China's defeat in the Sino–Japanese War (1894–95) brought new and sharp demands that society be separated clearly and consciously from the state. Reformers demanded that merchants be given more autonomy, greater organizational cohesion, and more input into decision making. They further demanded that society be protected by an infusion of Western-style law in general and commercial law in particular. The *guandu shangban* system was rejected because, in practice, it had not only failed to bring about a partnership of public and private but, in the opinion of reformers, had acted as a cover for the corruption of rapacious officials. Rather than stimulate commerce, it had in fact stifled economic development.

The problem, as reformers saw it, was that both traditional authority and traditional attitudes left merchants at the mercy of officials. As Zheng Guanying said, "If Chinese merchants need to negotiate a dispute, the Chinese officials not only do not help them but to the contrary exploit and suppress them. They truly have no heart!" Given China's inadequate legal system, merchants had no recourse when they felt abused: "Stockholders fear [the officials'] authority and because there is no commercial law they dare not sue."[45] Another reform writer, Chen Jian, added that the degree of mistrust was so great that even when the court tried to encourage commerce and

[44] On the origin of the *guandu shangban* system, see Albert Feuerwerker, *China's Early Industrialization: Sheng Hsüan-huai (1844–1916) and Mandarin Enterprise* (Cambridge: Harvard University Press, 1958), esp. 8–12.

[45] Zheng, *Shengshi weiyan*, 680–81, 692.

industry, "merchants shrink back saying that they lack capital and ability."[46] The gulf between merchants and officials was so great that even well-meaning officials who sincerely felt "compassion for merchants" (*xushang*) would find it difficult to break with custom and sit with merchants to learn the realities of commercial activities.[47] Before merchants and officials could become of one mind (*tongxin*), the rights of merchants had to be recognized and the authority of officials delimited.

The problem, however, was not simply that the bureaucracy ignored the rights of merchants, but that implimentation of an effective policy required a type of knowledge which officials lacked. Even as Zheng Guanying proposed the establishment of a Board of Commerce, he warned that it would be ineffective unless staffed by people knowledgeable in commercial affairs:[48]

> Even though [the Minister of Commerce] sincerely strives, yet if he still uses degree holders unversed in commercial affairs, he will cause commercial administration to have only empty talk about profits and will not have the reality of compassion for merchants. Such a perfunctory show will cause the nation, because of commercial losses, to be poor and weak and without saving remedy.

Or, as he said in another context, "those who administer affairs all come from scholar-gentry families; will it not be impossible for them to compete successfully with others [i.e., foreigners]?!"[49] Expertise was clearly subversive of the amateur ideal.

The gap between merchants and officials—and the inability of Chinese merchants to compete with foreigners—also derived from the lack of unity within the commercial world. Surveying the state of Chinese commerce, reformers found that concern with competition from their fellow Chinese prevented the merchants from cooperating to meet the threat of the foreigner. Zheng Guanying observed that Chinese merchants "harbor jealous minds and jostle for advantage. This merely allows the foreigners to achieve victory at every juncture."[50] When Sheng Xuanhuai went to Shanghai in 1901 to negotiate the revision of the commercial treaties, he found to his chagrin that, because foreign chambers of commerce regularly collected information and supplied it to their government negotiators, his counterparts were better informed about trade conditions than he. Sheng complained to the Shanghai Circuit Intendent, Yuan Shuxun, that the lack of unity among guilds meant that each guild argued for its own interest and thus rendered consensus impos-

[46] Cited in Zhao Fengtian, *WanQing wushi nian jingji sixiang shi* [A history of economic thought during the last fifty years of the Qing] (Peiping: Harvard-Yenching Institute, 1930), 111.
[47] *Ibid.*, 101; Wang, "Shangzhan guannian," 304.
[48] Zheng, *Shengshi weiyan*, 692.
[49] Cited in Wang, "Shangzhan guannian," 240.
[50] Zheng, *Shengshi weiyan*, 679.

sible. Later he memorialized the throne in words that echoed the sentiments of Zheng Guanying:[51]

> Because the will of Chinese merchants is not united, they are uncaring about the welfare of their fellow tradesmen. They encroach upon one another and jostle for advantage. Thus they allow foreign merchants to take advantage of the fissures and be increasingly able to control techniques (*jili*) and usurp our economic rights.

It is clear that "stimulating commerce" and carrying on "commercial warfare" involved more than had been realized at first. New forms of knowledge had to be communicated to the state before state and society could cooperate in the formation and execution of policy. But the merchants were divided and lacking in any coherent proposals to present to the state and, more important, the channels of communication were blocked by a layer of officialdom that had neither the knowledge nor the desire to help the merchants. To cut this Gordian knot of traditional authority, the reformers proposed establishment of chambers of commerce, addition of a new Board of Commerce, and promulgation of commercial law. They hoped that these measures would protect merchants from Confucian bureaucrats (well-meaning or otherwise) and allow the opinions of merchants to rise directly to the court. The establishment of new commercial organizations was not an incremental expansion of the old bureaucratic structure, but rather a way of circumventing it and reordering the relationship between state and society. With chambers of commerce able to ask the Board of Commerce to petition the court on their behalf, merchants would have direct access to the highest level of government; "commercial opinion would not be obstructed from above" and clerks and runners could not interfere.[52]

That the establishment of chambers of commerce undermined the state's traditional claim of authority is illustrated by Zhang Jian's "Discussion on Chambers of Commerce."[53] In Zhang's view, each province should have a general chamber (*zonghui*) and each prefecture should have a branch chamber (*fenhui*). The branch chamber was to assess needs in its area and make proposals to the general chamber; the general chamber was then to review the proposals and decide whether or not they should be implemented. Approved proposals would be forwarded to the governor-general and governor of the province. Their task, as Zhang said, was simply to "support and protect"; he made no mention of any authority to reject proposals. "Support" consisted of

[51] Sheng Xuanhuai, *Sheng shangshu Yuzhai cungao chukan* [Collected drafts of Board President Sheng Yuzhai, first draft], Lu Jingduan, ed., 101 *zhuan* (Shanghai, 1930; rpt. Taipei: Wenhai chuban she, 1974), *zhuan* 7:35a–37b.

[52] Zheng, *Shengshi weiyan*, 680–81.

[53] Zhang Jian, "Shanghui yi" [A discussion of chambers of commerce], in *Zhang Jizi jiulu* [The nine records of Zhang Jian], Zhang Xiaoro, ed. (Shanghai: Zhonghua shuju, 1930), *Shiye lu* [Record on industry], *ce* 8, *zhuan* 1:4a–4b.

two things: supervising the success of enterprises and examining their solvency. "Protect" likewise had two aspects: forgiving taxes when an enterprise was first started and preventing officials from interfering. In addition, Zhang mentioned two important functions of the court, to provide funds where needed and to simplify the law. Significantly, he added that simplification of the law meant that "in all matters [the court] should follow what conveniences the people."

What was important in Zhang's discussion (and his perception was widely shared) was that policy was to be proposed, and, subject to economic constraints, decided at the local level by private associations on the basis of "objective" knowledge. The role of the state became supportive rather than determinative; the role of the state was to create the infrastructure and environment in which business could prosper. It could and should do such things as build railroads, unify the currency, remove likin taxes, and revise the tariff, but the actual management of business and formulation of policy should be left to the merchants, who had the requisite knowledge. Whereas traditionally all decisions were justified on the basis of Confucian knowledge (which the bureaucracy claimed to interpret) and the institutions of civil society had possessed only derivative authority, the establishment of chambers of commerce would recognize that private associations possessed specialized knowledge, that is, expertise, which, at least as far as commercial affairs were concerned, legitimized them as policy makers and implicitly reduced the role of the state to that of protector and promoter of the policy decided by the experts. "Stimulating commerce" had come to imply a reversal of traditional notions of the relationship between state and society.

The proposal of Zhang Jian (like those of Zheng Guanying, Ma Jiangzhong, and others) to organize civil society and make it the locus of proposals to be carried out by the state was part of a larger movement which sought to base governmental legitimacy on a "mandate of the people." The clearest and most forthright declaration of this perspective is found in the work of Liang Qichao, particularly his "On the New People."[54] In that lengthy essay, Liang's vitriolic attack on despotism was no longer, as Hao Chang points out, directed at "the egoism of the individual monarch . . . but rather the political system of monarchy itself, which he excoriated as the institutional embodiment of egoism."[55] What Liang did was to focus clearly on the people (*min*) as the standard of legitimacy: "all political actions of the state had to be justified with reference to the collective will of people

[54] Liang Qichao, "Xinmin shuo" [On the new people], in *Yinbingshi wenji quanbian* [Collected essays from the ice-drinker's study], 4 vols. (Shanghai: Xinmin shuju, 1935), *zhuan* 1:1–86; *zhuan* 2:1–82; and *zhuan* 3:1–117.

[55] Hao Chang, *Liang Ch'i-ch'ao and the Intellectual Transition in China, 1890–1907* (Cambridge: Harvard University Press, 1971), 103–4.

alone."[56] The traditional notion of public-mindedness had been severed from its Confucian base and identified with a utilitarian regard for the good of the people. *Gong* no longer referred to the wisdom (and morality) of the ancients but to the sovereignty (and good) of the people.

By emphasizing that "the nation is an accumulation of people,"[57] Liang tried to show that the strength of the state derived from the collective energy of the people. A state that ruled over a passive population was condemned to perpetual weakness. Each individual either contributed to or detracted from the total wealth of the nation,[58] so that the only way to attain "wealth and power" was to unleash the energy of the people. Each individual had an obligation to produce wealth, and the state had the obligation to create conditions under which individual energies could be released.

The energies of the people were to be transmitted to the state, and the state, one suspects (Liang was understandably vague on this point), was to direct the efforts of the people through the *chun* (group). The *chun* would tie together the citizens at each level (local, provincial, national) and in each occupation to enhance the people's knowledge and to transmit their views to the government.[59] Thus the state was to rest at the top of a hierarchical network of voluntary associations that would tie together, focus, and develop the energies of the new people (*xinmin*).

Clearly the state was to draw on the knowledge and expertise of the *chun* to increase its own strength, but it was also supposed to be responsive to the associations. This raised a problem which Liang never addressed clearly and which continued to plague conceptions of public and private. The intermediary associations, which were supposed to strengthen the state by transfering energy upward, were at the same time meant to restrain the state by making it responsive to the good of the people and the specialized knowledge of the associations themselves. But if the state simply responded to the demands of associations, the public good would represent nothing more than the sum total

[56] *Ibid.*, 105–6.

[57] Liang, "Xinmin shuo," *zhuan* 1:1.

[58] See in particular the section of "Xinmin shuo" subtitled "Lun shengli fenli" [On producing and consuming wealth].

[59] See the following essays by Liang Qichao in *Yinbingshi heji, wenji:* "Lun Xuehui" [On study associations], *ce* 1, *zhuan* 1:31–34; "Shuochun xu" [Preface to on grouping], *ce* 2, *zhuan* 2:3–4; "Shuochun" [On grouping], *ce* 2, *zhuan* 2:4–7; "Shanghui yi" [On chambers of commerce], *ce* 2, *zhuan* 4:1–7; and "Lun shangye huiyisuo zhi yi" [On the benefits of commercial consultative associations], *ce* 2, *zhuan* 4:7–11. While the notion of *chun* is important for Liang, he is frustratingly vague about the form and content he envisioned. In general they were to be gentry groups (such as study associations) and professional groups (such as chambers of commerce), but Liang was unconcerned with defining them either in terms of organizational structure or in terms of their specific relationship to the state. For Liang, groups were the logical focus of efforts to create and sustain an ethos of citizenship—particularly, his conception of public virtue (*gongde*).

of the private interests of society. While that outcome might be perfectly agreeable to Manchester liberals, it was unacceptable to Chinese nationalists whose goal, after all, was to increase the wealth and power of the *state*. But if the public good were not to be just the sum total of individual (or group) desires, then what was the standard by which private desires could be reconciled with each other and with the public good? What could keep the state from dissolving into the private interests of society and yet prevent it from becoming simply statist (the very danger from which reformers were trying to extricate themselves)?

Thus, the conviction that, in order to save herself, China must stimulate commerce and wage commercial war led reformers along a train of thought which legitimized new forms of knowledge, new forms of association, and, finally, a new form of sovereignty. Society had to be separated out from the state, protected from Confucian bureaucrats, and made the source rather than the object of policy. In terms of commerce this meant the formation of chambers of commerce, the establishment of a Board of Commerce, and the promulgation of commercial law—as well as a host of other things such as establishing commercial schools, monopoly rights for entrepreneurs, and programs to send students abroad to acquire technical knowledge. In legitimizing such institutions and programs, reform writers ruptured the traditional identification of public-mindedness with Confucian knowledge, redefining it—ambiguously—as the good of the people. What had been seen in traditional China as the embodiment of *si,* selfish, i.e., the "faction of little men," was now seen as an essential component of *gong,* public-mindedness. But if private association was part of the public good, it was not the whole of it. The proponents of self-strengthening, and the Qing reforms which accepted their proposals if not their content, had raised the problem of public and private, thereby legitimizing the existence of *pouvoirs intermediares,* but could not answer the question of how—on what basis—public and private could be integrated. Attaining the goal of "like-mindedness" between merchants and officials proved elusive.

FOUNDING OF THE SHANGHAI CHAMBER OF COMMERCE

In the closing years of the nineteenth century there was a consensus in China that indeed merchants should be organized and given direct access to the court. There was, however, considerable disagreement about the organizational format of the proposed commerce bureaus (*Shangwu ju*). The Zongli Yamen proposed that they be organized and managed by the merchants themselves, but Governor-General Zhang Zhidong, apparently in need of new capital for his industrial projects, proceeded in 1895 to organize a commercial bureau as an official organ under provincial control. Other provinces emulated his example; not surprisingly the commercial bureaus soon proved, as Zheng Guanying and others had warned, highly unpopular. The *Shangwu ju*

in Guangzhou (Canton) was so unwelcome that it was forced to close for a while in 1904 and then was boycotted when it reopened. Merchants really did, as Liu Kunyi observed, regard officials as "wolves and tigers."[60]

The *Shangwu ju* had neither released the energies of the merchants nor brought about the desired "common mind" between merchants and officials; the need for merchant organizations with which the government could consult persisted. The absence of such an association proved embarrassingly obvious to Sheng Xuanhuai when in 1901 he was appointed Imperial Commissioner for Revision of the Commercial Treaties (*Tongshang tiaoyue gaizheng weiyuan*). Sheng described to the court the situation he confronted:[61]

> In Shanghai foreign chambers of commerce are as numerous as the trees in the forest. They meet night and day and spare no effort in their discussions and researches. But Chinese merchants have never had a consultative guild (*huiyi gongsuo*). Although each guild (*bang*) has its own directors (*dongshi*), each has its own territory so they are scattered rather than united.

Determined to bring organizational unity to the Shanghai merchant community, Sheng asked Yan Xinhou, leader of the Ningbo *bang* (guild), to oversee the establishment of a commercial association. Yan secured a meeting place, raised money, and called a meeting of the directors of the various guilds in Shanghai. The association they founded was called the Shanghai Commercial Consultative Association (*Shanghai shangye huiyi gongsuo*), which became the forerunner of the Shanghai Chamber of Commerce. Yan was named president (*zongli*), and his fellow Ningboese Zhou Jinbiao and Mao Zumo were selected as vice-presidents (*fu zongli*). Directors of native place (*tongxiang*) and trade (*tongye*) associations and officers of large modern companies joined as members.[62]

It was not until the following year, 1902, that Sheng Xuanhuai and Zhang Zhidong jointly submitted a memorial to the throne and these chambers of commerce received official approval. In submitting this memorial, Sheng drew an explicit distinction between the *Shangwu ju* as officially managed and the new chambers of commerce as private organizations:[63]

> . . . however, the [commercial] bureaus were officially established and continued to employ expectant officials rather than merchant directors. Unavoidably, officials and merchants regard each other as aggressive as the state of Qin. Merchant opinion, whether happy or bitter, cannot rise easily to officials, and thus their effect is very different from the chambers of commerce of other nations.

Thus Sheng (and the court when it approved the memorial) accepted the argument of the reform writers that, in order to harness merchant expertise to

[60] Wellington Chan, *Merchants, Mandarins, and Modern Enterprise in Late Ch'ing China* (Cambridge: Harvard University Press, 1977), 201.

[61] Sheng, *Sheng shangshu, zhuan* 7:35a–37b.

[62] Chan, *Merchants*, 218; Negishi, *Shanhai*, 340.

[63] Sheng, *Sheng shangshu, zhuan* 7:35a–37b.

the goals of the state, it was necessary to shunt aside traditional institutions and traditional knowledge. Precisely those "factions of little men" so scorned by tradition had to be brought into direct contact with the state without the mediating influence of Confucian bureaucrats. Recognition of the merchant associations as private associations, however, was also an admission that there was a limit to the authority of the state, that is, that there was a point beyond which the state no longer had the right to interfere. This was the first time in Chinese history that the government had recognized the legitimacy of a private sphere distinct from and outside the scope of the state. The questions, however, of where the boundary lay, how private was private, what was the scope of private association, and, most important, what was the relationship between private association and public authority, remained obscure and contested.

Shortly after the establishment of the Shanghai Chamber of Commerce, the Manchu noble Zai Zhen was sent to Europe, America, and Japan to examine the economic policies of those countries. On the way he stopped in Shanghai to confer with Yan Xinhou and other Chinese commercial leaders. During his subsequent travels, he was particularly impressed with Japan, in part because of the results the Japanese had achieved through their chambers of commerce. In any event, when he returned to China he successfully argued for the creation of a Ministry of Commerce. Its establishment marked the first change in the traditional arrangement of six boards. Zai Zhen became the first Minister of Commerce, and one of his first acts was to press for the creation of a network of chambers of commerce throughout the country.[64]

In 1904 the court promulgated China's first chamber of commerce law, the Concise Regulations Governing Chambers of Commerce. In accordance with this law, all peak commercial associations, which had grown up under a variety of names such as *gongyi hui* and *shangwu gongsuo,* were to be reorganized as chambers of commerce. General chambers (*shangwu zonghui*) were to be established in commercially prosperous areas, including all provincial capitals, and, under them, branch chambers (*fenhui*) in less prosperous areas.[65] Thus, a hierarchical network of chambers was to lead from the local level to the Ministry of Commerce. This law stimulated a rapid proliferation of chambers of commerce throughout the country. By 1908, there were chambers, generally called *shangwu hui,* in thirty-one major cities in China, thirteen in overseas Chinese communities, and over a hundred in smaller localities. By 1912, there were reported to be over twelve hundred chambers with a quarter million members, and by 1929 this figure had edged up to fourteen hundred.[66]

[64] Negishi, *Shanhai,* 341.

[65] *Ibid.,* 341–42.

[66] Feuerwerker, *China's Early Industrialization,* 71; and Shirley S. Garrett, "The Chambers of Commerce and the YMCA," in *The Chinese City between Two Worlds,* Mark Elvin and G. William Skinner, eds. (Stanford: Stanford University Press, 1974), 218.

CONCLUSION

The establishment of chambers of commerce as explicitly private associations marked the culmination of a process which had begun in the middle of the nineteenth century. The devolution of power that occurred in the wake of the Taiping Rebellion and the rapid expansion of trade with the West increased the de facto importance of local government in general and of guild organizations in particular. At the same time, in response to the Western economic-cum-military threat, reform writers looked to precisely such local organizations as a means of releasing the energy of the people and of communicating new forms of knowledge to the state. In the process, the state came to be seen as something separate from, and responsible to, society. Intermediary associations became links between public and private.

Granting chambers of commerce—those "factions of little men"—de jure status marked the transformation of traditional *pouvoirs subsidiares* into modern *pouvoirs intermediares*. Private, *si*, was no longer inimical to public, *gong*, but had become a necessary component of the public interest. But if the claim of public was no longer total, it was by no means clear where its boundary lay or how it was related to the newly recognized claim of private. What was clear, however, was that by recognizing the group, *chun*, as a vital link between the people, *min*, and the state, the late Qing reforms had made *pouvoirs intermediares* an integral part of the polity. In the process, guilds became interest groups.

It should also be noted that in the process a new agenda for political discourse was established, one which has been and continues to be of fundamental importance in Chinese politics. While it is not the purpose of this essay to explore how various political movements and institutional forms have responded to and interacted with this agenda, it might be useful to suggest briefly some of the ways the public/private dichotomy has continued to inform Chinese politics.

The establishment of parliamentary government clearly revealed the inability of liberal political thought, in the Chinese context, to transform private interest into public good. In China, the pursuit of *si* only resulted in more *si*. The emerging labor movement contested the public benefits of private enterprise on the local level, while the accelerating growth of warlordism reflected the triumph of private over public at the state level. As public disappeared into private, Chinese asked themselves with increasing urgency how the state could be returned to the province of *gong* and private interests restrained so that they would not overwhelm the state with their *si*.

Both of the major ideologies of twentieth-century China can be seen as responses to this question. To both the Kuomintang (KMT) and the Chinese Communist Party (CCP), it was evident that *gong* could never emerge from the unrestrained pursuit of *si*. To free China from warlordism and to prevent the emergence of capitalism (defined by both parties as a form of

dictatorship[67]), the KMT and CCP alike looked to revolution—and to the establishment of party rule. The public interest, according to both parties, was knowable only through ideology; and ideology could be interpreted and implemented only through party rule. Only the supervision of the party could ensure that the state would not be perverted by private interest and that *si* would not be pursued at the expense of others, e.g., the workers. Both the KMT and the CCP, in other words, attempted to reconcile public and private by establishing an identity between the party and *gong*. In doing so, however, both assumed that *gong* could come *only* from the party; everything outside the party, then, was implicitly, if not explicitly, *si*. Hence, any external source of authority was potentially corruptive of party *gong*.

The identity between party and *gong* provided the justification for revolution and the seizure of power. As in the traditional system, however, the claim of *gong* was absolute, that is, there was no basis from which the claim of *gong* (hence the authority of the party) could legitimately be opposed. In this, both the KMT and the CCP are neotraditional.[68] The establishment of party rule, with its totalistic claim, ipso facto placed the party in tension with society.

The divergence between the Nationalist regime[69] and the Communist Party's system is reflected in the way they respond to this tension. The establishment of Nationalist rule brought the KMT into sharp conflict with local elites, particularly the merchant elite of Shanghai.[70] This conflict, which continued in Shanghai at least until after the Third Party Congress in March 1929, was resolved by *suppressing* the party organization. Activists within the KMT or in party-sponsored organizations were demoted, arrested, or otherwise convinced to make their peace with the local elite. In other words, the Nationalist regime, after a brief experiment with party rule, dispensed with the party and ruled through the state and by personal faction. Whereas Kuomintang ideology promised a party state, the Nationalist regime soon reduced the Kuomintang to a state party.

In contrast, the ideological vision of the Chinese Communist Party presupposed violent conflict with societal elites (class enemies), and its movement

[67] It is often forgotten that the KMT fully accepted the Marxist critique of capitalism. For explications of KMT ideology, see Sa Mengwu, *Sanmin zhuyi zhengzhi xue* [The political science of the Three Principles of the People] (Shanghai: Xin shengming yuekan shuju, 1929); Shao Yuanchong, *Shao Yuanchong xiansheng yanjiang ji, diyi ji* [The collected speeches of Mr. Shao Yuanchong, vol. 1] (Shanghai: Commercial Press, 1928); and Zhou Fuhai, *Sanmin zhuyi lilun de tixi* [The system of the Three Principles of the People] (Shanghai: Xin shengming yuekan she, 1928; second printing, 1929).

[68] On the concept of neotraditionalism, see Kenneth Jowitt, "Soviet Neotraditionalism: The Political Corruption of a Leninist Regime," *Soviet Studies* (July 1983), forthcoming.

[69] It is important to distinguish between the Nationalist regime as a government and the Kuomintang as a party organization. The Kuomintang was only one component, and not necessarily the most important component, of the Nationalist regime. Much confusion results, I think, from collapsing these two entities.

[70] This theme is being developed at length in my manuscript, "Party, State, and Local Elites in Republican China," (forthcoming, University of Hawaii Press).

built on and mobilized resentments against such elites. Thus the tension inherent in the establishment of party rule worked precisely in the opposite direction from that under the Nationalists. Rather than provoking the sharp curtailment of party activity (as in the Nationalist period), the tension contributed to the consolidation of party authority. In fact, given the relatively moderate policy of the CCP at the moment of victory, it seems plausible that the dynamic of party/society conflict tended to accelerate the tempo at which party rule was extended and society transformed. In the Peoples' Republic of China, the most serious threat to party rule did not come from societal elites, but from the claims of ideology. As long as Mao was alive, the party was unable to monopolize the right to interpret ideology.

This does not mean that now that Mao is dead the party is able to secure such a monopoly. Since the Cultural Revolution, in which the claims of private all but disappeared, there has been a breathtaking retreat from the complete politicization of society.[71] In its effort to move away from radical Maoism, the current leadership has placed heavy emphasis on "seeking truth from fact." Moreover, and in accordance with this, practice (as opposed to ideology) has been accorded primacy, professional associations have been revived, and law has been shown new respect. In short, there has been a general carving out of spheres of autonomy into which politics are not to intrude. As a result, knowledge has, at least tentatively, been granted an objective basis—a sharp constraint on the party's right to monopolize the interpretation of practice. Just as the recognition of new forms of knowledge threatened the Confucian monopoly on truth in the nineteenth century, the present emphasis on practice has brought about a crisis in the CCP. Its mission is hard to define and morale is reported to be low. There is no implication here that the current crisis will prove similarly fatal to the CCP; the circumstances are just not the same. But the tension between Party ideology and the emphasis on practice does imply that the public/private dichotomy remains relevant to an understanding of Chinese politics.

Finally, it might be noted that the paradigmatic change of the late Qing has reverberations in Taiwan as well. There the promise to move steadily toward an open democracy is constrained not only by conservatives and the existence of an objective threat, but also, and perhaps more fundamentally, by the reluctance of the regime to give up the identity between the KMT and *gong* on which the party was founded and on which the current regime continues to base its legitimacy.[72] The establishment of a competitive party system would

[71] See, in particular, Tang Tsou, "Back from the Brink of Revolutionary-'Feudal' Totalitarianism: Some Preliminary Reflections" (Paper presented at the Luce Seminar, University of Chicago, 30–31 May 1980.

[72] It should be noted that while the Nationalist regime sharply suppressed the authority of the party organization, it continued, as it does today, to claim legitimacy on the basis of Kuomintang ideology. This raises interesting issues about the relationship between ideology, state, and party in one-party authoritarian regimes.

mean much more than simply allowing opposition candidates to form a party.[73] It would mean redefining the legitimacy of the regime in new terms—an understandably uncertain and unnerving prospect. Hence periods of relative openness are followed by crackdowns. Taiwan, for all its capitalist development and Western influence, has not shown that it, any more than the late Qing reformers, is prepared to accept the liberal proposition that *gong* emerges from the free pursuit of *si*.

It is not the intention here to explore the many, complex, and often subtle ways in which the public/private dichotomy has interacted with, and been a constraint on, Chinese politics in this century. Rather, the purpose is only to suggest that the ideological claims advanced by both the KMT and the CCP, and the tensions between ideology and organization which influenced their development after they came to power, can be fruitfully viewed against the background of the changing concepts of public and private which emerged in the late Qing period. That the economic and political changes of the late nineteenth century were of basic importance is well known. The intent of this essay has been to show that these changes not only broke with tradition but also established an agenda for political discourse, an agenda to which both the KMT and the CCP were compelled to respond and one which continues to be of fundamental significance in Chinese politics.

[73] The qualitative difference between a polity with a single party and one with a party *system* (containing more than one party) is argued emphatically by Giovani Sartori in his *Party and Party Systems: A Framework for Analysis*, vol. I (Cambridge: Cambridge University Press, 1976).