

# **Internet Appendix for “The Legal Origins of Financial Development: Evidence from the Shanghai Concessions”**

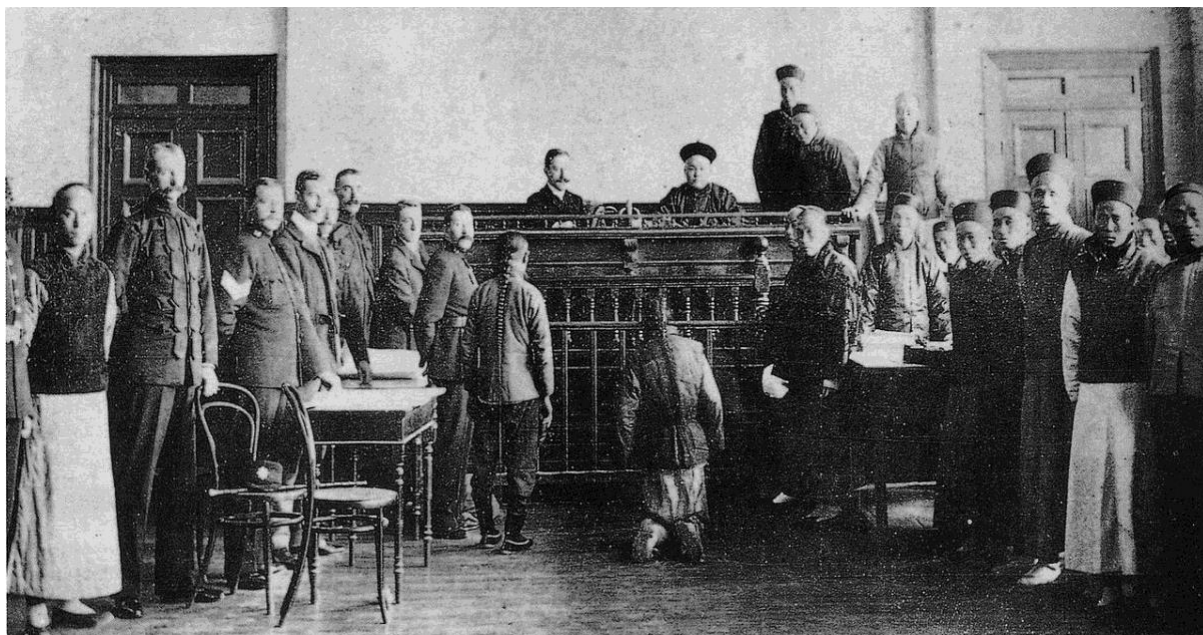
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This Internet Appendix supplements the main text. Section I provides additional figures and tables that are mentioned in the main text. Section II lists data sources for hand-collected datasets on historical banks, British and French stock return, and populations of other Western concessions in China, respectively.

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## I. Figures and Tables



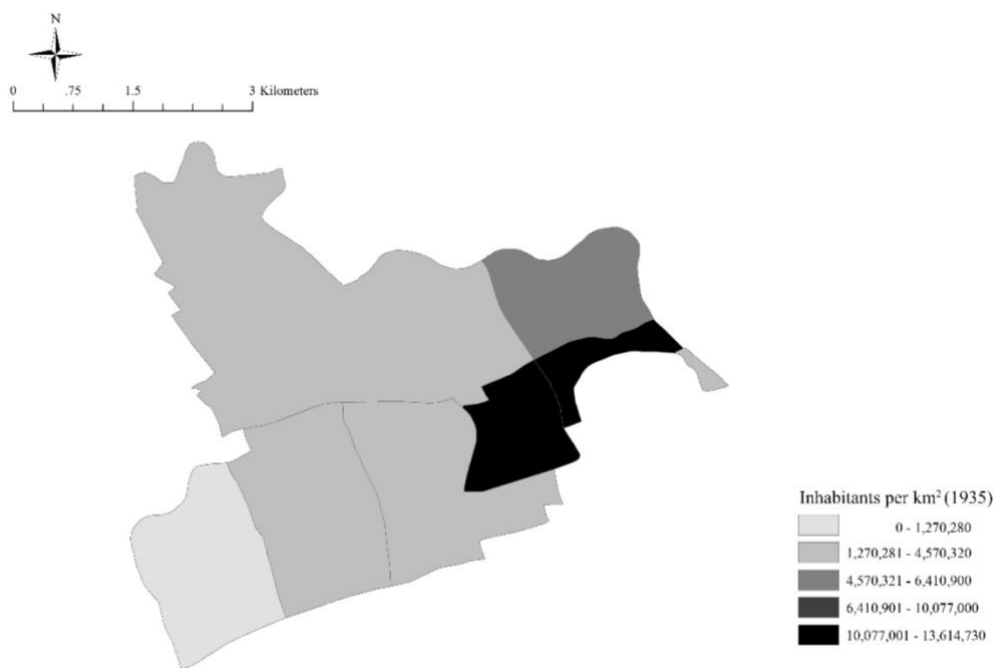
**Figure IA.1. The Mixed Court at the British concession of Shanghai (1869 to 1926).** Source: Wikipedia, [https://zh.m.wikipedia.org/wiki/File:International\\_Mixed\\_Court\\_at\\_Shanghai7.jpg](https://zh.m.wikipedia.org/wiki/File:International_Mixed_Court_at_Shanghai7.jpg).

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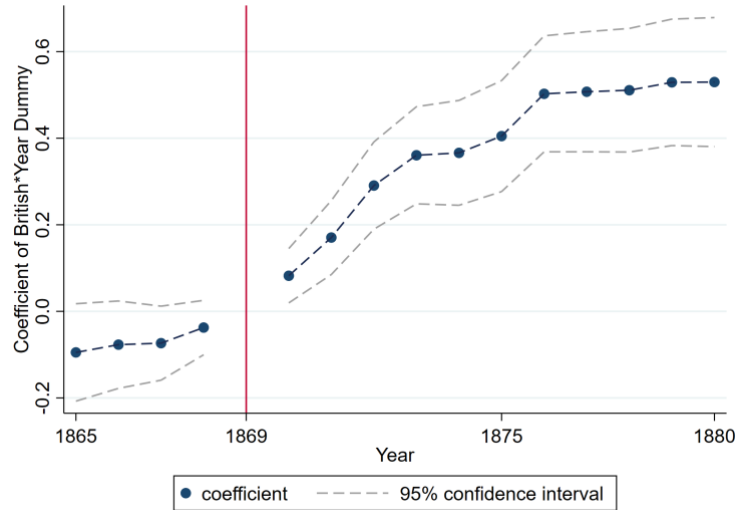
Banks.	Shares	Paid up.	Latest Price.	Dividend
	£	£	£	£
Oriental Bank Corporation.	25	25	47	..
Commercial Bank Corporation	25	25	20	..
Comptoir d'Escompte de Paris	..	..	..	..
Bank of India,	..	..	..	..
Agra & Masterman's Bank	50	25	51	8 p. c.
Asiatic Banking Corporation.	20	10	15	..
Chartered Bank of India,	20	20	20	..
Australasia and China.	..	..	..	..
Chartered Mercantile Bank of India, London and China	25	25	43	13 p. c.
The Bank of Hindustan	..	..	..	..
China and Japan	100	25	15	..
Hongkong and Shanghai Banking Company	\$125	125	12	9 p. c.
<b>COMMERCIAL COS.</b>				
	Tls.	Tls.	Tls.	
Shanghai Dock Co.	500	500	200	None
Shanghai Club	450	450	15	..
Shanghai Gas Co.	100	100	75	..
Hongque Wharf Co.	1,000	1,000	18	..
Shanghai Wharf Co.	1,000	1,000	..	..
Shanghai S. N. Co.	1,000	1,000	600	..
China Fire Insurance Co.	5,000	500	800	..
North China Insurance Co.	5,000	1,000	..	..
S. Brick & Saw Mill Co.	500	500	Nil.	None.
S. Gas & Lighter Co.	850	850	25	..
*Shanghai Brick Co.	100	..	..	..
Shanghai Horse Bazaar	50	50	0.75	..
French Gas Co.	\$50	50	52	..

\* In course of formation.

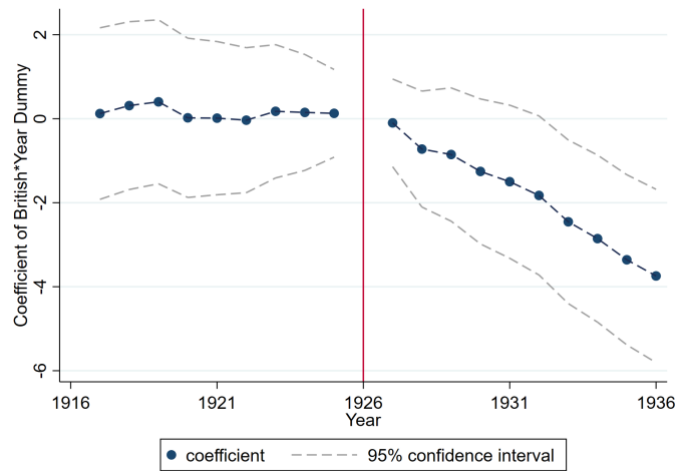
**Figure IA.2. Record of stock quotation in Shanghai Exchange in 1866.** Source: The *North-China Herald*, section “Shares and Stocks” on June 9<sup>th</sup>, 1866.



**Figure IA.3. Population density in 1935.** This figure depicts the population density by census district in Shanghai concessions in 1935, based on Henriot, Lu and Aubrun (2018).



**Figure IA.4. Bank development and the creation of the Mixed Courts in 1869: Additional controls.** This figure replicates Figure 3 (Panel B) but additionally controls for the first principal component of the controls in column (3) of Table IV measured in 1868 interacted with year dummies.



**Figure IA.5. The impact of the court rendition (1926) on banking development: Additional controls.** This figure replicates Figure 4 (Panel B) but additionally controls for the first principal component of the controls in column (3) of Table V measured in 1925 interacted with year dummies.

**Table IA.I**  
**Summary Statistics**

Variable	Obs.	Mean	S.D.	Min	Max
<i>Concession-year level</i>					
Bank density	194	17.8	25.1	0	95.7
Chinese bank density	194	14.8	21.5	0	82.6
Municipal council	182	0.9	0.4	0	1
Population density (1,000 habitants/km <sup>2</sup> )	182	38.8	19.7	4.6	100.6
Public expenditure (1,000 taels)	182	1,240.4	2,862.7	0	16,312.6
Trade company density	182	8.3	7.3	0	25.4
Wars in China	182	3.4	4.1	0	15
Concessions in China	182	4.9	3.3	0	10
Naval ships	182	406.0	428.0	7	2218
War victories	182	1.8	1.5	0	6
Polity IV score	182	5.3	4.8	-8	10
GDP per capita (in Int. GK\$)	182	3,298.4	1,138.1	1,478.3	6,035.2
<i>Grid-year level</i>					
Number of banks	9,700	0.6	2.6	0	47
Number of Chinese banks	9,700	0.5	2.4	0	47
<i>Bank-year level</i>					
Return on Asset (ROA, *100)	261	2.1	2.3	-23.8	9.9
<i>Firm-month level</i>					
Stock return (Sept 1925-Aug 1927)	1,626	-0.004	0.21	-2.48	3.40
<i>Concessions in other cities</i>					
Bank density	1,392	1.8	8.7	0	85.4
Chinese bank density	1,392	1.7	8.6	0	85.4
Population density (1,000 habitants/km <sup>2</sup> )	1,392	13.3	27.3	0	246.5

**Table IA.II**  
**Keywords for Textual Analysis of Verdicts**

Category	Keywords
Custom and convention	<i>English:</i> custom, convention <i>French:</i> coutume, usage, habitude
Consult and opinion	<i>English:</i> consult, confer, opinion, view <i>French:</i> consulter, opinion, avis
Default	<i>English:</i> bankrupt, default, unpaid, infringement, breach, non-fulfilment, violation <i>French:</i> faillite, non-paiement, violation

**Table IA.III**  
**Bank Density and the Formation of the Mixed Courts in the Concessions: Additional Controls, 1846 to 1925**

This table replicates Table IV except that the dependent variable is the total number of banks (both Chinese and foreign banks) per square kilometer in the respective concession and year. All columns report GLS estimates after adjusting the autocorrelation of residuals. Standard errors are reported in parentheses and are clustered at the grid-cell level in columns (3) and (4). \*, \*\*, and \*\*\* indicate significance at the 10%, 5%, and 1% level, respectively.

	Density of all banks			
	(1)	(2)	(3)	(4)
British * Post1869	7.817*** (2.010)	11.591*** (2.294)	10.255*** (3.049)	9.802*** (2.255)
<i>Concession/China characteristics</i>				
Municipal council		-0.829 (1.916)	1.728 (2.360)	0.743 (1.580)
Population density		0.027 (0.047)	0.024 (0.056)	0.066* (0.037)
Public expenditure		0.367 (0.398)	0.675 (0.526)	0.277 (0.344)
Trade company density		0.449*** (0.137)	0.709*** (0.168)	0.209* (0.116)
British * Wars in China		-0.230 (0.219)	-0.465* (0.263)	0.358* (0.184)
<i>British/French colonial power</i>				
Concessions in China			1.841*** (0.697)	3.033*** (0.721)
Naval ships			0.021*** (0.002)	-0.000 (0.002)
War victories			0.362 (0.318)	0.545*** (0.210)
Polity score			-0.205 (0.230)	-0.175 (0.152)
GDP per capita			-36.304*** (5.520)	-1.370 (4.300)
Year and Concession FEs	Yes	Yes	Yes	Yes
British * Quadratic time trend since 1845				Yes
Observations	160	160	160	160



**Table IA.IV**  
**Chinese Bank Density and the Formation of the Mixed Courts:**  
**Additional Controls, 1855 to 1925**

This table augments the analyses of columns (3) and (4) in Table IV by adding *Stock return*, which equals the annual stock return in London (Paris) for the British (French) concession. The data are from Campbell et al. (2021), Jordà et al. (2019), and Le Bris and Hautcoeur (2010). Due to the data limits, the sample period in this table is from 1855 to 1925. All columns report GLS estimates after adjusting the autocorrelation of residuals. \*, \*\*, and \*\*\* indicate significance at the 10%, 5% and 1% level, respectively.

	Density of Chinese banks	
	(1)	(2)
British * Post1869	7.216** (3.459)	4.672*** (1.801)
<i>Concession/China characteristics</i>		
Municipal council	2.541 (3.028)	-4.462*** (1.577)
Population density	-0.010 (0.055)	0.018 (0.029)
Public expenditure	0.598 (0.495)	0.106 (0.249)
Trade company density	0.676*** (0.170)	0.162* (0.090)
British * Wars in China	-0.529* (0.286)	-0.187 (0.165)
<i>British/French colonial power</i>		
Concessions in China	0.666 (0.974)	1.759*** (0.559)
Naval ships	0.018*** (0.002)	-0.003** (0.002)
War victories	0.339 (0.310)	0.331** (0.162)
Polity score	-0.601 (0.398)	-0.979*** (0.213)
GDP per capita	-35.156*** (5.345)	2.086 (3.283)
Stock return	-2.786 (3.623)	-1.484 (1.796)
Year and Concession FEs	Yes	Yes
British * Quadratic time trend since 1845		Yes
Observations	142	142

**Table IA.V**  
**Bank Density and the Rendition of the Mixed Courts in 1926**

This table replicates Table V except that the dependent variable is the total number of banks (both Chinese and foreign banks) per square kilometer in the respective concession and year. All columns report GLS estimates after adjusting the autocorrelation of residuals. \*, \*\*, and \*\*\* indicate significance at the 10%, 5% and 1% level, respectively.

	Density of all banks			
	(1)	(2)	(3)	(4)
British * Post1926	-4.232 (3.118)	-7.739* (4.138)	-7.101*** (2.223)	-9.640*** (1.863)
<i>Concession/China characteristics</i>				
Population density		1.422*** (0.351)	1.013*** (0.268)	0.646*** (0.210)
Public expenditure		-2.064 (6.845)	-19.157*** (3.718)	-16.103*** (2.901)
Trade companies density		3.292*** (0.415)	4.038*** (0.394)	1.844*** (0.644)
British * Wars in China		1.078 (0.737)	1.352** (0.627)	0.505 (0.593)
<i>British/French colonial power</i>				
Concessions in China			2.381*** (0.731)	0.013 (0.685)
Naval ships			0.002 (0.004)	-0.001 (0.003)
War victories			-1.740*** (0.427)	-0.375 (0.408)
Polity score			0.218 (1.746)	0.515 (1.329)
GDP per capita			2.668 (9.842)	3.409 (8.049)
Year and Concession FEs	Yes	Yes	Yes	Yes
British * Quadratic time trend since 1917				Yes
Observations	40	40	40	40

**Table IA.VI**  
**Chinese Bank Density and the Rendition of the Mixed Courts in the Concessions in 1926**

This table augments the analyses of columns (3) and (4) in Table V by adding *Stock return*, which equals the annual stock return in London (Paris) for the British (French) concession. The data are from Campbell et al. (2021), Jordà et al. (2019), and Le Bris and Hautcoeur (2010). The sample covers the period from 1917 through 1937, that is, the 20 years around the rendition year. All columns report GLS estimates after adjusting the autocorrelation of residuals. \*, \*\*, and \*\*\* indicate significance at the 10%, 5% and 1% level, respectively.

	Density of Chinese banks	
	(1)	(2)
British * Post1926	-6.062*** (2.207)	-5.801*** (1.471)
<i>Concession/China characteristics</i>		
Population density	0.783*** (0.254)	0.429** (0.171)
Public expenditure	-16.868*** (3.609)	-15.742*** (2.221)
Trade company density	2.863*** (0.363)	1.063** (0.531)
British * Wars in China	0.705 (0.537)	0.233 (0.485)
<i>British/French colonial power</i>		
Concessions in China	2.088*** (0.666)	-0.109 (0.528)
Naval ships	0.003 (0.004)	-0.001 (0.003)
War victories	-1.784*** (0.410)	0.237 (0.357)
Polity score	0.949 (1.502)	1.520 (1.075)
GDP per capita	-6.179 (8.934)	-3.879 (6.764)
Stock return	3.753 (3.269)	10.056*** (2.497)
Year and Concession FEs	Yes	Yes
British * Quadratic time trend since 1917		Yes
Observations	40	40

**Table IA.VII**

**Other Concessions in China between 1860 and 1936**

City	Concession	Home Country	Legal origin	Year of establishment
Tianjin	British concession in Tientsin	Britain	Common	1860
	American concession in Tientsin	United States	Common	1860
	French concession in Tianjin (Concession française de Tientsin)	France	Civil	1861
	German concession in Tianjin	Germany	Civil	1895
	Japanese concession in Tianjin	Japan	Civil	1898
	Russian concession in Tianjin	Russia	Civil	1900
	Italian concession in Tianjin (La Concessione italiana di Tientsin)	Italy	Civil	1902
	Austro-Hungarian concession in Tianjin	Austro-Hungary	Civil	1902
	Belgian concession in Tianjin	Belgium	Civil	1902
Hankou	British Concession in Hankou	Britain	Common	1861
	French Concession in Hankou	France	Civil	1896
	Japanese concession in Hankou	Japan	Civil	1898
	Russian concession in Hankou	Russia	Civil	1896
	German concession in Hankou	Germany	Civil	1895
Guangzhou	British concession in Shamian Island	Britain	Common	1861
	French Concession in Shamian Island	France	Civil	1861

## II. Data Sources

### A. Data Sources for Banks

Bank of Communications, 1995, *Zhongguo Jiaotong Yinhang Shiliao, Diyijuan: 1907–1949* (Historical Materials on the Chinese Bank of Communications, Volume One: 1907–1949) (Zhongguo Jinrong Chubanshe, Beijing).

Bu, Ming, 1995, *Zhongguo Yinhang Hangshi, 1912–1949* (The History of the Bank of China, 1912–1949) (Zhongguo Jinrong Chubanshe, Beijing).

Chen, Xulu, Tinglong Gu, and Xi Wang, 2000, *Zhongguo Tongshang Yinhang* (The Imperial Bank of China) (Shanghai Renmin Chubanshe, Shanghai).

Ge, Yuanxi, 2009, *Huyou Zaji* (Shanghai Travel Miscellanea) (Shanghai Shudian Chubanshe, Shanghai).

Jiang, Hhongye, 1990, *Zhongguo Difang Yinhangshi* (A History of Local Banks in China) (Hunan Chubanshe, Changsha).

Jiang, Jianqing, 2014, *Jindai Zhongguo Yinhangye Jigou Renming Dacidian* (Dictionary of Modern Chinese Banking Institutions and Personages) (Shanghai Guji Chubanshe, Shanghai).

Li, Quanshi, and Weiren Zhao, 1978, *Shanghai zhi Qianzhuang* (The Money Houses in Shanghai) (Huashi Chubanshe, Taipei).

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North China Daily News, 1872-1941, *The North-China Desk Hong List (1872-1941)* (North China Daily News, Shanghai).

Quanguo Tushuguan Wenxian Suowei Fuzhi Zhongxin, 2010, *Minguo Shiqi Shanghai Shiliao Wenxian Congbian, Diyice* (Historical Materials of Shanghai in the Republican Period, First Volume) (Quanguo Tushuguan Wenxian Suowei Fuzhi Zhongxin, Beijing).

Shanghai Tongshe, 1984, *Shanghai Yanjiu Ziliao Xubian* (Continuation of Shanghai Study Materials) (Shanghai Shudian Chubanshe, Shanghai)

Shangwu Yinshuguan Bianyisuo, 1922, 1925, 1930, and 1936, *Shanghai Zhinan* (Shanghai Directory) (The Commercial Press, Shanghai).

The People's Bank of China Shanghai Branch, 1960, *Shanghai Qianzhuang Shiliao* (Historical Materials on Money Houses in Shanghai) (Shanghai Renmin Chubanshe, Shanghai).

Wang, Zhixin, 1934, *Zhongguo zhi Chuxu Yinhang Shi* (A History of Savings Banks in China) (Zhishi Chanquan Chubanshe, Beijing).

Xu, Ke, 1920, *Shanghai Shangye Minglu* (Shanghai Business Directory) (The Commercial Press, Shanghai).

Zhongguo Yinhang Jingji Yanjiushi, 1934-1937, *Quanguo Yinhang Nianjian* (National Banking Yearbook) (Zhongguo Yinhang Jingji Yanjiushi, Beijing)

#### *B. Data Sources for British (French) Stock Returns*

Campbell, Gareth, Richard S. Grossman, and John D. Turner, 2021, Before the cult of equity: the British stock market, 1829–1929, *European Review of Economic History* 25, 645-679.

Jordà, Òscar, Katharina Knoll, Dmitry Kuvshinov, Moritz Schularick, and Alan M. Taylor, 2019, The rate of return on everything, 1870–2015, *Quarterly Journal of Economics* 134, 1225-1298.

Le Bris, David, and Pierre-Cyrille Hautcoeur, 2010, A challenge to triumphant optimists? A blue chips index for the Paris stock exchange, 1854–2007, *Financial History Review* 17, 141-183.

*C. Data Sources for Population in Other Concessions of China*

- Chen, Weiming, and Xinxia Lai, 2004, *Tianjin de Renkou Bianqian* (Population Change in Tianjin) (Tianjin Guji Chubanshe, Tianjin).
- Fei, Chengkang, 1991, *Zhongguo Zujie Shi* (Concessions in Historical China) (Shanghai Shehui Kexueyuan Chubanshe, Shanghai).
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- Jin, Pusen, and Yangming He, 1992, Hangzhou Gongchenqiao rizujie dui Hangzhou de yingxiang (The impact of Gongchenqiao Japanese concession on Hangzhou), *Hangzhou Daxue Xuebao, Zhexue Shehui Kexue Ban* 1, 110–117.
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- Henriot, Christian, Shi Lu, and Charlotte Aubrun, 2018, *The Population of Shanghai (1865-1953): A Sourcebook* (Brill, Boston, Leiden).
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