CHAPTER 6

Transimperial Fulcrums: Financial Intermediaries in Late-Qing Shanghai

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Abstract

This chapter aims to integrate Shanghai's history with that of Qing China as a whole, emphasizing Shanghai's significant position as a transimperial bridge connecting the Qing's domestic financial system to the global banking system. Looking at a range of texts including bank chops, the chapter elaborates on the functions and interactions between different types of banking institutions and their transimperial Chinese financial intermediaries. These filled and interpreted the gaps in linguistic, cultural, and financial knowledge separating banks associated with colonial powers from local markets.

Keywords: transimperial, Financial intermediaries, Banking, Shanghai, Qing China. Britain

Introduction: Shanghai as a Transimperial Space

After the British defeat of Qing China (1644–1912) in the First Opium War (1839–1842), Shanghai became a port opened to foreign trade with the signing of the Treaty of Nanjing (1842) by the British and Qing empires. That treaty entitled Westerners to "reside, for the purpose of carrying on their mercantile pursuits, without molestation or restraint" in special foreign concessions in select Chinese "treaty ports."[1] Thereafter, the treaty port of Shanghai handled an increasing volume of Qing imports and exports. By the end of the nineteenth century, Shanghai had grown into the largest harbor in Asia.[2] As its merchants accumulated large quantities of capital trading tea and silk originally produced in nearby regions, Shanghai ultimately became responsible for about 50% of the Qing dynasty's financial capital stock and transformed into the dominant money market in China by the closing years of the Qing.[3]

1 *Treaty of Nanking*, Article 2.

2 Michael Schiltz, *Accounting for the Fall of Silver: Hedging Currency Risk in Long-Distance Trade with Asia, 1870–1913* (Oxford: Oxford University Press, 2020).

3 Thomas Arthur, *Western Capitalism in China*: *A History of the Shanghai Stock Exchange* (Aldershot, Burlingon: Ashgate, 2001); Frank M. Tamagna, *Banking and Finance in China* (New York: International Secretariat, Institute of Pacific Relations, 1942).

The city's financial strength and its ties to global markets attracted a large number of Western enterprises and financial institutions to the international settlements of Shanghai to assist their "imperialism of free trade."[4] The British were the first to organize their settlements in Shanghai. The British Queen appointed superintendents, consular officers, and other officers to the acquired British Concession in Shanghai. Incoming British residents also gained extraterritorial privileges, most-favored-nation status, and jurisdiction over their own people in Shanghai through the Treaty of Bogue in 1843. Not long thereafter, the Americans in 1848, the French in 1849, and following them, other Westerners also scrambled for settlements and business opportunities in Shanghai.

Shanghai subsequently became a transnational and transimperial space. The British, Americans, and foreigners of other nationalities all resided within the Shanghai International Settlement (SIS).[5] The SIS was governed by an independent foreign body, the Shanghai Municipal Council (SMC); the French concession was administered by the French consulate in Shanghai.[6] The SIS left the jurisdiction of the foreigners living there to foreign consulates in China. The council members served as representatives of the foreign nationals residing in the SIS. Their role in the SMC was to administer the SIS and coordinate relations with foreign and local authorities, as well as govern the foreign residents themselves.[7] Among the nine council members, usually six or seven were British, the rest being American and German.[8]

It was through this transimperial space, namely Chinese treaty ports like Shanghai after 1845, that foreign powers and Western banks entered Qing China. They exercised their financial power by directly engaging in foreign exchange businesses, financing colonial trade with India and Australia, underwriting loans to the Qing Empire, giving credit to Chinese financial institutions, and more.[9] Moreover, by the end of the nineteenth century, banknotes issued by the foreign banks in

[4] Arthur, *Western Capitalism*; Jeffrey N. Wasserstrom, *Global Shanghai, 1850–2010: A History in Fragments* (London; New York: Routledge, 2009), 51. See also the classic text John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *Economic History Review* 6 (1953), 1–15.

[5] Marie-Claire Bergère, *Histoire de Shanghai* (Paris: Fayard, 2002).

[6] *Ibid.*

[7] Shanghai Municipal Archives, *The Minutes of Shanghai Municipal Council Volume I*, Shanghai: Shanghai Classics Publishing House, 2001.

[8] Shanghai Zujie zhi bianzuan weiyuanhui, *Shanghai zujie zhi* [Chronicles of The Shanghai International Settlement] (Shanghai: Editorial Committee of the Chronicles of the Shanghai International Settlement, 2001).

[9] Frank King, *Money and Monetary Policy in China, 1845-1895* (Cambridge: Harvard University Press, 1965), 98–102; David Sunderland, *Financing the Raj: The City of London and Colonial India, 1858-1940* (Woodbridge: Boydell Press, 2013).

Shanghai circulated across Qing China.[10] On the impact of Western banks in the Qing, Frank King claims that Western banks in China predominated the Qing's monetary relations with the world. Both domestic commerce and foreign trade in the Qing depended more upon Western banks than Chinese native banks.[11]

Existing research on the economic history of Shanghai, however, often separates this coastal commercial and financial city from the vast lands of the Qing Empire. For example, Rhoads Murphey argues that the treaty port economy of the Qing Empire represented by Shanghai was only weakly linked to its hinterland, since the city was organized on Western models and was highly self-sufficient.[12] Lin Man-houng echoes Murphy in arguing that this supposedly stark division between hinterland and port constituted a full-fledged "dual economy" in the late Qing.[13] Marie-Claire Bergère calls Shanghai "the other China," making an allusion to "the other France" that was so heavily engaged in foreign trade on the coast and separated itself from the inland agricultural economy of that nation.[14] To Bergère, Shanghai was a "foreign zone" that broke away from the rest of China through its absorption of Western capital and its adoption of Western technologies to achieve its own modernization.[15]

Taking a different approach, this paper aims to integrate Shanghai's history with that of the Qing dynasty as a whole, emphasizing Shanghai's significant position as a transimperial bridge connecting the Qing's domestic financial system to the global banking system. At both the institutional and interpersonal levels, Shanghai was not the "other China" as maintained by Bergère. It was the transimperial fulcrum linking late-Qing commerce and finance with that of the rest of the world's empires and nations. As such, this chapter recasts the history of banking in Shanghai from 1842 to 1912 by elaborating on the functions and interactions between

[10] Rhoads Murphey, *The Treaty Ports and China's Modernization: What Went Wrong* (Ann Arbor: The University of Michigan, Center for Chinese Studies, 1970).

[11] King, *Money and Monetary Policy in China, 1845–1895*; Srinivas Ram Wagel, *Finance in China* (Shanghai North-China Daily News & Herald Ltd., 1914); Linsun Cheng, *Banking in Modern China: Entrepreneurs, Professional Managers and the Development of Chinese Banks 1897–1937* (New York: Cambridge University Press, 2003).

[12] Murphey, *Treaty Ports*; Linda Cooke Johnson, *Shanghai: From Market Town to Treaty Port, 1074–1858* (Stanford: Stanford University Press, 1995).

[13] Lin Man-houng, "The Initial Stages of the Modern Economy: Late-Qing Economic Development" [Xiandai jingji de qibu: wanqing de jingji fazhan], in *Liangan xinbian zhongguo jindaishi: wanqing juan(xia)* [*The New History of Modern China Written by Scholars across the Strait Volume 2*], eds. Wang Jianlang and Huang Kewu, (Beijing: Shehui kexue wenxian chubanshe, 2016), 578–84.

[14] Marie-Claire Bergère, "'The Other China': Shanghai from 1919 to 1949," in *Shanghai: Revolution and Development in an Asian Metropolis*, ed. Christopher Howe (Cambridge: Cambridge University Press, 1981), 2.

[15] *Ibid.*, 31.

different types of banking institutions and their transimperial intermediaries. It aims to answer the question of how domestic and Western banking institutions influenced one another as the banking system developed in the last dynasty, the Qing, in Imperial China.

The transimperial banking intermediaries in this article filled the linguistic, cultural, and information gaps that often separated colonial powers from local markets.[16] Like so many of the other intermediaries studied in this volume, what made late-Qing Shanghai's financial middlemen particularly indispensable was their knowledge base: a unique constellation of information and contacts few others in China possessed. Where foreign bankers in Shanghai were concerned, these intermediaries knew the local language (or languages) and also knew the relative creditworthiness of local and regional businessmen. Conversely, where Qing borrowers were concerned, these intermediaries spoke either English or pidgin and had privileged access to managers at colonial banks in China. Lastly, where statesmen were concerned, the more diplomatically inclined intermediaries maintained personal contacts with both foreign bankers and high-ranking Qing officials, that rarest of combinations. Their information and connections secured, these figures were therefore well placed to serve as China's essential transimperial figures bridging the divide between local, imperial, and global financial systems.

The following sections first lay out the major bank types in Shanghai during the Qing Empire; then examine how financial intermediaries in and between those banking institutions served as transimperial agents; and, finally, examine the key features of transimperial banking in late-Qing Shanghai.

Banks in Shanghai: An Overview

The major bank types in Shanghai during the late Qing period included Chinese native banks, Western banks, and modern Chinese banks, whose businesses, while separate, grew gradually more intertwined.

The two major forms of native banks were *qianzhuang*, which focused on local banking business, and *piaohao*, which played a leading role in interregional and governmental remittance. Qianzhuang, literally meaning money (*qian*) houses (*zhuang*), debuted prior to the establishment of the Qing Empire in the middle of the previous

[16] Benjamin Nicholas Lawrance, Emily Lynn Osborn, and Richard L. Roberts, eds., *Intermediaries, Interpreters, and Clerks: African Employees in the Making of Colonial Africa* (Madison: University of Wisconsin Press, 2006).

Ming dynasty (1368–1644).[17] They are believed to have initially been concentrated in the Yangtze Valley, where Shanghai is situated and commercial activities had been highly active, and then to have expanded along the coast of southern China.[18] The main businesses of qianzhuang included deposits, exchange services, and loans. Qianzhuang extended loans with different requirements of means of security, but these loans were mostly unsecured and issued to "fiduciary communities", "bred through native-place ties" that relied heavily on interpersonal trust within families and between acquittances.[19] Qianzhuang also provided credit instruments by issuing promissory notes. These banknotes were called *zhuangpiao* in Chinese, literally the bills (*piao*) of money houses (*zhuang*). A merchant who did not have sufficient cash on hand could use such promissory notes to purchase goods.[20] The merchant would then arrange a date to repay the qianzhuang the principal and interest. These promissory notes helped merchants and businessmen in Shanghai augment their working capital and expand their trade volumes at the port. Crucially, such credit instruments had not been widely used in Shanghai until the 1820s. They only occurred when the increase in Sino-Western trade called for more convenient methods of payment.[21]

Piaohao, literally meaning shops (*hao*) of bills (*piao*), appeared around the 1820s and functioned as long-distance remittance banks.[22] Unlike qianzhuang's primary functions as a money keeper, money converter, and creditor, the main businesses of piaohao consisted of remittance services between over twenty provinces and the central government, as well as between branches in inter-regional wholesale transactions.[23] Originally based in landlocked Shanxi, the speedy bills of exchange issued by piaohao accelerated the nationwide capital supply and circulation involved in foreign trade by enabling private enterprises to remit money regardless of the distance between active treaty ports and the hinterland.[24]

17 Zhaojin Ji, *A History of Modern Shanghai Banking: The Rise and Decline of China's Finance Capitalism* (New York: M.E. Sharpe, 2003).

18 Rajat Kanta Ray, "Asian Capital in the Age of European Domination: The Rise of the Bazaar, 1800–1914," *Modern Asian Studies* 29, no. 3 (July 1995), 449–54.

19 Richard von Glahn, *The Economic History of China: From Antiquity to the Nineteenth Century* (Cambridge University Press, 2016), 386.

20 Yen-p'ing Hao, *The Commercial Revolution in Nineteenth Century China: The Rise of Sino-Western Mercantile Capitalism* (Berkeley: University of California Press, 1986).

21 Hao, *The Commercial Revolution in Nineteenth-Century China*, 1986.

22 Zhang Guohui, *Wanqing qianzhuang he piaohao yanjiu* [Research on Old-Style Qianzhuang and Piaohao in the Late Qing Dynasty] (Beijing: Shehui kexue chubanshe, 2007).

23 Luman Wang, *Chinese Hinterland Capitalism and Shanxi Piaohao: Banking, State, and Family, 1720–1910* (London: Routledge, 2020).

24 William N. Goetzmann, Andrey D. Ukhov, and Ning Zhu, "China and the World Financial Markets 1870–1939: Modern Lessons from Historical Globalization"; Wang, *Chinese Hinterland Capitalism and Shanxi Piaohao*.

Following the First Opium War, from the 1840s, Western banks began to appear one after another in China, concentrating on the Qing treaty ports. The earliest ones came from British India (Oriental Banking Corporation in 1845, hereafter OBC), London (Chartered Bank of India, Australia, and China in 1858, hereafter CBIAC), Paris (Comptoir d'Escompte de Paris in 1860, hereafter CEP), and British Hong Kong (Hongkong and Shanghai Banking Corporation in 1865, hereafter the Hongkong Bank).[25] The Hongkong Bank occupied a particularly important position. It became the first exchange bank in Qing China that set the exchange rates in Shanghai based on the London price of silver, fundamentally increasing its foreign remittances business in turn. After operating in Hong Kong and Shanghai for its first twenty years, the bank became the largest Western bank in Qing China by the mid-1880s. By 1887, the Shanghai office of the Hongkong Bank turned into the second most profitable bank branch among all branches of the Hongkong Bank in Asia, closely following its Hong Kong headquarters.[26] By contrast, CBIAC suffered from continual yearly losses, showing difficulties in maintaining profits as a Western bank competitor in the final decades of late-Qing Shanghai.[27]

In addition to the core business of such banks as international remittances, deposits, long-term loans, and banknote issues, Western banks in Qing China also became involved in the local capital market by extending short-term loans. Western banks, led by the Hongkong Bank in the 1860s, began to make such loans to Chinese banking institutions, often small qianzhuang that were experiencing a lack of capital. Qianzhuang, subsequently, lent those funds received from Western banks on to their Chinese customers in order to sustain their normal business of financing trade and construction.

Qing China's exposure to the West made the Chinese aware of the technological advances happening in Western empires. In the "Self-Strengthening Movement" that took place in Qing China from the 1860s to modernize the country in all aspects, Chinese elites proposed that the Qing government modernize Chinese banks. To the reformists, modern Chinese banks should be compatible with financing the rising national industries on a large scale in the form of joint-stock; and to the nationalists, establishing Chinese-owned banks continued and symbolized the national

[25] Song peiyu, *Jindai Shanghai waishang yinhang yanjiu 1847-1949* [The Study of Western banks in Modern Shanghai 1847-1949] (Shanghai: Shanghai yuandong chubanshe, 2016).

[26] Bryna Goodman, "'Not a Club for Ethical Culture': The Early Writings of Max Weber, Liang Qichao, and Kang Youwei on the Stock Exchange," *Frontiers of History in China* 10, no. 4 (January 2015), 539–40; Frank H. H. King, Catherine E. King, and David J. S. King, *The Hongkong Bank in Late Imperial China 1864–1902: On an Even Keel*, Volume 1 of The History of the Hongkong and Shanghai Banking Corporation (Cambridge: Cambridge University Press, 1987).

[27] "Profits and Losses: Head Office, Agencies and Branches," 1895-1953, CLC/B/207/CH04/02/02/001, CBIAC, London Metropolitan Archives [hereafter LMA], London, UK.

resistance to the further Western penetration into the Chinese financial system.[28] In 1897, the central government allocated 1 million *taels* from the Imperial Board of Revenue as initial working capital to organize a modern joint-stock Chinese bank called the Imperial Bank of China (IBC).[29] It had dozens of times more than a normal qianzhuang's capital and a few times more than a normal piaohao's. The IBC directly adopted its regulations from the Hongkong Bank, hired a British banker as the general manager, and employed a few foreign professionals in key positions.[30] Due to its commercial nature, the IBC was renamed the Commercial Bank of China in 1913 in the Republican Era. Yet despite the Qing's efforts to organize more modern Chinese banks in its last decade, qianzhuang, piaohao, and Western banks remained the three dominant pillars that supported the banking system of Shanghai. The paid-up capital, deposits, and note issues of qianzhuang at the time amounted to some 218 million taels, and those of piaohao and Western banks some 201 million taels, respectively.[31]

Banking Intermediaries as Transimperial Actors

At the institutional level, the banking system of late-Qing Shanghai was transimperial, including both multinational colonial banks chartered by the British Crown (or Hong Kong colonial government) and domestic banks licensed by Qing imperial officials. Whether scholars treat these "colonial banks" (as they were acknowledged to be by their contemporaries) as an arm of British informal imperialism in China, as do P.J. Cain and A.G. Hopkins, or as "frontier banks," as does Ghassan Moazzin—a descriptor meant to stress their business between colonial, semi-colonial, and independent jurisdictions—these banks operated across empires.[32] Yet at the interpersonal level, stark differences remained in the language and business customs between foreign and Chinese bankers.

28 Kong Xiangxian, *Daqing yinhang hangshi* [The History of Daqing Bank] (Nanjing: Nanjing daxue chubanshe, 1991).

29 The Board of Revenue was renamed the Board of Finance in 1906.

30 Cheng, *Banking in Modern China*.

31 *Ibid.*

32 *The Economist* in this period, for instance, writes of foreign banks in China as colonial banks—see "Our Colonial and Foreign Banking Interests in 1883," *The Economist*, October 27, 1883, 1249. See also Geoffrey Jones, *British Multinational Banking, 1830-1990* (Oxford: Clarendon Press, 1993); P.J. Cain and A.G. Hopkins, *British Imperialism, 1688-2015* (London: Routledge, 2016), 392–413; and Ghassan Moazzin, *Foreign Banks and Global Finance in Modern China: Banking on the Chinese Frontier, 1870-1919* (Cambridge: Cambridge University Press, 2022).

As a result, it fell to a small number of Qing intermediaries to act as the transimperial tissue connecting the two halves of the credit system in China's burgeoning financial center. Between financial institutions and governments, as well as between foreign banks and Chinese banks, credit flowed in Shanghai thanks to culture-crossing figures who bridged the gap between Qing and Western imperial institutions, public and private. Many of these intermediaries were *maiban*, or compradors: Qing subjects who were staff heads at foreign merchant or banking houses, whose job it was to liaise between the business worlds of China and non-China, and importantly, who could speak English.[33] An older generation of scholars in the People's Republic of China labeled these figures "running dogs" of capitalist imperialism; historians writing in English have tended to prefer more benign labels, such as "bridges between East and West."[34] These opposite perspectives, however, are merely two sides of the proverbial coin. Bank compradors and other bank intermediaries were, in truth, liminal actors who "ran," as it were, not between a generic capitalist West and a stereotypical colonized East, but between empires—mostly the Qing and British, but also the French.

Qing intermediaries naturally profited by greasing the wheels of foreign trade in tea, silk, opium, and cotton goods—the *raison d'être* of British free trade imperialism in treaty port China—but their role was not exclusively one of imperialist collaboration.[35] Intermediaries also facilitated flows of sovereign credit, which Qing officials used to pursue their own geopolitical ends (chiefly the reconquest of Xinjiang in the 1870s). And they facilitated flows of interbank credit as well, which, in the end, financed Chinese trade and construction that benefited Qing subjects. At the same time, cross-cultural debt relations were, however, hardly harmonious, and confusion over borrowing and lending practices—and in particular customary guarantorship and bankruptcy—persistently caused friction. Disputes over credit thus periodically landed Qing intermediaries at the unique Sino-foreign Mixed Court of the SIS, an *ad hoc* institution whose essential function was to smooth over the kinks of a multifaceted, transimperial debt relationship.

[33] Kaori Abe, *Chinese Middlemen in Hong Kong's Colonial Economy, 1830-1890* (Routledge, 2017).

[34] Two PRC takes are Wang Yanan, *Zhongguo banfengjian banzhimindi jingji xingtai yanjiu* [Research on China's Semi-feudal, Semi-colonial Economy] (Beijing: People's Press, 1957) and Nie Baozhang, *Zhongguo maiban zichan jieji de fasheng* [The Rise of China's Comprador Bourgeoisie] (Beijing: China Social Sciences Press, 1979). An inverse view is Yen-p'ing Hao, *The Comprador in Nineteenth Century China: Bridge between East and West* (Cambridge: Harvard University Press, 1970).

[35] The point is also a theme of Moazzin, *Foreign Banks and Global Finance*. On British trade imperialism, see John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *The Economic History Review*, 6, no. 1 (1953), 1–15, and Nathan Pelcovits, *The Old China Hands and the Foreign Office* (New York: Columbia University Press, 1948).

Sovereign Lending, or Hu Xueyan

The most overtly transimperial aspect of this debt relationship was at the state-to-bank level, namely sovereign lending from British institutions in Shanghai to the Qing Empire. In Shanghai's early days as a treaty port, Qing officials were wary of foreign borrowing and took out only short-term, high-interest loans from foreign merchants, such as Russel & Co. or Jardine, Matheson & Co., using the funds to suppress the Taiping and Small Swords Rebellions of the 1850s and 1860s. In the late 1860s and 1870s, however, the difficulty of defending Taiwan against Japanese incursions while simultaneously reconquering Xinjiang from Yakub Beg, whose Muslim armies had expelled Qing forces and established an Islamic state there in the early 1860s, required more intensive foreign borrowing.[36] Waiting in the wings was the Hongkong Bank. Its long game in China was to shift from financing foreign trade with international bills of exchange and telegraphic transfers to financing Qing sovereign debt. In their efforts, Hongkong Bank managers gradually established what Cain and Hopkins have called an "awkward alliance" between their bank and the British Foreign Office.[37] Prior to 1885, however, when the Qing court at last granted the bank permission to open a branch in its Beijing capital, those foreign bankers had to work through local intermediaries in Shanghai to establish and bolster their "China loan" business.

No financial intermediary was more important to this project than Hu Xueyan. In the long run, Hu's contribution was to cement the Hongkong Bank's informal imperial influence as the leading sovereign lender to the Qing state. But early in his career, he was simply an upwardly mobile bank's apprentice from Hangzhou, near Shanghai, who dreamed of getting rich. Hu first worked at a qianzhuang in his native place, then gradually rose through the ranks, forging extensive official and commercial contacts up and down the Yangtze Valley in the process.[38] By the 1870s, he was the proprietor of a silk trading house that dominated Lower Yangtze silk markets, as well as a respected banking establishment, the Fukang Bank, providing interregional payment services to merchants and officials alike. The Fukang Bank and Hu's other "southern piaohao" issued and discounted silver bills of exchange that circulated domestically across branches in Shanghai, Beijing, Fuzhou, Ningbo,

[36] Chen Zhengping, *A Brief History of Foreign Debt in China* (Paths International, Limited, 2014), 2–10; Hodong Kim, *Holy War in China: The Muslim Rebellion and the State in Chinese Central Asia, 1864-1877* (Stanford: Stanford University Press, 2004); Kwang-Ching Liu and Richard J. Smith, "The Military Challenge: The Northwest and the Coast," in *The Cambridge History of China*, eds. John K. Fairbank and Kwang-Ching Liu, vol. 11 (Cambridge: Cambridge University Press, 1980), 202–73.

[37] Cain & Hopkins, *British Imperialism*, 392–413.

[38] C. John Stanley, *Late-Ch'ing Finance: Hu Kuang-yung as an Innovator* (Cambridge: Harvard University Press, 1961), 1–19, 33–44.

Hangzhou, Hunan, and Hubei.[39] Thanks in part to this silver exchange business, and in part to Hu's leading role as a loan broker for the Qing, he eventually earned a reputation as a so-called "living wealth god," before whose rotund likeness in both prints and woodcuts Qing aspirants to riches lit incense and presented symbolic offerings.[40]

Hu's role as a transimperial intermediary began in the 1860s, when the Qing court tasked Zuo Zongtang, Governor-General of Shaanxi and Gansu, with spearheading the dynasty's reconquest of the northwest territory of Xinjiang. Zuo then tapped Hu Xueyan to drum up military loans for the expedition, petitioning at court for the living god to be granted an official title (despite Hu's never having earned a degree under the imperial examination system). In the mid-1860s, Hu began soliciting domestic loans from Qing traders and bankers, secured by customs funds from domestic (rather than foreign-facing) trade. When that home credit source proved a mere "cup of water to douse a burning cart," Hu turned to the managers of the global financial institutions in Shanghai's foreign-ruled SIS—businessmen with far more to lend than partners or proprietors of Yangtze Valley merchant houses.[41]

In Shanghai, Hu quickly became a fixture in foreign circles. There he worked first for Governor-General Zuo to broker a pair of six- and ten-month loans in 1867 and 1868 at 1.2 and 1 million *tael*s, respectively—loans that yielded a small cohort of Western merchants 0.8% interest per month, and Hu himself 1.3%. Between 1869 and 1870, Hu again worked to raise a military loan, which this time did not materialize; but now his efforts piqued the interest of the Hongkong Bank, whose Court of Directors authorized branch managers in Shanghai to lend up to one million taels to the Qing state in future negotiations with Hu. These new, longer sovereign loans were to be guaranteed by an imperial edict and secured by international customs revenue—soon the model for all bank borrowing on the part of the Qing dynasty.[42]

After 1875, the length of the loans that Hu negotiated increased. With foreign lenders' trust secured, the transimperial intermediary first negotiated a three-year loan from Jardine, Matheson & Co. and the Crown-chartered OBC, followed by three loans in 1877, 1878, and 1881 from the vaunted Hongkong Bank, with six- and seven-year

[39] *Shanxi piaohao shiliao* [Shanxi Piaohao Historical Materials] (Taiyuan: Shanxi People's Press, 2002) [hereafter *SPHH*], 65, 116–24.

[40] Ellen Johnston Laing, "'Living Wealth Gods' in the Chinese Popular Print Tradition," *Artibus Asiae*, 73, no 2 (2013), 356, 361–62.

[41] *SPHH*, 116–24.

[42] King, *Hongkong Bank*, 162; Chen, *Brief History*, 11–14; Zongli Yamen to Shanghai officials, Shandu choujie yangyin erbaiwan liang yijie xu chi daoyuan Hu Guangyong deng zunzhao zouan zhi xu choujie yibaiwan liang you ["Rationale for Shaanxi Governor-General Raising Two Million *Taels* in Foreign Loans and Swiftly Ordering Daotai Hu Guangyong to Raise One Million in Accordance with Imperial Memorials"], Archives of the Institute of Modern History [hereafter IMH], Academia Sinica, January 23, 1868, 72–73.

maturities. The Hongkong Bank lent 1.6, 1.75, and 1.26 million taels in these loans to the Qing, respectively, floated at 8–10%, with Hu taking an additional cut of 10–15%.[43]

Foreign treasure in hand, Zuo's armies in Xinjiang were able to rout Yakub Beg's troops and re-colonize the territory, reincorporating it as a Qing province. Hu's financial intermediation was, to many Qing high officials, the very lynchpin that secured territorial integrity not just for Xinjiang, but for the empire as a whole. With some exceptions, officials in Beijing shared a "domino theory" of sovereign territorial extent: if Xinjiang were "lost," the logic ran, next would fall Mongolia, then perhaps certain provinces, then the dynasty itself would lose the right to rule under the Mandate of Heaven. True or not, policymakers believed it, yet Xinjiang remained a long, long way from Beijing. Thus, the millions of taels that Hu raised were considered essential to Qing territorial integrity, since they provisioned Zuo's expeditionary force of eighty-two battalions (both cavalry and infantry) consisting of 30,000-40,000 troops (excluding horses and pack animals). Man and beast had to travel great distances to meet their foe in Xinjiang. The most expensive aspect of the colonial venture was feeding Zuo's troops. Zuo devoted the bulk of the funds borrowed from the Hongkong Bank to the purchase of grain from Russian merchants. In the Xinjiang oasis towns of Ghulja (Yining) and Gucheng (Qitai) on the old Silk Road, Siberian traders marketed both whole grain and flour to Zuo's agents at war-inflated prices. In 1875 alone, I.O. Kamenskii sold 670,000 pounds of grain to Zuo's men. In the period 1876–1877, the same Kamenskii earned a stunning 400,000 taels from the military grain sales. Qing troops and horses—their bellies now full of grain thanks to Hu's efforts—proceeded, in grim fashion, to ensure that the first "domino" did not fall in the west (or so they believed).[44]

Hu continued brokering sovereign loans for the Qing from the Hongkong Bank until 1884, when the living god was bankrupted in a financial crisis that swept through China. Managers at the Hongkong Bank in Shanghai, suddenly robbed of their most reliable intermediary, now dispatched agents directly to Beijing to meet with Sir Robert Hart, foreign commissioner of the Qing Imperial Maritime Customs Service, in order to compete for China loans floated to finance the Sino-French War (1883–1885). A year later, in 1885, the bank at last opened its Beijing branch, obviating the need for intermediaries such as Hu—that "great friend of the Hongkong Bank," in Hart's telling, who had pioneered the sovereign loan business in China.[45]

[43] King, *Hongkong Bank*, 163; Chen, *Brief History*, 11–114; Hu Xueyan to Zongli Yamen, Huifeng hang yangkuan yishi ["The Matter of the Hong Kong & Shanghai Banking Corporation Foreign Debt"], IMH, December 22, 1878, 121–23.

[44] Kim, *Holy War in China*, 159–78.

[45] King, *Hongkong Bank*, 417; Cain and Hopkins, *British Imperialism*, 396–98.

Prior to Hu's bankruptcy, the Qing had achieved its geopolitical aims, Hu had profited handsomely from his handiwork, and the Hongkong Bank had profited, too—and continued to do so. From the mid-1870s on, China loan earnings at the Hongkong Bank comprised a significant share of the bank's overall earnings. Between 1876 and 1888, income from sovereign lending in China fluctuated year to year but was regularly 20-30% of net earnings, in some years surpassing 50%.[46] That lucrative business of state was part of what made it possible for the bank's Court of Directors to approve a new share issue in 1883 (even amidst a financial crisis), which doubled the bank's capitalization and secured its place as the wider region's preeminent financial institution.[47] Whether scholars consider this business "frontier banking" or "semi-colonial banking," it was clearly transimperial banking, insofar as Hu's intermediation sustained British informal imperial support (via the Hongkong Bank) for Qing imperial ventures.

Interbank Lending, or Wang Huaishan

As the above figures suggest, sovereign lending continued to play an important role in frontier banking and British informal imperialism in China into the 1890s and early twentieth century. Just as essential to this transimperial credit relationship, however—if less overtly political—was bank-to-bank lending. In this case, the indispensable transimperial intermediaries were bank compradors at foreign banks, whose task it was to shepherd regular, profitable flows of short-term call loans from those banks to Shanghai's hundred or so qianzhuang. Beginning with the invention of that credit instrument in the 1860s until the fall of the Qing dynasty in 1912, the short-term call loan remained a mainstay of the financial structure of the empire's central financial city. To secure the repayment of these two- to ten-day loans, foreign bank compradors stamped an interbank promissory note from a qianzhuang with a proprietary red seal, or "chop" (due to which these loans were widely known as "chop loans"): promises to pay in which foreign bankers placed near-complete trust. To them, these chop loans carried 12–28% annualized interest that provided a profitable outlet for idle bank funds; to Shanghai's perennially under-capitalized qianzhuang, responsible for financing local and regional trade and construction with loans and promissory notes, the interbank loans were a much-needed source of liquidity; and to transimperial intermediaries, they were

46 King, *Hongkong Bank*, 283, 309.

47 Ibid., 281–82, 295–99.

the source of both their profits and market power.[48] In this way, chop loans issued by Western banks gradually became a critical source of capital for Chinese banking institutions in the late Qing by increasing the flow of funds within the domestic money market.[49]

The chop loan's inventor, Wang Huaishan, negotiated the first such advance for the Hongkong Bank in 1869, and by 1873, the bank's Court of Directors approved a regularized chop loan business.[50] By the end of that decade, the size of Shanghai's citywide Sino-foreign call loan market had reached roughly 3 million taels a year, growing to 10 million taels by the century's end.[51] Wang, the market's progenitor, was in many respects the archetypal bank comprador: precisely the type of Sino-foreign intermediary upon whose shoulders Shanghai's money market now came to rest.

Wang and his family hailed from nearby Shaoxing, Zhejiang, and on account of his ties to rich Shaoxing merchants, branch managers at the Hongkong Bank in Shanghai appointed him their comprador in the early 1860s. A photograph of Wang taken ten years later, in 1874, when he was in his thirties, shows a well-fed, chubby-faced man dressed in fine silk cloth, one arm resting on an ornate Victorian chair, a thin cigar perched between the index and middle fingers of his right hand. Wang's self-evident wealth, on display in his portrait, was publicly acknowledged in his market nickname: *kuai facai*, or "makes money fast."[52] Britons in China called him Wah Sam, according to local pronunciation, and this name appears regularly in the bank's internal correspondence regarding tea shipments and the discounting of bank bills, as well as Wang's receipt of lavish gifts, among them Turkish carpets, diamond rings, and gold jewelry. "Old Wah Sam is a good friend of the bank," the firm's London branch manager, David McLean, wrote to its Shanghai branch manager in 1877; "give my thanks to old Wah Sam," he wrote a year later; "tell Wah Sam to come to England, a trip would do him good," he wrote again in 1884.[53]

McLean's tone of perpetual gratitude is partially explained by Wang's centrality to the bank's day-to-day operations in Shanghai. Like other bank compradors,

[48] Hao, *Commercial Revolution*, 77–80; Ghassan Moazzin, "Sino-foreign Business Networks: Foreign and Chinese Banks in the Chinese Banking Sector, 1890-1911," *Modern Asian Studies*, 54, no. 3 (2020), 970–1004.

[49] Cheng I-Fang, *Shanghai qianzhuang (1843-1937): Zhongguo chuantong jinrongye de tuibian* [Shanghai qianzhuang: A Case Study of the Chinese Native Banks, 1843-1937] (Taipei: Zhongyang yanjiuyuan sanmin zhuyi yanjiusuo, 1981).

[50] King, *Hongkong Bank*, 149.

[51] Cheng Zengnian, "Shanghai Finance: An Integrated Approach," *Chinese Business History*, 3, no. 2 (April 1993), 4.

[52] Andrea Lee McElderry, *Shanghai Old-style Banks, 1800-1935* (Ann Arbor: University of Michigan Center for Chinese Studies, 1976), 72–74; King, *Hongkong Bank*, 245–47, 280–81, 514–15, 519.

[53] *The Letter Books of David McLean (Volumes V-X), 1875-1889*, ed. Catherine E. King (Hong Kong: Hong Kong University Press, 1984), 2–3, 5–6, 30, 49–50, 82, 266.

Wang received only a nominal salary, and he made money fast mostly by trading on his own account, or on commissions for bringing in chop loan business to the bank. At his (presumably Turkish carpeted) office, Wang oversaw a staff of five market runners, or "shroffs," who knew regional markets in depth, in addition to ten attendants responsible for tasks ranging from hauling hard silver to delivering messages.[54]

Before 1889, when German, Russian, Japanese, and US banks began to join the French and British financial institutions in China at scale, there were, in the main, six foreign banks with active Shanghai branches. That quite small number meant Wang's staff—and the staff of the five other Shanghai bank compradors at the Agra Bank, the OBC, the CBIAC, the Mercantile Bank of India, London & China (Chartered Mercantile), and the CEP—were *the* connective tissue linking local finance to global markets.[55] Before 1842, Shanghai's financial center had been located in the city's south market, near the junk wharves of the old walled city; by 1876, more than half of the city's qianzhuang (63 of 105) were in the north market, near the steamer wharves—and foreign banks—of the SIS and French Concession.[56] No detailed data survive to track the flow of chop loans from specific banks to specific qianzhuang. If, however, we divide one scholar's annual chop loan estimate for Shanghai as a whole in 1878 (3 million taels) by the number of qianzhuang in the north market in 1876 (63), we arrive at a sum of over 47,000 taels in credit per qianzhuang.[57] These advances were not distributed evenly, of course, but considering that the average capitalization of a qianzhuang in 1900 was only between 20,000 and 60,000 taels, this 47,000-tael figure is a sizable one—a sum equal to the full capitalizations of many qianzhuang.[58] Such calculations are only the roughest of estimates, and they provide no more than a vague glimpse of the scale of the market. They do, however, attest to the vital importance of Wang Huaishan and other transimperial bank compradors in shepherding private credit between imperial institutions in late-nineteenth-century Shanghai.

What Wang, his comprador peers, and their staff shared, and which foreign bankers lacked, was an intimate knowledge of local markets—perhaps above all, knowledge of the relative creditworthiness of qianzhuang partners and managers who applied for chop loans. "[Local] call lending is a comprador's professional

[54] King, *Hongkong Bank*, 246.

[55] Shizuya Nishimura, "The Foreign and Native Banks in China: Chop Loans in Shanghai and Hankow before 1914," *Modern Asian Studies*, 9, no. 1 (February 2005), 111–12.

[56] *Shanghai qianzhuang shiliao* [Shanghai qianzhuang historical materials] (Shanghai: People's Bank of China, Shanghai Branch, 1960) [hereafter *SQHM*], 32.

[57] Cheng, "Shanghai Finance," 4.

[58] McElderry, *Shanghai Old-style Banks*, 18

activity," recalled one bank comprador, "and it is also one of his profit sources."[59] Hefty commissions made the work appealing, and the overall arrangement made Wang and his counterparts the fulcrum of Shanghai's transimperial credit system. These men, wrote a knowledgeable foreign observer in 1906, "hold a most important and responsible relation to the entire business of the Chinese community," each being "an *imperium in imperio*" deciding the value of silver bullion and coin, transferring bank funds "to and from inland places" with domestic bills of exchange, and serving as each foreign banks' sole "medium through whom all transactions are carried on."[60] In this, Wang was no different from other transimperial intermediaries. As one Chinese journalist wrote in *Shenbao* in 1884, "Wang thoroughly understands the particulars of each and every [Shanghai] qianzhuang."[61]

Wang spoke just a word or two of English and a bit of pidgin, and what was most valuable to him was his local knowledge and his mother tongue: the Shaoxing dialect. Bankers from Shaoxing soon became Shanghai's wealthiest financiers, because Wang, their patron, was able to assess the relative creditworthiness each to the Hongkong Bank, so as to make the flow of chop loan credit profitable to all parties.[62] Drawing on sources from German banks in China between the 1890s and 1912, Ghassan Moazzin has argued that bank compradors then exploited asymmetries of information between Chinese and foreign business communities to manipulate interest rates to their own advantage.[63] In the two decades prior, however, Wang Huaishan's use of local market knowledge to "make money fast"—for himself and his fellow Shaoxing bankers—suggests that bank compradors were *already* exploiting such asymmetries for financial gain in the 1870s and 1880s.

In doing so, Wang and his contemporaries at Shanghai branches of the Agra Bank, the OBC, the CBIAC, Chartered Mercantile, and the CEP positioned themselves as indispensable transimperial intermediaries. They enriched themselves; they helped frontier banks supplement China loan earnings and exchange profits with additional earnings from interbank lending; and they facilitated the flow of credit for profitable, taxable trade, and construction in Qing domains.

[59] Wu Peichu, "Foreign Bank Compradors in Old Shanghai," in *Jiu shanghai waishang yu maiban* [Foreign Merchants and their Compradors in Old Shanghai] (Shanghai: Shanghai People's Press, 1987), 83.

[60] John C. Ferguson, "Notes on Chinese Banking System at Shanghai," *Journal of the North China Branch of the Royal Asiatic Society*, 37 (1906), 56–57.

[61] *SQHM*, 29.

[62] Ibid., 28–30.

[63] Moazzin, "Sino-foreign Business Networks," 970–1004.

Transimperial Trust, or the Guarantors

The necessarily high level of foreign trust in figures such as Wang—typically well-placed, though sometimes less so—came to be embodied in various material artifacts, all confusingly called "chops." In wholesale trade, "chop" simply meant "brand," in the sense of a given house's tea chop or opium chop, here meaning "stamp." In banking, as we have seen, the "chop" in chop loan referred to a comprador's stamp on an interbank qianzhuang promissory note taken as security for a foreign loan. In addition to those chops, there were "security chops," or third-party guarantor contracts (called *baodan* in Chinese). When hired, a comprador often posted bonds in silver, but his security fund was usually far less than the huge sums which compradors handled in any given financial transaction. So, what ultimately secured the compradors and their staff against default was not money but *baodan*, which wealthy third parties signed to guarantee all debts.[64] Or so the foreigners believed until a major financial crisis in 1883, which proved how reliant they actually were on local guarantor arrangements—not promises to pay—and precipitated a shift of the transimperial credit system onto a more juridical footing.

In accordance with longstanding Chinese practice, third parties posted *baodan* for debtors in large transactions, and in cases of default, a guarantor was not necessarily required to repay (as in Anglophone practice), but to bring a defaulter and a lender together to reach an extralegal compromise.[65] Such "customary bankruptcy," preferred in late Imperial China to the exacting, juridical bankruptcies favored by foreigners, meant that it was common for foreign banks "simply to accept the assurance of their compradors that a given [security] chop is 'all proper'—a display of confidence which," this editorialist found, "considering the amounts at stake," to be "most extraordinary."[66] That distinction between "securing the man" and "securing the money," encoded in the very few Chinese characters to be found in the text of any given *baodan*, was poorly understood by foreign merchants and bankers in the 1860s and 1870s, who left such nuances to their trusted compradors. Before the mid-1880s, security chops included few if any references to repayment or fiduciary responsibility; instead, they included phrases such as *lizhi*, "to arrange," or *shiwen*, "to be asked."[67] As early as 1868, Prince Gong at the Zongli

[64] "Security Chops," *North China Herald*, June 13, 1884, 667–68.

[65] Huixun zai ji ["Another Case Report"], *Shenbao*, March 20, 1885. For the context, see "Securing Trust and Stability: Chinese Finance in the Late Nineteenth Century," in ed. Rajeswary Ampalavanar Brown, *Chinese Business Enterprise in Asia* (New York: Routledge, 1995), 27–44 and Maura Dykstra, "Beyond the Shadow of the Law: Firm Insolvency, State-Building, and the New Policy Bankruptcy Reform in Late-Qing Chongqing," *Frontiers of History in China*, 8, no. 3 (2013), 406–33.

[66] "Security Chops," *North China Herald*, 667–68.

[67] Ibid., 667–68.

Yamen, China's proto-foreign office, warned the Shanghai Chamber of Commerce that the empire's subjects "regarded these 'chops' as in the nature of certificates of character" and the guarantors as "referees," advising foreigners not to "place too much reliance on them," since "conditions of suretyship" were "not identical" to those in Britain, America, or France. With imperious insouciance, the Chamber ignored the advice of Sir Rutherford Alcock not to "shut their eyes to the possible risks" and demanded instead that *baodan*, which were the basis of the Qing "system of guarantee…so interwoven with the whole Chinese mode of doing business," be treated as promises to pay.[68]

Chauvinism aside, another explanation for why the Chamber persisted in this view may be found in the mid-1860s establishment of the Shanghai Mixed Court, an odd organ presided over by a Qing sub-prefect and a British vice-consul. The court, the brainchild of Sir Harry Parkes, was founded largely, as Alcock put it, to improve "the due execution of awards against Chinese debtors and defaulters."[69] In the court's white-walled rooms inside a traditional tile-roofed building on Nanjing Road, a silk-clad Qing functionary and a besuited foreign "assessor" sat side by side judging criminal and civil cases.[70] There, plaintiffs and defendants appeared as subjects of different sovereigns, speaking an inconsistent mix of English, pidgin, and various Sinitic languages that regularly befuddled translators. And in Sino-foreign debt cases, as in all others, Qing and foreign court officers shared few legal assumptions and procedural rules, and rulings often depended almost entirely on interpersonal mediation between a given sub-prefect and a given vice-consul (before appeal to the city Daotai).[71] Prior to the mid-1880s, the successful arbitration of most debt disputes—and their relative rarity in a prosperous time for Shanghai trade—removed the need for any clearer language in *baodan*. "For the recovery of small debts," wrote the court's British assessor in 1882, "[court] action is sufficiently prompt and certain; it is only in the more serious cases of indebtedness that it to a partial extent fails."[72] Those more serious cases, such as *Carter & Co. v. Chang-kee* (1874) or *David Sassoon, Sons & Co. v. Song Cai* (1876), if unsatisfactory to foreign

[68] George Jamieson, *Chinese Family and Commercial Law* (Shanghai: Kelly & Walsh, Limited, 1921), 116–18.

[69] *Correspondence Respecting the Revision of the Treaty of Tientsin*, Parliamentary Papers, China, no. 5 (London: House of Commons, 1871), 56.

[70] Description of the court in Zuo Zongtang, Zi bao Shanghai zujie huishen gongsuo yi di ling jian you ["Report on Rationale for Building a New Shanghai Mixed Court at a Separate Location"], IMH, December 16, 1883, 1–11.

[71] See Par Cassell, *Grounds of Judgment: Extraterritoriality and Imperial Power in Nineteenth Century China and Japan* (Oxford: Oxford University Press, 2012), 64–84.

[72] "Report on the Mixed Court at Shanghai for the Year 1882," *Commercial Reports by Her Majesty's Consuls in China: 1882-83*, China, no. 1 (1884), 61–62.

plaintiffs, never risked the stability of the financial market to an extent worthy of altering the customary practice.[73]

This all changed in 1883, the year of China's first great deflationary banking panic. In the early 1880s, qianzhuang lending for trade and construction—credit increasingly floated against stock and property collateral, buoyed by chop loans and further call loans from city Piaohao— propelled simultaneous asset price bubbles in stocks and property. These burst in 1883, in part due to the Hongkong Bank's call of its millions in chop loans. The resulting hoarding of silver and empire-wide bank runs nearly halved the number of Shanghai qianzhuang from a hundred or more to fifty-eight, as a cyclical depression set in.[74]

One long-run consequence of this depression was a significant shift in the legal grounds for transimperial intermediation in late-Qing commercial and financial markets. Customary bankruptcy as previously practiced by Qing merchants and bankers worked well when one or two firms failed, less so amidst the chaos of China's first systemic "bankruptcy wave." Officers at the Shanghai Mixed Court and city magistracy now were swamped with suits with unpaid advances, bank bills, promissory notes, and bank balances, as well as breaches of contract, most secured by *baodan*. Mixed Court cases alone doubled, from about 1,450 annually c. 1879–1882 to 2,904 cases in 1883 alone.[75]

As for Sino-foreign debt cases involving security chops, enough of these were settled unsatisfactorily to the foreign banks to prompt their managers and solicitors to at last read the text of their security chops. An examination of surviving *baodan* from the CBIAC housed at the London Metropolitan Archives shows two very different types of guarantor contracts before and after the 1880s. These samples from CBIAC's Shanghai branch and its sister branch in the Middle Yangtze port of Hankou, though small, remain indicative. Four comprador bonds in the archives from the late 1860s are cursory documents, ranging from a single, brief paragraph to—at most—three short clauses. All four are written in poor, often

[73] "Mixed Court," *NCH*, June 6, 1874, 515–17; Shaxun kong Song mou qianyin an ["Case of the Sassoons Suing a Certain Song for Silver Owed"], *Shenbao*, February 22, 1876, 3.

[74] "Financial Difficulties Affecting the Trade of 1883: Native Banks," UK National Archives [hereafter UKNA], FO 671/142; *SQHM*, 32, 44–53; Kwang-ching Liu, Yibabasan nian Shanghai jinrong fengchao: yangwu yundong zhuanti yanjiu zhi yi ["The 1883 Financial Disturbance: A Case Study of the Self-Strengthening Movement," *Fudan Journal of the Humanities and Social Sciences*, no. 3 (1983), 94–102; Tian Yongxiu, 1862-1883 nian Zhongguo de gupiao shichang ["China's Stock Market, 1862-1883"], *Chinese Economic History Research*, no. 2 (1995), 55–68; Kong Xiangyi, 1883 nian jinrong weiji zhong de piaohao yu qianzhuang (shang xia) ["Piaohao and Qianzhuang during the Financial Crisis of 1883"], *Journal of Shanxi Finance and Economics University*, 22, no. 3/4 (Jun/Aug 2000), 58–60, 64–68.

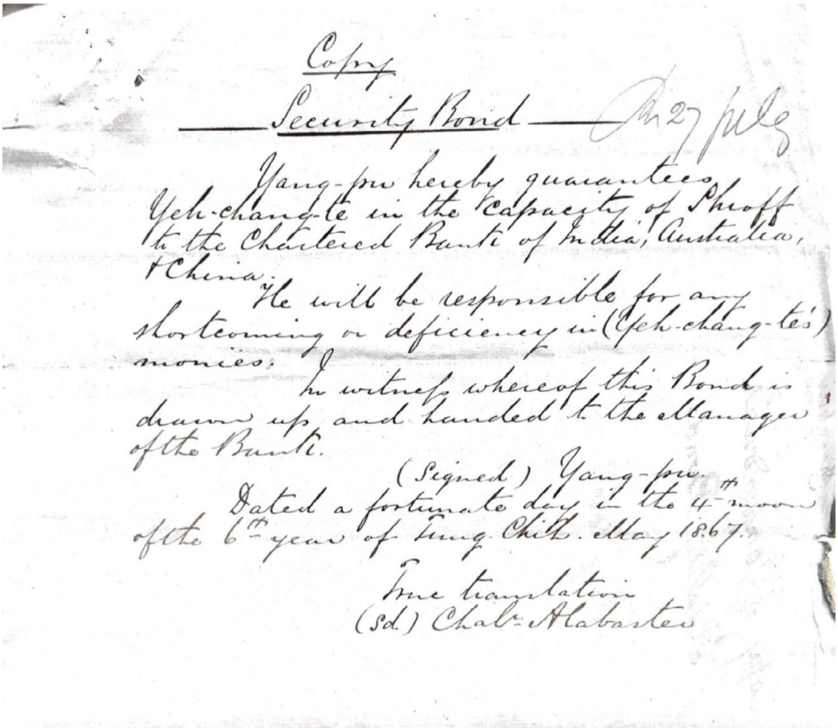
[75] "Report on the Mixed Court for 1883," *Commercial Reports by Her Majesty's Consuls in China: 1883*, China, no. 4 (1884), 233–38; "Bankruptcy Cases" and "Bankruptcy Notebook no. 3" in Shanghai Courts, China: Judges' and Magistrates' Notebooks, UKNA, FO 1092/21.

illegible cursive, and guarantors' obligations in the case of default are discussed in the vaguest of terms, making third parties "responsible for any shortcoming or deficiency" or "to make good any deficiency." Exact sums are never mentioned, and no Chinese copy is included.[76] Three additional CBIAC *baodan* in the archives that date to c.1897–1907, by contrast, tell a different story. These security chops were longer, ranging from a single-spaced page typewritten in small font to four full pages in clear cursive. Exact sums (typically 20,000 taels) are listed, and Chinese-language copies are enclosed for two of the three. In each, the bank's solicitor names the English version the legally binding copy, and all establish the guarantors' obligations to repay, using phrases such as "will pay and make good" and "shall pay and make good." This juridical language signaled the start of a decades-long effort by bankers and officials to clarify personal debts and distinguish these from company debts—efforts that eventually bore fruit in China's first limited liability law in 1904.[77]

Reproduced below are two CBIAC security chops from before and after the financial crisis of 1883. The first *baodan* (Figure 6.1) is labeled "shroff's & assistant compradore's fidelity bond" and dates to May 1867. The second *baodan* (Figure 6.2) dates to October 1907. Note the relative length of the two: the former is three sentences, cursive; the latter is one page, typed, and comes with a Chinese-language copy (Figure 6.3). Note also the difference in legal language between the two contracts. The first chop makes the guarantor "responsible for any shortcoming or deficiency in (Yeh-Chang-te's) monies." The second chop obligates the guarantors, Tang Langshan and Xie Zhuotang, to "become surety for repayment" for Tang Shouxun, CBIAC's comprador, and specifically says the two will "pay and make good" Tang's debts of up to 20,000 taels. The distinction between "responsible for" (chop one) and "surety for repayment" (chop two) is a crucial one in the context of customary bankruptcy in late-Qing China. It demonstrates the legal evolution of transimperial guarantorship from customary to juridical practice after the panic of 1883.

76 See "Shanghai Copy—Shroff's & Assistant Compradore's Fidelity Bond (May 1867)," "Hankow Copy—Security Bond for Chun Tai as Compradore, Vide Shanghai (December 1867)," "Shanghai Copy—Comprador's Own Fidelity Bond and Bond Guaranteeing his Shroffs (July 1868)," and "Hankow—Chun Tai's New Fidelity Bond (November 1869)," each in Bond Guarantees for Chinese Compradores, 1869-1907, LMA, CLC/B/207/CH03/01/06/049. On the company law, see Madeleine Zelin, "The Firm in Early Modern China," *Journal of Economic Behavior and Organization*, no. 72 (209), 632–33.

77 See "Hsi Yü Kong," signed February 1897, and Tang Shouxun and Tang Langshan, dating to October 1907, in LMA, CLC/B/207/CH03/01/06/049.

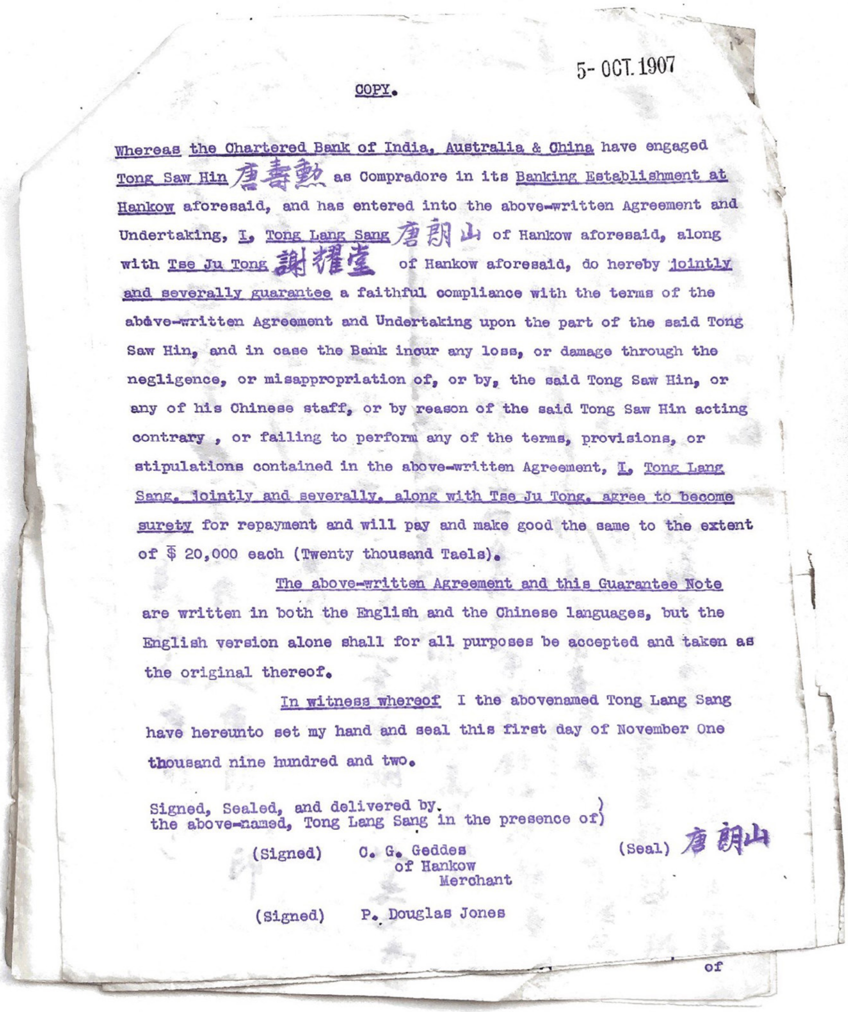

Copy

Security Bond

Yang-fou hereby guarantees
Yeh-chang-te in the capacity of Shroff
to the Chartered Bank of India, Australia,
& China.
He will be responsible for any
shortcoming or deficiency in (Yeh-chang-te's)
monies.
In witness whereof this Bond is
drawn up and handed to the Manager
of the Bank.
(Signed) Yang-fou.
Dated a fortunate day in the 4th moon
of the 6th year of Tung Chih. May 1867.

True translation
(sd) Chal: Alabaster

Figure 6.1: Pre-crisis *baodan*. Source: London Archives



5- OCT. 1907

COPY.

Whereas the Chartered Bank of India, Australia & China have engaged Tong Saw Hin 唐壽勲 as Compradore in its Banking Establishment at Hankow aforesaid, and has entered into the above-written Agreement and Undertaking, I, Tong Lang Sang 唐朗山 of Hankow aforesaid, along with Tse Ju Tong 謝耀堂 of Hankow aforesaid, do hereby jointly and severally guarantee a faithful compliance with the terms of the above-written Agreement and Undertaking upon the part of the said Tong Saw Hin, and in case the Bank incur any loss, or damage through the negligence, or misappropriation of, or by, the said Tong Saw Hin, or any of his Chinese staff, or by reason of the said Tong Saw Hin acting contrary , or failing to perform any of the terms, provisions, or stipulations contained in the above-written Agreement, I, Tong Lang Sang, jointly and severally, along with Tse Ju Tong, agree to become surety for repayment and will pay and make good the same to the extent of $ 20,000 each (Twenty thousand Taels).

The above-written Agreement and this Guarantee Note are written in both the English and the Chinese languages, but the English version alone shall for all purposes be accepted and taken as the original thereof.

In witness whereof I the abovenamed Tong Lang Sang have hereunto set my hand and seal this first day of November One thousand nine hundred and two.

Signed, Sealed, and delivered by.
the above-named, Tong Lang Sang in the presence of)

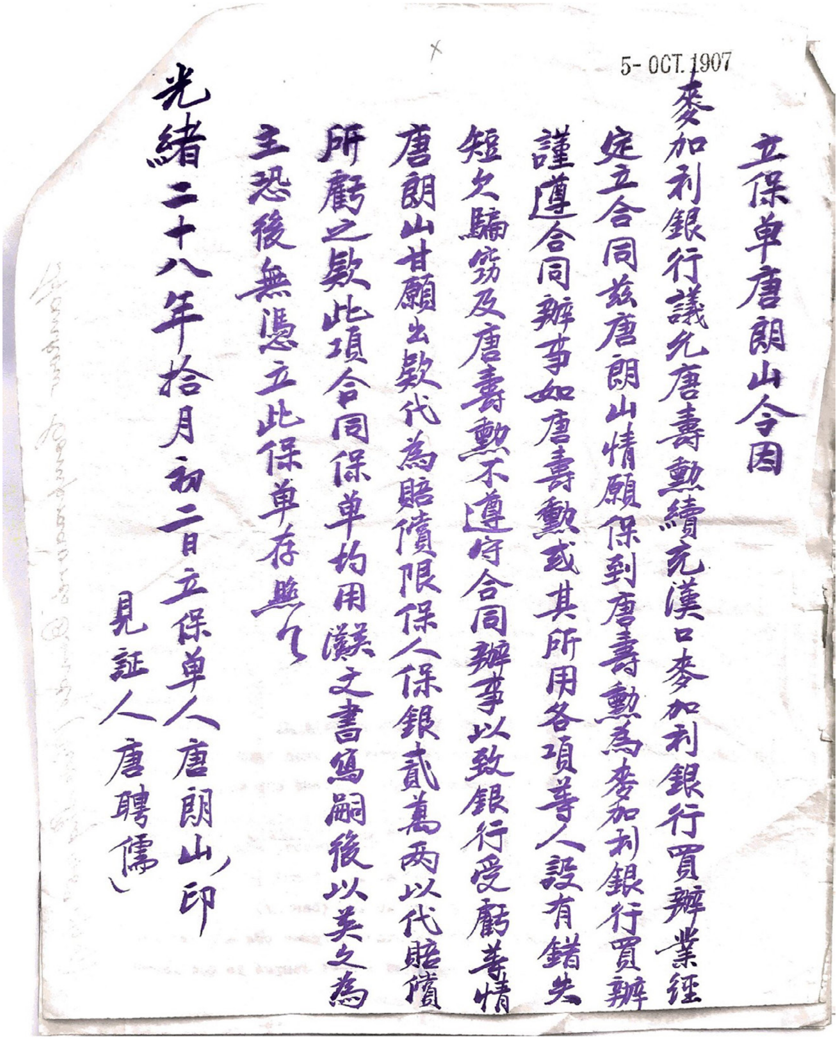
(Signed) C. G. Geddes
of Hankow
Merchant

(Seal) 唐朗山

(Signed) P. Douglas Jones

of

Figure 6.2: Post-crisis *baodan*. Source: London Archives


5- OCT. 1907

立保單唐朗山今因
麥加利銀行議允唐壽勳續充漢口麥加利銀行買辦業經
定立合同茲唐朗山情願保到唐壽勳為麥加利銀行買辦
謹遵合同辦事如唐壽勳或其所用各項華人設有錯失
短欠騙竊及唐壽勳不遵守合同辦事以致銀行受虧等情
唐朗山甘願出數代為賠償限保人保銀貳萬兩以代賠償
所虧之數此項合同保單均用漢文書寫嗣後以英文為
主恐後無憑立此保單存照
光緒二十八年拾月初二日立保單人唐朗山印
見証人唐聘儒

Figure 6.3: Chinese-language copy of Figure 6.2. Source: London Archives

Conclusion: Transimperial Banking in Late-Qing Shanghai

Banking in Shanghai between 1842 and 1912 owed its uniqueness to the combination of local and global banking institutions, which were never entirely taken over by Western empires. Before the arrival of Western empires in late-Qing Shanghai, there was already a functioning Chinese banking system and a thriving economic environment. As a busy port connecting north, south, coastal, and hinterland China, Shanghai played a leading role in the trade and finance of the Qing Empire, aided by the capital networks of domestic qianzhuang and piaohao. Under such circumstances, there were limits to how much the banks of Western colonial empires could replace China's domestic banking system. Transimperial intermediaries were thus necessary in Shanghai. Until the demise of the Qing, in boom times or depressions, war or trade, such intermediaries were never simply "running dogs" of capitalist imperialism, nor were they one-sided colonial collaborators, nor were they apolitical bridges between a generic "East and West." Rather, they were transimperial actors. Compradors and other Chinese brokers intermediated a multifaceted debt relationship between the Qing and British (and to a lesser extent French) empires that could serve Qing geopolitical ends as easily as it enriched Western colonial banks, or that could enrich Qing merchants and financiers as easily as it bankrupted them when the credit market broke down. Older interpretations of Shanghai as a world apart from late-Qing China cannot account for this sometimes fragile yet always integrated Sino-foreign money market, in which the financial fates of Qing and foreign subjects were closely intertwined.

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