


RESEARCH ARTICLE

Family Banking Firms (Shanxi *piaohao*) and the North Chinese Interior, 1820–1930

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Abstract

This article begins by examining the historiography of Shanxi *piaohao* and asking how modernist financial discourse gradually took shape over the past century. It then counters the persistent modernist discourse and its anachronistic application to the history of *piaohao* and the north Chinese interior from two aspects. First, how *piaohao* managed to build an empire-wide financial network and facilitated flows of capital and goods during the nineteenth century. Second, how family-centered capitalist and non-capitalist histories countered *piaohao*'s unrealized path to modern Western-style banking. This article challenges the perceived universalism of the Western European economy and adopts a Braudelian emphasis on an essential feature of the history of capitalism in a global context—that is, capitalism's unlimited flexibility and capacity for change and adaptation, as seen throughout the history of the Shanxi merchants and *piaohao* firms, not confined to the singular future of transformation into modern Western-style banks.

Keywords: North China; Shanxi Province; Shanxi *piaohao*; history of capitalism; East Asia; Postcolonial theory; economic history; business history

Piaohao, literally “houses of remittance drafts,” were family-owned banking firms originating in Shanxi, an inland northern province straddling the Qing–Russian border. These merchants-turned-bankers had traded tea and fur between Russia, Mongolia, and the Chinese interior since the conclusion of the Treaty of Kiakhtha in 1727. When the Qing monetary system was connected to the New World silver system in the 1800s, *piaohao* began providing speedy credit instruments in the form of banking drafts and bills of exchange for interregional traders, and they subsequently built

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expansive financial networks throughout the Qing dynasty.¹ In the 1850s, *piaohao* rose to national prominence by shouldering the responsibility of public finance as private financier and collecting and transferring taxes on behalf of provincial governments. After 1895, *piaohao* shrank in size and scope, when the Qing court began to reclaim financial sovereignty from private financiers and implement modern financial centralization reforms modeled after Western and Japanese systems. However, *piaohao* intentionally chose not to be subjugated to the Qing's modern financial centralization and gradually transitioned out of banking and finance at the turn of the twentieth century.

In 1917, Li Hongling (1847–1918), a former *piaohao* senior employee who had managed branches for over fifty years in Beijing, Shanghai, and Wuhan, published his autobiography, tellingly titled *The Success and Failure of Shanxi Piaohao Merchants*. He wrote how, in 1908, he strove to prevent the collapse of *piaohao* by proposing the existing twenty-odd *piaohao* merge into a Western-style modern bank. Unmoved by his logic, Li's fellow owners and managers vehemently rejected the reform. By 1917, most *piaohao* decided to end their operations. Li subsequently ascribed the shutdown to the ultra-conservative attitude and practices of *piaohao* bankers who failed to seize new financial opportunities that emerged in treaty ports and coastal areas of south China, thus hindering *piaohao* from transforming into modern Western-style banks at the turn of the twentieth century.²

Li Hongling's autobiography, the only narrative left by an immediate participant of *piaohao*, paved the way for the modernist financial discourse created by *piaohao* followers and scholars throughout the twentieth century. This discourse considered *piaohao*'s transformation into modern Western-style banks as the only future and rejected any other paths *piaohao* chose. Since Li, the history of *piaohao* has been ossified by generations of scholars as China's "premodern banking subaltern," trapped in the binary opposition of traditional family firms versus Western-style modern banks.³ Even the history of Shanxi Province since the 1840s was folded into this modernist discourse, as a negative example of the northern Chinese "periphery," which "turned ... from a major trading corridor into an isolated and inaccessible province" after the Qing privileged industrialization and export-oriented commerce in treaty ports over that in the north interior. Shanxi was thus remade as part of "the Chinese hinterland." Modernist discourse also portrayed local Shanxi elites as stubborn ultraconservatives adhering to Confucianism and opposing corporatism and liberalism (read "Western modernity").⁴

¹Lin Manhong, *China Upside Down: Currency, Society, and Ideologies, 1808–1856* (Cambridge, MA: Harvard University Press, 2006), 43, 57–58.

²Li Hongling 李宏齡, *Shanxi piaoshang chengbai ji* 山西票商成敗記 (Taiyuan: Shanxi jingji chubanshe, 2003), 178.

³Joseph Edkins, *Chinese Currency and Prices in China* (Shanghai: Presbyterian Mission Press, 1905), 24; Srinivas R. Wagel, *Chinese Currency and Banking* (Shanghai: North-China Daily News & Herald, 1915), 153–57; Frank M. Tamagna, *Banking and Finance in China* (New York: Institute of Pacific Relations, 1942), xiii–xiv; Cheng Linsun, *Banking in Modern China: Entrepreneurs, Professional Managers and the Development of Chinese Banks, 1897–1937* (New York: Cambridge University Press, 2003), 3; David Faure, *China and Capitalism: A History of Business Enterprise in Modern China* (Hong Kong: Hong Kong University Press, 2006), 19.

⁴Kenneth Pomeranz, *The Making of a Hinterland: State, Society, and Economy in Inland North China, 1853–1937* (Berkeley: University of California Press, 1993); Henrietta Harrison, *The Man Awakened from Dreams: One Man's Life in a North China Village, 1857–1942* (Stanford: Stanford University Press, 2005), 6–7, 169–70.

This article challenges the universalizing application of Western-style financial modernization to the history of Chinese family banking firms through three interrelated histories: (1) the invention, internalization, and institutionalization of the modernist financial discourse by *piaohao* participants, followers, and scholars from 1900 to the present; (2) the capitalist role of *piaohao* as financial intermediaries between China's northern interior and southern and southeastern coastal areas during the nineteenth century; and 3) family-centered capitalist and non-capitalist histories countering *piaohao*'s unrealized financial path to modern Western-style banks.⁵ Bridging the capitalist and sociocultural histories of family banking firms, this article criticizes the modernist financial discourse and its anachronistic application to the history of *piaohao* and Shanxi Province.

In the context of the development of Shanxi *piaohao*, originating from China's northern interior, I define the capitalist history of *piaohao* and the expansionist role it played in transforming the market, trade, money, and finance in north China and its coastal areas during the nineteenth century. Unlike previous scholars' indiscriminate use of "capitalist" as both a positive and negative interchangeably, this article treats the term as neutral, emphasizing *piaohao* as a transformative commercial and financial enterprise to maximize profit from the emerging global trade.⁶ In other words, this study counters the perceived uniqueness and universalism of the Western European economy. Instead, it adopts the Braudelian emphasis on an essential feature of the general history of capitalism in a global context; that is, its unlimited flexibility and capacity for change and adaptation, as seen throughout the history of the Shanxi merchants and *piaohao* firms, not confined to the singular future of their transformation into modern Western-style banks.⁷

It is essential to recognize the many financial and non-financial long-term choices made by *piaohao* families as social and cultural enterprises rather than impersonal financial institutions. *Piaohao* bankers' family-centered strategies for change and adaptation prioritized prosperity and fortune as families instead of financial institutions.

Nevertheless, this study does not simply reject the enduring legacies of Western-style financial centralization and institutions in fin-de-siècle China, particularly from a macroeconomic perspective. China's first-ever central bank, the Bank of the Board of Revenue established in 1904, generated a long-awaited institutional link between taxation and the Qing's long-term financial liability and spending capacity at the turn of the

⁵To criticize the universalizing logic of Western capitalism, Chakravarty divided histories in the age of capitalism into History 1 posited by "capital itself as its precondition," whereas the other non-capitalist histories as History 2s in the plural as a "category charged with the function of constantly interrupting the totalizing thrust of History 1." See Dipesh Chakrabarty, *Provincializing Europe: Postcolonial Thought and Historical Difference* (Princeton: Princeton University Press, 2000), 66.

⁶In my recent monograph on Shanxi *piaohao*, I conflated the negative meaning of capitalist as seen in the universalist capitalist discourse and the historiography of Shanxi *piaohao* with the positive meaning of capitalist as seen in the expansionist role played by *piaohao* in commerce and banking. As a result, I was unaware of the twofold meaning of "capitalist" and failed to separate these two in my monograph. On the other hand, this article separates the polar opposite meanings of "capitalist" and renames the universalist capitalist discourse as "modernist financial discourse" so that the term "capitalist" becomes neutral. See Luman Wang, *Chinese Hinterland Capitalism and Shanxi Piaohao: Banking, State, and Family, 1720–1910* (London: Routledge, 2021), 2, 8.

⁷Fernand Braudel, *The Wheels of Commerce, Civilization and Capitalism, 15th–18th Century*, vol. 2 (New York: Harper & Row, 1982), 432–33, quoted from Immanuel Wallerstein, "Braudel on Capitalism, or Everything Upside Down," *The Journal of Modern History* 63.2 (1991), 358.

twentieth century.⁸ On the other hand, from a microeconomic perspective, Chinese family banking firms such as *piaohao* should be treated as special mercantile and social enterprises with adaptability, flexibility, and rapidity in moving toward the arena of high profit. For *piaohao* merchant-bankers, profit and loss always had to be set in the context of the future of the family as a whole, rather than through the Qing's macroeconomic transformation into a modern nation-state through Western-style financial reforms.⁹ After 1895, the Qing's accelerated financial centralization made *piaohao*'s negotiations with the newly refashioned modern fiscal state increasingly difficult, forcing *piaohao* to exit the public financial sector and prioritize the fortune and prosperity of their families over those of banking firms. Furthermore, the history of Shanxi should not be narrated as a history of the obscure northern interior, but rather as correlated histories between north China and the coastal areas, interconnected through long-distance financial and commercial exchanges since the opening of treaty ports in 1842.¹⁰

How Modernist Financial Discourse Reinvented Shanxi *Piaohao* and North China

As an insider, Li Hongling directly blamed *piaohao* for not transforming into Western-style banks; however, he was not the inventor of the modernist financial discourse that persisted throughout the twentieth century. The universal validity of financial modernism was first created by Liang Qichao several years before Li's autobiography.¹¹

On November 6, 1912, Liang Qichao, a prominent theorist of Chinese modernity with first-hand experience in the West, delivered a speech at the annual meeting of *piaohao* merchants in Pingyao County, one of the three birthplaces of *piaohao*. Starting from a modernist progressive view, Liang's speech began with accolades for *piaohao*'s remarkable achievements: "I always remind my fellow Westerners about Shanxi *piaohao* whenever they dismiss Chinese commerce and trade for the lack of entrepreneurial spirit." He then compared *piaohao* with the proto-banks of southern Italy and England three centuries earlier. Liang pitied *piaohao* for being "too conservative to reform into modern banks" over the previous two decades, rendering them no longer on par with the World's financial centers in London and New York. Nevertheless, he concluded that it was never too late for *piaohao* to reform into modern banks, which was the only alternative to being eclipsed by foreign banks during the nineteenth century.¹²

Although Liang invented a binary opposition between traditional Chinese banking firms and Western banks and foreclosed any futures of *piaohao* besides such transformation, he was a relatively mild proponent of modernist financial discourse compared

⁸He Wenkai, *Paths Toward the Modern Fiscal State England, Japan, and China* (Cambridge, MA: Harvard University Press, 2013), 11–19.

⁹C.A. Bayly, *Rulers, Townsmen and Bazaars: North Indian Society in the Age of British Expansion, 1770–1870* (Delhi: Oxford University Press, 1992), 381; Ritu Birla, *Stages of Capital: Law Culture and Market Governance in Late Colonial India* (Duke University Press 2009); Wallerstein, "Braudel on Capitalism," 358.

¹⁰Emma Rothschild, "Isolation and Economic Life in Eighteenth-Century France," *American Historical Review* 119.4 (2014), 1055–82, here 1079.

¹¹Tang Xiaobing, *Global Space and the Nationalist Discourse of Modernity: The Historical Thinking of Liang Qichao* (Stanford: Stanford University Press, 1996).

¹²Liang Qichao 梁啟超, "Liang Rengong ilin Shanxi piaoshang huanyinghui yanshuoci" 梁任公蒞臨山西票商歡迎會演說詞, *Takungpao*, 6 November 1912.

to *piaohao*'s actual participants. When Li Hongling published his autobiography in 1917, he conveniently built on Liang's modernist discourse, going a step further by internalizing it through another enduring binary opposition: *piaohao* managers stationed in southern treaty ports advocating modern banking reforms versus northern hinterland owners clinging to the family business. In hindsight, Li ascribed *piaohao*'s failure to conservative owners and investors rejecting financial Westernization because they had not stepped out of the interior since 1842. In contrast, forward-looking branch managers, such as him, who had worked in coastal cities like Tianjin, Shanghai, and Hankou for decades, could have saved *piaohao* if the owners had listened to their suggestions.¹³

Li's narrative of *piaohao*'s fin-de-siècle decline has become the standard interpretation because it was the only account left by a participant during that time. Nationalist scholars and government officials during the Republican era (1912–1949) followed this modernist interpretation eagerly and regularly. The story of *piaohao* as obsolete family firms became the epitome of all premodern economic problems left by the collapsed Qing dynasty, which the Republican government strove to fix, at least in discourse.

Two representative texts were produced during this time. *A Genealogical Sketch of Shanxi Piaohao* was written in 1937 by Chen Qitian, a British-educated and bilingual sociology and economics professor and the Dean of the Law School at Yenching University. And *A Chronology of Shanxi Piaohao*, edited by the renowned historian Wei Juxian, who was commissioned by the Minister of Finance H. H. Kung, a native of Taigu County (another of the three birthplaces of *piaohao*), was published in 1944. Both works relied heavily on Western socio-scientific methodologies that were avant-garde in China, such as year-long fieldwork in Shanxi Province, interviewing former employees and apprentices of *piaohao* with meticulously crafted questions and surveys. Both works included statistics on annual remittance transactions based on extant *piaohao* ledgers, a curated bibliography of fifty-odd contemporary Chinese, English, and Japanese scholarly works, and a compilation of *piaohao*-related primary sources, including business and family letters.¹⁴

It is unsurprising that both Chen and Wei embraced Li Hongling's modernist financial discourse and attributed the decline of *piaohao* to the rejection of modern banks at the turn of the twentieth century.¹⁵ Chen went further, saying "The reason for my research on *piaohao* is to reveal the defectiveness of China's premodern economic institutions [jiushi jingji zhidu 舊式經濟制度] and thus propose modern reforms." He commented in the epilogue that "it is time for *piaohao* to disappear because of their ultraconservative personnel. They would become the biggest hindrance to modern economics in Republican China if they existed today."¹⁶

During the early communist years (1949–1976), scholars in mainland China continued to rely on the systematic compilation of primary sources and socio-scientific methods but strove to redefine *piaohao* within a Marxist framework, which only led to the

¹³Li, *Shanxi piaoshang chengbai ji*, 131–33. In reality, the boundaries between *piaohao* managers and owners were blurred throughout its history. Many owners and investors of *piaohao* directly participated in daily banking operations, see Huang Jianhui 黃鑒暉, eds., *Shanxi Piaohao Shiliao* 山西票號史料, revised edition (Taiyuan: Shanxi jingji chubanshe, 2002), 780.

¹⁴Chen Qitian 陳其田, *Shanxi piaozhuang kaolue* 山西票莊考略 (1937; Repr., Beijing: Jingji guanli chubanshe, 2008); Wei Juxian 衛聚賢, *Shanxi piaohao shi* 山西票號史 (1944; Repr., Beijing: Jingji guanli chubanshe, 2008).

¹⁵Chen, *Shanxi piaozhuang kaolue*, 18–22; Wei, *Shanxi Piaohao Shi*, 39–44.

¹⁶Chen, *Shanxi piaozhuang kaolue*, 1, 88.

rise of a new and enduring binary opposition between proto-capitalist banks and feudal family institutions. They either acclaimed *piaohao* as indigenous “proto-banks” (yuanchu yinhang 原初銀行) appearing independently before the arrival of Western banks but exploited afterwards, or blamed *piaohao* for failing to emulate Western banks because of defective family institutions and feudal connections with the Qing dynasty.¹⁷ Ironically, this Marxist binary opposition did not rescue the history of *piaohao* from modernist financial discourse. Scholarly obsession with the teleological question of “Why did *piaohao* fail to transform into modern banks?” only reinforced modernist comparisons with Western banks.

Neither did the 1970s’ search for non-Western particularism in nineteenth-century China rescue the history of *piaohao* and Shanxi Province from modernist financial discourse. Countering Western-centrism was frequently translated into singling out treaty-port cities, such as Shanghai, Wuhan, and Tianjin from vast rural areas in the nineteenth century, which only reinforced the binary relationship between China’s northern interior as traditional, irrational, and family-oriented and the south and southeast coastal areas as modern, capitalistic, and market-oriented.¹⁸

It was not until recently that scholars began building on the emerging field of the local history of the global countryside, focusing almost exclusively on the supposedly backward northern Chinese interior before the twentieth century. Many works revealed that financial markets in Shanxi Province and China’s northern interior were more sophisticated and integrated than as presented in the modernist financial discourse over the past century.¹⁹ Some research has shown that before *piaohao* rose to prominence in the nineteenth century, speedy credit instruments in copper notes and paper money were already widely circulated in Shanxi Province and the Qing northern borderlands.²⁰

How Shanxi *Piaohao* from North China Connected the Qing Empire

Since the modernist financial discourse became interwoven with the history of *piaohao* in the 1900s, the latter has been treated either as China’s banking “subalter” or as

¹⁷Shanxi *piaohao* yanjiuzu 山西票號研究組, eds., *Shanxi piaohao yanjiu ji* 山西票號研究集, vol. 1–2 (Taiyuan: Shanxi caijing xueyuan keyanchu, 1982, 1984); Zhang Guohui 張國輝, *Wanqing qianzhuang he piaohao yanjiu* 晚清錢莊和票號研究 (1989; Repr., Beijing: Jingji guanli chubanshe, 2007); Shi Ruomin 史若民, *Piaoshang xingshuai shi* 票商興衰史 (Beijing: Zhongguo jingji chubanshe, 1992); Huang Jianhui 黃鑒暉, *Shanxi piaohao shi* 山西票號史 (1992; Repr., Taiyuan: Shanxi jingji chubanshe, 2002); Kong Xiangyi 孔祥毅, *Jinrong piaohao shilun* 金融票號史論 (Beijing: Zhongguo jinrong chubanshe, 2003).

¹⁸Hao Yen-P’ing, *The Commercial Revolution in 19th-century China: The Rise of Sino-Western Mercantile Capitalism* (Berkeley: University of California Press, 1986); Paul Cohen, *Between Tradition and Modernity: Wang T’ao and Reform in Late Ch’ing China* (Cambridge, MA: Harvard University Press, 1974); Andrea McDerry, *Shanghai Old-style Banks (chien-chuang) 1800–1935: A Traditional Institution in a Changing Society* (Ann Arbor: Center for Chinese Studies, University of Michigan, 1975).

¹⁹Matthew Lowenstein, “Financial Markets in Late Imperial China, 1820–1911” (PhD diss., University of Chicago, 2021); Wang, *Chinese Hinterland Capitalism and Shanxi Piaohao*.

²⁰Matthew Lowenstein, “Paper Money in the Late Qing and Early Republic, 1820–1935,” The Hoover Institution History Working Paper Series 202201 (June 2022), 3–4, www.hoover.org/research/paper-money-late-qing-and-early-republic-1820-1935-0; Yan Hongzhong and Qiao Zhijian, “Qingdai beijiāng dìqū de mǎoyì, huòbì xìnyòng yǔ jīnróng chuāngxīn: yǐ guìhuāchéng de pùbō tǐxì wéi zhōngxīn” 清代北疆地区的贸易、货币信用与金融创新——以归化城的谱拨体系为中心, Paper presented at The Third Annual Conference on Shanxi Merchants, Shanxi University of Finance and Economics, October 2023.

proto-modern banks. However, it is anachronistic to apply this modernist discourse to the history of *piaohao*, because it was invented by scholars of *piaohao* and did not align with the actual historical trajectory of *piaohao* development. As inland family banking firms, not only did they never fade under the influence of Western imperialism, but they also adapted to new roles in mediating between agricultural production in the interior and intensified treaty-port trade in coastal areas after the 1860s. In fact, the influence of Western financial imperialism on *piaohao* was limited and must be reappraised. Colonial banks, such as the Hong Kong and Shanghai Banking Corporation (HSBC), typically had minimal practical access to the interior and therefore either worked closely with *piaohao* or depended solely on their expansive financial networks to make profits.

The history of *piaohao*'s interregional remittance business dates to the early 1800s, during the White Lotus Rebellion (1796–1804) in northern China, which caused increasing difficulty in the overland transportation of silver ingots between Shanxi and Kiakhta. Legend has it that Lei Lütai, the branch manager of a Pingyao-based dye-stuff firm, first devised an in-house credit instrument to replace the physical transfer of silver ingots, which proved to be a success among Shanxi merchants and beyond. In the 1820s, under the aegis of manager Lei, Rishengchang successfully spun off from the dye firm and concentrated solely on the remittances business.²¹

In the early years after *piaohao*'s emergence, their primary sources of revenue came from two domains. First, they earned a commission to provide remittance drafts for merchants conducting long-distance overland trade in tea, silk, cotton, dyestuffs, and tung oil. Second, they catered to remittance demands from the local gentry by purchasing nominal official titles from the cash-depleted Qing state. Regardless of whether financial services were extended to traders or gentry, the average amount of *piaohao* remittances per transaction before 1860 ranged from Tls. 100 to 1,000.²² For example, around 1850, the Zhangjiakou branch of Rishengchang *piaohao* sent a letter to its Kaifeng branch, stating: "We are informed that you have remitted Tls. 1,000 to us for a firm called Xingshengde, another Tls. 1,200 for Yongshunxiang, and Tls. 500 for Yuxingchang."²³ Meanwhile, Rishengchang's Beijing branch helped twelve local gentry from various provinces purchase their desired nominal official or scholarly titles, and the commissions totaled Tls. 1,341—about Tls. 110 per case on average.²⁴

Given the purchasing power of silver taels in the mid-nineteenth century, *piaohao* remittance banking in its early years can be considered an enormous success.²⁵ Nevertheless, only after *piaohao* began to play a new role in accelerating inter-regional capital flow and facilitating global commodity transactions between the northern

²¹Huang, ed., *Shanxi piaohao shiliao*, 43.

²²Tls. is an abbreviation of tael (*liang* 兩), a Chinese ounce unit. One tael of silver weighed approximately 40 grams but varied from market to market, since the currency in China was not fully standardized and centralized until the *fabi* reform in the 1930s. See Frank H.H. King, Catherine E. King, and David J.S. King, *The History of the Hongkong and Shanghai Banking Corporation, Volume 1: The Hongkong Bank in Late Imperial China, 1864–1902: On an Even Keel* (Cambridge: Cambridge University Press, 1987), 36.

²³Takeshi Hamashita 濱下武志, ed., *Sansei hyōgō shiryō: Shokan hen* 山西票號資料: 書簡篇 (Tokyo: Tokyo Daigaku Toyo Bunka Kenkyūjo Fuzoku Toyogaku Bunken Senta, 1990), 18, 27, 100, 105–6.

²⁴Huang, ed., *Shanxi piaohao shiliao*, 162–63.

²⁵For example, in 1844, the Chaoshan Confucian Academy of Pingyao County was inaugurated, and the investment was Tls. 659, covering costs of both labor and construction materials, see Wu Dacai 武達材 and En Duan 恩端, *Guangxu Pingyao xianzhi* 光緒平遙縣誌 (1882; repr., Nanjing: Fenghuang chubanshe, 2005), 96.

interior and southern treaty ports after the 1860s did the average amount of remittances handled by *piaohao* soar to Tls. 1,000–10,000 per transaction.

Although the Treaty of Nanking (1842) ushered in a new era of foreign trade in China, it was not until the Treaty of Tientsin (1858) and the First Convention of Peking (1860) that the Shanxi *piaohao* began to play an active role in the new global trade order in China. Under these treaties, foreign merchants were allowed to travel to the interior and a fixed rate of 2½ percent *ad valorem* replaced the previously fluctuating inland transit duties.²⁶ As the new global trade order gradually became institutionalized in China, British, American, and Russian mercantile firms plunged into upcountry purchases of tea and silk, and set up agencies in treaty ports such as Shanghai, Hankou, and Fuzhou.²⁷

The expansionist role played by *piaohao* and their remittance business in facilitating interregional monetary flows and global trade is reflected in three aspects. First, *piaohao*'s remittance business provided speedy credit instruments between the interior and coastal areas, thus neither foreign merchants nor Chinese compradors needed to travel across mountains and rivers to close trade deals. In particular, all parties participating in the import-export cash-crop trade in China, ranging from foreign mercantile firms, compradors from treaty ports, cash crop growers, and buyers from the interior to Chinese distributors of foreign goods, depended heavily on *piaohao*'s remittance services. Foreign firms did not deal directly with Chinese growers in the countryside. Instead, they hired dialect-speaking Chinese compradors to make purchases on their behalf, who in turn relied on *piaohao*'s remittance drafts to deal with Chinese growers and buyers of cash crops. At the other end of the spectrum, Chinese distributors of foreign goods from the interior used remittance drafts to obtain imports from compradors.²⁸

The unprecedented expansion of Shanxi *piaohao*'s remittance business at various treaty ports after 1860 demonstrated that, as family banking firms from the northern interior, *piaohao*'s empire-wide financial network nonetheless pushed the boundaries between northern and southern China. In Shanghai, fewer than ten *piaohao* operated in the late 1850s, but this number soared to twenty-three by 1876.²⁹ Rishengchang's business letters provides a glimpse of the size and scale of its remittances following China's incorporation into the new world trade system. In the early 1890s, the Shanghai branch remitted Tls. 16,065 and Tls. 22,081 on behalf of the prestigious silk and cloth chain store Ruifuxiang at its headquarters in Beijing.³⁰ In Hankou, *piaohao*'s remittance business thrived due to the expansion of the Sino-Russian tea trade. No *piaohao* had operated there before its opening as a treaty port in 1858. Then, in 1866, an amendment to the *Treaty of Tientsin* abolished the coastal trade duty imposed on Chinese produce, including tea, shipped to Tianjin for export through Kiakhta, so that goods sent from any Chinese inland port to Kiakhta were now considered direct exports.³¹ Thus, Hankou became a new starting point for Sino-Russian trade. By 1881, twenty-two *piaohao* sprang up, providing remittances and overdrafts for Chinese middlemen traveling between Hankou and trading posts upstream of the

²⁶T. Roger Banister, *A History of the External Trade of China, 1834–81: Being an Introduction to the Customs Decennial Reports, 1882–1931* (Shanghai: Inspectorate General of Customs, 1931), 50–51.

²⁷Hao, *The Commercial Revolution in 19th-century China*, 138–64.

²⁸Wang, *Chinese Hinterland Capitalism and Shanxi Piaohao*, 46.

²⁹Huang, ed., *Shanxi piaohao shiliao*, 58.

³⁰Huang, ed., *Shanxi piaohao shiliao*, 922.

³¹Banister, *A History of the External Trade of China*, 70, 79.

Yangtze River to make purchases on behalf of Russian businessmen.³² In 1906, Rishengchang's Hankou branch processed more than Tls. 600,000 of remittances for tea purchases sent to Shashi and cashed remittance drafts worth Tls. 513,536 and Tls. 508,129 from Shashi and Changsha, respectively.³³

The institutionalization of a new global trade order also accounted for *piaohao's* successful foray into the financial markets of the northern borderlands after the 1860s. Since 1727, Zhangjiakou—Kalgan in Russian and Dongkou (eastern gateway) in Chinese—served as a transit hub connecting Siberia and Mongolia to northern China. Nevertheless, exchanging silver ingots and other currencies was strictly prohibited until after Zhangjiakou was designated as a treaty port in 1860.³⁴ Within Shanxi merchants' sphere of influence for over a century, Zhangjiakou would not be missed by *piaohao* and their remittance banking. In February 1861, Rishengchang's Pingyao headquarters proposed setting up a new outlet to facilitate the tea trade between southern tea-growing towns and Siberia.³⁵ *Piaohao's* financial presence increased again after 1866, when Zhangjiakou became the final domestic stop on the new Hankou-Kiakhta route for tea export.³⁶ The expansion of the treaty system into the interior and the flourishing *piaohao* remittance business complemented each other. By the end of the 1890s, fifteen *piaohao* ran businesses in Zhangjiakou, and in 1906, these outlets handled over two million taels of remittances sent from Tianjin.³⁷

The second aspect of *piaohao's* expansionist role in facilitating interregional monetary flows and global trade is that it served as the lender of last resort for *qianzhuang* (local cash shops) in treaty ports—an indirect yet leading role in sustaining the treaty system after 1860. In major treaty ports, the financial business of *qianzhuang*, which operated on a much smaller scale and lacked empire-wide financial networks, survived on capital injections from *piaohao*. During the 1870s in Shanghai, most of the twenty-odd operating *piaohao* funded local *qianzhuang* through short- or long-term credit.³⁸ In 1883, a financial crisis hit the market and many *qianzhuang*, which participated in silk speculation, became insolvent. In the aftermath of the crisis, a local newspaper concluded that before the crisis, *piaohao* had lent two to three million silver taels to *qianzhuang*.³⁹ In Hankou, *piaohao's* role as a financial pillar in the local market can be seen in newspaper reports on bad debts incurred by bankrupt *qianzhuang*. In April 1878, *Shenbao* reported that Zhengchang *qianzhuang* went out of business owing between Tls. 60,000 to 70,000 to Yuanfengjiu and Xiechengqian *piaohao*.⁴⁰ In 1900, many local *qianzhuang* shut down their firms after the infamous Shanghai Rubber Share Crisis, which caused mounting defaults on short-term loans of eight million silver taels that *piaohao* had lent.⁴¹ In 1906, Mizuno Kōkichi, a Japanese consul in Hankou,

³²Yang Yinpu 楊蔭溥, *Zhongguo jinronglun* 中國金融論 (Shanghai: Liming shuju, 1931), 312; Banister, *A History of the External Trade of China*, 79; Robert Gardella, *Harvesting Mountains: Fujian and the China Tea Trade, 1757–1937* (Berkeley: University of California Press, 1994), 65.

³³Huang, ed., *Shanxi piaohao shiliao*, 470–73.

³⁴Banister, *A History of the External Trade of China*, 35.

³⁵Huang et al., *Shanxi piaohao shiliao*, 848.

³⁶Banister, *A History of the External Trade of China*, 98, 104.

³⁷Tadashi Negishi 根岸佶, ed., *Shin-koku shōgyō sōran* 清國商業綜覽 (Tokyo: Maruzen Kabushiki Kaisha, 1906), 372.

³⁸Huang, *Shanxi piaohao shi*, 198.

³⁹Huang, ed., *Shanxi piaohao shiliao*, 70.

⁴⁰Huang, ed., *Shanxi piaohao shiliao*, 193.

⁴¹Pan Cheng'e 潘承鏗, trans. and ed., *Zhongguo zhi jinrong* 中國金融輪論, vol. 1 (Shanghai: Zhongguo tushu gongsi, 1908), 39.

observed that representatives of twenty-odd Shanxi *piaohao* regularly sat in on daily *qianzhuang* meetings and had the final say in exchange and interest rates, albeit as “outsiders” to the local community.⁴²

The third aspect of *piaohao*'s expansionist role in facilitating interregional monetary flows and global trade is that they carved out a niche in treaty ports after the arrival of colonial banks. Contrary to the modernist financial discourse portraying *piaohao* as the “banking subaltern” outstripped by Western counterparts, *piaohao*'s role in connecting the interior and the coast was reinforced through the cultivation of symbiotic business relations with colonial banks.⁴³

In Xiamen and Canton, colonial banks such as HSBC soon competed against *piaohao* to remit money to Hong Kong and Southeast Asian cities.⁴⁴ However, the businesses of *piaohao* and Western banks, for the most part, neither overlapped nor conflicted because they targeted different clients and markets. Colonial banks primarily funded China-based Western mercantile firms involved in the opium trade with India, supplying and circulating bills of exchange in Asia and issuing large loans to the Qing state, which urgently needed money to pay off war indemnities and finance modern projects after the 1870s.⁴⁵ On the other hand, *piaohao* primarily financed inter-regional trade within the Qing Empire.

Beyond a few southeastern coastal cities, colonial banks relied heavily or entirely on *piaohao*'s extensive financial networks in the treaty ports and the interior. Most colonial banks were literally “on the edge,” with limited geographic scope, and most expatriate bankers were reluctant to step out of treaty ports during their four- to five-year tenures in China. By 1895, the HSBC operated only six branches and agencies in China: Shanghai, Fuzhou, Hankou, Xiamen, Tianjin, and Beijing. The last two were intended to facilitate the bank's contacts with senior Qing officials rather than finance treaty-port trade.⁴⁶ In contrast, the thirty-odd Shanxi *piaohao* operated in at least forty localities, ranging from treaty ports to remote inland border towns.

Not only did *piaohao* mediate between Chinese middlemen and colonial banks, they also directly engaged with the latter in the ever-expanding Sino-Western trade. In the 1890s, Rishengchang handled remittances ranging from 10,000 to 60,000 silver dollars (approximately Tls. 7,000–42,000) sent from Chinese firms in Shanghai and Guangzhou to the Hong Kong outlets of the Comptoir Nationale d'Escompte de Paris, the Chartered Bank of India, Australia and China, and HSBC.⁴⁷ In Hankou, Baichuantong *piaohao* kept close financial contacts with HSBC, the Chartered Bank of India, Australia and China, and the Russo-Chinese Bank; representatives of these colonial banks sat in on meetings convened three times per month by *piaohao* and consulted on exchange rates between silver taels and foreign dollars.⁴⁸

⁴²Pan, *Zhongguo zhi jinrong*, 2:38.

⁴³That being said, due to limited start-up and working capital and the absence of state sponsorship, the size and scale of Shanxi *piaohao* as financial institutions were incomparable to those of colonial banks. As a result, *piaohao*'s remittance business underwent contraction at the turn of the twentieth century because of the competition from colonial banks in the Chinese interior, see Huang, *Shanxi piaohao shiliao*, 371; Wu Meng, “Traditions and Innovations: The Rise and Decline of the Shanxi *Piaohao* (Banks) in the Context of Growing Sino-Foreign Economic Interaction, the 1840s to 1910s,” *Economics Discussion Paper Series, Economics, The University of Manchester*, 2023.

⁴⁴Pan, *Zhongguo zhi jinrong*, 2:60; Huang, ed., *Shanxi piaohao shiliao*, 60.

⁴⁵King et al., *The History of the Hongkong and Shanghai Banking Corporation*, 1:6, 43, 56, 83.

⁴⁶King et al., *The History of the Hongkong and Shanghai Banking Corporation*, 1:15, 500–502.

⁴⁷Huang, ed., *Shanxi piaohao shiliao*, 918, 1018, 1027–29.

⁴⁸Huang, ed., *Shanxi piaohao shiliao*, 333; Pan, *Zhongguo zhi jinrong*, 1:39.

Most *piaohao* were meticulous recorders of exchange rates among various foreign silver dollars and domestic ingots because they either directly speculated on currency exchanges or funded Chinese compradors who did so.⁴⁹ Dadetong and Dadeheng *piaohao* followed conversion rates between British sterling pounds and Shanghai standard taels daily from the 1890s, and Rishengchang kept detailed records of exchange rates between Carolus dollars and Pingyao silver taels.⁵⁰ In January 1872, David Mclean (1833–1908), the Shanghai branch manager of HSBC from 1865 to 1872, sent a personal letter to his friend W. H. Vacher. He disclosed that he obtained up-to-date first-hand financial information from Shanxi *piaohao* to manipulate exchanges and establish direct financial contact with them.⁵¹ Although Mclean did not elaborate on the types of financial transactions taking place between HSBC and *piaohao*, it is clear that *piaohao* had fostered direct and complementary relationships with colonial banks in treaty ports and beyond since the early 1870s, and colonial banks relied on *piaohao*'s insider expertise in speculation and investment, especially in northern China.

Piaohao's Family-Centered Capitalist and Non-Capitalist Histories

In 1895, the Treaty of Shimonoseki forced the Qing dynasty to pay 200 million taels of silver reparations to Japan. To secure long-term liabilities to repay the indemnity, the Qing had no alternative but to embark on modernizing reforms in centralizing taxation and subsequently tightening the private financial sector that had dominated public finance for centuries. *Piaohao*, shouldering quasi-public fiscal responsibilities to collect and transfer taxes to the Qing since 1850, were soon deprived of their banking privileges and consequently operated on a much smaller scale. Applying modernist financial discourse to *piaohao* and viewing them as rational profit-maximizing institutions places 1895 as the watershed moment when these changes foreshadowed *piaohao*'s decline. However, this approach mistakenly forecloses the non-banking histories of *piaohao* within which bankers and managers, as members of socio-cultural units rather than the “rational economic man,” seamlessly coordinated their banking decisions with modern changes in late imperial China.

On the one hand, the Treaty of Shimonoseki triggered the Qing centralizing reforms in private and public finance that caused the “decline” of *piaohao* in the realm of taxation transfer and collection. On the other hand, the treaty legalized foreign industries in treaty ports, which forced the Qing to acquiesce to the *de facto* legalization of Chinese-owned manufacturing enterprises, which subsequently boomed.⁵² When remittance banking was at a low ebb, many *piaohao* owners and managers ventured into modern industries, such as silk filatures, match companies, coal mines, and lithography printing.

For example, the Chang family in Yuci County had been engaged in Sino-Russian trade since the 1720s, thriving for over a century. The family's financial

⁴⁹Huang, ed., *Shanxi piaohao shiliao*, 921.

⁵⁰Wei Juxian 卫聚贤, “Shanxi piaohao zuijin zhi diaocha (xu)” 山西票號最近之調查 (序), *Zhongyang yinhang yuebao*, no. 12 (December 1937): 2033–49, here 2047; Huang, ed., *Shanxi piaohao shiliao*, 927.

⁵¹David Mclean, “A Letter to W. H. Vacher, 12 January 1872,” in *The Hong Kong Bank History Program*, eds., *Transcript of McLean's Letterbook, 1870–1872*, vol. 4 (London, n.p. n.d.), 112.

⁵²Albert Feuerwerker, “Economic Trends in the late Ch'ing Empire, 1870–1911,” in *The Cambridge History of China, Volume 11, Late Ch'ing 1800–1911*, edited by Denis Twitchett and John K. Fairbank (Cambridge: Cambridge University Press, 1980), 29–33.

accomplishments were demonstrated by some fifty mansions totaling over 6.5 million square feet.⁵³ No later than 1879, Dadeyu and Dadechuan *piaohao* spun off from their family's namesake tea and cloth firms, each boasting the ability to handle remittances of over Tls. 40,000 at a time, comparable to the size and scope of Rishengchang, the flagship *piaohao*.⁵⁴ Although these two *piaohao* shuttered their remittance banking operations in 1912 and 1913, this by no means symbolized the decline of the family or the failure of inland merchants to keep up with modern changes.

Just a year after the Qing loosened the ban on private enterprises, the Chang family jumped on the modern industry bandwagon. In 1896, Chang Liying (1873–1923), a cousin of Dadeyu *piaohao*'s owner, established the Dunyihe Silk Filature (Dunyihe cansang ju) in Yuci County and traveled to Beijing and Tianjin in search of silk-reeling professionals and machinery.⁵⁵ Liying recruited dozens of family members and successfully spun the first batch of silk fabric, which was quickly sold out in nearby counties. Later, Liying vertically integrated his enterprise by investing in hundreds of mulberry trees planted on-site and a fixed-temperature cocoon-raising house equipped with barometers. This was the biggest commitment Liying made to modern industrialization, requiring twice the start-up cost of renting a house preferred by most filatures as late as the 1930s.⁵⁶

In 1921, the nephews of Chang Liying—Zanchun (1872–1941) and Xuchun (1873–1949)—invested 25,000 yuan in the Fanhua Lithography Printing House based in Taiyuan, Shanxi. Zanchun's son, Fengzhu (1900–?), an engineer who graduated from Shanxi Preparatory School for Japanese Polytechnics, provided technical support. The House not only catered to the family's demand by publishing the 500-page *Genealogy of the Chang Family* but also dedicated itself to commercial profits and fulfilled orders on professional books, study guides, and leisure readings placed by clients such as the Bureau of Agriculture and Mining of Shanxi Province.⁵⁷ The House only stopped operating during the communist collectivization movements in 1956.

Similarly, the Qu family in Qi County had been at the forefront of dynamic changes in the interior and coast since the 1860s. When remittance banking for treaty ports became lucrative, the family consecutively opened Sanjinyuan, Baichuantong, Changshengchuan, and Cunyigong *piaohao*. Although all *piaohao* had shut down by 1918, the prosperity of the Qu as a family and social unit continued.⁵⁸ Not only did former owners and managers of the family demonstrate exceptional business acumen in meeting new economic challenges but they also leveraged their financial influence in the nationalist coal mine rights activism in the 1900s.

In 1905, the Pekin Syndicate Limited (*Fugongsi* in Chinese), an Anglo-Italian joint coal and iron company, defied Shanxi governor Zhang Renjun's order suspending its proposal to open a new coal mine in Pingding County in Shanxi, where local people had already been mining. Under the aegis of the British Minister Sir John Jordan,

⁵³Xie Yan 謝燕 and Liu Xinyu 劉欣宇, *Rushang mendì: changjia zhuangyuan 儒商門第：常家莊園* (Taiyuan: Shanxi guji chubanshe, 2004), 2–5.

⁵⁴Huang, ed., *Shanxi piaohao shiliao*, 907.

⁵⁵“Changshi xingshi lue” 常氏行實略, 14, and “Changshi yiwencun” 常氏藝文存, 34, in Chang Zanchun 常贊春, *Changshi jiaosheng 常氏家乘* (Taiyuan: Fanhua zhiban yinshua chang, 1921).

⁵⁶Tomoko Shiroyama, *China During the Great Depression: Market, State, and the World Economy, 1929–1937* (Cambridge, MA: Harvard University Press, 2008), 56.

⁵⁷“Changshi zongpu” 常氏宗譜, 14, and “Shixitu shisan zhi shiqi shi” 世系圖十三至十七世, 277, in Chang, *Changshi jiaosheng*.

⁵⁸Huang, ed., *Shanxi piaohao shiliao*, 779.

the Syndicate pressured Zhang to revoke the suspension. The Shanxi gentry, primarily merchants and scholars, were outraged and soon mobilized fellow compatriots to reclaim coal mining rights from the Syndicate.⁵⁹

Qu Benqiao, a wealthy owner and manager of *piaohao*, soon became a leading activist in the movement. While the provincial government was futilely negotiating with the Syndicate, Benqiao and his fellow businessmen had already established a joint-stock company to take over the mines once the negotiations were concluded. In the spring of 1907, they established the Baojin (literally “protecting Shanxi”) Coal Mining Company with limited liability, and Qu Benqiao was its first chief manager.⁶⁰

In January 1908, the Shanxi Bureau of Trade, on behalf of Shanxi’s provincial governor, sealed the deal with the Peking Syndicate and reclaimed coal mining rights, but undertook to pay 2,750,000 taels of silver for redemption, with half of the amount (Tls. 1,375,000) paid in cash one month later.⁶¹ How could the new Bureau of Trade find the money within a month? It was Qu Benqiao who lent Tls. 1,100,000 from the paid-in capital of the Baojin Company. For the remaining portion, Benqiao turned to other *piaohao* owners, who agreed to fill the gap, reflecting his creditworthiness in the banking community.⁶² Emperor Guangxu rewarded Benqiao with a fourth-ranking honorary title in the aftermath of his leadership in the reclamation.⁶³

One may wonder what material gains Qu Benqiao made from the fourth-ranking title awarded from a declining empire. No extant sources answer this question; perhaps the answer is none. Yet Qu’s seemingly altruistic contribution to coal mining rights redemption smoothly segues from the capitalist history of bankers and businessmen as “rational economic men” into the non-capitalist histories of *piaohao* as social and cultural units.⁶⁴

In the nineteenth century, Qing dynasty merchants simply could not evade the influence of Confucianism, which permeated all commercial sectors, from tax brokers of Confucian lineage in Shandong Province and Changlu salt merchants in Tianjin to Hakka book traders in rural Fujian.⁶⁵ Regardless of how wealthy merchants and bankers might have been in late imperial China, another world was superimposed on them: wealth and power derived from sources outside of agriculture and commerce. “[A]t the top ... were the court and the imperial officials, the top of an elite that included a much larger group of degree-holding gentry and of merchants who could buy their way into elite status.”⁶⁶

⁵⁹Frank King, “Joint Venture in China: The Experience of the Peking Syndicate, 1897–1961,” *Business and Economic History*, 2nd ser., 19 (1990), 113–22, here 113–14; Liu Cunshan 劉存善, “Cong zhengkuang yundong dao baojin kuangwu gongsi” 從征礦運動到保晉礦務公司, *Wenshi yuekan* 7 (2000), 32–43.

⁶⁰Liu, “Cong zhengkuang yundong dao baojin kuangwu gongsi,” 41.

⁶¹John V.A. MacMurray, *Treaties and Agreements with and Concerning China, 1894–1919* (New York: Oxford University Press, 1921), 698–99.

⁶²Liu, “Cong zhengkuang yundong dao baojin kuangwu gongsi,” 41.

⁶³Huang, ed., *Shanxi piaohao shiliao*, 339.

⁶⁴Since the 1970s, substantivist scholars such as A.V. Chayanov, Karl Polanyi, and James Scott have challenged the application of categories and analytical tools of conventional economics to the study of non-Western and preindustrial communities. See Philip Huang, *The Peasant Economy and Social Change in North China* (Stanford: Stanford University Press, 1985), 4–5.

⁶⁵Susan Mann, *Local Merchants and the Chinese Bureaucracy, 1750–1950* (Stanford: Stanford University Press, 1987); Kwan Man Bun, *The Salt Merchants of Tianjin: State-making and Civil Society in Late Imperial China* (Honolulu: Hawai’i University Press, 2001); Cynthia Brakow, *Commerce in Culture: The Sibao Book Trade in the Qing and Republican Periods* (Cambridge, MA: Harvard University Press, 2007).

⁶⁶Huang, *The Peasant Economy*, 178.

Under these circumstances, managing banking firms was just a façade for first-generation *piaohao* bankers who exerted financial and commercial leverage over their progeny by goading them into transforming from shady merchants into scholar-gentry.⁶⁷ Thanks to the relatively fluid status system, offering possibilities of moving up towards (nominal) officialdom and academia, many descendants of *piaohao* became avid readers of Confucian classics, generous donors to charity, and proponents of girls' education. Some earned *juren* and *jinshi* (provincial- and metropolitan-level civil service examination degrees), attended modern military academies in Japan, or simply wandered about, enjoying the empire's spectacular landscape.

For *piaohao*, success in banking and commerce was an indispensable yet modest link in the chain of long-term social and cultural prestige for their families, as shown by the *Genealogy of the Chang Family*. In accordance with the Confucian discourse on ideal relations between commerce and scholarship, *Genealogy* highlighted the family's success in education rather than in banking and commerce over two centuries. Not until 1885 did the first family member break the glass ceiling; however, passing a county-level examination in Yuci County. This indicates that money preceded scholarship but never transcended it.

Nevertheless, *Genealogy* excelled at appropriating Confucian ethics to justify and glorify the commercial activities of the family's forerunners. Chang Huaiyu, who engaged in the Qing-Russian trade of the 1800s, was extolled as a living example of Zigong (a merchant-turned-disciple of Confucius).⁶⁸ Chang Yi (1822–1886), a merchant sojourning in Zhangjiakou, was praised for the practical realization of Confucian filial piety when he reluctantly suspended his scholarly pursuits and helped his father's family business in remote towns.⁶⁹

As earlier generations were often "forced" to quit Confucian learning in this way, they strived to compensate for the lives of their progeny. When Chang Yi's 常懌 younger brother, Chang Yi 常怡 (a homophone), was admitted to the county's Confucian Academy, the older brother was overjoyed and barred his younger brother from all menial housework.⁷⁰ Liren (1844–1897), an elder cousin of the founder of Duniyihe Silk Filature, was addicted to a neo-Confucian classic entitled *The Minor Learning of Master Zhu Xi* (*Zhuzi xiaoxue*) as a teenager, but could not afford to realize his scholarly dream in real life. After the 1860s, he supervised the family's inter-regional trade in Yingkou, Changtu (northern Liaoning), Zhangjiakou, Tianjin, Beijing, Wuhan, and Huhhot. Achieving financial security in mid-life, Liren invested in the best teachers to educate his children and prioritized imperial examination degrees over commerce.⁷¹

The hard work of Confucian scholarship eventually paid off. The prologue to the Chang family *Genealogy* boasts a long list of academic achievements of this degree-thirsty merchant family, striving to live up to the family motto of "Confucian merchant-scholars" (*rugu* 儒賈). Immediately before the abolition of the Civil Service Examination in 1905, the family nurtured one *jinshi*, five *juren*, and a dozen *xiucai* (county-level examination degree holders).⁷²

⁶⁷Ho Ping-ti, *The Ladder of Success in Imperial China: Aspects of Social Mobility, 1368–1911* (New York: Columbia University Press, 1962), 53–91.

⁶⁸"Changshi yiwencun," in Chang, *Changshi jiasheng*, 41.

⁶⁹"Changshi yiwencun," in Chang, *Changshi jiasheng*, 8.

⁷⁰"Changshi yiwencun," in Chang, *Changshi jiasheng*, 8.

⁷¹"Changshi xingshi lue," in Chang, *Changshi jiasheng*, 6, 16, 25.

⁷²"Changshi zongpu" 常氏宗譜, in Chang, *Changshi jiasheng*, 12, 101.

Yet, the family was never fettered by its self-appointed identity as Confucian scholar-merchants. Owing to generations of family members sojourning to treaty ports and beyond, the family had made innovations in commerce, industry, and education. Before the abolition of the examination, mathematics was already part of the curriculum of the family's Duchu ("reinforcing the human nature") Academy, where Chang Linshu, the only *jinshi* degree holder, served as the principal. In 1904, the family established the Zhichi (shame-awareness) Girls' Academy, where literature, mathematics, and the cultivation of good virtues were taught to girls from the family and the entire village. In 1906, English became a mandatory subject.⁷³

Meanwhile, younger generations of the Chang family transcended their century-old Confucian calling by majoring in modern science and nature. Two cousins of Chang Zanchun graduated from the Division of Western Studies at Imperial Shanxi University (the brainchild of British missionary Timothy Richard (1845–1919)) with degrees in mining and metallurgy. Chang Yanchun (1899–?), under the heavy influence of his father's silk enterprise, earned a degree in natural sciences from Peking Normal University.⁷⁴ Other bachelor's degrees earned by the family members ranged from mechanical engineering and printing technology to law and political sciences.⁷⁵

Despite being born into families in inland China, the most ambitious descendants, like their counterparts from coastal provinces such as Jiangsu and Guangdong, traveled to Japan for modern scholarship. A cousin of Zanchun obtained a bachelor's degree in law from the Meiji University, and a nephew attended the Kobe Higher Commercial School (Kōbe Kōtō shōgyō gakkō).⁷⁶ A grandnephew held a diploma from Seijo Academy (Seijō gakkō)—Japan's prestigious military preparatory school with notable nationalist alumni such as Cai E (class of 1903).⁷⁷

Besides exchanging wealth for knowledge, the family members and managers of *piaohao* eagerly accumulated symbolic capital from late imperial China. They invested in honorary official titles and gilded epitaphs, funded disaster relief, and organized local militias during troubled times. Almost all of the sixty-odd family members honored in the *Genealogy of the Chang Family* held either nominal official or scholarly titles (and sometimes both) purchased by themselves or their descendants. Chang Weifeng, a merchant sojourning in Zhangjiakou, donated Tls. 300—almost half the cost of the newly constructed Confucian Academy in Pingyao—to the court during the 1840s, earning a fifth-ranking title in return.⁷⁸ Li Zhenshi of Pingyao County, the owner of the wealthiest Rishengchang *piaohao*, donated two official titles for himself and a fourth-ranking title for his father. His son later purchased him an additional fifth-ranking title.⁷⁹

Merchants benefitted from the social power earned through charity since the trend towards commercialization and monetization began in the late Ming period. They were indoctrinated to redistribute wealth to mitigate social conflicts in a Confucian society,

⁷³"Changshi zongpu," in Chang, *Changshi jiasheng*, 11.

⁷⁴"Shixitu shisan zhi shiqi shi," in Chang, *Changshi jiasheng*, 312.

⁷⁵The new name of the Imperial University of Shanxi after 1912; "Changshi zongpu," Chang, *Changshi jiasheng*, 13.

⁷⁶This school later became Kobe University.

⁷⁷"Changshi zongpu," in Chang, *Changshi jiasheng*, 14. For the historical significance of Seijo Academy in Republican China, see Marius Jansen, "Japan and the Chinese Revolution of 1911," in *The Cambridge History of China*, 11:339–74, here 351; Marianne Bastid-Bruguier, "Current of Social Change," in *The Cambridge History of China*, 11:535–602, here 546.

⁷⁸"Changshi yiwencun," in Chang, *Changshi jiasheng*, 12.

⁷⁹Wu and En, *Guangxu pingyao xianzhi*, 153, 159.

turning it upside down and earning symbolic capital through their public-spirited alliance with local scholar-gentry.⁸⁰ From 1877 to 1879, the merchant-bankers of *piaohao* put this ideal into practice during an unprecedented drought-turned-famine in Shanxi with casualties of 9.5 million people.⁸¹ The Chang family led disaster relief, setting up soup kitchens and shelters for refugees from adjacent counties, and donating over Tls. 40,000.⁸² In Pingyao, the owners and managers of Rishengchang and Weitaihou donated some Tls. 40,000 and Tls. 8,400, respectively, while the rest of the *piaohao* community donated over Tls. 27,000.⁸³

During the Boxer Uprising in 1900, Chang Lijiao, the family's first *juren* degree holder, led a corps of militias to construct defensive fortifications for the village. Before long, the family contributed over Tls. 2,000 to reinforce Lijiao's defensive works. During the Xinhai Revolution in 1911, when defeated Qing soldiers ransacked the village, Lijiao again assumed the militia's leadership and guaranteed the family and village a peaceful transition to the new Republic.⁸⁴

While most *piaohao* family members strived to prolong family prosperity and reputation, some retreated to a world of self-indulgence. Modernist financial discourse tended to interpret these individual choices as decadent and retrogressive and attributed such activities to the decline of *piaohao*. Yet this was precisely when non-capitalist family histories counter the "solely" legitimate future of Chinese banking firms reforming into Western banks.

In 1895, Chang Lifang, Chang Zanchun's uncle, took a county-level examination but failed to score well. Interested in neither commerce nor Confucianism, he immersed himself in studying stone and bronze inscriptions, ink-wash painting, and calligraphy, and visited almost all the famous mountains and rivers of the empire.⁸⁵ Even the most ambitious young men in the Chang family desired some leisure. In 1887, the family's *jinshi* and *juren* degree holders founded a poetry club called Fanhua, which inspired the namesake printing house in 1921. Members of the club met regularly to compose poems on designated topics while sipping the newly picked tea of the year. A printed four-volume *Anthology of Poems* was dedicated to this literary creation.⁸⁶

Ironically, the modernist binary opposition of *piaohao* as pre-modern family firms versus modern banks obscured the fact that *piaohao*, as socioeconomic units, successfully refashioned themselves into either Western-style banks or sought-after modern banking experts when their remittance business contracted at the turn of the twentieth century.

In 1916, Weifenghou *piaohao* successfully reformed into a modern limited-liability bank, the Weifeng Commercial Bank. Relying primarily on the startup capital injected by Yuan Shikai's brother, the bank soon turned out to be short lived. Yuan Shikai lost power and died in 1916, and the bank shut its doors in 1921. Nevertheless,

⁸⁰Joanna F. Handlin Smith, "Benevolent Societies: The Reshaping of Charity During the Late Ming and Early Ch'ing," *Journal of Asian Studies* 46.2 (1987), 309–37, here 328–29.

⁸¹Kathryn Edgerton-Tarpley, *Tears from Iron: Cultural Responses to Famine in Nineteenth-Century China* (Berkeley: University of California Press, 2008), 29.

⁸²"Changshi zongpu," 11, "Changshi xingshilue," 21–22, and "Changshi yiwencun," 7, in Chang, *Changshi jiaoheng*.

⁸³Wu and En, *Guangxu pingyao xianzhi*, 114, 118.

⁸⁴"Changshi zongpu," 12, and "Changshi xingshilue," 11–12, in Chang, *Changshi jiaoheng*.

⁸⁵"Changshi yiwencun," 21–22, in Chang, *Changshi jiaoheng*.

⁸⁶"Changshi xingshilue," 5–7, in Chang, *Changshi jiaoheng*.

Weifenghou's quick transformation rebuts the modernist antithesis between inland family banking firms and capitalist financial institutions.⁸⁷

Experience in remittance banking enabled some senior employees of *piaohao* to move upwards to high-ranking positions in modern banks in Republican China. Before 1916, Fan Chunnian (1878–1951) had been working for Weitaihou for years. His banking career began when he was invited to join the modern Provincial Bank of Guangxi because of his expertise in remittances.⁸⁸ In 1934, Fan rose to national prominence after landing a senior managerial job with the Central Bank of China. He also served as chief researcher on Shanxi *piaohao* for the *Monthly of the Central Bank of China* (Zhongyang Yinhang Yuebao), the Bank's flagship journal.⁸⁹

Descendants of *piaohao* owners and managers not only upheld their families' banking tradition but also kept pace with the new credentials required for modern banking in the twentieth century. In 1924, Chang Fengzhao, a grandson of the founder of Dadeyu *piaohao*, graduated from the School for Modern Bookkeeping in Beijing and headed the Accounting Department at the Provincial Bank of Shanxi.⁹⁰ In the 1930s, Li Binting, the second son of Li Hongling (an advocate of modernist financial discourse), worked in the Central Bank of China's Jinan branch. Li Hongling, who passed away in 1918, would have been overjoyed by this news because his filial son had finally completed his father's unfinished modern dream—although he also debunked his father's myth of a formidable boundary between family banking firms and financial modernization.⁹¹

Conclusion

This article has explored three interrelated histories: the genealogy of how modernist financial discourse was invented, internalized, and institutionalized by participants, followers, and scholars of Shanxi *piaohao* from 1900 to the present; the history of how *piaohao* from north China managed to build an empire-wide financial network and facilitated flows of capital and goods in the nineteenth century; and family-centered capitalist and non-capitalist histories countering *piaohao*'s unrealized path to modern banks. As family banking firms from north China, *piaohao* played evolving roles in accelerating inter-regional flows of capital and facilitating transactions of global commodities between the north interior and south treaty ports after the 1860s, pushing the boundaries between north and south China. This article adds new insights into our misunderstanding of the supposedly backward north Chinese interior in three aspects. First, it counters the Eurocentric linear historical view of *piaohao* as a failed prototype of modern banking. Second, it shows how *piaohao* functioned as financial intermediaries between China's northern interior and coastal areas. Third, it argues that the *piaohao* business had a different function in Chinese society, namely, larger goals for family prosperity in the accumulation of cultural and political capital.

Suffice it to say that the empire-wide financial networks built and maintained by *piaohao* made north China a center of dynamic change in commerce, banking, and

⁸⁷Wei, *Shanxi piaohao shi*, 23.

⁸⁸Shi Ruomin 史若民 and Niu Bailin 牛白琳 eds., *Ping, Qi, Tai jingji shehui shiliao yu yanjiu* 平祁太經濟社會史料與研究 (Taiyuan: Shanxi gu ji chu ban she), 656–58.

⁸⁹Fan Chunian, "Shanxi *piaohao* zhi zuzhi ji yange," *Zhongyang yinhang yuebao*, no. 4 (January 1935), 1–10.

⁹⁰"Changshi zongpu," 14, and "Shixitu shisan zhi shiqi shi," 277, in Chang, *Changshi jiaoheng*.

⁹¹Wei, *Shanxi piaohao shi*, 87.

society during the nineteenth century. Shanxi *piaohao* as financial institutions and their merchant-banker families as special mercantile and social enterprises testify to the adaptability of Shanxi Province and its people, and to their flexibility and rapidity in moving toward high profit arenas, even during the nineteenth century, when new socio-economic changes gravitated towards China's south and southeast.

Competing interests. The author declares none.