

First World Conference of Business History

Sessions A5 & B5 (2 slots): Transnational currents in East Asian & Indian business: entrepreneurs and knowhow transfer in the 19th and early 20th centuries

Sessions Part I: Transnational currents in East Asian & Indian business

Zhang Jian and the transfer of Western business methods through Japan into China

Yu Chen

Introduction

In 1929, a noted Chinese scholar *Hu Shi* wrote in his foreword to the biography of Zhang Jian (1853-1926), the figure this presentation focuses on: “No one can deny that in the history of modern China Zhang Jian was a great but ultimately unsuccessful hero. He single-handedly blazed innumerable new trails and played the part of a pioneer for thirty years. He gained livelihood for millions, benefitted an entire region, and influenced the whole country. Yet because he embarked on so many projects and took upon himself such enormous tasks, he died with many plans uncompleted”.

Who was Zhang Jian and what had he done?

Zhang Jian has been known as an entrepreneur who promoted the progress of modernization of Nantong, which was his hometown in southeast China near Shanghai, China. He had learned the Chinese Classics since his childhood. Then he passed the civil service examination and was qualified for a high-ranking officer in the central government of the *Qing* dynasty. Eventually, however, Zhang Jian abandoned his career as an official in the government and in its place took up business. In particular, he started establishing cotton mills. Why did he do this?

Before taking up business, Zhang Jian had only a small amount of knowledge of business management. How did he learn from foreign countries?

In answering these questions, my presentation will have three major parts and a conclusion. In the first part, I will discuss the historical background in which Zhang Jian was active. I'm most interested in his motivation to build modern industry and education in Nantong. Then, in the second part of the paper, I will discuss how Zhang Jian viewed Japan and how he accepted Japanese modernization into China. His visit to Japan in 1903 will be investigated. In the last part of the presentation, I will show Zhang Jian's ideas about local self-government. It deals with his views concerning the relationship between government officials and industrialists at the time. This part also

introduces discussion of a form of diplomacy to be undertaken by industrialists instead of official governments.

I . Zhang Jian and his background

Now, in this first part of my presentation, I will attempt to put Zhang Jian in his historical context. First of all, the period in which Zhang Jian was active witnessed that the power of the central authority of the *Qing* dynasty (1644~1912) had begun to weaken. In addition to the unequal treaties posed by Western countries as the result of foreign aggression, the *Qing* government had to face an unstable situation due to the revolts that occurred in many parts of the country.

In response to these foreign and internal dangers, the downfall of the *Qing* dynasty produced two main groups, differing in their opinions concerning how to cope with this crisis. One group was those who attempted to overthrow the government through revolutionary movements. In contrast, the other group, which proved to be more popular than the former during the 1860s, was composed of the reformers who were opposed to violence. Instead, they would rather introduce reforms without destroying the old institutions. In fact, Self-Strengthening Movements, aiming to adopt Western military technology and armaments in the 1860s, reflected their ideas. At that time, the reformers emphasized the importance of military affairs because they thought it was weak military power that led to the defeat of China.

Besides military technology, when the reformers attempted to adopt other material aspects of Western civilization, they firmly abided by the famous dictum of “Chinese learning for the foundation, Western learning for the utilization”. Here, Chinese learning meant the traditional social structure and the philosophy of Confucianism. In other words, they never seriously questioned the basic Confucian precepts which formed the guiding principles of their lives. For a follower of Confucius, moral superiority was more important than technical knowledge.

Which group did Zhang Jian belong to? Generally speaking, Zhang Jian was more a reformer than a revolutionary because he believed, similar to other reformers, that Confucianism was the sole resource to keep the state stable. He noted: “The principle will not change, The way to maintain the internal stability of the empire has to be changed”¹. The principle meant traditional social structure and Confucianism, while the way referred to the adoption of Western advanced technology.

¹ Cao Congpo, and Yang tong, *Zhang Jian Quan Ji* (Jiangsu Guji Publication house, 1994) Vol.1, 76.

However, Zhang Jian's attitude towards Western civilization was not exactly like that of other reformers. He devoted himself to adopting not only the material aspects, but also the political and economic institutions of Western civilization. Why did he have this vision? In answering this question, I think that we need to examine his words and activities during his early years.

As mentioned above, Zhang Jian was very well known as a scholar of the Chinese classics. He was born on July 1, 1853. At the age of 4, he began to study the Chinese classics and spent most of his early days in study for the civil-service examination. In an official-oriented society based on Confucianism, sitting for examinations and getting high positions proved to be the most efficient way to build a career as a government official. It is in this way that the civil-service examination assured the state's control over the population and the survival of a specific political, economic, and social regime for more than 1300 years. The educated elite who had attended the examination, raised in Confucianism, served as a model for the people.

After failing many times in the examination, Zhang Jian finally succeeded in gaining his first position in 1894 at the age of 41. In addition, he was appointed a Compiler of the First Class in the Han Lin Academy, a sign of his great learning. However, Zhang abandoned his career as an official in the central government. Regarding the reason for this, some scholars have given several answers. One scholar hypothesized that Zhang had become disgusted with the system of the examination and official life. This scholar also believed that his father's death in 1894 obliged him to go back to his hometown.

Another scholar believed that Zhang decided to change careers as a result of Japan's victory over China in the Sino-Japanese War. Zhang Jian was aware of the economic danger that resulted from the Treaty of Shimonoseki which was the treaty signed in 1895 at the end of the Sino-Japanese War. This treaty permitted Japan to establish factories in several port towns in China. Zhang's hometown was Nantong. In this town, the weaving industry was the main industry. At the time, Japanese cotton thread was being imported, and this was a major threat to the weaving industry in Nantong.

I believe the defeat of China was the root cause for Zhang Jian's resignation. Zhang was very concerned about the local economic situation in the city of Nantong. At the same time, Zhang's concerns about his city of Nantong were related to his disappointment with the government in China at the time. After the Sino-Japanese war, Zhang was dismayed at the policy of the government. He regretted that the Chinese people did not have common sense and the reform policy of the government was not

right².

The next question is what he had done after his resignation from the government. First of all, he began to devote all of his attention to developing industry and education in Nantong. He considered industry and education as two fundamental factors in strengthening the country as a whole³. The question then arises: How did Zhang Jian deal with the relationship between the central government and local districts? In answering this question, I will examine the background under which Zhang Jian operated.

In the wake of the Boxer Rebellion in 1900, the *Qing* government issued new policies relating to almost everything from education, the economy, to constitutional reform and local self-government. The aim was to strengthen the central government of the late *Qing* dynasty. Under this circumstance, most of the local government started to manage military and financial affairs independently. In the meantime, a trend of decentralization in various spheres had gradually been formed⁴. At that time, political power depended on the social authority possessed by the gentry. The gentry were those who had obtained their status, either by knowledge or money, and had the most influence over the local population.

Zhang Jian was among the gentry who grew up in the traditional environment and with classical training. He suggested that the traditional gentry were responsible for the construction of a strong state. To strengthen the state, they should primarily concentrate on the development of their hometowns⁵. Here, Zhang Jian showed his great concerns about local self-government. Also, he convinced himself that it was more important to take up practical affairs than to be a useless government official⁶. Then, what had he done in Nantong?

Compared to other reformers, Zhang Jian found that the cause of Western success lied in the development of industry and education, not military affairs⁷. Therefore, after his resignation from the government, Zhang Jian promptly devoted himself to establishing companies and educational facilities in Nantong. He built Da Sheng cotton mill and the Nantong Normal School respectively in 1895 and in 1903.

Now, one question arises: since Zhang Jian entered the business world, how did he view the political situation at the time in the late *Qing* dynasty? He stated that

² Ibid. ,vol.3, 92.

³ Ibid. ,vol.4,22

⁴ Mizoguchi Yuzou, *Chugoku To Iu Shiza*(HEIBONSHA,1995)261-263.

⁵ *Zhang Jian Quan Ji* , Vol.3,p.390.

⁶ Ibid., vol.4,526.

⁷ Ibid., vol.1,35-37.

business was closely connected with the political situation⁸. He criticized dictatorship and expected a better form of government. He believed a constitutional monarchy was appropriate for local self-government, especially in Nantong where he had wanted to fulfill his business management and educational reformation. Actually, besides his business management and establishment of a school system, Zhang Jian and other elites initiated constitutional reforms. It is clear that Zhang Jian was very concerned with political reform regardless of his resignation from the government. Then, how to undertake the constitutional reforms? He considered the key point was to spread education throughout the country. He argued it was by developing industry and education for 30 years that Japan had become strong enough to compete with Western developed countries⁹.

In the next section, I will discuss how Zhang Jian learned from Japanese modernization.

II. Zhang Jian and Japan

As mentioned in Chapter 1, Zhang Jian proved to be different from other reformers in opinions concerning how to adopt Western civilization. He noticed that the Japanese learned from the West by attaching more importance to industry and commerce while China focused mainly on military technology. He argued that it was in this way that Japan succeeded in modernizing the country.

In fact, before taking up business, Zhang Jian had only a small amount of knowledge of Western ideas. How did he learn from the West? There is no doubt that he considered Japan as the major source of his inspiration. In other words, he adopted Western ideas indirectly through Japan. For instance, while he managed to model the educational system in Nantong after Meiji Japan, he mentioned the reason why Japanese education made progress. That was because Japan set up the subjects of Law, Medicine, Engineering, Literature, Science and Agriculture by studying the examples of both Germany and France.

Moreover, Zhang Jian was enthusiastic about learning from Japan because he believed that Japan had close cultural connections to China. He stated: "China is culturally similar to Japan, so it is better to learn from Japan. Meanwhile, because

⁸ Ibid., vol.1,271.

⁹ Zhuang An Zheng, *Zhang Jian Xian Sheng Nian Pu*(Jilin People's Publishing House,2002)217.

Japan has taken much knowledge from Germany and the Kingdom of Great Britain, these two countries should not be ignored by China”.

However, for a long time Zhang himself did not have very much first-hand knowledge of Japan. Most of what he knew of Japan was gained from his Chinese friend *Luo Zhen Yu*. It was noted that, from 1901 to 1903, all the regulations on Japanese education and a great deal of the works and articles on education were translated from the Japanese and Zhang Jian had read and used them. His Nantong Normal School had hired Japanese experts to manage the departments and teach all kinds of subjects. However, nothing was more persuasive than first-hand experience in Japan. From May 21 to July 27, 1903, Zhang made his first trip to Japan. At that time, Zhang Jian got the chance to participate in the Fifth Industrial and Agricultural Exposition in Osaka. There, during his seventy-day stay, Zhang Jian witnessed the material civilization of Japan.

What and how did Zhang Jian learn from Japan? Besides visiting the exposition, Zhang Jian traveled south to Nagasaki in Kyushu and north to Hokkaido, visiting primary schools, middle schools, normal and vocational schools, kindergartens, agricultural experimental fields, banks, printing houses, libraries, museums, as well as many factories and workshops. He also had conversations with numerous teachers, school administrators, farmers, bankers, journalists, merchants, industrialists.

The way in which he visited Japanese schools was very special. While he was showed around, he requested his Japanese guides to show him small-scale schools rather than big ones. With respect to the textbooks used in the schools, he liked to read the old versions. Also, he was eager to visit schools that were built in the countryside, not in the cities. He thought only from visiting the schools which were still under construction could he get more knowledge. As far as the local economy in Japan was concerned, Zhang Jian paid more attention to those areas which were administrated independently without any financial aid from the central government¹⁰. Why did he do this? The answer is, throughout his visit, he kept in mind the situation of Nantong and compared them with that of Japan. Nantong was backward at the time, compared to Japan. Moreover, in order to realize self-government there, Zhang needed to learn from Japan's local self-government. It is very clear that Zhang Jian's ultimate concern was the modernization of Nantong, his hometown. In order to put into practical use what he saw in Japan, Zhang Jian kept a detailed diary of what he had seen in his visits to schools. It included budgets, classrooms, dormitories, even the dimensions of the rooms and the games students were playing.

¹⁰ *Zhang Jian Quan Ji*, Vol.6,502.

While traveling around Japan, Zhang Jian found that Japan was a country which had adopted Western civilization without abandoning its traditional culture. For example, he noticed that, in contrast with China and the United States, lamb and pork were not the main foods in Japan. He concluded that Japan had preserved her tradition even though she was eagerly learning from the West. Thus he suggested that China should take its traditions into consideration while implementing social reforms¹¹.

Next, I would like to examine how Zhang Jian put into practice what he saw in Japan in Nantong. As a matter of fact, changes in the educational sphere in Nantong began soon after Zhang Jian had returned from Japan. In 1904, the *Tong-Hai Educational Bureau* was created to design a universal school system from primary to higher education. After the abolition of the civil-service examination in 1905, the bureau was renamed *the Educational Association*. From 1908 to 1910, sixty-seven lower primary schools were established¹². In 1904, Zhang Jian and his associates built the *Han Mo Lin Publishing House*, the first modern printing factory, to provide textbooks for the rapidly increasing number of local schools. More than that, Zhang Jian managed to start a number of enterprises. In 1904, he established a pencil company, a Japanese style experimental salt field, and a shipping company.

III. Local self-government and People's Diplomacy

We have already seen how Zhang Jian viewed Japanese industry and education. Meanwhile, he recognized that to develop industry and education in Nantong, it was necessary to gain the support of the central government. However, all his attempts to acquire official support had failed.

During his stay in Japan, he especially paid attention to the relationship between Japanese industrialists and government officials. He observed that these two groups were carrying out their professional duties respectively in developing Japanese industry¹³. In contrast, there were no clearly assigned roles for these two groups in China. Zhang Jian complained that the government officials were not willing to support industrialists and just used them to extract bribes. In this context, Zhang Jian had perceived a need for political reform in China, especially constitutional reforms. Even prior to his trip to Japan, Zhang Jian had admired the constitutional monarchy of Meiji

¹¹ *Ibid.*, 506.

¹² Qin Shao, *Culturing Modernity : the Nantong Model, 1890-1930* (Stanford, Calif. : Stanford University Press , 2004) 32.

¹³ *Zhang Jian Quan Ji*, Vol.6, 494.

Japan¹⁴. So we may state that his trip to Japan also provided an opportunity for him to see concretely how a constitutional monarchy worked. After he returned to China, he and his associates published the *Interpretation of the Japanese Constitution* and distributed copies to other persons concerned and achieved a general agreement among them¹⁵. They argued that the sole way to save the country was to implement constitutional reforms.

As a result, Zhang Jian and his associates' efforts contributed to the *Qing* government's change of policy. In 1906, the *Qing* government was forced to set up a nine-year period for the "preparation for constitutional reform". Encouraged by this move, Zhang Jian and his colleagues immediately founded the Constitutional Preparation Association in Shanghai. Later on, the wave of constitutional reform spread to other parts of the country. In 1907, the *Qing* government set up the *National Consultative Council* which was the first step in establishing a formal parliament¹⁶.

Zhang Jian also saw local self-government as a fundamental part of constitutional reform. Self-governing meant that local people managed local affairs. Zhang Jian was firmly convinced that only through the improvement of each locality could the nation as a whole be effectively strengthened.

In practice, although the history of local self-government in China was not short, it had not become mainstream at the time. Zhang Jian strived for full-fledged self-government in his hometown which can be revealed by his ideas on People's Diplomacy. What did it mean? It was not the official diplomacy that the central government had undertaken. Instead, it was a form of diplomacy that Zhang Jian conducted as a private citizen.

In 1910, the Nan-yang Industrial Exhibition was held in Nanjing, China. At this time, Zhang Jian greeted Robert Dollar, head of the Dollar Steamship Company, and they discussed developing cooperation between China and the United States. The areas of cooperation he wanted most were the fields of banking and shipping. Zhang called this type of cooperation between China and the United States "Sino-American People's Diplomacy." I would like to take note of the fact that during their meeting, Zhang showed an interest in the political efforts made by industrialists in China to contribute to political reform in the country.

Another example to reveal Zhang Jian's concerns for local affairs was his move to maintain the peace in southeastern China during the Boxer Rebellion. In fact, to build a

¹⁴ Ibid. ,Vol.1, 49.

¹⁵ Ibid., 104.

¹⁶ *Culturing Modernity : the Nantong Model, 1890-1930* , 22-24

new modern city of Nantong, Zhang Jian was very interested in maintaining a peaceful environment so that business could prosper in the area. In certain times of unrest in China, he even participated in trying to bring about peace. This was true during the Boxer Rebellion. Zhang convinced several others, including *Sheng Xuan Huai* and *Liu Kun Yi*, to send a representative in order to meet with the nations that had sent military forces into China. Although the treaty that this group wanted was not signed, the efforts of this group were a factor in stopping the violence of the Boxer Rebellion.

Conclusion

Finally, in conclusion to this presentation, I would like to summarize the major points that I have made.

Zhang Jian, as an industrialist, first devoted himself to developing industry in Nantong after his resignation from the government. However, I would like to say he was more than an industrialist because he did everything he could to modernize Nantong. However, although Zhang Jian confined most of his activities to the local scene, he never lost sight of his larger purpose of modernizing all of China. In addition to industrial growth, his goals included the implementation of modern education, constitutional government, land reclamation, salt reform, river conservancy, and philanthropic projects.

Zhang knew not only the importance of trying to understand the state of global economics, but also the need to learn from the world's advanced nations at the time. His visit to Japan exerted a far-reaching influence on his activities. He visited more than thirty factories and thirty-five schools. Moreover, it was on this trip that Zhang Jian discovered that political reform of the state by means of a constitution was indispensable for local self-government. After he came back to Nantong, he put what he learned from Japan into practical use.

In 1922, Zhang's business in Nantong was facing difficulties that it had not encountered before and finally was taken over by other groups. That is why *Hu Shi* considered him as an unsuccessful hero. However, his efforts in trying to reform the educational and political situation in China should never be forgotten.

References

Samuel C. Chu, *Reformer in modern China, Chang Chien, 1853-1926*, New York : Columbia University Press, 1965.

Marianne Bastid, *Educational reform in early twentieth-century China*, trans. Paul J. Bailey, Ann Arbor : Center for Chinese Studies, University of Michigan, 1988.

Cao Congpo, and Yang Tong, eds. *Zhang Jian Quan Ji*, Jiangsu Guji Publication house, 1994.

Mizoguchi Yuzou, et al., *Chugoku To Iu Shiza*, HEIBONSHA, 1995.

Zhuang An Zheng, *Zhang Jian Xian Sheng Nian Pu*, Jilin People's Publishing house, 2002.

Qin Shao, *Culturing Modernity : the Nantong Model, 1890-1930*, Stanford, Calif. : Stanford University Press , 2004.

Ma Min, and Ai Xianfeng, “*Zhang Jian and the World Exposition in the Early Years of the 20th Century: An Inter-Cultural Observation*,” Unpublished paper presented at the Conference on Trans-Pacific Relations, Princeton University, September 2006.