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**New British Companies in China:
The Case of International Export Company in Hankou,
1907-18**

CHANG J. Ning

**Assistant Professor in the Graduate Institute of History at the
National Chi Nan University, Taiwan**

Studies in Chinese History

No. 8 (December 1998)

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CHANG J. Ning

National Chi Nan University, Taiwan

The effect of imperialism on the development of China's economy from 1870 to 1949 has long been a celebrated debate in the study of modern Chinese history. Until recently, it was generally agreed that China experienced economic decline during this period and the debate about the role played by imperialism in this phenomenon was based on this underlying consensus. Scholars such as M. Elvin, Hou Chi-ming, R. F. Dernberger and D. H. Perkins argued that imperialism had benefited China. Westerners had provided capital, technology, and new values; the concurrent economic decline could be explained by other factors, such as war, domestic turmoil, and overpopulation.

However, those in the opposite camp, including most of the contemporary writers in the 1920s and 30s, as well as later generations of Chinese Marxist and nationalist historians, concluded quite the contrary. They claimed that imperialism damaged China's traditional economy, stifled the growth of indigenous capitalism, and brought economic progress to a halt. To support their arguments, they demonstrated that firstly, the import of competitively-priced foreign manufactured goods decimated rural handicrafts and consequently caused widespread poverty. On the other hand, special privileges such as extra-territoriality and fixed tariff enjoyed by foreign firms put their Chinese counterparts at a disadvantage that led to their eventual downfall.

These contrasting views have recently been subjected to stern challenges by Thomas Rawski, Loren Brandt and David Faure.¹ They argue that an overall per

Ning J. Chang is an Assistant Professor in the Graduate Institute of History at the National Chi Nan University, Taiwan.

1 Thomas G. Rawski, *Economic Growth in Prewar China* (Berkeley: University of California Press, 1989); Loren Brandt, *Commercialisation and Agricultural Development: Central and Eastern China, 1870–1937* (Cambridge: Cambridge University Press, 1989); David Faure, *The Rural Economy of Pre-Liberation China* (Hong Kong: Oxford University Press, 1989).

capita growth in output occurred during this period. The implications of their work are far-reaching: not only is it a clear indication that previous arguments, despite their merits, were based on unfounded assumptions, but also more encouragingly, that new and worthwhile research on the impact of imperialism on Chinese economy is needed.² This paper attempts to join this debate from an unexplored perspective by examining the early development of the International Export Company (IEC) which, unlike most foreign firms of that time, encouraged sideline economic pursuits by peasants and conducted their operations outside treaty ports. It will contend that a group of British-based multinational companies, including IEC, had arrived in China in the early twentieth century with new products, new technology, and new market skills, and that their up-country operations made more impact on local economy than we have realized. Moreover, by using IEC as a case study for detail analysis, this paper will show when, why, and how the up-country-organization developed.

New British Business Companies

After the outbreak of the First World War, the British authorities examined their business structure and practices in China in the hope of capturing the German

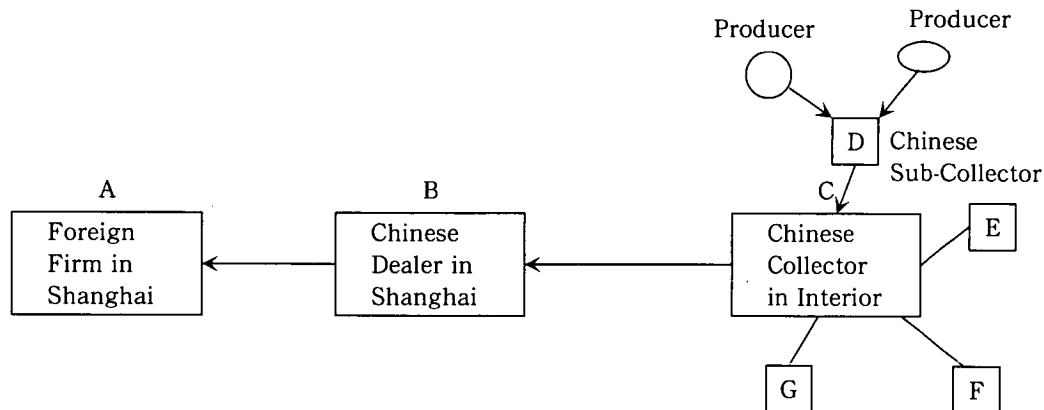


Figure 1 The Machinery in China for Collecting Agricultural Produce for Export, 1916

Note: E, F and G in this diagram stand for other Chinese sub-collectors.

Source: FO 228/2665, Memorandum of Export Trade from China, Rose to Jordan, 31 January 1916

- 2 For more detail of the recent debate, see Ramon H. Myers, 'How Did the Modern Chinese Economy Develop? — A Review Article', *Journal of Asian Studies* 50.3 (1991): 604–628; Phillip C. C. Huang, 'A Reply to Ramon Myers', *Journal of Asian Studies* 50.3 (1991): 629–633; idem, 'The Paradigmatic Crisis in Chinese Studies: Paradoxes in Social and Economic History', *Modern China* 17.3 (1991): 299–341; R. Bin Wong, 'Chinese Economic History and Development: A Note on the Myers-Huang Exchange', *Journal of Asian Studies* 51.3 (1992): 600–611.

trade during the war. In January 1916 Archibald Rose, the British assistant commercial attaché in Shanghai, submitted to Sir John N. Jordan, the British Minister in Beijing a memorandum of export trade from China.³ To give the British Legation a rough idea of the current machinery in China for collecting agricultural produce for export, Rose started the memorandum with the following diagram:

From this diagram, it can be seen that in 1916 most of the foreign firms in China conducted their export business in the pattern of treaty port trade. Foreign merchants stayed out of the inland market and acted only as exporter in the large treaty ports such as Shanghai, while all the up-country collection of goods for export fell in the hands of Chinese merchants. In addition to controlling export trade, the Chinese merchants played even more prominent roles in import trade. Once the goods had landed in the large treaty ports, they were taken up by Chinese merchants who distributed them to China's inland through their own sales networks. The duties of foreign importers in the treaty ports were to receive and carry out orders taken from Chinese wholesalers, so their roles were no more than purchasing agents for Chinese merchants.⁴ This trade pattern existed not only in 1916 but continued throughout the first half of the twentieth century. Foreign activities in China were so persistently concentrated on treaty ports that historians like Rhoads Murphey and Shannon R. Brown argued that the impact of foreign imperialism on China's economy was but marginal.⁵

While recognizing the prevalence of the treaty port trade among both small firms and established big China houses, the British authorities in China noticed that there existed a group of aggressive newcomers. They abandoned the traditional business practices and tried to build sales or collection organizations outside the treaty ports.⁶ These newcomers included the British and American Tobacco

3 Foreign Office Archives in the Public Records Office in London [Hereafter FO] 228/2665, Memorandum of Export Trade from China, Archibald Rose to John N. Jordan, 31 January 1916.

4 Albert Feuerwerker, *The Foreign Establishment in China in the Early Twentieth Century* (Ann Arbor: Michigan Papers in Chinese Studies, 1976) p.83; Jurgen Osterhammel, 'Semi-Colonialism and Informal Empire in Twentieth-Century China: Towards a Framework of Analysis', in Wolfgang J. Mommsen and Jurgen Osterhammel eds., *Imperialism and After: Continuities and Discontinuities* (London: Allen & Unwin, 1986) p. 303.

5 Rhoads Murphey, *The Treaty Port and China's Modernization: What Went Wrong?* (Ann Arbor: University of Michigan, 1970); idem, 'The Treaty Ports and China's Modernization', in M. Elvin and G. W. Skinner eds., *The Chinese City between Two Worlds* (Stanford, California: Stanford University Press, 1974) pp.17-72; idem, *The Outsiders: The Western Experience in India and China* (Ann Arbor: University of Michigan Press, 1977); S.R. Brown, 'The Partially Opened Door: Limitation on Economic Change in China in the 1860s', *Modern Asian Studies* 12 (1978): 177-192.

6 FO 228/2665, The Commercial Intelligence Committee of the British Board of Trade, Report Upon the Conditions and Prospects of British Trade in China, 1916, p. 14.

Company (BAT), the Asiatic Petroleum Company (APC, a subsidiary of Royal Dutch Shell), Brunner, Mond & Co. (ICI's predecessor in China), and the International Export Company, all of which entered the Chinese market around 1900. These were subsidiaries of British-based multinational corporations. They came to China with new products, new technology, and new market skills, and were more interested in penetrating China's inland than in running the Settlement or Concession. While sharing several common features in their backgrounds as well as business methodology, the new generation of businesses dealt on completely different items. IEC, for example, was the only one exporting Chinese produce, mainly frozen meat and eggs to Britain, the United States and Canada, while others conducted importation business in China and dealt on semi-monopolies and proprietary items such as cigarettes, kerosene, soda ash, artificial fertilizers and dyes.

These newcomers, though relatively unimportant in the 1910s, would develop into big businesses and weighty lobby groups in the inter-war period. Their success in China was based on the distribution or collection networks they had created and followed. As the pioneering historians Sherman Cochran and Jürgen Osterhammel correctly observed, even though these companies did not ultimately reach down to the level of the Chinese consumers, they were able to assume more control over the sale of their commodities and penetrated into China's interior to a noticeable degree.⁷ To distinguish it from the traditional treaty port trade, Osterhammel named this trade pattern as 'up-country distribution'.⁸

Although BAT, APC, Brunner Mond and IEC dealt in completely different items, they had several common background features as well as business methodology.⁹ Firstly, they were all subsidiaries of British-based multinational companies

7 Sherman Cochran, *Big Business in China: Sino-Foreign Rivalry in the Cigarette Industry, 1890-1930* (Cambridge, Mass.: Harvard University Press, 1980); Jürgen Osterhammel, *Britischer Imperialismus im Fernen Osten: Strukturen der Durchdringung und einheimischer Widerstand auf dem chinesischen Markt 1932-1937* (Bochum: Studienverlag Brockmeyer, 1983).

8 Osterhammel, 'Semi-Colonialism and Informal Empire in Twentieth-Century China', p. 303; idem, 'Imperialism in Transition: British Business and the Chinese Authorities, 1931-37', *China Quarterly* 98 (1984): 270-271.

9 For a thorough research on BAT, see Cochran's *Big Business in China*. For general histories on Brunner Mond, see Patrick Brodie, *Crescent Over Cathay: China and ICI, 1898 to 1956* (Hong Kong: Oxford University Press, 1990) and W.J. Reader, *Imperial Chemical Industries: A History, vol. 1: The Forerunners 1870-1926* (London: Oxford University Press, 1970) pp. 37-246. The details of the formation of APC and the business activities of its constituent companies before 1902 can be found in Robert Henriques, Marcus Samuel: *First Viscount Bearsted and Founder of the 'Shell' Transport and Trading Company, 1853-1927* (London: Barrie and Rockliff, 1960) pp. 1-494. For IEC in Tianjin during the inter-war period, see Liao Yizhong, Lu Wanhe, Yang Sishen eds., 'Tianjin Heji yanghang shiliao' (Historical data on the International Export Company of Tianjin), *Tianjin lishi ziliao*, 6 (July 1980): 1-70.

which had substantial capital and ample resources. Secondly, they were all experienced in working or competing with major American companies elsewhere in the world and so could fully appreciate the advantages enjoyed by a totally integrated business, for instance the ability to assume more control over the distribution and marketing of products, as well as to reduce risk. BAT, APC and Brunner Mond, for example, had previously sold their products in China through the medium of foreign merchants in the treaty ports. They discarded this system at the beginning of the twentieth century as being unsuitable to their requirements and undertook the marketing themselves. While the traditional British firms in China conducted both import and export trade and dealt with various items at the same time, these new companies specialized in specific articles and were willing to erect suitable plants, employ experts, and develop their own collection or distribution networks up country. Moreover, the rise of these new companies was the direct consequence of technological innovation (continuous-process cigarette machinery, oil refinery, ammonia-soda process for producing alkali, cold storage, and refrigerated shipping). The articles which they specialized in were either semi-monopolies or brand new items in China. The manufacture and processing of these commodities not only involved advanced machinery and technology but required considerable capital outlay, and thus discouraged competitors.

Cochran had done thorough research on BAT while Osterhammel's work provided valuable analysis on the above-mentioned companies in its mature form. However, even though they had recognized the importance of the 'up-country trade', Cochran and Osterhammel did not trace its origin nor pay attention to its early development. Moreover, despite his knowledge of IEC's activities in China, Osterhammel dismissed the significance of the company's role in the development of this new trade pattern and the company's influence on China's export trade because, in his opinion, their purchasing networks were 'on a smaller scale than the major distribution networks'.¹⁰ The following sections will address issues omitted by the work of Cochran and Osterhammel, and trace the origin of this 'up-country' trade by analyzing the rise of IEC in detail.

The International Export Company

Besides just importing and selling consumer products in China, one of the new British companies, IEC, conducted the export business and successfully gained footing in the export of China's agricultural products. This company was the China subsidiary of the Union Cold Storage Company in London which was

¹⁰ Osterhammel, 'Imperialism in Transition', pp. 270-271, Footnote 52.

founded at the end of the nineteenth century by two brothers, William Vestey (1859–1940) (later the first Lord Vestey) and Edmund Hoyle Vestey (1866–1953) (later Sir). According to Phillip Knightley who wrote an excellent biography that spells out how they built up the giant Vestry group, the two brothers' father Samuel was a well-to-do provisions merchants who bought and sold provisions imported mainly from North America in Liverpool. Samuel Vestey appreciated very early 'how the mechanization of agriculture and the mass production of crops in the United States would affect Britain's food supplies' and thus 'got in touch with American produce merchants, made one trip to the United States himself to organize his sources, and made a lot of money in a very short time'.¹¹

Knightley described how William and Edmund Vestey entered the refrigerated food industry convincingly. According to him, William Vestey began to work for his father at the age of seventeen. He first set foot in the United States and started a successful canning business by buying the cheap part of beef in the Chicago stockyards and exporting the corned beef to Liverpool. At the age of thirty, he had made enough money to retire and left the business to his brother, Edmund Vestey. However, the boredom of retired life soon prompted him to seek new challenges, and this time he ventured into Argentina and observed the production of meat. During that time, when means for refrigerated transportation were both primitive and scarce, the Argentines were unable to export surplus cattle. Moreover, because the Argentines were mostly beef eaters, the partridges, though abundant and cheap in supply, were left untouched. This was a big contrary to Britain where the birds were a seasonal luxury. William Vestey spotted this opportunity for quick profit and he began shipping frozen partridges and beef to Britain, soon joined in the business by his brother. At that time, the technique in the refrigeration of meat and other perishables was in the process of being developed, and the Vestey brothers were in the forefront who saw the potential of this new technology. In 1890, with a capital of £100,000, William and Edmund Vestey set up their first cold store in Liverpool, which was the predecessor of the Union Cold Storage Company, now the Union International Limited, 'one of the largest cold storage operations in the world [then], and still the backbone of the Vestey empire [today]'.¹²

The development of cold storage and refrigerated shipping in the latter half of the nineteenth century greatly changed the world food market. According to Knightley, prior to that, inefficient means of food storage and distribution in Britain meant that many of the food items, now available to consumers all the year round, were either in short or irregular supply or simply too expensive for most

11 Phillip Knightley, *The Vestey Affair* (London: Macdonald Futura Publishers, 1981) p. 15.

12 *Ibid.*, pp. 15–17.

Table 1 Home Production of Meat in Britain in Relation to Population, 1870–1924

Year	Population of U. K.	Home Production of Meat
		Thousands of Tons
1871	31,800,000	962
1882	35,600,000	952
1901	42,000,000	1099
1913	46,000,000	1095
1924	47,000,000	1075

Source: Grant, Jones, et al., *The Frozen and Chilled Meat Trade*, vol. 1, p. 6

people.¹³ On the other hand, J. T. Critchell, Joseph Raymond, Ross Grant and David Jones argued that at that time industrialism was absorbing people into towns from countryside, thereby upsetting the balance of the supply and demand of meat even further.¹⁴ As Critchell and Raymond wrote, 'Manufacturing demanded energetic ... men, but meat supplies and their prices were on a most unsatisfactory basis'. 'The uneasiness that was felt respecting the food supply in England became very marked by the early 1850s' when evidence showed that domestic production was unable to keep pace with the increase in the population.¹⁵ Table 1, for example, shows that from 1871 (some years before the invention of refrigerated shipping) to 1901, the population of Britain increased 1.32 times whereas domestic meat production increased only 1.14 times. Worse still, between 1901 and 1924 although the population grew by a factor of 1.12, domestic meat production actually decreased to 0.98 times the 1901 level. Grant and Jones pointed out that, although this shortage was to some extent temporarily relieved by the import of cattle and sheep from other European countries, the market was soon swamped by an even-increasing urban population and the shortage in supply grew more and more acute.¹⁶

Whereas the problem of food shortage in Britain was getting steadily worse, the opposite was the case in Australia, New Zealand, Argentina and other pastoral countries in the Southern Hemisphere. '[They were]', as Grant and Jones wrote, 'overrun with cattle and sheep, for which there was no profitable outlet, apart from a limited demand for canned and dried meat and the sale of wool and hides'.¹⁷ Godfrey Harrison also described: '[in 1871] New Zealand had thirty-eight sheep to

¹³ *Ibid.*, p. 18.

¹⁴ J. T. Critchell & Joseph Raymond, *A History of the Frozen Meat Trade* (London: Constable & Company, 1912) pp. 1–17; Ross Grant, David Jones, et al., *The Frozen and Chilled Meat Trade*, vol. 1 (London: Gresham Publishing Co., 1929) pp. 3–7.

¹⁵ Critchell & Raymond, *A History of the Frozen Meat Trade*, p. 2.

¹⁶ Grant, Jones, et al., *The Frozen and Chilled Meat Trade*, vol. 1, p. 3.

¹⁷ *Ibid.*

every man, woman and child in the country, and surplus animals sold for a shilling or sixpence a head'. 'In Australia, when the price of wool slumped, millions of sheep went to the boiling-down works around Sydney in a single year [so the exportable tallow could be extracted from the carcass]'.¹⁸

Motivated by the need to supply the urban population in Britain with the meat produced in the Southern hemisphere, many attempts in food preservation—such as canning and drying—were made in the latter half of the nineteenth century; but canned or dried meat was no substitute for fresh meat. In fact for considerably long period of time, the difficulty in preserving the freshness of meat during transporting had remained a challenge for engineers and entrepreneurs. When the freezing machine was invented and improved in the 1860s, they realized that the answer had to be refrigeration. Thus many experiments in refrigeration shipping were made in the 1870s.¹⁹ The first successful journey was finally achieved at the beginning of 1880. It was a memorable day in history, that launched the global frozen meat trade. Grant and Jones described this historical moment as follows:

In February of that year there arrived in London the s.s. Strathleven, carrying 40 tons of frozen beef, mutton, and lamb were shipped from Sydney, Australia. ... The shipment was ... [chartered by] a number of Queensland squatters ... [and installed] a Bell-Colman freezing machine on board. ... The vessel sailed from Sydney on 29th November, 1879, and arrived in London on 2nd February, 1880. On inspection, while the vessel lay in dock, the meat was found to be 'in a perfectly sound state, frozen quite hard, and covered with an artificial rime'.²⁰

This was the picture when William and Edmund Vestey entered into the frozen food enterprise. However, as David Jeremy wrote, they were not content with the total dependence on America for supplies. Instead, they set out to look for sources of supplies on an international scale.²¹ Thus with the technological innovation in cold storage and refrigeration shipping, the Vestey's transported large amounts of food back to Britain, first frozen partridges and beef from Argentina, then eggs, chicken, ducks, pork and dairy products from China and Russia, and then mutton and beef from Australia and New Zealand.

In addition to multiple sources of supply, Knightley argued that another reason for their success was the integrated business operation. The produce was first

18 Godfrey Harrison, *Borthwick's: A Century in the Meat Trade, 1863-1963* (London, 1963) p. 21.

19 *Ibid.*, pp. 21-24; Critchell & Raymond, *A History of the Frozen Meat Trade*, pp. 18-45; Grant, Jones, et al., *The Frozen and Chilled Meat Trade*, vol. 1, pp. 3-4.

20 Grant, Jones, et al., *The Frozen and Chilled Meat Trade*, vol. 1, p. 4.

21 David J. Jeremy ed., *Dictionary of Business Biography: a Biographical Dictionary of Business Leaders Active in Britain in the Period 1860-1980* (London: Butterworths, 1986) vol. 5, p. 619.

collected at the Vesteys' cold storage depots in the producing countries until sufficient food was gathered to justify chartering a refrigerated ship. Then they would be shipped to Liverpool and London and put into the Vesteys' cold stores.²² In addition to the export and import of frozen food, the China trade led them into another field of business, that of shipping. There had been an instance when a regular steamer was delayed on its way from China, and upon its arrival at Liverpool the shipment of eggs it carried had already perished and had to be discarded. This incident helped to convince the Vesteys to go one step further—to transport their cargo by their own ships. Thus they bought two second-hand refrigerated cargo steamers in 1909, renamed them Broderick and Brodmore, and registered the Blue Star Line Ltd. with a capital of £100,000 on July 28, 1911.²³ Knightley observed that during the following three years the Vesteys expanded their business rapidly. Five more steamers, a retail chain of a butchery business in Britain, and some small-scale refrigeration factories in Australia and New Zealand all proved to be valuable acquisitions in the company's process of evolving into a totally-integrated business operation,²⁴ a feature commonly shared by the new business firms in China.

The Vesteys started the highly lucrative trade of shipping eggs, chicken, ducks and other goods from China just after they built their business in Argentina. They established IEC, with the Chinese hong-name *He Ji*, first in Hankou in Central China²⁵ in 1907, and then gradually expanded their business to other parts of China, while another two subsidiaries called the Produce Export Company and the Shanghai Ice & Cold Storage Company were established in Harbin in Manchuria and Shanghai, respectively.

Hankou was chosen to be their first cold storage depot in China owing to its transportation advantage. Hankou, situated 600 miles from the mouth of the Yangtze at Shanghai, is an important commercial centre in China's inland. Based on the unequalled advantages of water communication it possessed, it had been China's national market since the eighteenth century. Standing at the confluence of the largest navigable river in China, the Yangtze, and its largest tributary, the Han, Hankou could collect goods from almost all the provinces in the Yangtze region through the waterway.²⁶ Its role as market for inter-regional trade in the interior of

22 Knightley, *The Vestey Affair*, pp. 18-19.

23 *Ibid.*, p. 21.

24 *Ibid.*

25 Throughout this study 'Central China' is used as a collective term to refer to Hunan, Hubei and South Henan provinces.

26 For more details of Hankou's role as market for inter-regional trade in China in the eighteenth and nineteenth centuries, see William T. Rowe, *Hankou: Commerce and Society in a Chinese City, 1796-1889* (Stanford, California: Stanford University Press, 1984) and his *Hankou: Conflict and Community in a Chinese City, 1796-1895* (Stanford, California: Stanford University Press, 1989).

China was further enhanced by the introduction of steamers and railways at the end of the nineteenth century. While modern transportation provided the means for transporting large amounts of agricultural products including sesame seeds, beans, cotton, hides, bristles, eggs, livestock, and animal tallow to and from Hankou efficiently, technological innovation in refrigeration and food processing brought Hankou the possibility of processing and exporting the above products to overseas markets. Hankou therefore rose as the biggest collection and distribution centre in the Yangtze valley at the beginning of the twentieth century, and the many advantages it enjoyed as a marketing centre attracted foreign businesses to move their operations to China's interior.

German firms were the first to see the opportunity which Hankou offered and IEC soon followed suit. In 1907, the Vesteys reckoned Hankou a proper place to start since from here they could collect pigs, poultry, game and eggs from Hunan, Hubei and Henan provinces through the Yangtze and its tributaries and the Beijing-Hankou Railway. E. Caesar Gill, IEC's manager, explained to W. P. W. Turner, the British acting vice-consul in Hankou, in 1910: 'Our idea in starting operations in this port was not that the immediately contiguous districts produced, or could be made to produce, large quantities of the articles in which we were interested, but that it was a convenient centre to which to gather produce from over a very considerable area.'²⁷

The Vesteys' choice proved to be right. Four years after the establishment of IEC, it was reported that by employing their own collectors in the country the company could draw produce from within a radius of 400 miles of Hankou. They contracted with the peasants in Hunan to specially fatten the chicken and ducks using oats, barley, maize, flour and rice, and tried to improve the breed of hogs by providing new British stock. At the same time various flying and ground game was collected from the hunters in surrounding districts of Hankou while hen and duck eggs were collected and transported from Hubei, Hunan and Henan. Owing to the rapid increase of the business, the company's refrigerating plant in the German Concession in Hankou was doubled during 1909-10.²⁸ Encouraged by the result of their business in Central China, the second refrigerating plant was installed by this company in Nanjing in the Lower Yangtze region in 1913.

The Collection Network in the Interior

Common questions raised by those who observed the rapid development of

27 FO228/2247, E. C. Gill to W. P. W. Turner, 22 July 1910.

28 FO228/2138, Report of IEC, enclosed in Herbert Goffe to Jordan, 22 March 1911.

IEC include: How were the collection networks actually built? What were the difficulties they encountered in this process? In addition to IEC, several German companies including Melchers & Co., Siemssen & Co., Arnhold, Karberg & Co., and Carlowitz & Co. were also operated in Hankou. They were reported being dominant in the export trade in the 1910s.²⁹ Did they in any way compete with IEC? And how did IEC stalk them?

While BAT, APC and Brunner Mond handled imported goods and had relatively little conflict with the Germans, IEC, based in Hankou and exporting Chinese agricultural products, directly threatened the Germans' interests in Central China. Not engaging in meat trade, the German firms processed and exported liquid and dried egg products to Europe for both confectionery and industrial purposes. Competition in the collection of fresh eggs was therefore severe. It was due to the following policy that IEC managed to grasp their share of the trade.

For competing with the German firms in Hankou, IEC decided to establish their own collection network and maintained direct contact with the producer from the very beginning. After installing their refrigerating plant, they recruited Chinese purchasing agents through their compradore and then sent these agents up-country as their collectors. In order to secure an address which could be known to producers throughout the country, these agents hired premises at the towns near the producing areas, which were either along rivers or near the railway. They hung out signboards above these buying premises, declaring, in Chinese characters, that they were representing the British *He Ji* Company in Hankou, and then went out to paint advertisements in plain Chinese on the wall of every town and village announcing their purchase of sheep, cattle, poultry, eggs and general produce for conveyance to Hankou and subsequent export. Circulars were also issued throughout the country districts informing the farmer that the company was prepared to purchase every egg and every chicken they produced.³⁰

After several years' efforts, the reputation of IEC was gradually established in the provinces of Hubei, Henan and Hunan. Hence when the season came, produce was carried by individual farmers or small collectors (*tiaofan*) to these collecting stations for sale. The purchasing agents bought these livestock and eggs for cash

29 FO228/2665, The Commercial Intelligence Committee of the British Board of Trade, Report Upon the Conditions and Prospects of British Trade in China, 1916, p. 103.

30 FO228/2247, E. H. Fraser to W. G. Max-Müller, 19 Oct. & 21 Nov. 1910; Hankou Taotai to Fraser, 7 June 1910, enclosed in Fraser to Max-Müller, 19 October 1910. FO228/2653, W. Guthrie Kirkhope to William H. Wilkinson, 9 May 1916, enclosed in Wilkinson to Jordan, 12 May 1916. Yuan Hancheng, 'Yingshang Hankou Heji yanghang de boxue neimu' (The inside story of the exploitation by the British International Export Company at Hankou), *Wuhan wenshi ziliao* (Cultural and historical materials from Wuhan) 11 (1983): 155.

and then transported them to Hankou by boat or rail. After their arrival in Hankou, the livestock was slaughtered in the company's slaughter house while eggs were processed in the factory. They were then put into the refrigerating plant, waiting for the arrival of chartered steamers with refrigerated space or, after 1910, the Blue Star Line to ship them back to Britain and other countries.³¹

In building up their collection network, IEC had to overcome many difficulties. First, like the German houses which had conducted the export of Chinese agricultural products, IEC met difficulties with their Chinese agents, who frequently absconded with the money advanced to them for the purchase of supplies.³² Secondly, unlike the German houses who collected mainly beans, sesame seed, hides, etc. and met little resistance to their collection, IEC experienced great opposition from the local gentry and Chinese officials to their purchase of livestock and food on the grounds that the cost of living became unduly raised in the districts which had been visited by the company's buyers.³³ Moreover, because IEC dealt solely with staple foods regarding which the Chinese government was sensitive, the Chinese officials paid much more attention to the activities of this company than they had ever done to other foreign firms before.

Among the above difficulties, the absconding of the agents gradually disappeared after the company's collection network was complete and inspectors of collectors were appointed. However, the opposition from the Chinese official proved to be persistent.

The huge purchase of IEC was welcomed by the producer since it provided another source of income. The farmer was not slow to increase their production and to bring forward articles which the company wished to purchase. Moreover, the company's egg factory, slaughter house, refrigerating plant, and collection network all provided employment for the local people. For these reasons, IEC believed that their business was of benefit to China and was entitled to be encouraged by the Chinese government. In September 1909, when trying to persuade the British Minister in Beijing to approach the Chinese government to remove the prohibition on the export of frozen game, Caesar Gill, IEC manager in Hankou, argued:

That such a business must conduce to the well-being of this country at large, we think there can be no two opinions, as it enables the agriculturist to increase his production without diminishing his returns either for his original production or that increase. Especially do we think this business should be welcomed in this country, where the pursuit of agriculture is looked upon with such favour, and where everything is done

31 Yuan Hancheng, 'Yingshang Hankou Heji yanghang de boxue neimu', pp. 152-162.

32 FO228/2138, Goffe to Jordan, 22 March 1911.

33 *Ibid.*

to foster and help it. Not only so, but it provides remunerative employment for large numbers of people.³⁴

Similar argument was also presented to both Jordan and Sir Robert E. Bredon, the acting Inspector General of the Chinese Maritime Customs, by Edmund Vestey, when he visited China to solve problems for their China subsidiary at the end of 1909. Edmund Vestey tried to provide them as many reasons as possible to show that the business would be of great advantage to the Chinese people whenever the export of pork cropped up in conversation with Chinese officials:

You know the Chinese idea as to raising the price of pork. ... Pigs cannot be compared with cattle. China can raise an unlimited quantity of pigs, therefore any rise in price would only be temporary. With cattle, only one calf a year can be bred and it would be three years before that calf is breeding, therefore with 1000 cattle to begin with, in three years you still only have 1000 and 3000 calves, but starting with 1000 pigs today, and reckoning as usual that half the litter of 10 are sows, it is beyond our capacity to calculate at compound interest the number of pigs you could have in three years. ... The Chinese may say, —Where is the food coming from for these pigs? Our answer is,— one of the finest fattening foods known today, is the beans that China has recently begun to export in such enormous quantities. These beans are sold at low prices, and are got to market with much labour and trouble whereas pigs walk to market. If pigs were fattened on beans, the beans would return the farmer several times as much money as they do now, and a large quantity would be taken off the market helping a better price to be obtained for the balance of the crop. The same applies to other pig foods throughout China.³⁵

While these arguments might sound practical to the farmers who sold chicken, ducks, eggs and pigs to IEC, it was certainly not shared by the local consumer in the cities and towns who had to face the sharp rise in cost of staple foods, nor by Chinese officials who worried that the inflationary trend might increase the general unrest which already existed in the society.

Having ruled China for more than 250 years, the Qing dynasty (1644–1911) at the beginning of the twentieth century was approaching her last days. As Joseph Esherick just wrote in his study on the 1911 Revolution in China, 'a number of factors—economic recession, natural disasters, discontent caused by the [political and institutional] reforms, budget cutbacks which hit soldiers and students hardest of all, anger over the nationalization of the railways and the slow pace of constitutionalism—all combined to create a climate of dissatisfaction and disillusionment.'³⁶

34 FO228/2247, Gill to Jordan, 21 Sept. 1909, enclosed in Fraser to Jordan, 23 Sept. 1909.

35 FO228/2247, E. H. Vestey to Robert E. Bredon, 6 Nov. 1909, enclosed in Vestey to Jordan, 6 Nov. 1909.

36 Joseph W. Esherick, *Reform and Revolution in China: The 1911 Revolution in Hunan and Hubei* (Berkeley: University of California Press, 1976) pp. 143–144.

This situation acted against the interests of IEC in Central China in two ways. First, in order to prevent the situation from getting worse, Ruicheng, the newly-appointed governor-general of Huguang in charge of both the Hubei and Hunan provinces, was determined to keep the cost of food down. Second, local gentry and merchants who were involved in purchasing eggs for the German firms wanted to stop the collection of IEC in the producing areas, and local magistrates who were desperate for funds to continue the reform programme intended to share the profits of this thriving business. These factors combined to create a strong opposition and official resistance to the operation of IEC in China.

In 1908, the magistrates in Xinxiang and Xuzhou, both in Henan, started a special egg tax supposedly in an attempt to check the purchase of IEC as well as the rise in price.³⁷ From 1909 to 1910, several petitions from the local gentry were received by the magistrates in Tianmen and Anlu Fu, both in north Hubei, complaining that the extensive collection of the company had greatly increased the price of food and roused general animosity toward the company's agents. They urged the magistrates to take immediate measures to stop the company's operation.³⁸ The Tianmen gentry further pointed out that foreign merchants setting up business places beyond the limits of treaty ports was against the Treaty of Tianjin and the Chefoo Convention between Britain and China. In addition, they emphasized the unrest in the local society:

Considered in this connection the recent floods, the swarms of famine refugees, the incomplete state of relief measures, the failure of the second wheat crop, the high prices ruling for rice, the poverty of the locality and the difficulty of gaining a bare subsistence, combined with the general unrest and prospects of further trouble created by the late disturbances at Changsha, induce the petitioners to urge that the company be ordered to discontinue its breach of treaty conditions.³⁹

The gentry and police official in Anlu Fu further reported that IEC, after having met serious opposition to their collection in Anlu Fu, moved their business upriver to Fenglehe and that their operations there caused a rise of prices and local uneasiness as well. The gentry requested the authorities to urge IEC to move the establishment as they fear that Fenglehe 'not being a treaty port, the people's ignorance of trade conditions and differences in dialect will lead to disputes and more serious trouble.'⁴⁰

37 FO228/2247, Henan Diplomatic Bureau to W. P. W. Turner, 15 May 1910, enclosed in Turner to Max-Müller, 21 Sept. 1910.

38 FO228/2247, Hankou Taotai to Fraser, 7 June & 3 July 1910, enclosed in Fraser to Max-Müller, 19 Oct. 1910.

39 FO228/2247, Hankou Taotai to Fraser, 7 June 1910, enclosed in Fraser to Max-Müller, 19 Oct. 1910.

40 FO228/2247, Hankou Taotai to Fraser, 3 July 1910, enclosed in Fraser to Max-Müller, 19 Oct. 1910.

These petitions were reported by the magistrates in Tianmen and Anlu Fu to the prefects of the districts, the Hankou taotai (circuit intendant), and eventually Ruicheng, the governor-general of Huguang. Not surprisingly, Chinese officials from the governor-general downwards, sympathised with the consumer rather than the producer, and believed in the necessity as well as practicability of official prevention of high prices for staple foods. Therefore, besides instructing the magistrates to remove the company's signboards, the Hankou taotai wrote to Everard H. Fraser, the British consul-general in Hankou, requesting that the company be ordered to close down their branches outside the treaty ports.⁴¹ A similar request was also delivered to the British Legation by the Ministry of Foreign Affairs (Wai Wu Pu) in October 1910.⁴²

Having already received complaints from IEC about the obstruction they met in Tianmen and Anlu Fu, Fraser and the British Legation replied to the Chinese government that according to the Treaty of Shimonoseki British subjects had the right to temporarily rent warehouses for the storage of goods purchased in the producing areas. The action of IEC was thus in no way in breach of the treaties.⁴³ Contrarily, Fraser strongly protested against the restraint imposed by the local officials on the company's operations. He requested that the prefects concerned be instructed to put an end to this annoyance and afford the company's agents their strongest protection.⁴⁴ In reply, the Hankou taotai pointed out that the word 'temporarily' in the Treaty of Shimonoseki did not justify the display of the foreign firm's signboards over premises hired by the Chinese agents. From the Chinese point of view, hanging out such signboards was tantamount to opening a foreign business branch. He therefore held that the removal of such signboards was justified by the meaning of the treaty.⁴⁵

This raised the difficult question of the length of tenancy implied by the words 'temporarily rent or hire', which the Chinese authorities read to mean only the period needed for collecting one lot of goods for transmission to the port, and the foreign firms as covering any term short of perpetuity. Although refusing to accept the Chinese officials' conclusion that foreign merchants might buy and sell only within the treaty ports to and from the Chinese, the British authorities in

41 FO228/2247, Hankou Taotai to Fraser, 7 June & 3 July 1910, enclosed in Fraser to Max-Müller, 19 Oct. 1910.

42 FO228/2247, Prince Qing to Max-Müller, 7 Oct. 1910, enclosed in Max-Müller to Fraser, 12 Oct. 1910.

43 FO228/2247, Max-Müller to Prince Qing, note, 31 Oct. 1910, copy to Hankou Consulate, 2 Nov. 1910.

44 FO228/2247, Hankou Taotai to Fraser, 1 January 1910, enclosed in Fraser to Max-Müller, 19 Oct. 1910.

45 *Ibid.*

China recognized that, if a foreign firm could legally employ a Chinese with the firm's money to rent permanent premises and therein did the firm's business, the extent of the protection of the British authorities due to such an employee would certainly require careful definition.⁴⁶ Specifically, the concern of the Chinese government was two-fold: to prevent the extension of foreign trading establishments beyond the open ports which was in conflict with extra-territoriality, and to eradicate the tendency of Chinese employees to exploit unduly their quasi-foreign status. In view of these legitimate objectives, Fraser and the Hankou taotai eventually reached an understanding at the end of 1910. The former recognized that the prohibition of the display of foreign signboards on premises in the producing areas was justifiable, and the latter agreed that the buying agents of IEC were entitled to protection and were 'within their rights so long as the premises hired by them do not assume the character of branches of the British firm'.⁴⁷

The signboard issue was quickly settled, but the apprehension of the police authorities in Wuchang as well as the governor-general of Huguang was raised again by IEC's depots for the collection of pork fat in Wuchang. Wuchang along with Hankou and Hanyang were three metropolitan cities in Central China, and each of them stood on one of the banks at the confluence of the Yangtze and Han rivers. While Hankou was the commercial centre and Hanyang was designed as an industrial city, Wuchang was the most important political and educational centre in Central China. It was not only the provincial capital of Hubei and the official residence of the governor-general of Huguang but, at the beginning of the twentieth century, 'the locus of the largest concentration of New Army troops in Central China'.⁴⁸ The general unrest and discontent among the army, gentry, and students in Wuchang was already a source of great worry for Ruicheng. He was therefore extremely sensitive to the inflation caused by the operation of IEC in this city.

Early in 1910, the huge purchase of eggs in the producing areas by IEC caused a sharp rise in the price in Wuchang, Hankou and Hanyang, and both the Chinese and foreigners complained about the rise in the cost of living.⁴⁹ At the end of 1910, the Police Intendant in Wuchang further reported that IEC had established collecting branches at Nantou Fore Street and at the corner of Fuquian in the city 'where upwards of a thousand catties [(i.e. 600 kilograms)] of pork fat were being collected daily' and 'the price [of pork fat], which some while ago was only 100 cash odd a catty, has now risen to 260 or 270 cash owing to the company's purchases'.⁵⁰

46 FO228/2247, Fraser to Max-Müller, 19 Oct. 1910.

47 *Ibid.*

48 Esherick, *Reform and Revolution in China*, pp. 3-5.

49 Hankou Trade Report of 1910, p. 292, in China, Imperial Maritime Customs, *Returns of Trade and Trade Reports*, 1910, part II, vol. II.

50 FO228/2247, Ruicheng to Fraser, 9 Nov. 1910, enclosed in Fraser to Max-Müller, 21 Nov. 1910.

Greatly alarmed by the rise in the price of food in the provincial capital, Ruicheng immediately contacted Fraser, asking him to request the company to restrict their operations.⁵¹ In his letter to Fraser, Ruicheng first argued that the company's depots in the producing areas were of such a permanent character as to amount in fact to branches, which was against the expression of 'temporarily rent or hire' in the Treaty of Shimonoseki. He then emphasized in particular that pork was a staple food of the Chinese people and should be treated differently from other Chinese produce. He stated:

Pork is a staple article of food of China's people on which are dependent all save the poorest classes, whilst fat pork is in yet greater demand. ... Breeding cannot be stimulated in a moment and it is inevitable that at present there should be much murmuring over the high prices caused by the company's daily purchases of between one and two thousand catties. The apprehensions expressed by the Police Taotai show no more than a precaution against anticipated trouble. ... My view of the question is that Wuchang and Hankow [Hankou] being merely separated by the river and communication between them being consequently easy, the company should be instructed to keep to their premises on the Hankow foreign Concession for collection of produce and native dealers to take their produce there, thus avoiding the setting up of branches in Wuchang.⁵²

In the meantime, IEC's collection stations in Wuchang were harassed by the police authorities. The agents were twice arrested, and on refusing to sign bonds to cease buying pig fat their landlords were ordered not to continue letting houses to them. Moreover, the agents were warned that they would be expelled in three days.⁵³

In view of the frequent difficulties with the Chinese authorities that arose from the operations of IEC, the British Legation in Beijing at first suggested that it might be good politics for the company to show an accommodating spirit by requiring the sellers to cross to Hankou.⁵⁴ However, the company refused to accept this suggestion by the following reasons. First, they pointed out that in the prosecution of the pork fat business there had been so little inclination on the part of the butchers to sell to them that they had found it necessary to offer the butchers every facility to encourage the business. They argued that if, instead of their depot being in the midst of the pig market in Wuchang, the product had to be brought across the river to Hankou, this business would die a sudden death. The second and more tenable reason was that, if the Chinese officials were to win a victory over them 'concerning a business conducted in a place so near to a treaty port as to more or less form

51 *Ibid.*

52 *Ibid.*

53 FO228/2247, Fraser to Max-Müller, Tel., 12 Nov. 1910.

54 FO228/2247, Max-Müller to Fraser, Tel., 14 Nov. 1910.

part of that port', the company might very shortly expect such treatment at every place where they did business.⁵⁵

While the company refused to compromise, the governor-general pressed Fraser for a definite statement on whether he could make the company limit their purchases.⁵⁶ The British Legation had to take up this issue in Beijing with China's Ministry of Foreign Affairs. Jordan made a strong protest to Prince Qing, the head of the Ministry of Foreign Affairs, in November 1910 and asked him to take steps to persuade the governor-general of Huguang not to hinder IEC's operations.⁵⁷ In the meantime, the attention of the Hubei government was distracted by the increasing unrest in the provincial capital. Without being able to keep food prices down, or remove any of the other factors which caused the general unrest in Central China, Ruicheng failed to prevent the situation from getting worse. A revolution finally broke out in Wuchang on October 10, 1911. It rapidly spread to other parts of China, and eventually overthrew the Qing dynasty and established a republican China.

By the consistent aggressive attitude and strenuous efforts, IEC not only established branches and purchased premises outside of the treaty port, but compelled the British Legation to obtain many privileges from the Chinese authorities for their business. While the collection network helped IEC to gain footing in the export trade in Hankou, the meat trade during the First World War strengthened this network and helped IEC to expand to other parts of China.

Meat Export from China in WWI

The development of frozen and chilled meat trade in the early twentieth century revolutionised living conditions in many countries, perhaps more than any other trade. In the centres of consumption such as London, Liverpool and Manchester, imported refrigerated meat provided the urban population with a regular diet of cheap fresh meat, which would have been impossible to produce at home. On the other hand, the meat trade was the principal factor in the recent prosperity of the producing countries such as Argentina, Australia and New Zealand. However, the first and the most important chance for the refrigerated meat to show the world its military value was the First World War. During the war frozen meat proved itself to be indispensable for the proper feeding of troops in the field. The urgency of food supply during the war also contributed to the break-

55 FO228/2247, Gill to Fraser, 19 Nov. 1910, enclosed in Fraser to Max-Müller, 21 Nov. 1910.

56 FO228/2247, Ruicheng to Fraser, 18 Nov. 1910, enclosed in *Ibid.*

57 FO228/2247, Jordan to Prince Qing, note, 16 Dec. 1910.

down of people's prejudice against frozen food. Moreover, it provided a golden opportunity for refrigerating companies such as the Union Cold Storage Company and their subsidiaries overseas to consolidate and grow.

During the First World War, the Union Cold Storage Company shipped large quantities of beef and mutton to Britain and France from Argentina, Australia and New Zealand while China and Russia provided pork, poultry, eggs and also some beef. Admittedly, the scale of China's meat trade during the war was relatively small compared to the cattle and sheep growing countries in the Southern hemisphere. But its importance to the development of IEC, the China subsidiary of the Union Cold Storage Company, was substantial.

After the fast development in the first 5 years, IEC's business fell into stagnancy in 1912. First, their pork trade faced severe deterrence stemming from an English prejudice. Pork was one of the major imported meat in Britain since 1860 owing to its cheapness as compared with other meat and the ease and economy with which it could be handled and cured. The latter was particularly a great advantage in the years before the invention of refrigeration shipping. There had been enormous quantities of pork and pork products imported into England from the United States. The supplies from that country, however, decreased materially in the early twentieth century owing to their increasing demand for domestic consumption. It was therefore of immense importance to England that fresh sources of supply should be developed. The Vesteys had had an understanding with the home government before they came to China, that the importation of Chinese pork into Britain would be allowed so long as the meat passed the same medical examination as those from the United States and other countries.⁵⁸ The low price of pigs in China was another reason which attracted the Vesteys. Raising pigs did not require any large area to feed over but only an abundance of food stuff close at hand in order to keep down expenses. China was in an excellent position for this trade because she produced a large surplus of lower grade rice as well as beans, which were especially suitable for feeding the livestock.⁵⁹

No restraint was imposed by the Chinese local officials but, unexpectedly, a prejudice from the British consumer hindered the development of this trade. The idea of Chinese pork being shipped for consumption in England caused European residents in the treaty ports to shudder, as it brought to their minds the scavenger on the streets, disputing with dogs for the choicer morsels.⁶⁰ This idea was quickly

58 FO228/2247, Vestey to Jordan, 6 Nov. 1909; Vestey to Bredon, 6 Nov. 1909, enclosed in Vestey to Jordan, 6 Nov. 1909; Fraser to Jordan, 21 Feb. 1910.

59 FO228/2247, Fraser to Jordan, 21 Feb. 1910.

60 Hankow Trade Report of 1908, p. 214, in China, Imperial Maritime Customs, *Returns of Trade and Trade Reports*, 1908, part II, vol. II.

spread to England. Other importers of pork products into England took advantage of the situation and fostered the distrust in the minds of consumers by spreading the rumour that all Chinese pigs were of the black scavenging sort.⁶¹ Thus at the beginning of September, 1909, two months after the arrival of the first shipment of the company's frozen products in England, several questions were brought before the president of the Local Government Board in the House of Commons regarding the wholesomeness of the pigs' carcasses imported from China for food.⁶²

Such was the outcry in England against the admission of Chinese pork that in 1910 the British government was prompted to send Dr Reginald Farrar to China and Siberia to investigate the pork and bacon exported to England. In this official trip, Farrar visited Hankou, Shanghai, Harbin, Moscow and Kurgan, and inspected the factories and the slaughter houses of the relevant exporting companies.⁶³ When he arrived in Hankou in May 1910, his specific mission was to conduct a thorough examination of the methods by which the IEC raised pigs for export in Hunan.⁶⁴

After all the visits, enquiries and discussions with the medical officials in China about the health inspection of the pigs, Farrar reckoned the opinions of the European residents in China about Chinese pigs as a prejudice. He therefore made the following conclusion in his report to the British government in 1911:

Persons who entertain this prejudice may have seen the scavenger pig that roams about the village, but have probably never visited the farms in which pigs are reared for the market. I have ascertained by inquiry that not only the pigs that are exported to England, but, in general, those also which are sold in the native markets for consumption by the Chinese, are grain-fed pigs reared on farms under conditions which compare favourably with those that obtain in England. ... As regards the liability of the Chinese pig to parasitic diseases I could find no evidence to justify the belief that such diseases occur more commonly in Chinese than in English pigs.⁶⁵

While welcoming Farrar's report to clarify the suspicion about Chinese pigs, IEC realized that the English prejudice was not likely to disappear in a short time.⁶⁶ Moreover, after one year's experiment, IEC also found that refrigeration alone did not suffice to enable Chinese pork to compete on the European market

61 FO228/2247, Fraser to Jordan, 21 Feb. 1910.

62 FO228/2247, Paper cutting of *The Lancet*, 2 Oct. 1909, enclosed in Vestey to Jordan, 6 Nov. 1909.

63 FO228/2138, Report to the Local Government Board by Reginald Farrar on Inquiries in China and Siberia Respecting Pork and Bacon Exported to England, 25 Oct. 1911, pp. 1-2. Enclosed in Farrar to Jordan, 20 Nov. 1911.

64 Hankou Trade Report of 1910, p. 292, in China, Imperial Maritime Customs, *Returns of Trade and Trade Reports*, 1910, part II, vol. II.

65 FO228/2138, Report to the Local Government Board by Farrar, pp. 2-3.

66 FO228/2247, Fraser to Jordan, 21 Feb. 1910.

against the supplies from other countries as the freezing took away so much of the nature of the meat that they were unable to make a satisfactory price on the home markets.⁶⁷ The only solution therefore appeared to be curing the pork into bacon. As the unrefined Chinese salt was not suitable for curing bacon, it was vital to the business that the company should be allowed to import English salt into Hankou. Thus from December 1909 to April 1911, IEC, through the British Minister in Beijing, kept applying to the Chinese government for the permission to import English salt. These applications, however, at the end did not succeed owing to the Chinese salt monopoly.⁶⁸

Out of desperation, the company tried to use other salt substitutes such as saltpetre, boric mixture (i. e. a mixture of salt and boric acid) and refined Chinese salt to cure their pork.⁶⁹ The result, however, proved to be unsatisfactory. Thus after exporting 15,156 pieces of whole frozen pig carcasses in 1909, 25,056 in 1910, and 25,829 in 1911, the company suddenly stopped this business in 1912 and did not resume it until the outbreak of the First World War.⁷⁰

Just like the export of pork which was frustrated by the English prejudice and the Chinese salt monopoly, the poultry business also had its own difficulties. When IEC first came across the Hubei fowl, they decided that an expert on stuffing should be sought from Britain in order to turn these flimsy birds into a succulent type like the Surrey fowl which were popular among consumers in Britain. Following the same process they had done successfully in other countries, the company established large stock-feeding grounds in Zhanjiaji, situated some eight miles down-river from the British Concession, and started specially fattening the chicken and ducks with rich oats, barley, maize, flour and rice.⁷¹ The ducks, which were used to having a copious supply of food, responded favourably to this new feed, but the chicken died in great numbers when treated to the same mixture over an extended period. The company decided that the stuffing did not contain any harmful ingredients, and reasoned that the chicken's collective demise was a consequence of the fact that these birds, which normally grazed on their own, were

67 *Ibid*; FO228/2138, Vestey to Jordan, 13 Dec. 1910.

68 FO228/2138, Vestey to Jordan, 13 Dec. 1910; Goffe to Jordan, 16 April 1911.

69 FO228/2138, Goffe to Jordan, Tel., 6 June 1911; Jordan to Goffe, Tel., 21 June 1911; Report to the Local Government Board by Farrar, p. 9. Also, G. C. Allen and Audrey G. Donnithorne, *Western Enterprise in Far Eastern Economic Development: China and Japan* (London: George Allen & Unwin Ltd, 1954) p. 77.

70 Hankou Trade Returns of 1909-14, Native Goods Exported from Hankou, in China, Maritime Customs, *Returns of Trade and Trade Reports*, 1909-14, part II, vol. II.

71 Hankou Trade Report of 1908, p. 214, in China, Imperial Maritime Customs, *Returns of Trade and Trade Reports*, 1908, part II, vol. II. Also, FO228/2138, Report of IEC, enclosed in Goffe to Jordan, 22 March 1911.

unable to adjust to such a rich diet.⁷² In addition to the loss in the attempt of converting, further setback came from the Revolution of 1911. The company's premises in Zhanjiaji were located right in the fighting zone of the North and South army. The shell and rifle fire forced the company to temporarily close the grounds at the end of 1911 and it cost the company about one thousand taels.⁷³

Thus although trade in these three items, i. e. chicken, ducks and pigs, started well and increased steadily in 1909–1911, the development of IEC in 1912 was greatly hindered by the difficulties described above. From Table 2, it can be seen that there was a depression in the meat trade of the company before the European War. In 1912, not only did the export of frozen pig carcasses stop completely, the amounts of chicken and ducks also shrank. While the export of chicken suddenly decreased from 744,570 pieces in 1911 to 11,160 pieces in 1912, ducks plummeted from 265,658 to 9,396. There was a recovery in the export of chicken and ducks in 1913 but it was only after the outbreak of the European War in 1914 that the depression disappeared and the company got the chance to further consolidate and expand their meat trade.

The European War represented a boom in business to the frozen meat trade and refrigerating companies such as the Union Cold Storage Company. After the outbreak of the war, the need of proper food supplies for troops rose sharply when thousands were conscripted. To ensure a regular food supply to the army, the British government established an extensive system of controls over meat supplies

Table 2 The Export of Frozen Products in Hankou, 1909–18

	Chicken (pieces)	Ducks (pieces)	Pigs (pieces)	Porkers (pieces)	Beef (piculs)*	Eggs (piculs)
1909	270,689	267,780	15,156	—	210	47,717
1910	309,360	105,274	25,056	—	—	27,603
1911	744,570	265,658	25,829	—	—	39,124
1912	11,160	9,396	—	—	—	42,600
1913	816,375	232,593	—	—	—	76,695
1914	1,080,636	165,464	4,818	3,502	—	92,191
1915	785,434	—	—	4,958	—	92,609
1916	752,234	—	237	12,950	20,764	142,158
1917	1,032,912	—	—	10,059	59,800	13,657
1918	—	—	8,726	—	—	19,138

Source: Hankou Trade Returns, Chinese Goods Exported, 1909–18. In Chinese Maritime Customs, *Returns of Trade and Trade Reports*, 1909–18, Part II, Vol. II

⁷² Hankou Trade Report of 1908, p. 214, in China, Imperial Maritime Customs, *Returns of Trade and Trade Reports*, 1908, part II, vol. II.

⁷³ FO228/1841, Goffe to Jordan, 24 Feb. 1912.

* 1 picul = 60 kg = 133.3 lbs.

and distributions. One of the measures taken was that the government decided soon after the outbreak of the war to conduct the buying of meat for the entire nation. Through the Board of Trade, Britain arranged war contracts for frozen meat with representatives of the packing industry in Argentina and also secured a monopoly of Australian and New Zealand supplies. With control of major sources of supply, the British government then centralized purchases of meat for the Allied armies and initialized purchases for France in January 1915. In April of the same year, Britain established unified control of refrigeration shipping in the Allied countries.⁷⁴ Thus huge amounts of frozen meat were shipped back to Britain, France and Italy from the cattle and sheep raising countries in the Southern hemisphere, as well as Russia and China. Knightley points out that in Argentina the amount of cattle slaughtered for export experienced a two-fold increase between 1914 and 1918. He also estimates that up to a million pounds of meat were consumed daily by Allied troops by the end of the war.⁷⁵

Because of this high demand for frozen meat transported to Britain and France, the Allied army was in acute need of refrigeration tools. Knightley argued that the Vestey's were prompt to respond to this situation and gave the Allies freedom to use their cold stores at Boulogne, Le Havre and Dunkirk. In return, the British government agreed to provide them with monetary assistance to build new cold storage warehouses in Liverpool and Glasgow. It was reported that '[their] Alexandra Dock project in Liverpool could handle 20,000 tons of produce and was at the time the largest cold store in Europe'.⁷⁶

With the financial and diplomatic support of the British government, the Union Cold Storage Company consolidated their business and grew in great measure during the war. According to Knightley, in 1914 there were seven ships in Vestey's Blue Star Line, only four of which were equipped with cold storage facilities; and the Vestey's' oversea properties were mainly in Argentina, Russia and China. After the war, the Vestey's controlled cattle ranches in various producing countries, packing plants in Argentina, Brazil, Madagascar, Venezuela, China, Australia and New Zealand, and a distributing organization in England. Moreover, five more steamers with refrigeration plants were added to the fleet of the Blue Star Line. 'The single most important expansion was in Argentina', where a plant called Las Palmas at Zarate, northwest of Buenos Aires, built in the late nineteenth century was bought and updated by the Vestey's in 1915.⁷⁷ Simon G. Hanson's study

74 Simon G. Hanson, *Argentine Meat and the British Market* (Stanford, California: Stanford University Press, 1938) pp. 191-197.

75 Knightley, *The Vestey Affair*, p. 25.

76 *Ibid.*, pp. 25-26.

77 *Ibid.*, p. 26.

shows that the packing industry in Argentina used to be controlled by big American firms. This plant, with its new status, became the first non-American business whose scale of operations rivalled those of American origin. With the rapid growth during the war, the Union Cold Storage Company was to challenge American leadership and to compete with American meat giants such as Swift and Armour groups after the war.⁷⁸

While the Union Cold Storage Company in London greatly grew during the war, figures in the trade returns of the Chinese Maritime Customs in Hankou and Nanjing also showed that the outbreak of the European War ended the depression of the meat trade in China and helped IEC to consolidate and expand. In 1914, not only did the export of pigs resume but porkers, a new item, appeared on the Hankou export list and remained there most of the time during the war (see Table 2). Moreover, both the amounts of chicken and eggs increased considerably while ducks were transferred to their newly-established Nanjing factory (see both Tables 2 and 3). In order to cope with the increasing collection of meat in the interior of China, the Nanjing plant was fully operational while the company's premises in the German concession in Hankou were greatly enlarged in 1915-16⁷⁹ and the number of their workmen increased to 12,000 persons.⁸⁰ The most surprising phenomenon

Table 3 Meat and Eggs Exported from Nanjing, 1913-22

	Poultry and Game: Pheasants (pieces)	Poultry and Game: Other Kinds (piculs)	Eggs, Frozen & Mixed (piculs)	Beef, Frozen (piculs)
1913	—	—	—	—
1914	11,856	20,086	80,758	—
1915	—	30,594	48,744	75,092
1916	14,550	21,828	55,590	108,136
1917	12,884	28,026	17,890	87,529
1918	—	2,220	9,043	60,012
1919	—	20,407	75,154	13,276
1920	359	23,525	181,927	107
1921	22	212	43,881	7
1922	—	4,943	156,138	—

Source: Nanjing Trade Returns, Principal Articles Exported, 1913-22. In Chinese Maritime Customs, *Returns of Trade and Trade Reports*, 1913-22, Part II, Vol. II

⁷⁸ Hanson, *Argentine Meat and the British Market*, pp. 206-207.

⁷⁹ Zeng Zhaoxiang, et al. comps., *Hubei jindai jingji maoyi shiliao xuanji: 1840-1949* (A collection of historical materials on the economy and trade in modern Hubei) (Wuhan: The Editorial Office of the Gazetteer of Hubei Provincial Trade, 1984), vol. 1, p. 215. Also, FO228/2653, Wilkinson to Jordan, 25 April 1916.

⁸⁰ FO228/2653, Note by Ronald Macleay on the interview with Guthrie Kirkhope in the British Legation in Beijing, 8 July 1916.

was that, owing to the urgent food demand of the Allied army in the field, IEC even started exporting beef from China.

Cattle in China had been regarded more as the ploughing beast than the source of meat. The practice of Chinese farmers in the cattle markets which were held regularly at towns were to sell off their old animals and with the money to purchase younger oxen for ploughing. Pork, instead of beef, was the staple food for most of the Chinese people except the Moslem. The relatively limited number of cattle in the country and the native feeling on the subject had, therefore, prevented IEC from collecting them on a large scale. However, the exceptional demand arising as a consequence of the European War made the company change their policy. In 1915, IEC started collecting cattle. In addition to utilizing their existing collecting network in Hubei and Henan, the company further sent Chinese buying agents to cattle markets in Shandong and Hebei, in North China, and Anhui and Jiangsu, in Lower Yangtze, to purchase the livestock.

In compliance with their contracts with British and French governments, IEC looked for cattle which was from 6 to 8 years of age, weighing not less than 700 catties, i. e. 420 kilogram.⁸¹ In order to collect a large quantity of cattle of good quality in a short time, the company adopted a system of buying by weight and paying on the spot. They had a foreign scale at all their purchasing centres and the cattle were weighed before the seller, who saw exactly the weight and immediately received the sum of money due. Because the Chinese practice was to pay about 50% only, the balance being paid later, the company's prompt payment naturally attracted the farmers. Hence, IEC had priority in the purchase of any animals in the cattle market that met their requirements.⁸² These cattle were collected in the buying centres, transported by train, either along the Tianjin-Pukou railway or Beijing-Hankou railway, to the company's refrigerating factories in Nanjing and Hankou, where they were slaughtered and preserved in the cold storage plant, and then shipped chiefly to the south of France and Italy.⁸³

IEC's buying method proved to be so effective that this new trade grew rapidly from the latter part of 1915. Between September 1915 and April 1916, the company brought down to Nanjing some 8,000 heads of cattle from Jinan and 4,000 from Jining, both in Shandong province, while nearly 3,500 heads were transported from Xuzhou in Jiangsu province to Nanjing during the same period.⁸⁴ On the other hand, 1,723 heads of cattle were brought down from Henan to Hankou during the

81 FO228/2653, Kirkhope to Wilkinson, 9 May 1916, enclosed in Wilkinson to Jordan, 12 May 1916.

82 *Ibid.*

83 FO228/3321, Fraser to R. H. Clive, 8 Dec. 1920.

84 FO228/2653, Bertram Giles to Jordan, 30 May 1916.

first four months of 1916.⁸⁵ In the high season, cattle was estimated to be collected at the rate of two to three hundred heads per day in Shandong and Henan, respectively.⁸⁶

Such a huge and continuous purchase of the ploughing beast soon alarmed the provincial authorities of Shandong, Jiangsu, Henan and Hubei. The governors of these provinces recognized that the unrestricted sale of cattle would be a serious menace to agriculture since farmers were likely to sacrifice their future prosperity for the sake of present gain. Fearing the depletion of the local stock of ploughing animals, these governors decided to intervene in the spring of 1916. They first issued proclamations in the buying centres prohibiting the slaughter of cattle.⁸⁷ Later, the Jiangsu authorities created difficulties in the export of cattle by demanding for transit passes while the Shandong authorities imposed an animal tax, both claiming to do so for limiting the amount of the cattle leaving their provinces.⁸⁸

The embargo of these provinces on the export of cattle brought the purchase to a abrupt termination and caused grave anxiety to IEC. After the outbreak of the war, most of the tonnage in the Far East had been removed by the British government for transporting troops and munitions. The British government, however, had allowed the company to maintain in China a monthly service of their Blue Star Line, on condition that they carried 1,000 tons of frozen beef every trip for the use of Britain on their Allies. If the company failed to carry out this condition, the British government would remove these large steamers and put them on the South American line. Such a step would oblige the company to shut down their factories in China as, with the shortage of tonnage at that time, it would be impossible for the company to obtain space for all their frozen produce, especially in view of the lack of refrigerated accommodation.⁸⁹

In order to eliminate this embargo before the arrival of their next steamer, IEC approached the British consuls in Nanjing and Hankou soon after the proclamations were issued. Their Hankou manager also went up to Beijing in July, 1916, to explain to the British Legation their desperate situation.⁹⁰ The company stated that the suggestion that their purchases would be prejudicial to the interests of agriculture was entirely groundless. In the first place, only a limited class of animals was suitable for the commercial purposes of the company and their purchases could have no appreciable effect on the supply of oxen required for ploughing. Further-

85 FO228/2653, Kirkhope to Wilkinson, 9 May 1916.

86 FO228/2653, J. T. Pratt to Jordan, 8 March 1916; H. J. Brett to Kirkhope, 10 May 1916.

87 FO228/2653, Wilkinson to Jordan, 25 April 1916; Jordan to Pratt, 18 July 1916.

88 FO228/2653, Giles to Jordan, 30 May 1916; Pratt to Jordan, 8 March 1916.

89 FO228/2653, Giles to Jordan, 30 May 1916; Kirkhope to Wilkinson, 13 June 1916; Note by Macleay on the interview with Kirkhope, 8 July 1916.

90 FO228/2653, Note by Macleay on the interview with Kirkhope, 8 July 1916.

more, the number of oxen purchased was relatively small in comparison with that reared in those provinces. The company also argued that the export trade in fowl, eggs and other produce which they had built up during the past seven years had brought prosperity to the farmers in Hubei, Hunan and Henan. By extending their operations to the export of cattle, they would not merely bring even more money into the interior of China but would do much to encourage the breeding of cattle, for which many districts were eminently suited. Moreover, in the past few months their company's representatives were welcomed in all districts by both the country people and the local officials, and that the farmers had assured them that if a regular demand could be assured they would engage in the breeding of cattle in order to meet it. The company urged the British Legation to use the above arguments to convince the Chinese authorities that they had made a mistake in issuing the proclamations, and to request them to have the proclamations cancelled.⁹¹

Not only did the company emphasize the absurdity of the worry of Chinese provincial officials, but they attributed the prohibition to German intrigues. They first mentioned in April 1916 that the proclamation in Henan might be motivated by a communication from the German consul in Hankou.⁹² In November, they further complained that the Germans were carrying out an active propaganda in Chinese press against the export of cattle. And their Hankou manager was informed by a Chinese official in Hubei that the German consul in Hankou had asked the Hubei government to stop the company's purchasing as it was a breach of neutrality on the part of China to supply food to Germany's enemies.⁹³

Although they reported the company's complaints to the British Legation accordingly, the British consuls in Hankou and Nanjing were not without any suspicion to the above claims. For example, Sir William H. Wilkinson, the British consul-general in Hankou, did not believe that the prohibition in Hubei had any sort of connection with German intrigues.⁹⁴ Henry J. Brett, his vice-consul, on the other hand, had doubts about the claim that the large purchase of the company would have no prejudicial effect on local agriculture. While representing Wilkinson in correspondence with the company, Brett could not but express his doubt as follows:

One point has struck me in connection with the matter. Although there would appear to be little reason for the Honan [Henan] authorities to suggest that your purchases to

91 FO228/2653, Kirkhope to Wilkinson, 9 May 1916, enclosed in Wilkinson to Jordan, 12 May 1916; Wilkinson to Civil Governor of Henan, 26 May 1916.

92 FO228/2653, Wilkinson to Jordan, 25 April 1916.

93 FO228/2653, Kirkhope to Jordan, 10 Nov. 1916.

94 FO228/2653, Wilkinson to Beilby F. Alston, 6 Feb. 1917.

date (1,723 head) could have any serious effect on agriculture in that province, there might perhaps be more grounds for anxiety if cattle were being bought at the rate of 200–300 heads a day. This, however, is a point on which I am naturally not competent to express an opinion.⁹⁵

To this question, W. Guthrie Kirkhope, the manager of IEC in Hankou, had no hesitation to point out:

As mentioned in my previous letter, everywhere the country people expressed their willingness to breed cattle for us, that we consider sufficient reply to any contention that we were depleting the country at the expense of agricultural necessities. Apart from that, should it be proved that we are temporarily depleting the country, this is a point we must ignore, as the necessity for the beef at the seat of War is much greater in our eyes than temporary shortage of agricultural cattle in the province of Honan.⁹⁶

To this, Brett made a cold reply:

I can quite understand that the supply of beef to our army in the field (and incidentally the interests of your company) should be much more important in your eyes than any problematical shortage of agricultural cattle in Honan. It is hardly necessary for me to say that it is far more important in my eyes also and in those of all British subjects. That, however, is hardly the point. The question is whether our Legation would be in a position to compel the Chinese government to remove the prohibition if the latter could show that the unrestricted sale of cattle would be a serious menace to agriculture, and were determined to prevent it.⁹⁷

While Kirkhope's statement clearly reflected the company's attitude, Brett's reply revealed the complex feelings of the British authorities in China toward IEC. IEC's game business had given them an everlasting reputation as a bird slaughterer among the foreign community. A serious newspaper agitation against them had happened in 1914 and a similar one was to come in 1917, and both the British Legation and the Inspector General of Chinese Maritime Customs had no sympathy with the company in this matter.⁹⁸ In addition to that, the pure profit motive of the company and the aggressiveness they had shown in moving the British Legation to request various privileges from the Chinese government had also created a most unfavourable impression on the British authorities in China. They were regarded in the Legation as the people who were only interested in making money and never

95 FO228/2653, Brett to Kirkhope, 10 May 1916.

96 FO228/2653, Kirkhope to Brett, 11 May 1916.

97 FO228/2653, Brett to Kirkhope, 12 May 1916.

98 For details of this 'cultural conflict' between IEC and the British community in Shanghai, see the section of 'export of frozen game' in Chapter 4, N. J. Chang, 'Sino-British Relations during 1910–1930: A Case Study of British Business in Hankou'. Phd thesis, University of Cambridge, October 1994.

satisfied with what they had got.⁹⁹ The effect of this cultural clash lingered on and could be felt even as late as 1925 when IEC in Nanjing applied for an alteration in the Customs regulations governing the export of game. On one of the marginal notes of these correspondences, Harry H. Fox, the commercial counsellor in the Legation, expressed, 'I should personally be most reluctant to recommend any modification of these much needed regulations, more especially when asked to do so by a company whose name is execrated, to put it mildly, by every foreign sportsmen in the Yangtze valley.'¹⁰⁰

However, by 1916, as Brett had admitted, the supply of meat to the Allied army in the field was far more important than problematical shortage of agricultural cattle in China or any unfavourable opinions about IEC. For the sake of the war, the British Legation and consuls had to shift their cold attitude and use every means to induce the Chinese government to remove the prohibition for the company.

Hence Jordan, the British Minister in Beijing, first instructed John T. Pratt, the consul-general in Jinan, that the problem of the animal tax in Shandong should not be further pressed in order to avoid adding any difficulties on the export of cattle.¹⁰¹ He then pressed the Ministry of Foreign Affairs strongly to request the relevant provincial governors to settle the problem of cattle export amicably. The governor of Henan gave way in August, 1916, by allowing 600 head of cattle to be exported from their province in the next season.¹⁰² Not satisfied with this concession, Jordan decided to send A. G. N. Ogden to Henan to investigate the local situation of the cattle markets.¹⁰³

Ogden, accompanied by Wu Peiguang of the Ministry of Foreign Affairs and Thomas L. Macartney of IEC, arrived in Henan in September 1916. He then spent 6 months travelling between Kaifeng, the provincial capital in Henan, and local cattle fairs in Zhumadian, Queshan, Runing Fu, Miyang, Xiping, Yancheng, Zhoujiakou and Xiangcheng. Ogden observed that there were no difficulties for the company's collection at places such as Yancheng, Xiping, Zhumadian and Queshan, which were conveniently situated on the Beijing-Hankou railway and at some distance from the magistrate's yamen. The location of these markets allowed the company's agents to carry on business while attracting the minimum amount of attention from the local officials. On the other hand, at towns like Miyang,

99 FO228/2247, Marginal note by W. G. Max-Müller, on Fraser to Max-Müller, 18 June 1910.

100 FO228/3455, Marginal note by H. H. Fox, on J. W. Stephenson to C. M. Palairret, 23 April 1925.

101 FO228/2653, Jordan to Pratt, 18 July 1916.

102 FO228/2653, Wilkinson to Jordan, 16 Aug. 1916.

103 Marginal notes on *Ibid.*

Runing Fu, Xiangcheng and Zhoujiakou, much obstruction had been encountered. Even though it was not in the district authorities' own interests to interfere with the collection of the company, they had to carry out the governor's order.¹⁰⁴

In view of the obstructive attitude of the governor and apparent willingness of district authorities to allow export, Jordan advised the company in October 1916 to resume their purchases unobtrusively without alarming local officials. In the meantime, Ogden was instructed to remain in Kaifeng to monitor the situation and to protest against any opposition that the company might encounter.¹⁰⁵ On the other hand, the British Legation sent a stiff note to the Ministry of Foreign Affairs complained about the alleged German interference in Hubei. Wilkinson in Hankou was also instructed to see the Commissioner of Foreign Affairs in Hubei to protest the same issue.¹⁰⁶

Therefore, with the full support of the British Legation, IEC resumed their purchase of cattle in October 1916 regardless of the prohibition of the governors. Although interrupted for several months in the summer of 1917 for the lack of tonnage, the meat trade of the company continued until the end of the war.¹⁰⁷ From the figures of the trade returns of the Chinese Maritime Customs (see Tables 2 and 3), it can be seen that the company maintained a stable export of beef from both Hankou and Nanjing during the war, although a serious fire in the engine-room of the Hankou factory had caused a sudden decrease in production at Hankou in 1918.¹⁰⁸

The privileges which the Vesteys enjoyed were certainly not particular to China. There were several other instances when, in order to maintain a regular supply of meat for the Allied army, the British authorities had done their best to assist the operations of the Union Cold Storage Company.¹⁰⁹ While the British government gave the Vesteys full support and least restrictions, the Vesteys placed their vast resources including ships, stores of cattle, and cold storage accommodation freely at the disposal of the British government. Their service was regarded as an important contribution to the Allied war effort. When William Vestey was raised to the peerage as Baron Vestey of Kingswood in 1922, one of his qualities listed in the *London Gazette* was, 'Rendered immense service during the war to the country and provided gratuitously the cold storage accommodation required for

104 FO228/2653, A. G. N. Ogden to Jordan, 28 Oct. 1916.

105 FO228/2653, Jordan to Ogden, Tel., 9 Oct. 1916.

106 FO228/2653, Alston to Wilkinson, Tel., 14 Nov. 1916.

107 FO228/2653, Wilkinson to Jordan, Tel., 3 March 1917; Gill to Giles, 2 April 1917; Memorandum by Ogden, no date (probably 24 April 1917).

108 Hankou Trade Report of 1917, p. 582, in China, Maritime Customs, *Returns of Trade and Trade Reports, 1917*, part II, vol. II.

109 For detail, see Knightly, *The Vestry Affair*, pp. 30-31.

war purposes at Havre, Boulogne, and Dunkirk.¹¹⁰

The export of beef in China was purely a result of exceptional war demand in Europe. While the beef trade continued in other countries, it died out in China soon after the war because of the relative low quality of Chinese beef, unsaleable in the world market other than in wartime conditions. However, other frozen produce of IEC such as pork, poultry and eggs continued to prosper. Moreover, owing to the full operation during the war, their collection area expanded, their purchasing methods were improved, and their Nanjing factory developed into a major refrigerating depot no less important than their Hankou factory, with rich supply of pigs, chicken, fresh eggs and lard from Jiangsu, Anhui and Jiangxi. In 1925, the company further established their third branch in Tianjin and started collecting eggs and sheep in north and north-west China.

Conclusion

Cochran and Osterhammel made the observation that, in addition to the treaty port trade, a different trade pattern flourished in China during the inter-war period, i. e. a number of big foreign companies maintained their own sales organizations in China's interior for distributing their products including kerosene, cigarettes, dyes, chemical fertilizers and sugar. Cochran singled out the mass consumption of the cigarettes produced by BAT in China as a result of the company's extensive sales organization, whereas Osterhammel attributed the success of BAT, APC, ICI, Standard Oil, and Butterfield & Swire Co. in China to the significance of this new trade pattern.¹¹¹

This paper expands on the work of Cochran and Osterhammel, and goes a step further to show that the 'up-country trade' existed not only in marketing manufactured goods in China but also in exporting Chinese agricultural products abroad. Moreover, it shows that this new trade pattern began in the early twentieth century as a result of the emergence of new products, new technologies and new markets.

This paper argues that, although the area over which the purchasing networks of IEC extended were smaller than that occupied by the sales organizations of BAT, APC and Standard, their penetration into China's inland was comparatively deeper as could be seen from their impact on peasants' income. Moreover, they conducted export activities from China with new technologies and methods, and directly contributed to the establishment of the up-country trade. The operation of IEC in

110 Quoted in Knightley, *The Vestey Affair*, p. 45.

111 Cochran, *Big Business in China*, pp. 16-19; Osterhammel, *Britischer Imperialismus im Fernen Osten*, pp. 141-182.

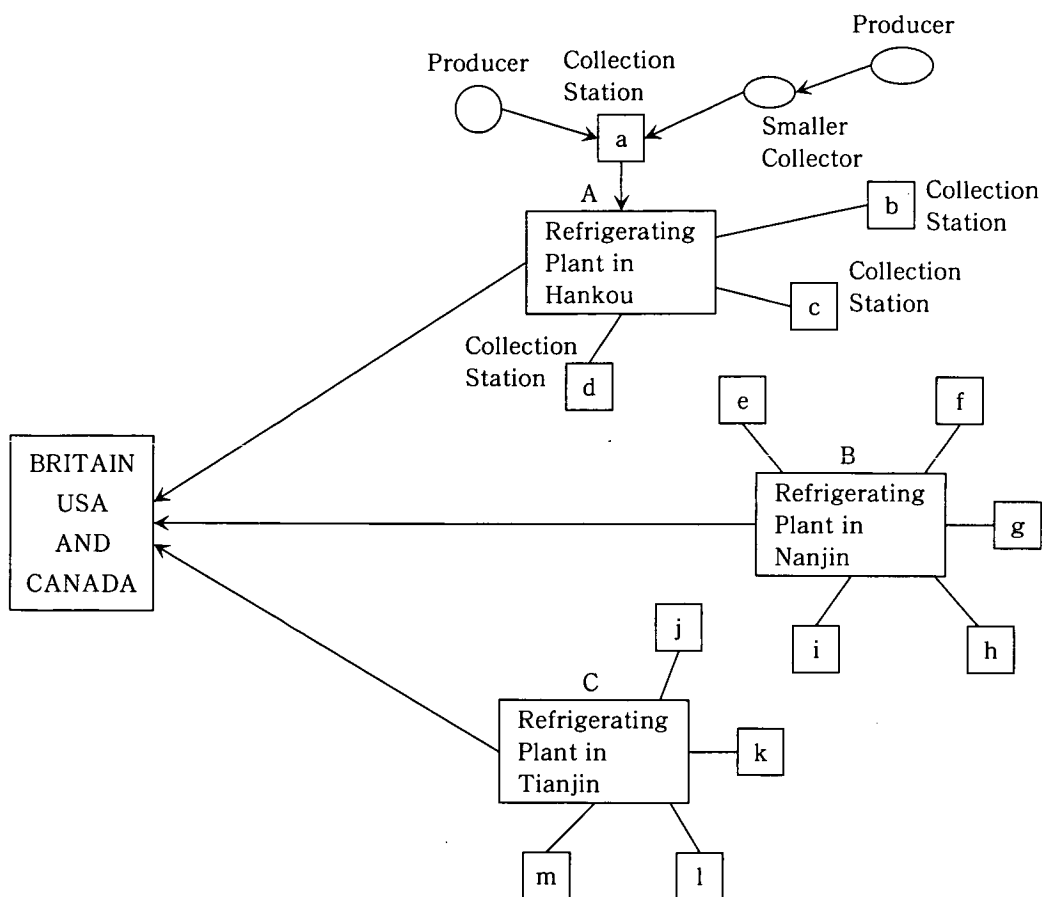


Figure 2 The Collection Networks of the International Export Company in China
 Note: The alphabets a-m stand for the company's collection stations in the interior.

China can be illustrated schematically in Figure 2.

From Figure 2, it can be seen that, instead of staying out of the inland market and acting only as exporter in Shanghai as most of the British firms did before the European War, IEC operated in China's interior and controlled every link in this machinery for collecting agricultural produce for export. They maintained no less than 150 collection stations for purchasing eggs in the 1920s and 1930s, which covered Henan, Hubei, Hunan, Anhui, Jiangxi, Jiangsu, Zhejiang, Hebei, and Shandong provinces.¹¹² Therefore it can be argued that the purchasing networks of IEC were the export side of the sales organizations of BAT, APC and ICI and that, because they mainly handled staple foods such as eggs and meat, their economic effects on Chinese peasants were more noticeable than those of the other sales organizations.

Partly owing to the insufficiency of our knowledge in the activities of foreign

¹¹² China, Ministry of Industry, Bureau of Foreign Trade, *China Industrial Handbooks: Kiangsu* (Shanghai, 1933) p. 561.

business in China, divergent opinions about the influence of imperialism on China's economic development have been proposed, making this topic one of the most debated in the field of Chinese economic history. In order to estimate the extent and influence of the imperialist activities, further studies on foreign businesses in China, especially those that operated beyond the limits of treaty ports, are much needed. Cochran has done thorough research on the BAT. This paper, in a preliminary way, contributes to our knowledge of IEC and their role in the development of the up-country trade. The case of IEC shows that for those newcomers in the China market, the ability to shift or extend operations from treaty ports to China's inland provided not only a competitive edge, but also means for survival. In addition, in the process of this transition or extension, many problems had to be solved. It was only after they overcame the initial difficulties, often with diplomatic assistance, that the new trade pattern was established.

Glossary

Anlu Fu	安陸府
Anhui	安徽
Arnhold, Karberg & Co.	瑞記洋行
Asiatic Petroleum Company	亞細亞火油公司
British and American Tobacco Company	英美煙公司
Brunner, Mond & Co.	卜內門洋行
Carlowitz & Co.	禮和洋行
Changsha	長沙
Chefoo Convention	芝罘條約
Fenglehe	豐樂和
Fuqian	府前
Governor-general of Huguang	湖廣總督
Hankou	漢口
Hanyang	漢陽
Harbin	哈爾濱
Hebei	河北
Henan	河南
Hubei	湖北
Hunan	湖南
International Export Company (He Ji)	和記洋行
Jiangsu	江蘇
Jiangxi	江西
Jinan	濟南
Jining	濟寧
Kaifeng	開封
Melchers & Co.	美最時洋行
Miyang	泌陽
Nanjing	南京
Nanlou Fore Street	南樓前街
Prince Qing	慶親王
Produce Export Company	濱江物產出口有限公司
Queshan	碓山
Ruicheng	瑞澂
Runing Fu	汝寧府
Shandong	山東
Shanghai Ice & Cold Storage Company	上海機器冰廠
Siemssen & Co.	禪臣洋行
taotai (circuit intendant)	道台
Tianjin	天津

Tianmen	天門
tiaofan	挑販
Treaty of Shimonoseki	馬關條約
Treaty of Tianjin	天津條約
Wai Wu Pu (Ministry of Foreign Affairs)	外務部
Wu Peiguang	吳佩孚
Wuchang	武昌
Xiangcheng	襄城
Xinxiang	新鄉
Xiping	西平
Xuzhou (Henan)	許州 (河南省)
Xuzhou (Jiangsu)	徐州 (江蘇省)
Yancheng	偃城
Zhanjiaji	湛家磯
Zhejiang	浙江
Zhoujiakou	周家口
<i>Hubei jindai jingji maoyi shiliao xuanji</i>	湖北近代經濟貿易史料選輯
Liao Yizhong	廖一中
Lu Wanhe	呂萬和
Tianjin Heji yanghang shiliao	天津和記洋行史料
<i>Tianjin lishi ziliao</i>	天津歷史資料
<i>Wuhan wenshi ziliao</i>	武漢文史資料
Yang Sishen	楊思慎
Yingshang Hankou Heji yanghang de boxue neimu	英商漢口和記洋行的剝削內幕
Yuan Hancheng	袁漢丞
Zeng Zhaoxiang	曾兆祥
Zhumadian	駐馬店