

# From “Guild” to “Chamber of Commerce” Bankers and Commercial Associations in 1950s Chongqing<sup>1)</sup>

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## Foreword

In Late-Qing China, Chongqing merchants established “guilds”, traditional social associations such as “Bang 帮”, “Hui 会”, and “Gongsuo 公所”, that controlled regional economic activity. As a consequence of the Sino-Japanese War, Chongqing became the most important industrial and commercial city in southwest China, and these guilds were reorganized into official trade unions.

However, the city’s economy went into recession after its “liberation” in 1949. In order to reestablish Chongqing’s economy, the Chinese Communist Party (CCP) government invested huge amounts of money in the city, especially during the Korean War. For example, the government constructed railways to, and purchased many industrial goods from, Chongqing. These policies had a great impact on Chongqing’s economy, and created business opportunities for commercial and industrial enterprises there.

Within the framework of the above CCP policies, the Preparatory Committee for the Chamber of Commerce and Industry 工商業聯合会籌備委員会 (PCCCI) organized the industrial and commercial spheres. This paper analyzes the process

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of the establishment of the PCCCI and its function in the early days of the People's Republic of China (PRC).

There are many studies about the process of the reorganization of commerce and industry. These include: a study of economic growth under the “new democracy”<sup>2)</sup>; a study from the view of the united front<sup>3)</sup>; and a study focused on the relationship between commerce and socialism<sup>4)</sup>. Solinger indicated that the policy of the socialist transformation of industry and commerce was based upon the concept formed before the founding of the PRC. Studies have also emerged rethinking this perspective, emphasizing the continuity between the Republic of China and the PRC<sup>5)</sup>.

The most important documents utilized in this paper are the archival documents of the Chongqing Chamber of Commerce and Industry 重慶工商業聯合會 owned by Chongqing Municipal Archive. These archival documents include the proceedings of the managing committee and the semimonthly reports of the PCCCI. This paper also drew on magazines such as *Chongqing Gongshan* 重慶工商, *Chongqing Zhengbao* 重慶政報 and *Chongqing Shizheng* 重慶市政.

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- 2) Xue Muqiao, Su Xing, Lin Zili, *Zhongguo Guomin Jingji de Shehuizhuyi Gaizao*, Beijing: Waiwen Chubanshe, 1966. MIKI Takeshi, *Chugoku Kaihuku Jiki no Keizai Seisaku: Shin Minshushugi Keizai Ron*, Tokyo: Kawashima Shoten, 1970. NISHIMURA Kojiro, *Chugoku ni okeru Kigyou no Kokuyuuka*. Tokyo: Seibundo, 1984. Liu Suinian, Wu Qungan eds., *Zhongguo Shehuizhuyi Jingji Lueshi: 1949-1984*, Beijing Zhoubaoshe, 1984.
  - 3) Solinger, Dorothy J. *Chinese Business under Socialism: The Politics of Domestic Commerce, 1949-1980*. Berkeley: University of California Press, 1984.
  - 4) Li Yurong, *Tongzhanshi Yanjiu*, Jinan: Shandong Jiaoyu Chubanshe, 2001.
  - 5) IZUTANI Youko, *Chugoku Kenkoku Shoki Seiji to Keizai: Taisyu Undou to Shakaishugi Taisei*, Tokyo: Ochanomizu Shobo, 2007. KAWAHARA Katsuhiko, *Chugoku Doukyodantai no Kaizou, Kaitai Katei (1945-1956)*: Shandong Luhutongxiang Tuanti no Jirei wo Chushin ni, *Ajiya Kenkyu*, 49-3. Wang Jing, *Shanghai Yinhang Gonghui Yanjiu (1927-1937)*, Shanghai Renmin Chubanshe, 2009. Zhang Tianzheng, *Shanghai Yinhang Gonghui Yanjiu (1937-1945)*, Shanghai Renmin Chubanshe, 2009.

Based on the above studies and materials, this paper examines the process of the reorganization of the “guilds” in Chongqing.

## I Bankers’ “Guilds” in Chongqing

After 1914, the Beijing Government established “Yinhang Gonghui Zhangcheng 銀行公會章程” and tried to control the banking industry. After that, many bankers established guilds in various cities, especially in Shanghai — a financial center — where Shanghai bankers established the Shanghai Bankers’ Association in 1918<sup>6)</sup>. Chongqing bankers took this association for a model and reorganized their bankers’ guilds.

The origin of the bankers’ guild in Chongqing was the “Lianhuanhui 聯歡會” established around 1926 (Figure 1). Lianhuanhui was not an official association, but a kind of friendship group. This kind of association was similar to the “Laojunhui 老君會” or “Zhigonghui 至公會” formed by the Chongqing Qianzhuang 錢莊. These associations did not just take an active role in the reconciliation of interests between the Qianzhuang, but also held dinner parties or festivals for the mausoleum of “Caishen 財神 (God of Wealth)”. From this point of view, the Lianhuanhui had a traditional character<sup>7)</sup>.

Around the 1930s, there was a movement to establish banks in Chongqing and in September 1931 the Chongqing Municipal Bankers’ Association (CMBA) was established, authorized by the national government.

The functions of CMBA were to:<sup>8)</sup>

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6) NEGISHI Tadashi. *Shanghai no Guild*. Nihon Hyoronsha, 1951, pp. 148-150.

7) Liu Wenfei, Chai Henian, Lu Lankang, Chen Deru. “Chongqing Qianbang Gongsuo de Youlai”. *ChongqingGongshang Xuanji Di 5ji*. Zhongguo Minzhu Jianguohui Chongqingshi Weiyuanhui, Chongqingshi Gongshangye Lianhehui, 1964, pp.115-134.

8) Chongqingshi Yinhangye Tongyegonghui Zhangcheng. Zhang Xiaomei. *Sichuan Jingji Cankao Ziliao*. pp. X98-100.

- (1) Establish a clearinghouse;
- (2) Reconcile the interests of member banks or between members and non-members;
- (3) Investigate the business situation of bankers;
- (4) Public service for financial industries.

In 1937, the Sino-Japanese War broke out. The Nanjing National Government moved the capital to Chongqing and declared the formation of the Chongqing National Government. On June 1, 1942, the Central Bank started a bill-clearing service, which took the place of the system established by bankers' guilds in prewar Chongqing<sup>9)</sup>.

The Chongqing National Government implemented strict wartime controls in southwest China. Ultimately, these policies led to the previous regional economic system being reorganized into an outwardly broad-based economic system under the sway of the Chongqing National Government. The convoluted processes involving local banks in Chongqing clearly serve to indicate a part of the economic system that Chinese spontaneously create in unstable socio-economic circumstances.

## II Establishing the PCCCI

### 1 *Organization of the Chamber of Commerce in Central Government*

In 1949, the CCP kept on developing the policy of the United Front, while it built a new nation, the "People's Republic of China". To get support from the broad masses, the CCP held the People's Political Consultative Conference and adopted a common program. It was envisaged that the policy of the United Front

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9) See HAYASHI Koji. "Banking under Sino-Japanese War: The Transition of Economic Systems in China's Wartime Capital, Chongqing". *The Institute for Economic Studies Research Paper*, No.83, 2018 (In Japanese).

would be taken charge of by people’s organization such as labor unions, farmers’ unions, youth leagues and women’s leagues; by liberal parties; and by the Chamber of Commerce and Industry 工商業聯合會 (CCI) representing commercial and industrial enterprises<sup>10)</sup>.

In 1950, the CCI’s principal function in United Front policy was educating and supervising commercial and industrial entrepreneurs and it had the meaning of an “organizing institution”<sup>11)</sup>. In 1920s, the Soviet Union formed “trusts” that united industry and commerce under the New Economic Policy (NEP) Era<sup>12)</sup>. Trusts were organizations positioned between the state and productive units, granting autonomy and responsibility to enterprises, while simultaneously seeking to integrate productive units that were getting more difficult to control directly as they became more decentralized.

Additionally, the Soviet Union established “syndicates” as collaborative organizations among the trusts. These organizations in the Soviet Union were primarily for national enterprises, so it was different from the situation in the early years of the PRC where there were so many private enterprises. But it could be said that that the CCI was based on the trusts and syndicates of the Soviet NEP, providing a means for consolidating commercial and industrial operations.

After 1951, the CCP changed its policy from nation-building to socialism. From this time on, the CCI started to make clear its position, which was to be responsible for commercial and industrial policy in general — including economic development, conversion of business categories, overseeing the transfer of capital

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10) Li Weihai. “Renmin Minzhu Tongyi Zhanxian de Xin Xingshi yu Xin Renwu (21th Mar. 1950)”. Zhonggong Zhongyang Wenxian Yanjiushi eds. *Jianguo Yilai Zhongyao Wenxian Xuanbian, Vol. I*. Beijing: Zhongyang Wenxian Chubanshe, 1992, pp. 151-152.

11) Li Weihai op. cit. pp. 152.

12) KIMURA Masanori. *NEPki Kokuei Kougyo no Kouzou to Koudou: Sorenpo 1920 Nendai no Shijyokeizai Dounyu no Kokoromi*. Ochanomizu Shobo, 1995, pp.17-29.

and strengthening the state economy as well as strengthening planning and leadership of the state economy<sup>13)</sup>.

In August 1949, the CCP issued a directive establishing the CCI<sup>14)</sup>, but it wasn't until June 1952 that the Central PCCCI was launched<sup>15)</sup>. At the time of its launch, the PCCCI had between 135 and 160 delegates, from among whom one chief delegate and 13 deputies were elected<sup>16)</sup>. Chen Shutong 陳叔通<sup>17)</sup> was chosen as chief delegate, while Nan Hanchen 南漢宸, Zhang Naiqi 章乃器, Rong Yiren 榮毅仁 and Hu Zi-ang 胡子昂 were among the deputies.

It took almost three years from when the CCP issued its directive until the Central PCCCI was launched. The office in charge of preparations (籌備處) spent time discussing how to elect delegates for the national chamber of commerce, how to communicate with them, how to draw up general rules for

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- 13) Chen Yun. "Zuohao Gongshanglian Gongzuo (20<sup>th</sup> Jul 1951)". Chen Yun. *Chenyun Wenxian (1949-1956)*. Tianjin: Renmin Chubanshe, 1984, pp. 149-150.
  - 14) "Zhonggong Zhongyang guanyu Zuzhi Gongshangye Lianhehui de zhishi (August 1949)".
  - 15) Chen Yun, "Zai Zhonghua Quanguo Gongshangye Lianhehui Choubai Daibiao Huiyi shang de Jianghua (24<sup>th</sup> June 1952)". Quanguo Gongshanglian Bangongshi, *Zhonghua Quanguo Gongshangye Lianhehui Zhongyao Lishi Wenxian Xuanbian*, Beijing: Zhonghua Gongshanglian Chubanshe, 1993, pp. 25-30.
  - 16) "Zhonghua Quanguo Gongshangye Lianhehui Choubai Weiyuanhui Zhangcheng (30<sup>th</sup> June 1952)". Quanguo Gongshanglian Bangongshi, *Zhonghua Quanguo Gongshangye Lianhehui Zhongyao Lishi Wenxian Xuanbian*, pp. 35.
  - 17) Chen Shutong 陳叔通 (1876-1966), born in Zhejiang Hangzhou. Joined Hanlin 翰林 School. After Qing-Japanese war, he went Japan to study, entered Hosei University, and subsequently joined the Wushu Revolutionary Movement. After Xinhai revolution, he became a senator of the first national congress, president of Shanghai Commercial Press, and president of Zhejiang Xingye Bank. In the Sino-Japanese war era, he joined the anti-Japanese savings movement, which lead to the formation of the Shanghai Municipal Association of Peoples Unification. After the establishment of the PRC, he became a senator of Central People's Government, vice chief of the committee of All National Congress, and chief delegate of the All National Chamber of Commerce and Industry. He died in Beijing in 1966. Li Shengping eds. *Zhongguo Jinxiandai Renmin Daxidian*. Beijing: Zhongguo Guoji Guangbo Chubanshe, 1989, pp. 406.

organizational activity, and how to supervise lower-level organizations that were gradually being established<sup>18)</sup>. It was in the context of these developments that the Chongqing PCCCI was established on May 8, 1950.

## 2 *PCCCI's Organization in Chongqing*

The mission of the Chongqing PCCCI was to prepare for the organization of the Chongqing CCI and to unite commerce and industry. After the CCI was formally established, the PCCCI would be dissolved<sup>19)</sup>. The PCCCI consisted of 81 delegates and 33 standing committee delegates; a chief delegate and 3 deputies were chosen from among the latter<sup>20)</sup>. Hu Zi-ang, a central figure of the China Democratic National Construction Party 民主建国会, was elected as chief delegate. The three deputies were Wen Shaohe 温少鹤, former chief of Chongqing Chamber of Commerce and chief delegate of Chongqing China Democratic National Construction Party after “liberation”; Li Zhiqing 李志親, manager of Yuxin 渝鑫 Steelworks; and Zhang Maofu 張茂甫, a CCP cadre in the southward movement. They also held the post of People’s Delegate of the Chongqing Municipal People’s Congress and participated in policy-making for commerce and industry in Chongqing.

To carry out its activities, the PCCCI had several committees, as follows: (1) a reorganization committee (in charge of expropriations); (2) an education committee (in charge of education) movement; (3) a finance committee (in charge of finance); (4) a policy-making committee (in charge of policy-making and propaganda); and (5) an

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18) Sha Qianli. “Zhonghua Quanguo Gongshangye Lianhehui Choubai Weiyuanhui Choubenchu Choubai Jingguo Baogao (20<sup>th</sup> June 1952)”. *Zhonghua Quanguo Gongshangye Lianhehui Zhongyao Lishi Wenxian Xuanbian*, spp. 23-24.

19) “Chongqingshi Gongshangye Lianhehui Choubai Weiyuanhui Zuzhi Zhangcheng”. *Chongqing Gongshang*, Vol.1-2, December 1950, pp. 74.

20) “Chongqingshi Gongshangye Lianhehui Choubai Weiyuanhui Zuzhi Zhangcheng”.

engineering committee (in charge of studying industrial engineering). These committees were overseen by the standing committee members, who also carried out the work (Figure 2).

Many of the PCCCI delegates also held positions in their own enterprises and so the PCCCI did not pay them a salary. The PCCCI's expenses were covered by membership dues collected monthly from the business enterprises of its members<sup>21)</sup>. These membership dues were put toward the wages of clerical staff, propaganda expenditures, and publications<sup>22)</sup>. In the early days of the PCCCI, the organization faced financial difficulties<sup>23)</sup>, and it became a “political mission” to collect membership fees, even after the situation stabilized. Once the situation stabilized, it became a “political mission” to collect membership fees<sup>24)</sup>.

The standard membership fee was regulated at one-thousandth of the profits of each enterprise<sup>25)</sup>. The obligation of paying the membership fee rested not on members themselves, but on the enterprises to which they belonged. This is the important point for understanding the activities of the PCCCI.

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21) “Chongqingshi Gongshangye Lianhehui Choubai Weiyuanhui Zuzhi Zhangcheng”.

22) Chongqing CCI enacted the procedure of payment to the Central CCI. “Zhonghua Quanguo Gongshangye Lianhehui Jingfei Yusuan ji Huiyuan Jiaona Huifei Banfa Tian (12<sup>th</sup> November 1953)”. Quanguo Gongshanglian Bangongshi, *Zhonghua Quanguo Gongshangye Lianhehui Zhongyao Lishi Wenxian Xuanbian*, pp. 99-102.

23) According to a report, because of the lack of expenditure, PCCCI obtained loans of 100 million RMB from banks in the beginning. “Chongqingshi Gongshangye Lianhehui Choubai Weiyuanhui Gongzuo Baogao (6) (31<sup>th</sup> July to 12<sup>th</sup> August 1950), Archival document of Chongqing CCI [1040-1-6].

24) Yang De. “Guanyu Shangjiao Quanguo Gongshanglian Kaiban Feiyong de Jige Juti Wenti”. *Chongqing Gongshang*. Vol. 2-9, November 1952, pp. 16-17.

25) “Chongqingshi Gongshangye Lianhehui Choubai Weiyuanhui di 45 ci Changwu Weiyuanhuiyi Jilu (21<sup>th</sup> December 1951)”. Archival Documents of Chongqing CCI [1010-1-56].

### III Reorganizing “Guilds” in Chongqing

#### 1 *Reorganizing Former Guilds*

The PCCCI had a number of missions: (1) establish the CCCI; (2) expropriate the former Chongqing Chamber of Industry 工会, former Chamber of Commerce 商会, and other commercial organizations that the People’s Government deemed should be expropriated; (3) reorganize former trade associations; (4) explain and promote the policies of the People’s Government to each commercial and industrial enterprise, and implement the mission of the People’s Government; (5) provide the government with information gathered from each commercial and industrial enterprise for decision making; and (6) foster cooperation between each enterprise to accelerate the reconstruction of commerce and industry. The most important mission was the third — reorganize former trade associations.

In early PRC Chongqing, the situation was complicated: there were about 40,000 commercial and industrial enterprises, 156 categories of business and 126 former trade associations<sup>26)</sup>. The PCCCI oversaw the expropriation of these former associations. Because of the cadres’ lack of experience, and the necessity for organizing military industries given the growing tensions on the Korean Peninsula, the PCCCI selected seven categories of business — coal mining, financing, shipping, textile manufacturing, Chinese textile dyeing, coal trading and vegetable oil — for reorganization<sup>27)</sup>.

First, the PCCCI held discussion meetings of each category of business to

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26) Long Mingqiao. “50 Niandai Chongqing Tongyegomghui de Zuzhi Bianqian”. *Chongqing Gongshanglian*, 2001, pp. 179.

27) Chongqing Gongshanglian Zhouweihui Zuzhichu. “Chongqingshi Gongshanglian Zhengli Tongyegonghui de Gongzuo”. *Chongqing Gongshang*. Vol. 1-1, November 1950, pp. 73.

understand the general situation, the problems of reorganization and to negotiate detailed activities. As a result, the Shipping Industry Association, Coal Mining Industry Association and Financing Industry Association each established a Preparatory Committee on September 25, 1950; the Textile Manufacturing Association established a Preparatory Committee on October 17; and the Machine Textile Manufacturing Association and Chinese Textile Dyeing Association on October 21. By December 5, 42 categories of business had established Preparatory Committees for their trade associations<sup>28)</sup>.

What kind of changes did this reorganization bring to these former institutions? Let us examine the case of the financing industry.

Toward the end of the Civil War in China, the situation of Chongqing banking fluctuated intensely. Before “liberation”, the Chongqing Banking Association was controlled by three men, but two of them — Liu Hangchen 劉航琛 and Pan Changyou 潘昌猷 — fled from Chongqing to Hong Kong and elsewhere. Szechuan Bank of Salt, Szechuan Meifeng Bank, Sichuan Construction Bank and Chuankang Public Commercial Bank suspended operations. The Bank of China, the Central Bank and the Bank of Szechuan were expropriated by the Chongqing Branch of the People’s Bank of China.

Under these circumstances, the PCCCI’s reorganization brought huge influence for Bankers’ Association. The Preparatory Committee of the Financial Industry Association was established by a combination of the former Bankers’ Association and Qianye 錢業 Association. In addition, over the half the delegates were from non-Sichuanese banks and the CCP’s Southward Movement Cadre Yu Yuezuo 余躍沢 took charge as chief delegate of the Preparatory Committee.

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28) “Chongqingshi Geye Tongyegonghui Choubai Weiyuanhui Chouwei Minglu”, *Chongqing Gongshang*, Vol. 1-1, November 1950, pp. 78-81; Vol. 1-2, January 1951, pp. 79-82; Vol. 1-3/4, 28<sup>th</sup> February 1951, pp. 67-69.

Previously, it was usual for the delegates of Chongqing’s trading associations to consist of influential members of the local economy. But many of these of these influential people had since left Chongqing, requiring the reorganization personal connections in business to facilitate corporate activities.

In this way, the CCP was able bring the personal networks of private enterprises into the new institution. From the CCP’s perspective, it wanted to be able to show that many managers of private enterprises had joined the new government, thus enhancing the new government’s credibility.

## 2 *The Learning Movement and the Land Reform Inspection*

The PCCCI also carried out various learning activities. It formed organizations for learning under the supervision of the Education Committee. By the end of July 1950, 19 categories of business had established 29 learning groups and were carrying out learning activities one to three times a week<sup>29)</sup>.

Most of these learning activities consisted of lectures by members of democratic parties such as the United Front or China Democratic National Construction Association. The contents of these lectures included the theory of revolution, and industrial and commercial laws and regulations<sup>30)</sup>. For instance, a famous sociologist Fei Xiaotong 費孝通 gave a lecture titled “Learning and Remolding”. Audiences for these lectures totaled over 20,000<sup>31)</sup>. Apart from these lectures, each learning group carried out group discussions and studied texts,

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29) The industries assigned to undergo extensive reorganization were: shipping, indigenous textiles, medical, oil trading, coal mining and textile spinning. “Geye Xuexi Xiaozu Xuexi Shijianbiao”, “Chongqingshi Gongshangye Lianhui Choubai Weiyuanhui Gongzuo Baogao (17th to 29th July 1950)”. Archival Documents of Chongqing CCI [1040-1-6].

30) Xu Baitu, “Jiefang Yinianlai de Gongshang Xuexi”, *Chongqing Gongshang*, Vol. 1-1, pp. 17-18.

31) “Chongqingshi Gongshangye Lianhui Choubai Weiyuanhui Gongzuo Baogao (17<sup>th</sup> to 29<sup>th</sup> July 1950)”.

summarizing the results for circulation.<sup>32)</sup>

As one segment of these learning activities, the PCCCI carried out Land Reform Inspection. According to what had been planned, the CCP would carry out land reform in southeast China after 1951<sup>33)</sup>. Beginning in the Chongqing area, the CCP carried out rent reduction in the countryside around the city from around March 1950, completing the project around March 1951<sup>34)</sup>.

Meanwhile, Land Reform Inspection had already been carried out in the Huabei area, with the participation of the city's intellectuals, industrialist and entrepreneurs.<sup>35)</sup> On the basis of these experiences, the PCCCI formed a "Land Reform Inspection Team" in Chongqing (Figure 3). The inspection team was divided into four groups. Group 1 went to northern Chongqing (Jiangbei district); Group 2 went to western Chongqing (Shapingba district); Group 3 went to southwest Chongqing (Shapingba and Dadukou districts); and Group 4 went to southern Chongqing (Jiulongpo district). Of these, Group 3 was made up of delegates representing commerce and industry, among them members from the PCCCI and the China Democratic National Construction Party such as Xu Zonglin and Yuan Xiaozhi. Group 3 departed Chongqing city on March 14, 1951, returning to Chongqing city six days later on March 20.

Many of the commercial and industrial businessmen owned land in rural

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32) Xu Baitu, "Jiefang Yinianlai de Gongshang Xuexi".

33) "Xinanqu Jianzu Xanxing Tiaoli", *Chongqing Zhengbao*, Vol. 1-2, pp.38-39.

34) "Chongqingshi Jiaqu Jianzu Shishi Xize", *Chongqing Zhengbao*, Vol. 1-5, pp. 72-73. Before the "liberation" of Chongqing, the National Government carried out the policy of so-called "2-5 rent reduction" near the city of Chongqing in places such as Beibei. Yamamoto Shin, *Kokkyo Naisenki Kokuminseihu no Nigo Genso Seisaku: Chugoku Nouson Hukkou Rengou linkai no Enjo ni yoru 1949nen no Sisensyou no Rei wo Chuxin to shite*, Chugoku Kenkyu Geppou, 586, pp. 1-15.

35) For instance, in Beijing, many students and teachers went to rural villages to join the land reform. Zhou Yuan, "Wo Canjia le Jingjiao Tugai Gongzuo", Li Jianmin eds. *Tugai de Jingyan yu Xinde*. Shanghai: Shiyong Chubanshe, pp. 35-49.

areas, so they found themselves in a delicate position in the land reform struggles. Members of the Inspection Team jointly published a report in which they emphasized that “generally, in the process of rent reduction, commercial and industrial businessmen did better than pure landowners.” They went on to say that “through land reform, the peasant masses had not disrupted the interests of commercial and industrial businessmen. The businessmen could cut off their feudalistic tails, so as to concentrate on managing their own works<sup>36)</sup>”.

In Daxian 達縣, a rural city in northern Chongqing belonging to Chuanbei Administrative Office, the land reform struggles waged by the CCP were fierce. By contrast, with its small population of peasants<sup>37)</sup>, the level of land reform in Chongqing was relatively moderate, in consideration of the interests of commercial and industrial businessmen. Businessmen in Chongqing were in a delicate position politically, but were on high ground otherwise. This situation clearly influenced their activities.

In addition, we also need to focus on the PCCCI’s role connecting the city and the countryside.

### 3 *The Movement of Purchasing Government Bonds and the Korean War*

There is an intimate relationship between the Learning Movement of the PCCCI and the international political situation surrounding China at that time.

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36) Xu Zonglin eds. “Canguan Tudigaige Gongzuo de Baogao”, Xinan Renmin Chubanshe Bianjibu Bian, *Chongqingshi Jiaoqu Tudigaige Canguantuan Gongzuo Baogao*. Chongqing: Xinan Renmin Chubanshe, 1951, pp.30-31.

37) In August 1950, the total population of Chongqing was 1,086,000, out of which peasants accounted for 145,000, or 13.35% of the total. Furthermore, the average ratio of peasants to the total population of Southwest Great District (Chuandong, Chuannan, Chuanxi, Chuanbei, Yunnan, Guizhou, Xikang, Chongqing Special City) was 88.61% and that of Chuanbei District was 94.02%. “Xinanqu Renkou Gengdi Nongchanliang Jichu Shuzibiao (12<sup>th</sup> August 1950)”, *Chongqing Zhengbao*, Vol. 1-5, pp. 74.

The situation in East Asia and on the Korean Peninsula was becoming more strained. On June 25, 1950, Kim Il-sung led North Korean troops on a push southward and the Korean War broke out. On June 27, the United States unveiled the “Truman Doctrine”. This was a policy to dispatch ground forces to the Korean Peninsula, neutralize the Taiwan Strait, and offer support to France in Indochina. In the beginning, the war situation favored North Korea, but on September 15, the United Nations forces consisting mostly of U. S. troops, began a major landing at Incheon and the war changed course. On October 9, U. N. forces crossed the 38th parallel, advancing toward the border with China.

Ten days after the declaration of the Truman Doctrine, China decided to establish defense units in Northeast China to deal with the expansion of the Korean War<sup>38)</sup>. On October 10, Chinese People’s Volunteers crossed the Yalu River into Korean territory and China became involved in the war. From that time on, the Chinese government needed to purchase and produce military materials as quickly as possible, and it issued a huge amount of national bonds to cover its military expenditures.

The Learning Movement in Chongqing and the international situation went hand in hand. The most important activity of the Learning Movement was to prompt commercial and industrial businessmen to support the wartime economy through “practical action”.

The most practical action was to join the Movement to Resist United States Aggression and Aid Korea 抗美援朝運動. On July 20 and November 15, 1950, the PCCCI held, respectively, the “Congress to Resist U. S. Imperialism’s Aggression toward Taiwan and Korea” and the “Congress of the Chongqing City Business Community to Resist U.S. Aggression and Aid Korea”<sup>39)</sup>. In June 1951,

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38) Zhu Jianrong. *Moutakuto no Chousen Sensou: Chugoku ga Ouryokukou wo Wataru made*. Tokyo: Iwanami Shoten, 1991, pp. 77-95.

the PCCCI established “The Committee for the Movement to Donate Airplanes”, which raised sufficient money for 20 combat aircraft<sup>40)</sup>.

Second was to pay tax. Hu Zi-ang, the chief delegate of the PCCCI, pointed out that, “Commercial and industrial businessmen must recognize ‘Resisting United States Aggression and Aiding Korea’ is the most important mission of the people at the present time”. At the same time, he also pointed out the necessity of “consolidating price stability, remolding businessmen’s ideology, and strengthening political awareness,” but added that paying taxes was the way to effectively guarantee resistance to U. S. aggression.<sup>41)</sup> From the government’s point of view, businessmen were duty-bound to pay tax, but Hu’s words appear to indicate that tax evasion was a common phenomenon in Chongqing in those days. Given the situation, his logic appeared to be that if businessmen fulfilled their duty of paying taxes, then they would be making a major contribution to the wartime economy.

Third was to purchase “Patriot Bonds on a Parity with Commodities 愛國折實公債”<sup>42)</sup>. Through the Learning Movement, Chongqing businessmen “enhanced understanding that the People’s Government strongly supported

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39) Long Mingqiao. “Jiji Touru Kangmei Yuanchao Yundong”, Chongqing Tongzhan Zhengxie Wenshiziliao Congshu Binaweihui, *Chongqing Gongshanglian*. pp. 154-155.

40) Long Mingqiao. “Jiji Touru Kangmei Yuanchao Yundong”, pp.157-158.

41) Hu Zi-ang, “Dui Qingzhu Chongqing Jiefang Yizhounian yu Kangmei Yuanchao Gongshangyezhe Yingyou de Renshi he Nuli”, *Chongqing Gongshang*, Vol. 1-1, pp. 2-3.

42) To hedge the risks of the currency inflation, CCP established “Parity Unit Rates” (Zheshi Danwei Pajia). In southwest China, 1 parity unit formally converted into the amount of RMB of the commodities as follows: 3jins (= 1.5kg) of Dahe fine rice, 1 shichi (= 1/3 meter) of Shuangxi white textile, 1liang (= 50g) of oil, 1liang of salt, 3jins of coal. “Chongqingshi Junguanhui guanyu Xinzi Jisuan Biaozhun de Guiding (January 1950)”, Zhonggong Chongqingshiwei Dangshi Gongzuo Weiyuanhui eds, *Jieguan Chongqing*. Chongqing: Zhonggong Chongqingshiwei Dangshi Gongzuo Weiyuanhui, 1985, pp. 168-169.

commerce and industry and that “the way to overcome our individual difficulties is to resolve the difficulties the country faces”<sup>43)</sup>. In fact, purchasing bonds was an activity allocated to each enterprise via the PCCCI or learning groups. The allocation was proportionate to the size of each enterprise. The highest allocation was for the shipping industry at 220,300 units, followed by the cotton textile industry (207,287 units), the mountain product industry (188,900 units), the banking industry (187,348 units) and the salt trading industry (144,051 units). Together, these five industries accounted for 45 percent of the total amount of 2,107,448 units<sup>44)</sup>.

Although enterprises were not obliged to buy bonds, in actual fact it was mandatory to do so. That said, because they were issued by the state and converted on a par with actual commodities, there was little influence of inflation. In time of recession, when the risks associated with using idle capital were relatively lower, industrialists and businessmen accepted purchasing Patriot Bonds immediately.

Through researching the Learning Movement, we can see that the most important task of the CCP was to concentrate the capital of industrialists and businessmen into the People’s Government as soon as possible. At the time, the managers of each company also saw the practical benefits and so they joined the activities of the PCCCI.

#### IV Becoming a “Chamber of Commerce”

##### 1 *The PCCCI and the Policy of Processing, Ordering and Purchasing*

Another important mission of the PCCCI was to mediate in the “processing, ordering and purchasing” by the government.

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43) Xu Baitu. “Jiefang Yinianlai de Gongshang Xuexi”, pp. 18.

44) “Chongqingshi Gongshangjie Yi Gouren Renmin Shengli Zheshi Gongzhai Fenshu Mingxibiao (until 10<sup>th</sup> November 1950)” *Chongqing Gongshang*, Vol. 1-1, pp.63.

Early in 1950, the Chinese government adopted an austere fiscal policy and withdrew the former currency; the economy went into recession, triggering the so-called “April emergency”. Meanwhile, the CCP and Kuomintang were still fighting in Sichuan; in addition, March was the time between crops in rural areas when the price of grain and textile soared. In January, 1 parity unit converted at the rate of 2,000 RMB, but by March this had risen to 8,000 RMB<sup>45)</sup>. After April, prices stabilized, leading to a slow-down of speculative activities; this, together with the delay in the recovery of transport infrastructure, disrupted the distribution of goods and the flow of funds, and the market fell into a panic. For instance, the cotton spinning industry had a manual production capacity of 5,700 bales of No. 20 count cotton yarn per month, but could only manufacture 4,412 bales in May; the industrial screw industry had a production capacity of 469 tons per month, but only produced 194 tons in May, of which it sold 115 tons. Every industry cut back production one after another; some enterprises suspended operations, and many started to sell their real-estate holdings.<sup>46)</sup>

Under these circumstances, the People’s Government adopted the policy of “processing, ordering and purchasing” vis-à-vis private enterprises in an effort to stimulate the economy. After the “liberation” of Chongqing, the People’s Government consistently carried out its policy of “processing, ordering and purchasing”; in the beginning, however, each section of the People’s Government carried out the policy separately, based on their needs. After July 1950, the People’s Government decided to consolidate the policy allocation under the supervision of the Department of Commerce and Industry. From around August, because of the outbreak of the Korean War, the amount of the “processing,

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45) The Parity Rates from *Chongqing DaGongbao*.

46) Chongqingshi Renmin Zhengfu Gongshangju. “Jiefang Yinian lai de Chongqing Gongshangye”. *Chongqing Gongshang*, Vol. 1-1, November 1950, pp. 5-6.

ordering and purchasing” increased and this had a big impact on the operations of enterprises.

From July 15 to the end of October, the amount of processing, ordering and purchasing carried out by the Department of Commerce and Industry was as follows: 11,720,562,578 RMB (processing), 25,341,821,300 RMB (ordering) and 18,267,100,357 RMB (purchasing), with the total amount coming to 55,329,484,235 RMB<sup>47)</sup>. Seeing that tax revenues of Chongqing city from January to October 1950 came to 298,538,150,880 RMB<sup>48)</sup>, the extremely large scale of the policy of processing, ordering and purchasing is evident.

The contracts drawn up in connection with this policy were not directly between government and the contracted enterprises. Concerning contract procedures for ordering, the Department of Commerce and Industry first gathered orders from each section, allocated by bidding in the “Meeting of Processing and Ordering” held several times a month. The PCCCI dispatched representatives to this meeting who, after they received the bids, allocated the work to each member enterprise. In addition, when the government concluded a contract with an enterprise after the work had been allocated by the PCCCI, the PCCCI’s signature was needed<sup>49)</sup>.

Regarding processing and ordering by the PCCCI from August to October 1950, many of the orders were placed by military-related institutions, including the Department of Munitions, and by infrastructure institutions such as the Southwest Railroad Bureau<sup>50)</sup>. Most of the commodities ordered were industrial products for

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47) Chongqingshi Renmin Zhengfu Gongshangju. “Jiefang Yinian lai de Chongqing Gongshangye”. *Chongqing Gongshang*, Vol. 1-1, November 1950, pp. 5-6.

48) “Jiefang Yinian lai Chongqingshi Renmin Zhengfu Shuiwuju Shuishou Zhuangkuang Bijiaobiao”. *Chongqing Gongshang*, Vol. 1-1, November 1950, pp. 8.

49) “Chongqingshi Gongsi Yingye jian guanyu Jiagong Dinghuo Hetong Zanxing Banfa (28<sup>th</sup> November 1950), *Chongqing Gongshang*, Vol. 1-1, pp. 82.

50) “Chongqing Gongshangye Lianhui Choubai Weiyuanhui Gongzuo Baogao (31th

the military such as canvas, medicinal supplies, military uniforms, tobacco, pots and electric wire. The amount of processing, ordering and purchasing increased rapidly from September 1950, totaling 39,049,349,048 RMB (+ 6,000 parity units + 611,053 shi [1 shi = 1,00l]). This amount accounted for over 70% of the total amount of processing, ordering and purchasing in Chongqing city. From this standpoint, it can be thought that the PCCCI had the authority to carry out the processing, ordering and purchasing policy on behalf of the People’s Government.

## 2 *Commercial and Industrial Loans*

The PCCCI also carried out another promotion for commerce and industry. As mentioned above, the distribution of goods and the flow of funds were still disrupted in early 1950. In May, when raw silk was listed on the commodity market, there was an increase in demand for funds for purchasing and soon there wasn’t sufficient money in circulation. To make up for the shortage of funds, the PCCCI, the People’s Bank of China and the Department of Commerce and Industry coordinated a “Commercial and Industrial Loan”.

The Commercial and Industrial Loan was coordinated by the United Banks Syndicate consisting of the People’s Bank of China, Young Brothers Banking Corporation, Xinhua Bank and the Chinese Industrial Bank, under the supervision of the PCCCI<sup>51)</sup>. Key industries such as transportation and the coal mining industry became the object of the loan. At first, United Banks Syndicate made 48 billion RMB in loans to the shipping industry. After that, they also allocated 80 billion RMB in loans to PCCCI member enterprises, with a ratio of 80% to industry and 20% to commerce. In addition, they granted furthers loans secured

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July to 12<sup>th</sup> August 1950) (14<sup>th</sup> August to 26<sup>th</sup> August 1950) (28<sup>th</sup> August to 8<sup>th</sup> October 1950)”. Archival documents of Chongqing CCI [1040-1-6].

51) Renmin Zhengfu Gongshangju, “Chongqing Gongshangye zai Kaishi Haozhuan”, *Chongqing Zhengbao*, Vol. 1-5, Sep. 1950, pp. 28.

by contracts for processing, ordering and purchasing<sup>52)</sup>.

These loans were screened and guaranteed by the PCCCI. For member enterprises, this meant they had access to operating capital immediately; for bankers, it meant they could avoid the risk of loan loss.

As examined above, the PCCCI used its function of economic intermediation to strengthen its influence. That is the reason why the managers of each enterprise were drawn into the PCCCI.

### Afterword

Chongqing's economy went into recession after its "liberation" in 1949. In order to reestablish the city's economy, the People's Government invested huge amounts of money in the city, especially during the Korean War. For example, the government constructed railways to, and purchased many industrial goods from, Chongqing. These policies had a great impact on Chongqing's economy, and created business opportunities for commercial and industrial enterprises there.

Within the framework of the above CCP policies, the PCCCI organized the industrial and commercial spheres. The members of the PCCCI were obliged to join the learning campaign and to purchase government bonds. Nevertheless, many merchants and entrepreneurs in Chongqing participated in the PCCCI and tried to find ways to succeed in business. The PCCCI was able to consolidate the private enterprises that the CCP could not control directly. By using the PCCCI, the CCP attempted to control indirectly the merchants and entrepreneurs in Chongqing after 1950.

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52) Hu Zi-ang, "Chongqing shi Gongshangye Lianhehui Choubi Weiyuanhui Shigeyue lai de Gongzuo he Jinhou de Gongzuo Fangzhen yu Renwu", *Chongqing Gongshang*, Vol. 1-5, May. 1951, pp. 4.

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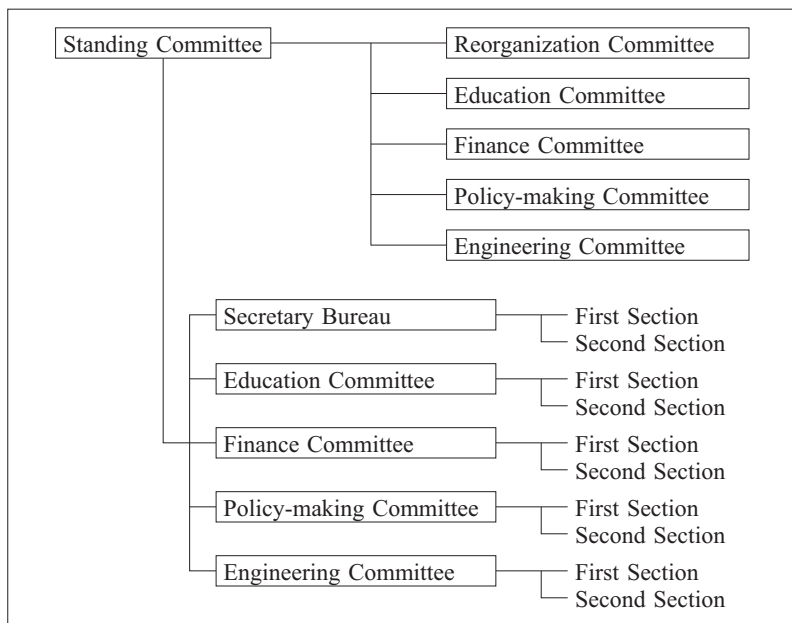
[Figure 1] The Transition of Chongqing Banker’s Association

	Year	Position	Name	Belonging	Position
Lianhuan Hui 聯歡會	1926	Bangdong (幫董)	趙資生	中和銀行	總經理
Chongqing Municipal Bankers' Association (First)	25th Oct. 1931	President	康心如	四川美豐銀行	經理
		Executive committee	周宜甫	中國銀行	經理
			張茂芹	聚興誠銀行	重慶分行經理
			湯壺橋	川康殖業銀行	經理
			張子黎	重慶平民銀行	經理
			陳麗生	川塩銀行	經理
			潘昌猷	重慶銀行	總經理
Chongqing Municipal Bankers' Association (Second)	1st Nov. 1933	President	潘昌猷	重慶銀行	總經理
		Executive committee	周宜甫	中國銀行	經理
			張子黎	重慶平民銀行	經理
			康心如	四川美豐銀行	經理
			任望南	聚興誠銀行	總管理處協理
			劉航琛	川康殖業銀行	總經理
			吳受彤	川塩銀行	董事長
			戴拒初		
			周季梅	川康殖業銀行	協理
			吳受彤	川塩銀行	董事長
Chongqing Municipal Bankers' Association (Third)	1936	President	吳受彤	川塩銀行	董事長
		Executive committee	顧敦甫	中國銀行	襄理
			龔農膽	四川美豐銀行	經理
			連智臨	重慶銀行	襄理
		alternate executive committee	梅孝威	聚興誠銀行	副理
			鮮伯良	江海銀行	經理
			廖問聘	四川建設銀行	襄理
		Standing committee	任望南	聚興誠銀行	經理
Chongqing Municipal Bankers' Association (Reorganized)	1939	康心之	四川省銀行	協理	
		President	康心如	四川美豐銀行	總經理
		Standing committee	徐維明	中國銀行	經理
			浦丕東	交通銀行	經理
			寧止村	川康平民商業銀行	總經理
			潘昌猷	重慶銀行	常務董事
		Executive committee	馮英	中國農民銀行	經理
			謝秉之	川塩銀行	董事長
			郭松年	四川建設銀行	總經理
			董鴻詩	聚興誠銀行	總經理
			李其猷	上海商業貯蓄銀行	經理
			張佑賢	金城銀行	經理
			吳晉航	和成銀行	總經理
			王祖廉	郵政貯金匯業局	經理
			唐棟之	江海銀行	常務董事
			何兆青	四川省銀行	經理
			龔農膽	四川美豐銀行	經理
			任望南	聚興誠銀行	協理
			梅孝威	聚興誠銀行	經理
		Supervisory committee	周季梅	川康平民商業銀行	協理
			楊曉波	聚興誠銀行	協理
			李現林	中國國貨銀行	經理
			賀友梅	新華信託貯蓄銀行	經理
			汪栗甫	重慶銀行	襄理
		alternate Supervisory committee	顧義	中國銀行	襄理

	Year	Position	Name	Belonging	Position
Preparatory Committee of Chongqing Municipal Financial Association	25th Oct. 1950	Chief delegate	余躍沢	人民銀行重慶分行	副行長
		vice chief	楊受百	聚興誠銀行	代理總經理
		delegate	陳詩可	和成銀行	總經理

Source: Zhang Xiaomei eds. *Sichuan Jingji Cankao Ziliao*. Shanghai: Guomin Jingji Yanjiusuo, 1938, pp. D37~38; Chongqing Zhongguo Yinhang. *Chongqing Jingji Gaikuang*. 1938, pp. 34~42; “Chuangang Pingmin Shangye Yinhang Xiaoshi”. *Sichuan Jingji Qikan*, Vol. 1-1, December 1943, pp. 195~198; “Chongqingshi Yinhangshangye Tongyegonghui Diyijie Dangxuan Weiyuan Mingce (28th November 1939)”. Chongqingshi Dang'an'guan, Chongqing Shifan Daxue eds. *Zhongguo Zhanshi Shouda Dang'an Wenxian Zhanshi Jinrong*. Chongqing Chubanshe, 2016, pp. 367-369; “Chongqingshi Geye Tongyegonghui Choubai Weiyuanhui Chouwei Minglu”. *Chongqing Gongshang*, Vol. 1-1, pp. 78, 81.

[Figure2] The organization of PCCCI



Source: “Chongqingshi Gongshangye Lianhehui Choubai Weiyuanhui Zuzhi Xitongbiao”. *Chongqing Gongshang*, Vol. 1-1, November 1950, pp. 75.

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[Figure 3] Overview of Land Reform Inspection

Group	Districts of inspection	Time	Name of delegates
1	Nothern area (Maoershi Xiang, Shimahe Xiang, Guanyinqiao Xiang, Jiangbei District)	14th-20th March	潘大達（重慶大學教授・中國民主同盟），馬耕漁，楊復全，張增民，馮克熙，胡克林，耿振華
2	Western area (Geleshan Xiang, Shapingba District)	Around 25th March	金錫如（重慶大學教授）etc.
3	Southwest area (Daping Zhen, Shiqiaopu Zhen, Hualongqiao Zhen, Liziba Zhen, Xietaizi Xiang, Yangjiu Xiang, Shapingba and Dadukou Districts)	14th-20th March	徐崇林（工商聯籌委會常務委員・大成製革公司廠長・民主建國會），王道衡（天永化工廠廠長・民主建國會），劉崑水，袁効之（工商聯籌委會委員・中國標準鉛筆廠重慶分廠經理），張群華（天泉造紙廠經理），金榮華
4	West and central area (Longmenhao Xiang, Lijiatuo Xiang etc. Jiulongpo District)	Around the end of March	夏仲實（謙泰豫商業銀行董事長），李紫翔，杜銅白（四川省立教育學院教授），鄧後炎，羅宏章

Source: Xinan Renmin Chubanshe Bianjibu eds. *Chongqingshi Jiaoqu Tudigaige Canguantuan Gongzuo Baogao*. Chongqing: Xinan Renmin Chubanshe, 1951. "Daibiao Tongxunlu". *Chongqing Zhengbao*. First issue, February 1950, pp. 85~104.