



A Study on the Interaction between Civil Business Groups and the State from the Perspective of Public Sphere Theory - A Comparison between the Shanghai Branch of the China Association and the Philippine Chinese Charitable Association Inc.

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Abstract. This article attempts to use public sphere theory as a starting point to compare the behavior of the British government in protecting the interests of British business in China in the 19th century with the Chinese government's neglect of the interests of Chinese business in the Philippines. This article uses the Shanghai Branch of the China Association and the Philippine Chinese Charitable Association Inc. as representatives of civil business groups in the UK and China. For the UK, due to the public sphere of competition with the central government within the UK, civil business groups must consult with relevant civil business groups when implementing any economic foreign policy. This process promotes consensus between the British government and society to promote the British government's determination to maintain British business in China. However, for China, due to the absence of a public sphere where the central government interacts with society, even though Chinese civil business groups have huge interests overseas, the state and society have always been unable to form a positive interaction. At the same time, this situation also results in Chinese business in the Philippines having to rely on their abilities to maintain their local interests.

Keywords: Business in China, Shanghai Branch of the China Association, Philippine Chinese Charitable Association Inc, Public sphere, Civil business groups.

1 Introduction

During the period from the 19th century to the early 20th century, as one of the most important countries in the world, Britain not only could safeguard national interests overseas but also greatly protected the interests of British business in China. For example, when discussing the issue of increasing tariff on China with the Chinese government, the British government not only solicited opinions from British business

organizations in China, such as the Shanghai Branch of the China Association. The British government is also actively negotiating with other private chambers of commerce in its home state to ensure the maximization of public interest. On the contrary, China is not only unable to safeguard the basic sovereignty interests of the state but also unable to safeguard the interests of Chinese business in Southeast Asia. For example, the Philippine Chinese Charitable Association Inc., a Chinese business association in the Philippines, actively sought help from the Chinese government during the Spanish-American War, but still had to rely on its own self-supporting.

2 Literature Review

Based on the above topics, we can roughly focus on two parts for discussion: "British businessmen in China in the 19th century" and "Chinese businessmen in the Philippines in the 19th century". In the first part, some scholars believe that the British government originally intended to maintain "informal diplomacy", but because the interests of British business in China were damaged, they turned to supporting the British force against China to change China's foreign trade system. ^[1] Regarding the game between British business in China and the British government, Li Kuanbai believes that it is a competition between the principles of free trade and monopoly trade in the UK. ^[2] These studies did not discuss how the Charity Commission, as a self-supporting organization for overseas Chinese businessmen, interacted with the government and why the Chinese government in the 19th century was unwilling to support this group. Gong Ning and others discussed how the Philippine Chinese businessmen played games with local businessmen in the 19th to 20th centuries to earn profits. This study slightly touches on the strategies of Philippine-Chinese business networks. However, it does not address the interaction between Chinese business groups in the Philippines and their home country. ^[3] In summary, there is currently no in-depth and systematic research in the academic community on British businessmen in China in the 19th century or Chinese businessmen in the Philippines. At the same time, there was no discussion on the issue of concern in this article why Chinese civil business groups and British business groups have received different feedback from the state on similar interest demands.

3 Result

3.1 Shanghai Branch of the China Association

3.1.1 Proposal of the issue of canceling likin and increasing tariff: positive interaction between the Shanghai Branch of the China Association and the British government.

In terms of economy, the Shanghai branch requested abolishing the likin barriers. To solve the financial crisis caused by the suppression of the Taiping Rebellion, the Chinese government established likin barriers. ^[4] From then on, indiscriminate collection of likin seriously hindered the smooth flow of goods throughout the state. To

further develop trade with China, British businessmen in China were eager to abolish likin barriers. They seek support from the British government. After the Boxer Rebellion, the British Consulate-General in Shanghai consulted with the Chamber of Commerce. The Shanghai branch strongly demanded to abolish likin barriers.^[5] Faced with the global decline of the British Empire, responding to the United States' demand for an "open door", the British government supported the demands and promoted the issue of canceling likin into the negotiation of the Renewed Treaty of Commerce and Navigation between Britain and China.

In terms of diplomacy, the Shanghai Branch of the China Association required that tariff increases must be based on canceling likin. To obtain the Boxer Indemnity as soon as possible, Germany, Russia, France, and other countries proposed increasing import tariffs on China to 10%.^[6] This move would increase the cost of the Shanghai Branch's trade with China. After learning about it, the Shanghai branch called the London headquarters of the Chinese Association to oppose that any tariff increase should be with something returns.^[7] It was difficult for individual units to obtain public power. But when many individual units acted together, it was possible to compete with the state. The Shanghai branch, through the London headquarters of the China Association, liaised with many British chambers of commerce engaged in trade with China to jointly exert pressure on the British government. The Chinese Association had extensively sought support from the Bristol Chamber of Commerce, Leeds Chamber of Commerce, and Liverpool Chamber of Commerce for the proposal of canceling likin and increasing tariff.^[8] Under pressure from the British business groups, the British government representative stated at the negotiation of the Boxer Protocol that if the tariff was raised to more than 10%, the Chinese government should cancel likin.^[9] The issue had also been recognized by the major powers. But at this moment, the focus of the negotiation was the aftermath of the Boxer Rebellion. The issue of canceling likin and increasing tariff was scheduled to be carried out later.

In terms of internal affairs, the Shanghai branch requested an adjustment in the composition of the negotiation of the Renewed Treaty of Commerce and Navigation between Britain and China mission. The British government appointed Sir James Lyle Mackay, a British businessman who had been long engaged in shipping in India, to lead the negotiation.^[10] British businessmen in China were unwilling to let their interests be influenced by British businessmen in India. The Shanghai branch immediately wrote to the British government to express strong dissatisfaction.^[11] The British government did not cancel Mackay's appointment. Therefore, Charles John Dudgeon, the chairman of the Shanghai branch, was elected as a treaty assistant as a compensation.^[12] This showed that the British government had recognized the importance of the Shanghai branch in Chinese issues, allowing British businessmen in China to participate directly in the entire negotiation process.

3.1.2 Planning about canceling likin and increasing tariff: a partial consensus between the Shanghai branch and the British government.

In terms of economy, the Shanghai branch required that the import tariff on China should not be too high. The Shanghai branch launched a collective appeal to the British government through an organizational motion. In January 1902, Mackay and the

committee of the Shanghai branch jointly formulated a plan for canceling likin and increasing tariff. However, most ordinary members were dissatisfied with the proposal to increase the tariff rate to 15%. To address this issue, the Shanghai branch held a plenary meeting on March 3rd to vote on it. The vote at the meeting rejected the Mackay's plan. ^[13] Without the support of British businessmen in China, there would be a lack of practical implementers of policies towards China. The British government adopted a cooperative attitude after that. The British government actively attracted committee members, attempting to use the support of the elite class to control the outcome of the rally. Both Charles John Dudgeon and the new Shanghai branch chairman James L. Scott had reached a cooperative relationship with the British government. The committee declared the resolution invalid on the grounds of excessive abstention and reconvened the meeting. ^[14] Mackay submitted to Scott the whole plan of canceling likin and increasing tariff, suggesting to express details at the next meeting to win the recognition of members. ^[15] Given the difficulty in reaching an agreement with the British government, the Shanghai branch had also actively sought support from other organizations with common interests. When the Manchester Chamber of Commerce learned about the situation in Shanghai, it objected to the British government's plan. ^[16] The statements of local businessmen made the British government realize that opposition was not limited to China. The British government didn't intervene forcefully in the second assembly of members of the Shanghai branch. After rejecting the original plan again at the second meeting, the British government chose to listen to public opinion and invited representatives from the chambers of commerce to jointly adjust the plan. Under the coordination of Robert Edward Bredon, the deputy general tariff department of customs, the tariff rate increase was reduced to 12.5%. ^[17] Despite taking so many methods, the British government was unable to completely shake the stance of British businessmen in China due to the existence of the Shanghai branch. The British government had ultimately to make compromises.

In terms of diplomacy, the Shanghai branch requested the British government to force the Chinese government to expand the scope of the likin barriers abolition. The abolishing likin barriers plan originally proposed by Mackay did not include salt barriers and local opium barriers. The Chinese government had emphasized the differences between the above and likin barriers, as well as the importance of collecting taxes on the mainland. If the actors have specific interests, they strive to maximize their utility. ^[18] The Shanghai branch insisted these barriers were as same as likin barriers which must be abolished. The Shanghai branch criticized fiercely by publishing a series of articles in newspapers. These articles pointed out if the salt barriers and local opium barriers were not abolished, the extortion of goods circulation would continue to exist. Under the pressure of public opinion, Mackay proposed the abolition of salt barriers and local opium barriers at the Treaty Amendment conference. Sheng Xuanhuai, who was a Chinese treaty envoy, expressed confusion and opposition to the sudden expansion of the scope. ^[17] The British government compromised by renaming the salt barriers to salt reporting stations, and the local opium barriers to opium stations. Without appreciating it, the Shanghai branch launched another public opinion offensive. British businessmen in China pointed out that salt barriers were

only nominal extinction. However, salt tax and opium tax were both important sources of fiscal revenue for the Chinese government, especially used to offset foreign debts, including those of the UK. The British government was unable to support the Shanghai branch's demand. In the end, the British government set an ex-factory tax in exchange for recognition of the plan by local British businessmen. The Shanghai branch was forced to accept the result.

In terms of domestic affairs, the Shanghai branch requested the British government not to add the ex-factory tax. The British government wanted to add an ex-factory tax on machinery products in China to balance the trade cost difference between British businessmen in local and in China. The Shanghai branch opposed it to avoid increasing the cost of machinery manufacturing in China. As an intermediary between the British government and the Shanghai branch, Charles John Dudgeon had become a special public sphere presence. Dudgeon wrote a letter to Mackay acknowledging that the ex-factory tax could avoid vicious competition caused by overcapacity. But he also pointed out that the tax rate was too high. ^[19] At the negotiation meeting, he called on both delegations not to forget the difficulties of developing industry in China. ^[17] However, Mackay stated that the ex-factory tax was imperative to promote the local British businessmen's approval of the plan. The British Ministry of Foreign Affairs convened representatives from the China Association, the Manchester Chamber of Commerce, the Glasgow Chamber of Commerce, and other groups to review the new plan of canceling likin and increasing tariff. At last, it was unanimously approved. ^[20]

3.2 Philippine Chinese Charitable Association Inc.

3.2.1 The issue of establishing a consulate of China in the Philippines: The informal colonialism of the Philippine Chinese Charitable Association Inc.

In terms of economy, the Philippine Chinese Charitable Association Inc. requested the Chinese government to establish a consulate to promote the development of Chinese business in the Philippines. Under Spanish colonial rule, the economic capacity of overseas Chinese was greatly restricted. ^[21] Industry tax and store tax were imposed to restrict overseas Chinese business. ^[22] Faced with such unfair treatment, the Philippine Chinese Charitable Association Inc. turned its attention to home state. In 1886, the core directors of the Philippine Chinese Charitable Association Inc., came to China to submit a paper signed by 290 Chinese businessmen, requesting the Chinese government to establish a consulate in the Philippines. ^[23] Compared to the interests of Chinese businessmen in the Philippines, the Chinese government was more concerned about the funding for establishing a consulate. The newly appointed ambassador to the United States, Spanish, and Peru, Zhang Yinhan, met with representatives in Hong Kong. However, the overseas Chinese businessman had not yet made a clear statement about providing consul funds, Zhang Yinhan decided to send personnel to the Philippines to investigate the situation. ^[24] The subsequent investigation results showed that Chinese businessmen in the Philippines were willing to raise funds for the consulate establishment. However, the Foreign Office was still concerned that the consulate would be like the ones in Cuba and Singapore. Overseas

Chinese businessmen initially actively raised funds, but became weak later. ^[25] In essence, the Chinese government did not want to bear any economic burden of a consulate in the Philippines.

In terms of diplomacy, the Philippine Chinese Charitable Association Inc. requested the Chinese government to establish a consulate to improve the political status and protect life safety. The Philippine Ministry of Foreign Affairs declined the request of establishing a consulate after meeting Zhang Yinhuan. His excuse was that the issue belonged to the colonial administration. However, Zhang Yinhuan wrote in diary that he was well aware of the difficulties faced by the Ministry of Foreign Affairs. ^[26] In 1889, the new ambassador to the United States, Spanish and Peru, Cui Guoyin, was preparing to resume negotiations on establishing a consulate in the Philippines during his visit to Madrid. However, due to an incident in the United States, he returned in a hurry. ^[27] From the attitudes of the two ambassadors, it could be seen that the Chinese government paid little attention on this issue.

3.2.2 Issue about the consul's role of China in the Philippines: The mutual distrust between the Philippine Chinese Charitable Association Inc. and the Chinese Government.

In terms of economy, the Philippine Chinese Charitable Association Inc. still needed to solve many economic affairs by itself. When the Chinese General Hospital, a charity organization under its jurisdiction, was facing a shortage of funds, the Philippine Chinese Charitable Association Inc. prepared to levy export tax on Chinese returning to China with the approval of the Philippine Governor General. ^[28] The consul was unable to assist the Philippine Chinese Charitable Association Inc. in resolving funding, but also coveted the financial resources of Chinese businessmen in the Philippines. In 1906, the Chinese government ordered the consul to gather chambers of commerce such as the Philippine Chinese Charitable Association Inc. to discuss the joint organization of overseas Chinese corporations. ^[28]

In terms of internal affairs, the Philippine Chinese Charitable Association Inc. lost trust in the Chinese government which could not provide basic protection for overseas Chinese, turning to support the anti-Qing movement. The Philippine Chinese Charitable Association Inc. provided financial and weapon support for the Xinhai Revolution. In 1911, Zheng Hanqi, a director of the Philippines Chinese Charitable Association Inc., was elected as the president of the Philippine branch of the Tongmenghui of China. He donated actively and raised 52000 pesos for the revolution. ^[29]

4 Conclusion

By comparing the interactions above, we find that the presence or absence of the public sphere has a significant impact. It is precisely because of the public sphere between the Shanghai branch and the British government that they could establish public issues to promote the development of public affairs. Due to the absence of public sphere between the Philippine Chinese Charitable Association Inc. and the Chinese government, they were unable to establish public issues. Moreover, based on the theo-

ry of the public sphere, this article finds that when civil groups have different levels of dependence on the states, it will produce four different outcomes. When there is a high degree of dependence, the state provides support to the civil group. When the dependence is low, there will be a partial consensus between them. In the absence of a public sphere, when the civil group have a high degree of dependence, the state is in a dominant position. When the dependence on the civil group is low, it will turn to adopt self-supporting.

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