

**CHAPTERS AND
DOCUMENTS ON CHINESE
NATIONAL BANKING**

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Chapters and documents on Chinese national banking by R. O. Hall

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STUART J. LUTHER

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CHINESE NATIONAL BANKING

STUART G. FLETCHER

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1920



PREFACE

The best apology for attempting this treatise and for doing so badly withal is a discussion of the previously existing books on Chinese National Banking printed in the English language.

Money reform in China has been treated in various books, pamphlets, and magazine articles. Schemes for the reform of Chinese banks, being closely related to the reform of Chinese money, have also been treated at some length. There are, however, only three books devoted wholly or in part to Chinese bank reform, those of Jenks, Vissering and Wagel, written respectively in 1904, 1913, and 1915.

Passing to the realm of events in the practice of banking in China that of banks as they actually have been, not of banks as they should be, we find just one systematic treatise in the English language. This is Mr. Jules Gory's notes on the Ta Ching Bank, 33 pages, written eleven years ago. Therein Mr. Gory sets forth the simple events of the first four years of China's experience in national banking. His treatise is, by the way, highly praiseworthy as a piece of accurate, conscientious work, and I have gratefully drawn from it at several points.

In face of such a dearth of systematized information, it was necessary for me to rely very largely upon the English press in China. The actual work of research mainly consisted, therefore, in going through a quarter ton or more of dusty, old newspaper files borrowed from various libraries at Peking and jotting down notes of all news items in any way connected with the activities of the Chinese Government Banks.

In this way I searched through practically every number of the following publications for the periods mentioned :

- Peking Daily News*, 1909-1917.
Peking Gazette (daily), 1913-1917.
Far Eastern Review (monthly), 1908-1917.
National Review—China (weekly), 1912-1916.
North China Herald (weekly), 1898-1917.
*Journal of American Association
 in China* (quarterly), 1906-1909.

In addition to searching through these periodicals, I examined such stray numbers of these periodicals as occasion brought to my hands. In like manner, I ran through several shelves of bound files of diplomatic correspondence between the United States and China finding thus many pertinent items of information. Then there was the task of securing typewritten copies of the various documents reproduced in the appendix. Further, I went to the pains and expense of having translated from the Chinese "The History of the Ta Ching Bank," 275(?) pages, and a volume on book-keeping methods in the Bank of China. Last, I obtained now and then a valuable item of fact or opinion from the several government officials, editors, bank employees, and "Old China Hands" with whom I was privileged to converse.

Many thanks are due for giving me numerous interviews or access to sources, to Dr. Jeremiah W. Jenks, Dr. C. D. Tenney, Dr. Morrison, Dr. Chen Chin-tao, Mr. Julian Arnold, Mr. Sheldon Ridge, Mr. C. S. Liug, Mr. C. H. Lee, Mr. Lucas, and Mr. S. Barton.

I am specially indebted to my colleagues at the Peking School of Commerce and Finance, Mr. Chow, formerly with the Bank of Communications, Mr. Wang Hai Ao, and Mr. Niu Hsi Ling. I recall with pleasure the many hours passed with Mr. Wang and Mr. Niu in the absorbing task of translating the "History of the Ta Ching Bank." We

found that chronology a veritable mine of material on the first central bank of China. Much of the data heretofore contained only in that volume will be found in English for the first time in the Appendix of this treatise or in the text proper.

I began the study of Chinese banking and currency in 1914: and as teacher of the theory and history of banking at the Peking School of Commerce and Finance, I soon felt the need of arranging my private notes in a form suitable for classroom use. It will be gratifying to know that this treatise may be of use as collateral reading in the classes of this and other higher commercial schools in China.

The book should be of more than academic use, however. The foreign groups that will one day lend China capital with which to reform her banking and currency systems will need all the information they can get: for it seems to be customary in lending to China to prescribe how loans shall be spent. Unfortunately, these foreign financiers will be unable to find data more accurate than such as I have amassed here. Chinese officials and financiers, too, may find a foreigner's viewpoint upon their banking problems interesting, even when annoying.

Further, there are the thousands of foreigners in China who know of China's temples, her schools, her Yamens, but who know little of her banks. You may reform her industry, her army, her creeds, as you will, but China will never become a modern nation while her national banks continue, as at present, virtually unregulated trust companies.

I have tried hard to confine myself closely to the several volumes of notes in my collection. Generalization is sometimes useful and speculation is always entertaining: but both are futile in a subject where one's very sources are sometimes open to doubt. Better to confine oneself to such

apparently reliable facts as are available. Be it remembered that the national banks have had much to conceal: and their policy of secrecy (Mr. Eugene Chen calls it obscurantism) leaves unanswered many queries that would be quickly satisfied in a modern country. Occasionally in interviews with Chinese bankers, I have asked questions that would be regarded as incidental in my country and been startled by an evasive reply and a dazzlingly polite smile. I have hoped that chance remarks in my thousands of news items might clear up these points and not always in vain.

Due to the exactions of public accounting, in which I have been engaged, and to the interruption of military service, the work of compilation has been painfully slow: and the treatise has fallen nearly two years behind the times. I am not now able to bring it up to date. I earnestly hope that some one with more leisure and with better access to the sources than one has in this country may soon supply details of the events in Chinese national banking since the summer of 1917.

Professors Edwin R. A. Seligman and H. Parker Willis of Columbia University, to whom the manuscript was submitted for recognition as a doctor's dissertation, examined it and suggested many changes and some additions. Without the kindly encouragement of Professor Seligman, I never should have attempted to draft the last chapter, which treats of reform. I should have preferred not to commit myself to a new scheme of national bank reform, when so many schemes have failed so badly. The most that we can hope for is that the proposed plan may stimulate discussion.

R. O. HALL.

Stephentown, N. Y.

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