The Process of Incorporation into the Capitalist World-System: The Case of China in the Nineteenth Century

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The Process of Incorporation into the Capitalist World-System:

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In the mid 1970's, Immanuel Wallerstein pointed out that little work had been done on the important historical process of incorporation: "For at least three centuries this capitalist world-economy functioned side by side with non-capitalist social system outside it . . . . What were the processes that made it possible for the capitalist world-economy to incorporate them?" (1976: 134).[1]

The insight of this remark has stimulated the students of the capitalist world-system (hereafter referred to as CWS) to examine afresh the historical process of incorporation. For instances, Lubeck (1979) examined the role of Islamic nationalism in the incorporation of Nigeria into the CWS. Bergesen and Schoenberg (1980) studied the long waves of colonial expansion and contraction from 1415 to 1969. Then were the

1. Wallerstein (1979:145) uses the term "incorporation" to refer only to the addition of new geographical areas to the capitalist world-economy at points of time posterior to the "initial" expansion of the sixteenth century which had been an integral part of the transformation of feudal Europe into a capitalist world-economy.

studies in the Fernand Braudel Center that "focused on the ways in which the complex process of incorporation worked in three different periods of the world-system's development in forming three of its areas—1650-1690, the Caribbean; 1750-1815, the Ottoman State (formerly the Ottoman Empire, later Turkey); 1870-1920, Southern Africa" (Hopkins & Wallerstein, 1982: 129).

My aim is to join this recent development of incorporation studies by examining the case of the nineteenth-century China, with the hope that the Chinese experience will shed light on a theory of the incorporation process in general.

There is of course no lack of good studies of the nineteenth-century Chinese history, but very few of them have utilized the world-system perspective. The two exceptions are Moulder's (1977) study of Japan and China and Basu's (1979) study of the opium connection. I shall discuss the findings of these two studies at some length because they have important bearings on our current study.

Moulder's (1977) work has made a novel contribution to our understanding of why Japan was able to become a core state in the CWS while China was not, but his discussion on the historical process of incorporation is rather weak. Moulder seems to assume that the incorporation process was non-problematic: that the core countries were so strong that they could easily incorporate China into the CWS. For instance, he asserts:

> The Chinese resisted the expansion of both the opium and the textile markets. This resistance was countered by the Opium War (1840-1842) and by a second war, which Westerners term the Arrow War and the Chinese term the Second Opium War (1858-1860). After China's defeat in these wars, encroachments on political economy were established (1977: 105).

In this respect, Moulder's analyses are similar to other early studies of the CWS in that they expressed little need to do research on the incorporation process (see Rodney, 1972: 150-51; Frank, 1969: 45).

Basu's study does have the merit of emphasizing the role of opium connection. He argues that the Chinese incorporation process started as early as 1757 because this was the year when opium was imported into China from India (1979: 178). I disagree with Basu on this point, and will argue that the Chinese incorporation process started much later, in the 1830's. Since our dating is almost three-quarters of a century apart, it is necessary to explain why this is so.

The reason lies in our different conception of the incorporation process. How do we know that the corporation process had started? What are its indices and characterization? These are important questions because their answers serve to define the boundary of the CWS at a certain stage of historical development. In general, there are two indices of the incorporation process: one economic, the other, political. Economic incorporation involves the restructuring of the production and marketing processes in such a way that an area is increasingly tied to the world-wide division of labor; political incorporation generally refers to the transformation of rules in the area so that its decision-making process is increasingly shaped by the states in the core region, and the area is coerced to participate in the CWS's interstate system as a junior partner (Hopkins & Wallerstein, 1982: 128-33). In general, economic incorporation and political incorporation occur together. But how are we going to characterize an area if there is a certain degree of economic incorporation without political incorporation?

This is the point on which the current analyses differ from those of Basu's study. Basu argues that the importation of opium into China in 1757 should be taken as the starting point of the incorporation process. I disagree with this dating on two grounds. First, since a state could never completely sever itself from foreign trade, a small increase in foreign trade should not be taken as an index of the incorporation process. Instead, we should examine the trend of foreign trade figures more rigorously to study whether there was any sudden important rise in foreign trade that might exert structural changes in the local economy. As I shall discuss shortly, the sudden expansion of

Chinese foreign trade occurred in the 1830's, not in 1757. Secondly, it is not enough just to look at trade figures. It is also necessary to study the political conditions under which economic exchange took place. Restrictive trading conditions hindered foreign trade, while political incorporation generally facilitated economic incorporation. As we shall now see, the separation and unity of the political and economic incorporation processes in nineteenth-century China have made for a very interesting case study of the historical expansion of the CWS boundary.

The 1830's: Partial Economic Incorporation without Political Incorporation

Starting from the rise of the CWS in the sixteenth century, there had been numerous attempts to incorporate China into its boundary. The Portuguese were the first to send warships and trading boats to China to request the expansion of foreign trade. Then arrived the Spanish, the Dutch, the British, the French, and the Americans. However, all of their attempts failed to incorporate China into the CWS because, on one hand, the Westerners still regarded China as the Middle Kingdom, an empire that was militarily strong enough to defend herself, and, on the other hand, the Chinese state adopted an exclusive policy toward foreigners and foreign trade. This policy regarded foreign trade as a matter of concession to the "barbarians" (Chang, 1933: 265), and consequently was motivated by the desire to maintain a tight control over foreigners. In this respect, Marx observes:

> Foreigners were then prohibited from all communication with the Chinese, except through Canton, a town at a great distance from Peking and the tea districts, and their commerce restricted to intercourse with the Hong (Hang) merchants, licensed by the government expressively for the foreign trade, in order to keep the rest of its subjects from all connection with the odious strangers (1972: 25).

In 1836, 307 foreigners were confined to 13 groups of buildings called "factories" in a total space of 1,100 feet by 700 feet.

These buildings were the property of Hang merchants and were leased to the foreigners, who were forbidden to trade outside these thirteen factories and were not allowed to enter the city of Canton. They could not even reside permanently in these buildings as they had to leave South China at the end of the trading season (Banister, 1931: 99; Murphy, 1977: 81; Morse, 1913: 283). Furthermore, there was the Kung-hang monopoly to contend with. See points out:

> The main concern of the foreign trader was to sell his import cargo, and if he did, he must sell it to his security merchant only, and to none other. . . . Furthermore, it was only through his security merchant that he could buy his export cargo, which consisted chiefly of tea and silk. . . . Silk, for which there existed a big demand, was limited by law to 140 piculs for any one vessel; and shipment of bullion was not allowed except under a special permit (1919:66-67).

These restricted trading conditions naturally cut down the volume of foreign trade between China and the West. Table 1 shows that China's foreign trade made very little headway from the sixteenth century to the end of the eighteenth century. It was mostly a one-way traffic, with China exporting large quantities of tea, silk, and cloth but importing only moderate quantities of cotton and wool in return. These favorable terms of trade meant a net flow of silver coins from the West to China.

It was only when the British had set up the British India colony in the mid-eighteenth century that they managed to stop this outflow of silver to China. The British planted opium in India, shipped it to China, and used it to pay for tea and silk. In the beginning, the amount of Indian opium imported into China was fairly small, about 200 chests in 1760 and about 4,000 chests in 1800. But opium importation rose drastically in the early nineteenth century, jumping to 20,000 chests in the 1820's and 30,000 chests in the 1830's (Table 1; Hsiao, 1967: 411; Wong, 1976:23). This phenomenal increase in opium importation had exerted structural changes in the Chinese economy, served to trigger the economic incorporation of certain regions of China into the CWS, and provided the impetus to start the political incorporation process.

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TABLE 1
China's Foreign Trade 1760-1833

	East India Company's Trade[1] with China, yearly average (in thousand taels)		Opium Estimate of opium imported into China		British India Govt. revenue on opium yearly average (in thousand taels)
	Imports into China	*Exports from China*	*Number of Chests*	*Value (in thousands taels)*	
1760-64	346	877	200	–	–
1765-69	520	1061	–	–	–
1770-74	620	1415	–	–	78
1775-79	384	1208	–	–	120
1780-84	532	1633	–	–	145
1785-89	1027	4437	2000	–	433
1790-94	2059	4025	–	–	573
1795-99	1961	4277	4124	–	651
1800-04	3360	5759	3562	–	1242
1805-09	3956	4547	4281	–	1728
1810-14	3887	5608	4713	–	2313
1815-19	3406	5748	4420	4701	2351
1820-24	3418	6865	7889	8357	4516
1825-29	3648	6316	12,576	10,824	5744
1830-33	2988	5985	20,331	13,499	4165

SOURCES: Yen (1955: 6, 22, 23, 24); Pritchard (1970: 160).
1. The three largest imports are India cotton, woolens, and metals; the three largest exports are tea, silk, and cloth.

First of all, the vast increase in opium importation in the 1930's had resulted in Chinese trade deficits and caused the draining of silver out of China. Silver was a precious metal used as a measurement of large sums only, while the medium of exchange among the peasants was copper cash. The outflow of silver inevitably put its rate of exchange against the copper cash. A tael of silver was worth about 1,000 copper cash in the eighteenth century; it was worth about twice as much in the 1830's. Since land taxes were fixed in terms of silver, the double exchange rate between copper and silver coins meant that the peasants were taxed twice as much. This brought about extreme hardship to the small peasants (Nolde, 1966: 17; Hsiao, 1967: 411; Wong, 1976: 23).

Secondly, opium importation served to increase China's export trade because the West now had a surplus of silver coins to buy the Chinese goods. Consequently, Chinese export trade rose from 1,600,000 taels in the 1780's to about 6,000,000 taels in the 1830's (Table 1). Greenberg (1951:44) points out that by the 1830's, certain groups, such as the tea cultivators in Fukien, the silk producers in the Nanking district, and the craftsmen of Canton, began to depend on foreign trade. Kuo (1956:13) estimates that 50,000 cotton weavers and 17,000 silk weavers in Canton, and another 100,000 transportation workers else- where along the trade route became part of the occupational groups whose livelihood now hinged upon trade with foreign- ers. These linkages to the CWS could also be observed in local market towns and villages. In the 1830's, Shun-te county, the future center of the South China silk industry, began adopting sericulture on an increasing scale. Attracted by the rising silk export prices, a few villages in Shun-te county began to special- ize solely in silk production.

Thirdly, this rapid increase in opium imports had paved the way for political incorporation of China into the CWS. Since the Chinese state had banned the importation of opium at the turn of the nineteenth century, it was illegal for the official East India Company to engage openly in the opium trade. There- fore, the shipping of India's opium to China had to be dele- gated to the so-called country traders. The East India Com- pany still monopolized the growing of opium and the export trade, but the country traders now had a free hand of importing opium into China. Thus in the beginning of the nineteenth century there were two types of foreign merchants: the country traders and those affiliated with East India and other com- panies. Since company traders enjoyed a monopoly on trade and were able to reap rapid fortunes, they were quite satisfied with the restricted trading conditions in Canton. However, when free country traders began to come to China on an increasing scale as a result of opium trade, they found the old Canton trading system intolerable. They had no access to the markets, and they could not even walk down a street of shops. In

addition, they could not send agents out to inquire about prices, but in all cases had to accept without objections the prices offered by their brokers, who were members of kung-hang. By the late 1830's, the country traders began demanding the freedom to buy and sell on terms that would benefit them.

To sum up, China was outside of the CWS up to the end of the eighteenth century in that her foreign trade was still limited and because the Chinese state was still in complete control of the conduct of her foreign trade. However, at the turn of the nineteenth century and especially after 1830, the phenomenal increase of opium imports had triggered the economic incorporation of certain regions of China into the CWS and led to attempts at political incorporation in the 1840's.

The Early 1840's: The Attempts at Political Incorporation

The foreign merchants' fight against a well-established system of Chinese domination over foreign trade was not easily accomplished. Indeed, until the early 1840's, the Chinese still regarded foreigners as "devils" and "barbarians," and addressed the foreigners as *fan-kuei* (i.e., foreign devil: see Hunter, 1882).

To crack the trading barriers, foreign merchants decided to wage a war against China. Their moment came when Commissioner Lin burned several thousand chests of opium and banned the importation of opium into China altogether. To stop Lin from killing this lucrative opium trade, the foreigners united and sent an expedition to conquer China (NHHC, 1873: *chüan* 3:1). This was the beginning of the Opium War.

In the spring of 1841, a British troop was ambushed as it marched through San-yüan-li on its way to attack Canton. The British troops were hit badly by the local inhabitants and a dozen British soldiers were killed (KTWSK, 1979) in the legendary San-yüan-li incident, regarded by some Chinese historians as the starting point of the rebellious movement in the nineteenth century (Hsiao, 1967:492). Wakeman's (1966) excellent book provides us with important data through the analysis of the sociopolitical background of this San-yüan-li incident in

detail. His thesis is that this incident was neither purely spontaneous nor led by the peasantry. Instead, the incident was another in a long series of military strategies that depended upon the tacit sanction of the gentry. Since this is an important point, let us pursue the theme further.

The local gazetteers of South China point to a trend of local militarization that began in the early nineteenth century. This upsurge of local militarization was historically new. Although South China traditionally had militias organized to defend her villages from pirate attacks, the formation of militias was strongly discouraged by the Chinese state on the grounds that it gave the gentry military and political power at the expense of the local government (Grove, 1969:32; Wakeman, 1966:31). Moreover, lineage conflicts and kinship divisions in the South China countryside also prevented the militia from growing into a regional organization. Therefore, lineage militia before the 1840's remained illegal and localized.

However, the threat of foreign conquest had served to realign the power structure of South China in the following new ways. First, militias were then organized on a higher level than the village. The San-yüan-li militia, for instance, involved 103 villages and tens of thousands of people (Hsiao, 1967:493-95). Secondly, militias began to gain formal legitimacy under the guise of being local academies or *she-hsüehs*, which before the 1840's were mainly educational institutions. At the peak of the anti-foreign movement, however, the *she-hsüehs* were transformed into organizations to recruit men and to raise money for regional defense. These organizations were called "*she-hsüeh*" ("local academy") rather than "*t'uan-lien*" ("militia") because the former term sounded eminently Confucian and could, thereby, receive official blessing from the Ching state (Hsiao, 1966:495; Wakeman, 1966:64). Thirdly, while *she-hsüeh* was an organization of the gentry, it received more mass support than before. The destruction of native rural industries, the draining of silver out of China, the importation of opium, and the threat of foreign conquest had given the gentry class an ideological basis for uniting both the peasantry in the countryside, and the guild craftsmen in the city to fight against foreign

intrusion (Lieh Tao, 1958:239). Thus during the San-yüan-li incident, "upon the sound of the gong, people from 103 villages gathered, men and women numbering several thousand, and surrounded them" (Hsiao, 1966:493). Later, when the news of the incident spread to Canton, thousands of silk weavers rushed to the site to help (KTWSK, 1979:183). In sum, with the militia organized on a wider regional scale and receiving both semi-official blessing and mass support, the gentry was able to strengthen its power at the time of foreign conquest.

The historical significance of San-yüan-li is that it became a legend of the anti-foreign movement. Temples were built to glorify the defeat of the British, and participants in the incident were treated as heroes (NHHC, 1873, *chüan* 5:5; KTWSK, 1979, Picture 13,15). It was unimportant that only a dozen British soldiers were actually killed in the incident; what was important was the belief that the South China gentry and peasantry thought that they had really defeated the British. According to Wakeman "this belief was probably the most important single motive of the late anti-foreign movement" (Wakeman, 1966:53).

Faced with such strong local opposition in South China, the British changed their strategy. They moved north, attacking Nanking, and won the Opium War. What followed were the signing of the peace treaty, the opening of treaty ports to foreign trade, and the paying of indemnity to the British. In the 1840's, China had begun her political incorporation into the CWS.

The 1840's: Local Opposition and Desertion

Military defeats in the Opium War contributed directly to the weakening of the Chinese state. In the 1840's, the Chinese were no longer able to control the conduct of the foreigners. Consequently, there was the spectacular rise of illegal activity in the treaty ports, as observed by a British consul:

> Contempt for all Chinese authority, and disregard of inherent rights, habitual infractions of treaty stipulations, license and violence wherever the off-scum of the European nations found access, and peaceful

people to plunder—such were the first fruits of this important conces-
sion (Quoted by Banister, 1931:42).

In addition to the enormous increase in opium imports, there
was an increase in coolie traffic—namely, the export of con-
tract, or indentured, labor to foreign countries. Approximately
150,000 Chinese were part of this semi-slave trade between
1847-62. Observing such illegal activities, a British commis-
sioner of customs remarked:

China as a whole was invaded by a swarm of adventurers from many
nations during this period. Smuggling, trading in opium, the coolie
traffic, evasion of duties, dealing in arms and other contraband, were
engaged in all sides (Banister, 1931:41-42).

With the blessings of British consulates (Griffin, 1938: 244),
this illegal form of foreign penetration was turned into a driv-
ing force of history that, on the one hand, provided the basis
for vigorous foreign demands for more favorable trading con-
ditions. This, in turn, lay the foundation for a more civilized
form of capitalist penetration. On the other hand, this also
aroused strong hatred from the people of South China who
were determined to keep the "barbarian" off their native soil.

The 1840's, therefore, witnessed what Engels (1972:124) de-
cribed as the Chinese popular war against foreign intrusion.
After the signing of the Treaty of Nanking, the people of South
China had turned from being defensive to becoming offensive,
as recorded in detail in the British *The Chinese Repository*. For
in 1842, "the British flagstaff was set on fire, and burned
upwards till the whole was on fire; a shout from the mob when
it fell told their triumph. Meanwhile the British factor was
fired, and the verandah, chapel-belfry and skylight were soon
burning furiously." Although the Treaty of Nanking allowed
foreigners to move their residences from the congested Kung-
hang to the city of Canton, foreigners were still denied this
privilege because the gentry "declared the impossibility of liv-
ing under the same heavens with the English rebels, and swore
to destroy them." When the foreigners pushed for their treaty
rights in 1846, riots occurred. " *'Shat fan-kuei, ta fan-kwei'*

('kill the foreign devils, beat the foreign devils'), rang and echoed through all the streets in the vicinity of the foreign factories. Hundreds of the basest of men were already collected and many hundreds more were hastening to the scene of riot." The anti-foreign sentiment was so intense that the Chinese government tactically "permitted the merchants and citizens of foreign nations to erect walls on the foundations of their own premises, forty cubits high, and from one cubit and a half to two cubit thick" (Chinese Repository, 1842: Vol. 11, 687; 1846: Vol. 15, 365; 1849; Vol. 18; 217-24).

Observing these local oppositions, Engels also noted:

> At least in the Southern provinces, the mass of the people take an active, nay, a fanatical part in the struggle against the foreigners. They poison the bread of the European community at Hong Kong. . . . They go with hidden arms on board trading steamers, and, when on the journey, massacre the crew and European passengers and seize the boat. They kidnap and kill every foreigner within their reach (1972:123).

Under such constant pressure of attack, it was only natural for a foreigner to consider the inhabitants of Canton as "coarse, rudy, malicious, and as the most wicked in the Chinese empire" (Chinese Repository, 1848: Vol. 17, 430).

Since the foreigners had already won the Opium War, they did not have to stay in Canton, and they could go anywhere else for their foreign trade. Accordingly, the foreigners deserted Canton and started their business enterprises anew in Shanghai, which supplanted the former as the chief center of foreign trade (Marx, 1968:342; Morse, 1913:260; Cooke, 1858:169; Consular Report, 1889: Vol. 29, 382). In Shanghai, the foreigners found scope and opportunity for the full exercise of their new facilities and privileges, and trading methods there were much more free and enterprising than under the domination of the old Kung-hang system in Canton. The foreigners in Shanghai could try new forms of economic penetration into the interior of China. In the so-called up-country trade, the foreigners sent their Chinese agents into the interior to buy directly the silk and tea they wanted, and in this way a far bigger export trade than would have been possible under the

TABLE 2
Total Silk Exports at Canton

| Year | Export Volume in Piculs | | | Export Price in Taels/Picul | | |
	Nanking Silk	Canton Silk	Total Export	Nanking Silk	Canton Silk	Combined Price
1750	–	–	1192	–	–	175
1755	–	–	1000	–	–	193
1792	–	–	3263	312	200	–
1823-33	–	–	4314	–	–	–
1834	4736	2579	7335	350	242	–
1835	7920	1948	9868	413	254	–
1836	13,744	6635	20,379	455	200	–
1837	–	–	4433	–	–	–
1838	–	–	3456	–	–	–
1839-44	–	–	1664	–	–	–
1846	–	2570	–	–	372	–
1848	–	390	–	–	380	–
1860	–	5571	–	–	–	–
1867	–	9259	–	–	–	–
1871	–	16,772	–	–	–	–

SOURCES: For 1750-92, Sun (1972: 91-92); for 1828-33, Morse (1913: 301); for 1834-35, Chang (1964: 224-28); for 1836-38, Chinese Repository (VI: 283); for 1839-44, Morse (1913: 301-02); for 1846 and 1848, Chinese Repository (XVI: 317-19; XVIII: 299); for 1860 and 1867, Morse (1913: 302); and for 1871, Banister (1931: 126).

Note 1: The figures here are highly fragmentary and should be used for rough estimates only.

Note 2: The Opium War started in the late 1830's, thus reducing the silk export.

Note 3: After 1842 and the opening of Shanghai, Nanking silk was exported through Shanghai and thus was not recorded in the Canton figure.

Note 4: The price of silk export is an estimate = total value export/number of piculs.

system that prevailed in Canton was opened up. Shanghai was also in close proximity to the great silk-producing districts of Central China. Consequently, many mother houses of foreign firms moved from Canton to Shanghai, and thereby started the regional variation of foreign penetration in China (Banister, 1931:25; Consular Report, 1889:382).

When Canton was no longer a center of general distribution for the whole China, but only a center of distribution of the southern provinces, its foreign trade dropped drastically after the Opium War. British import trade to Canton dropped from 15.5 million dollars in 1844 to 6.5 million dollars in 1848.

British export trade also dropped in Canton from 18 million
dollars in 1844 to 8.6 million dollars in 1848. For individual
trading items, the silk trade dropped from 2.5 million and 5,192
piculs in 1845 to 0.5 million and 390 piculs in 1848; while the tea
trade dropped to almost half of what it had been (Table 1;
Wakeman, 1966:98-100; Marx, 1968). By 1850, fewer and
fewer British manufactured goods were imported into Canton,
while tea and silk exports plummeted.

Such an enormous decrease of exports and imports indi-
cated that South China, for the first time in recent centuries,
was forced to stay outside the CWS. Accordingly, the intensive
local opposition not only served to prevent South China from
political incorporation but also, unintentionally, drove out the
possibility of her economic incorporation.

The Early 1850's: The External Arena
and Peasant Rebellion

Severing ties with the CWS inevitably affected the economy
of South China. Shifting the trading center from Canton to
Shanghai meant a loss of revenue for the provincial govern-
ment. Consequently, the customs revenue of Canton dropped
from 19.5 million taels in 1846 to 14 million taels in 1848
(Wong, 1976:136). The 4.5 million taels spent annually on the
Opium War dried up the treasury of Kwangtung Province.
Further decrease of tax revenue from foreign trade could only
be compensated by increasing taxation on the peasantry
(Yüan, 1957:31; Lieh Tao, 1958:128). Finally, the decrease of
exports and imports had resulted in massive unemployment of
transportation workers located at the trade routes, putting as
many as 100,000 porters and 10,000 boatmen out of work
(Wakemen, 1966:100).

The dislocation of the regional economy in the late 1840's led
to the mushrooming of secret societies and bandit gangs whose
membership was drawn from the affected populations. Jobless
porters and the impoverished boatmen were ready recruits to
the underground organizations. Finding their business dimin-
ished by the opening of Shanghai, they organized strikes and
boycotts to force the continuation of commodities transport

along the old routes. As disorder grew, fewer goods were
handled and unemployment increased, making the local econ-
omy worse off than it had been before (Banister, 1931:31;
Wakeman, 1966:100). Soldiers and militiamen of the Opium
War also frequently became bandits as soon as they were
discharged. As Hsiao explains:

> By a long established rule of the government, the possession of fire arms
> had always, previous to the war with England, been denied to the
> common people. . . . But during the war there had been such a liberal
> distribution of arms to persons of all descriptions, that they remained
> in the possession of many who were soon ready to make a bad use of
> them (1966:498-99).

Discontented peasant tenants also joined the secret societies.
In the early nineteenth century, the South China tenants were
bound to the gentry landlords only by market forces, and
extra-economic bondage was mostly a thing of the past. This
over-populated countryside always supplied a floating, land-
less population that was heavily influenced by the fluctuating
market forces. Before the 1850's, when the foreign conquest
was imminent, the peasant tenants and landless laborers were
inclined to unite with the gentry to fight against the foreigners.
But, when the foreign menace was apparently disposed of after
1849, and when the militia became an instrument of the gen-
try's domination over the peasantry, many peasants became
disaffected. Attracted to the ideology of secret societies, many
peasants joined the secret societies as an alternative organiza-
tion to the gentry militia (Wakeman, 1966: 115-16).

In an eyewitness account of the development of the South
China secret societies in the 1840's, Cooke reported that secret
societies arose as early as 1843, just a year after the Opium
War:

> [In August 1843] a thousand men or more, Triads and members of the
> Ngo Lung Hwai (Sleeping Dragon Society) fought together with arms
> in the village of Yung-ki, in the district of Shun-te. In December 1843,
> the feud revived, and members of both Triad Sleeping Dragon Socie-
> ties, natives of several districts, numbering some thousands, had a
> second fight at the village of Kwei-chau, in Shun-te, in which above a
> hundred were killed and several hundreds wounded. . . . In 1844, the

secret societies began to appear in public to entice people into the society. At first but a few scores would assemble for the purpose, and by night; but, in the course of time, bodies of several hundreds held their meeting publicly and in broad day. . . . Every new member, on entering, subscribed three hundred cash, and members were alloted twenty cash for every recruit they induced to join. . . . For the new member, each one pricked the tip of his finger with a needle till blood was drawn, and then took a cup from a bowl in which this blood was mixed with water. Later, the secret societies began to rob merchants on a massive scale in daylight. Even on the White Cloud Mountains, close to the provincial city, meetings for enlistment were held at all times and seasons; and from this period not only were merchants, travelling by sea and land, carried off and plundered, but walled cities and villages were entered, the pawnbrokers' and other shops, as well as private houses, ransacked, and their proprietors held to ransom. . . . In 1847-48, members of unlawful societies in hundreds and thousands carrying tents and arms, took up whatever positions they pleased, first at one place and then at another, throughout the district of Ung-yuen, Ju-yuen, Ying-teh, and Tsing-yuen, barred the ways, made prisoners, and committed robbery. . . . Fuh-shan in Nan-hai was regularly occupied by outlaws, while Lian-lung and Chin-tsun in Shun-te, King-min and Lo-ti in Sin-hwui, and Sha-ping-yu and other places in Hoh-shan, joined in the cry (1858:435-45).

Apparently, the formation of secret societies was highly rampant and easily spread to other places. The early 1850's represented the peak in the development of secret societies when the withdrawal of South China from the CWS led to the dislocation of her economy. Subsequently, when there were two bad years of harvest in 1852-53, porters, coolies, and peasants united to start the Red Turban Rebellion. The total number of insurgents around Canton was estimated at no less than 200,000 (Wong, 1976:96).

Like other counties in South China, Shun-te County was badly hit by the Red Turbans. In addition to the usual village-by-village devastation, there were also ruinous raids of Turbans from other counties. Finally, when the Red Turbans captured the county capital in July, 1854, the county magistrate of Shun-te fled, and the local government was dissolved (STHC, 1929, *chüan* 23:5-7).

Facing the downfall of its local government, the gentry class in Shun-te County quickly reasserted itself. It organized militia

in villages and, in a few months, drove the Red Turbans out of Shun-te County where, it was reported, 13,000 rebels had been executed in the course of suppressing the peasant rebels. Subsequently, when the order from the provincial governor to form militia arrived, the gentry greatly expanded the scope of the local militia to form the Shun-te County Central Militia Bureau (Shun-te t'uan-lien tsung-chü, see STHC, 1929, *chüan* 3:1; *chüan* 16:3; *chüan* 23:7).

By having such a strong militia bureau, the gentry class in Shun-te was able to engage in hegemony in the aftermath of the Red Turban Rebellion. Since the nearby Hsiang-shan County was still under the threat of the Red Turban, the gentry of Shun-te County had the excuse to take over the control of the police forces of the sandy farms in Hsian-shan County, which was known collectively as Tung-hai shih-liu sha (Sixteen delta lands of the eastern sea).[2] The Shun-te gentry then asked the landowners of the sandy farms to donate 0.6 taels per mow annually as the protection fee. Since there were 460,000 mows of sandy farms in Hsiang-shan County, this meant an annual revenue of 276,000 taels to the gentry in Shun-te County (STHC, 1929, *chüan* 3:2-5; HSHC, 1920, *chüan* 16:5-7).

Another source of revenue for the gentry class was *likin*—namely, transit tolls levied on articles of commerce. Each subdivision (called "*kung-yüeh*") of the Shun-te Central Militia Bureau was functionally charged with the management of funds in conjunction with the hiring of militia, the distribution of relief, and the reconstruction of local schools. The subdivision obtained those funds by erecting customs barriers around major market towns. For instance, the Lung-chiang kung-yüeh, which had 100 braves and an annual expenditure of 10,000, derived its revenue by collecting donations from the cocoon, mow, butcher, and mulberry buying and selling activities (STHC, 1929, *chüan* 3:5-11).

With such a strong financial base, the gentry in Shun-te County was able to donate huge sums of money to finance the

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2. The Shun-te gentry first formed Tung-hai hu-sha-chü (Bureau to protect the sandy farms in the eastern sea), which later transformed to Yung-Kuei kung-yüeh (The public league of Yung-ch'i and Kuei-chou village).

provincial military. In the year after the Red Turban Rebel-
lion, the Shun-te gentry donated 900,000 taels, about one-
seventh of the total provincial budget. Because of this, the
governor-general of Kwangtung and Kwangsi provinces once
remarked: "I looked entirely to the subscriptions of the gentry
and people for supplies, Shun-te would have to furnish 200,000
taels" (Wakeman, 1966:134,159; STHC, 1929, *chüan* 23:7).

In sum, the Red Turban Rebellion had again realigned the
power structure of the local Chinese communities, with the
gentry emerging from the peasant rebellion considerably
strengthened. In the 1850's, the gentry obtained the legitimacy
to organize regional militia, to have its own tax base to finance
the militia, and to use the militia for regional hegemony. Fac-
ing the crippled state of the peasantry and the government, the
gentry was able to accumulate massive property right after the
peasant rebellion. For example, in just a few years 8,641 mows
of communal land were acquired to build a new educational
academy called Ch'ing-yün wen-she (STHC, 1929, *chüan*
4:34-36).

The Late 1850's: The Second Attempt
at Political Incorporation

At this critical historical moment, the British and the French
suddenly attacked Canton. Because the state had been consid-
erably weakened by the Red Turban Rebellion, and all the
troops had been sent out either to Central China to suppress
the Taiping Rebellion, or to the South China countryside to
restore social order, the city of Canton was almost defenseless
and easily captured by the foreigners (Wong, 1976:36).

Responding to this political crisis, the gentry in Shun-te
County, which was the most powerful gentry group in South
China at that time, promptly sent a memorandum to the
emperor, asking for the permission to coordinate the militia
against the foreigners. In 1858, a secret edict was issued giving
them that permission. As soon as the gentry received this
imperial dispatch, Lung Yüan-hsi, the creator of the Shun-te
Central Militia Bureau, quickly organized the Kwangtung
Province Central Militia Bureau (Kuang-tung t'uan-lien tsung-

chü). The Shun-te gentry, of course, actively donated money to finance this provincial bureau. Although they had already donated 180,000 taels in 1857, they quickly assembled another 140,000 taels in 1858. Moreover, as it was a militia bureau for the whole Kwangtung Province, the Shun-te gentry then had the mandate to request donations from gentry in other counties as well. For example, the gentry in Hsiang-shan County donated 80,000 taels. Subsequently, when the wealth of the Kwang-tung Militia Bureau was almost used up, the director Lung Yüan-hsi organized the United Defense Bureau of the Silk Markets (Ssu-hsü lien-fang chü) to collect customs and *likin* in every silk market in the Kwangtung Province (NHHC, 1873, *chüan* 12:10; *chüan* 17:11; HSHC, 1874, *chüan* 7:22-23; STHC, 1929, *chüan* 3:9; *chüan* 17:20-23; *chüan* 18:2-3; *chüan* 23:8-9).

The strategy that the Kwangtung Central Militia Bureau used to fight foreigners was summarized by Wakeman:

> The rural militia terrorized the city during the first month of 1858. Policemen and soldiers were seized whenever they wandered near the gates. . . . Incendiary rockets and arsonists fired buildings every night. The wealthier classes fled the city. The suburbs, depopulated and ruined, gave cover to predatory bands. The foreigners, whether in the provincial capital or in Hong Kong, even found it difficult to buy food or hired help: the district magistrates ordered shopkeepers to leave Canton, and twenty thousand laborers returned to their home from Victoria (1966:168).

What was a foreign army to do against the South China people who took such a fanatical part in the struggle against the foreigners? Where—how far—was it to penetrate into the enemy's country, and how would it maintain itself there? Canton might be totally destroyed and the coasts nibbled at in all possible points, but all the forces the British could bring together would not suffice to conquer and hold the two provinces of Kwangtung and Kwangsi. What, then, could they do further? Moreover, other foreign merchants were highly dissatisfied with the British. The American consul asserted that the British officers disregarded the safety of foreign trade, and urged that neutral trade should not be allowed to suffer

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because of the problems between the British and the Chinese
(Griffin, 1938:243). Furthermore, there was the issue of how to
divide the fruits of victory: Who got what, and how much? The
occupation of Canton presented so many complications to the
British that it kept them inactive for four years.

The gentry had been kept inactive too, after they heard that
the emperor had already signed a peace treaty with the foreign-
ers and no longer supported them, after their military attack of
the foreigners failed, after their funds to finance the Kwang-
tung Central Militia Bureau began to run out, after they real-
ized that it was dangerous to mobilize the peasantry again
immediately after the Rebellion, and after the foreigners
showed the sign that they wanted to develop a cordial relation-
ship with the gentry. In addition, demand for exports on silk
was rising sharply. Silkworm diseases had just occurred in
France and Italy, and European silk production had almost
come to a halt. The silk production in Central China was also
greatly disturbed due to the destruction of the mulberry trees in
the Taiping Rebellion. Consequently, South China's raw silk
was in great demand in the international silk market (Banister,
1931:22,53; Wakeman, 1966:168-76). This presented a perfect
opportunity for the economic recovery of South China after
the disaster brought on by the peasant rebellion. Why then did
the gentry not discard their nationalistic impulses and turn
themselves into promoters of economic development?

From 1860's Onwards: The Reintegration
into the CWS

The gentry class in Shun-te County did exactly what a
rational ruling class would do in face of both the foreign
conquest and peasant unrest. In the 1860's, the gentry began to
develop a cordial relationship with the foreigners and started
promoting sericulture. Consequently, foreign trade in Canton
revived with silk export rising sharply from 390 piculs in 1848
to 5,571 piculs in 1860, and then to 16,772 piculs in 1871 (Table
1; Banister, 1931:62,65). Through this remarkable increase of
silk export, South China's economy was once again economi-
cally linked to the CWS.

But political incorporation in South China remained quite different from that in the other parts of China. In North and Central China where there was freedom to do business, many Western firms evolved from the status of commission houses to that of managing agents or of owner-investors. They tried to build collection agencies of raw materials in the interior and to install factories in the treaty ports. For instance, the foreigners set up silk factories in Shanghai and cocoon collection stations in the nearby countryside as early as the 1860's (Brown, 1979; Lefevour, 1970:130). But in South China, where local opposition to foreign domination remained strong, no foreigner had ever owned a silk factory or ever tried to organize a cocoon collection station in the countryside (KTSC, 1934). As one British consul in Canton remarked: "Foreigners had little left to them than the export trade" (quoted by Allen & Donnithorne, 1954:41). But even within the scope of the export business, foreign firms seldom had any direct contact with the Chinese manufacturers. The compradors of the foreign firms conducted the whole export transaction; they contacted the merchants of the Chinese silk commission house, determined how much to buy, settled the price, and tested the silk quality (Lei & Lei, 1925:111-13). Since the foreigners failed to exercise any control over the production and marketing processes, they were unable to negotiate the price in their favor. An American consulate in Canton complained:

> Foreign merchants in China, with millions of dollars of capital at their command and fleets of ships in waiting for cargoes of Chinese products destined to European and American markets, have never yet been able to fix the price of these Chinese products, but have always been compelled to submit to the prices and terms of the silk-guilds, and do their business in China through native compradors, and comply with Chinese arrangements generally, and all because of the inability of foreign merchants and capitalists to cope with or override or break down the influence of the trade of China (Consular Report, 1886:265-66).

Conclusion

The question that needs to be raised here concerns the theoretical relevance of the empirical study of the South China incorporation process. In the following summary of the South

China experience, six important issues are advanced toward the development of a theory of incorporation into the CWS.

First, a theory of incorporation should start with the investigation of the historical condition under which incorporation initially took place. In the case of South China, the old Canton trading system and Kung-hang monopoly were the political barriers that the British traders wanted to overcome. Since those restrictive trading conditions had been established for more than a century, the foreigners who demanded free trade were actually fighting against an historical tradition, several centuries old, of Chinese domination, that would not be dismantled in just one war or two. Consequently, the old Canton trading system would always be used by the Chinese participants as a baseline for comparison with the subsequent political incorporation.

Secondly, it is important to study the particular historical event that initiated the incorporation process. For the South China experience, the Opium War, and the subsequent developments in coolie traffic, smuggling, and contraband unquestionably constitute a form of incorporation. The imperialistic and capitalistic interests that underscored the Opium War were so blatant that even illiterate Chinese peasants had no problem in grasping the fact that the first generation of foreign merchants were mainly interested in the opium and coolie trade. The blatant imperialistic thrust of foreign trade galvanized the Chinese people together against foreign intrusion. This inevitably resulted in intensive anti-foreign movements.

Thirdly, in the analysis of the political incorporation process, we need to distinguish the process as it operated at two distinctive levels: the state, at the top, and the local government, at the bottom. What happened at the state level might be quite different from what might happen at the local level. In South China, the defeat of the Ching state created the exact opposite effect on the local communities—namely, it strengthened the local political structure through local militarization. With the weakening of the centralized bureaucracy, the local gentry class got stronger and stronger in the face of the foreign conquest.

Consequently and fourthly, we must avoid the error of concluding that once the war is won at the state level, the

process of political and economic incorporation will be non-problematic. Quite the contrary, incorporating a country into the CWS is always a protracted process. Depending on the interaction among the foreigners, the state bureaucracy, and the local power structure, a country will experience different rates of foreign penetration in different history periods. For instance, economic incorporation in South China took place very slowly in the early nineteenth century, came gradually to a halt in the 1840's and the early 1850's, and then quickened its pace in the 1860's.

Fifthly, we must consider the concept of uneven incorporation. Since the incorporation process tends to follow trade routes and lays heavily on certain regions, some regions are bound to be more incorporated into the CWS than others. In the Chinese experience, foreign capitalists had a choice as to which Chinese region would be incorporated into the CWS first. This option had considerably strengthened the bargaining power of the foreign capitalists because when there was intensive local opposition in Canton, the foreigners could move to the new Shanghai and set up their businesses there. On the other hand, when the Taiping Rebellion had ruined the Central China silk production, the foreigners could return to South China for the supply of raw silk.

Sixthly and finally, we should distinguish economic incorporation from political incorporation. The literature of development often assumes that political and economic incorporation always come together and reinforce one another. While this might be true of some colonial countries, it is not true of South China. Strong local oppositions in South China had caused foreign merchants to specialize in import and export trade with little attempt to engage in political incorporation. Indeed, political incorporation of South China was not worthwhile if the foreigners could not wipe out the intensive local oppositions, if a large army were needed to hold social order, and if it would disrupt foreign trade. To the foreigners, therefore, it was better to have economic incorporation alone rather than to have no incorporation at all. The consequence of having economic incorporation without political incorporation was enormous. It meant that the Chinese, not the foreigners, controlled the production and marketing processes. Accord-

ingly, following Frank's (1969) argument, most of the surplus from export trade would remain in South China and could be used for domestic development.[3]

In sum, foreign penetration into an alien country involves a constant power struggle with the native society and therefore is always in a state of flux; its final form depends very much on the interplay of a variety of factors such as the historical condition under which foreign penetration took place, the local power structure and its reaction to the initial foreign penetration, and significant historical events that subsequently shape the path of penetration. Since the course of foreign penetration is shaped by so many complicated factors, the final form of foreign penetration may vary from region to region and from one historical period to another. Much concrete historical research is therefore needed before a theory of incorporation into the CWS can be formulated.

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3. The above discussion disagrees with what can be called the limited penetration theory in the sinology literature (Murphy, 1977; Rawski, 1970; Brown, 1979). While this limited penetration theory is correct in pointing out that the Chinese experience of incorporation is quite different from that of other colonial countries, the theory errs in asserting that foreign capitalism failed to penetrate and change the Chinese indigenous economy (Murphy, 1977:226). This limited penetration theory overlooks the uneven regional incorporation of the CWS, fails to distinguish political incorporation from economic incorporation, and wrongly reduces foreign penetration as a matter of transferring superior technology to China (Brown, 1979).

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