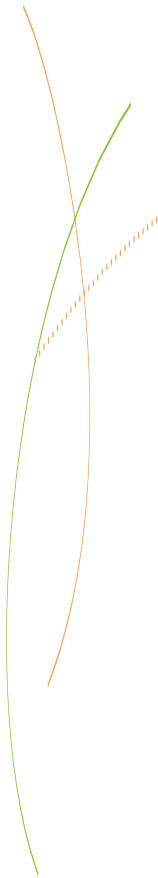


WILDFLOWERS INSTITUTE

# HISTORY OF NINGBO

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*Weisheng Liu*

The city of Ningbo on the eastern coast of China has been a leader in and has produced leaders in commerce, entrepreneurship, civil service, and community building for more than a millennium. Still, in the minds of most people outside China, the rival port of Shanghai constantly overshadows Ningbo, which is less than a hundred miles to the south across Hangzhou Bay. Like Shanghai, Ningbo was not receptive to Western trade until it was forced to open its port in 1842. But for more than a thousand years before, Ningbo was arguably the dominant port along the coast of China. The city's geographical strengths as a port city gave rise to a still-prevalent tradition of entrepreneurship. Merchants flowed from Ningbo to major cities throughout Asia while keeping a legendary loyalty to their home city. Part of the success of the Ningbo merchants comes from their hometown cultural trait of adaptability. Ningbo has undergone many major changes over the centuries, and its businessmen have similarly found ways to keep up with the times. The physical realization of this cultural trait is in the Ningbo guilds and native-place associations that were founded wherever Ningbo merchants went. These guilds and associations began as ways for businessmen to pool their resources and establish standards and rules, but by the late nineteenth century these organizations functioned as de facto governments with monetary regulations, judicial systems, charities, armies, temples, and above all, domination of banks and chambers of commerce.

The area that today makes up the city of Ningbo was settled at least seven thousand years ago by some of the first tribes to grow rice. The first city in the area was east of the present location of Ningbo, and it stood for several centuries on the coast. In 738 CE, however, in an early sign of the adaptability of Ningbo and its people, the city moved to its present location to take advantage of the intersection of three rivers for commercial reasons.<sup>1</sup> Since that time, the city that is now called Ningbo has enjoyed being on the southern edge of Hangzhou Bay with a coastline that is sheltered by more than five hundred islands and being the southern terminus for the Grand Canal that ran up to Beijing.

With these advantages, Ningbo became one of the oldest ports in China and was the major port for trade with Japan, Korea, India, and what is now Singapore and Malaysia, starting in the Tang dynasty (618–907 CE). Ningbo was the leader in shipbuilding during the Tang dynasty and even passed on its technology to the Japanese. By 1259, there were nearly eight thousand junks, luggers, and fishing boats along the region's coast.<sup>2</sup> From the seventeenth century onward, the Li and Fang family merchants from Ningbo, in particular, dominated the coastal junk trade, especially to Shanghai and ports up the Yangzi River. These family merchants also operated the largest private credit network in central China along these routes.<sup>3</sup>

Walls were built around the city during the Tang dynasty. At that time, it was home to more than two hundred thousand people and specialized in producing celadon and porcelain, as well as shipbuilding. As the city expanded, the old city within the walls was taken over by government buildings. Meanwhile a port and commercial area were created to the southeast of the city walls around a five-story pagoda built in 696 CE as a lighthouse. Expansion to the southwest of the old city led to the development of a cultural area around the Moon Lake, which had been excavated earlier in 636 CE (there was a Sun Lake next to

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1 Yoshinobu Shiba, "Ningpo and Its Hinterland," in *The City in Late Imperial China*, ed. G. William Skinner (Stanford, Calif.: Stanford University Press, 1977), 392.

2 *Ibid.*, 396.

3 Wen-hsin Yeh, *Provincial Passages: Culture, Space, and the Origins of Chinese Communism* (Berkeley: University of California Press, 1996), 60.

the Moon Lake, but it was filled in). In the following Song (960–1296 CE) and Yuan (1271–1368) dynasties, the walls were rebuilt to surround the enlarged city, and foreign trade grew with merchants coming and going to ever more distant lands. In another pattern of adaptability, waterworks were constantly revised in every dynasty since the Tang to accommodate the changing needs of merchants, farmers, residents, and sailors.<sup>4</sup> Still, nowhere is this adaptability more evident than in Ningbo's merchants and their guilds and native-place associations.

For the past several hundred years, a proverb that referred to the southern city of Huizhou was extended to refer to Ningbo: without Ningbo merchants there is no market town.<sup>5</sup> Ningbo merchants and their sons traveled throughout Asia and set up guilds and native-place associations wherever they did business. Membership in guilds was voluntary; however, the guilds established standard rules for credit, storage of goods, weights and measurements, and legal violations. In addition, these guilds and native-place associations managed cemeteries and temples while providing forms of social security and charity. For income, the guilds and associations owned and rented out land and took interest accrued on deposits.<sup>6</sup> Finally, the guilds functioned as an adaptation to the seasonal fluctuations in the market for finished products by pooling manpower and resources. Demand for finished goods would be high at the start of a new lunar year as debts had just been paid and gifts were needed, but toward the end of the lunar year credit would be scarce and there would be no occasions to make purchases.<sup>7</sup> Some of these practices would endure, while others would change or be replaced, in time, because the guilds and associations were as adaptable as their members.

Whether at home or around the known world, Ningbo businessmen did some notable community building. They modernized the cities they moved into by investing in schools, hospitals, and transportation systems there.<sup>8</sup> The guilds and native-place associations created strong ties among Ningbo merchants and formalized their loyalty to their hometown. With the vast network-generated income from all over the known world, Ningbo merchants contributed to their hometown as well. In addition, prosperous Ningbo merchants could often afford to educate their sons and have them pass the imperial examinations to receive government posts elsewhere.

While Ningbo was an epicenter for trade within East Asia, it did not become a major port of call for Western trade until the 1980s. Much of the problem had to do with an imperial decree in 1757 that restricted all foreign trade to the port of Canton. Furthermore, only a dozen merchant families had been given the monopoly on foreign trade by the Chinese government.<sup>9</sup> Even before the decree, though, foreign contact with Ningbo had led to unfortunate consequences. The Portuguese had come to Ningbo in 1522 and, over the next twenty-seven years, built up a permanent community there that included two hospitals, two churches, and a courthouse. The Portuguese influence came to an end when violence broke out in 1549 between Chinese and foreigners, and eight hundred foreigners were killed. The British tried to set up a factory on one of the Zhousan islands outside Ningbo at the beginning of the eighteenth century, but the factory had to close in less than a year because of high tariffs imposed by the Chinese government in Beijing. The British East India Company was rebuffed twice before it was able to successfully negotiate with the local authorities to open trade at Ningbo in 1755, but even this agreement was overturned in Beijing.<sup>10</sup> Muslim traders, however, were able to establish a foothold in Ningbo more than a thousand years ago and they founded the Qingzhen Mosque in 1003 CE; the existing structure dates

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4 Shiba, "Ningpo and Its Hinterland," 393–396.

5 Yeh, *Provincial Passages*, 60.

6 Shiba, "Ningpo and Its Hinterland," 417–418.

7 *Ibid.*, 411.

8 Susan Mann Jones, "The Ningbo Pang and Financial Power at Shanghai," in *The Chinese City Between Two Worlds*, ed. Mark Elvin and G. William Skinner (Stanford, Calif.: Stanford University Press, 1974), 76.

9 *Ibid.*, 74.

10 *Ibid.*, 75.

from 1699.<sup>11</sup> Muslims were fortunate to have arrived in China via the Silk Road during the religiously tolerant Tang dynasty. Later, under the Mongol rule of the Yuan dynasty, Islam and Muslim scholars and administrators were promoted above Confucianism and Confucian scholars and administrators.

After the signing of the Treaty of Nanjing a year earlier, foreign trade was finally opened with Ningbo in December of 1843, but after five years, trade had dropped to less than one-tenth of its original volume. According to historian Jonathan Spence, “Trade at Fuzhou and Ningbo grew so slowly that there was talk of trying to swap them for other cities with better prospects. Only Shanghai became a boom town.” The decline of Ningbo as a port of trade was not due to anything inherent in the city, but to the rise of Shanghai to the north. By 1850 the volume of foreign trade in Shanghai had surpassed that in Canton.<sup>12</sup> Compared with Shanghai, one of the other five ports opened to the British by the 1842 Treaty of Nanjing to end the First Opium War, Ningbo was a much more natural choice for the British. But the reason for Shanghai’s success was actually much more due to Ningbo than it would initially appear.

Ningbo merchants had shrewdly anticipated Shanghai’s predominance a century before and founded native-place associations and occupational guilds in Shanghai.<sup>13</sup> In a prime example of their adaptability, leadership, and organizational capacities, many Ningbo merchants left the city to go north, especially to Shanghai, during the late eighteenth century.<sup>14</sup> Ningbo merchants were in an advantageous position because of their native-place guilds and associations and their access to financial reserves back at home. When foreign firms wanted men to oversee their Chinese staff or to act as intermediaries to their Chinese customers, their two main criteria were a strong financial backing and experience with the peculiarities of the Chinese financial system.<sup>15</sup> Of course, Ningbo businessmen had both of these qualifications in spades.

Ningbo businessmen became the brokers for all sorts of financial matters, whether it was for mediating between foreign and native interests, borrowers and lenders, rich and poor, or local and northern trade.<sup>16</sup> In China, native banks specialized in short-term loans, given often to merchants. Since the central government had no effective control over the money supply or the credit systems, and since there was a foreign currency supply of silver dollars, native banks adapted and took over the regulation of currency exchange and interest rates. Money transactions were also some of the most lucrative in China at that time.<sup>17</sup> Ningbo merchants came to dominate the core of the southern group of native banks and even became known as the fathers of the native banks.<sup>18</sup>

By 1797, the Ningbo Guild had been built in Shanghai, and soon after, its board of directors came under the control of the Fang family from the county of Chen-hai.<sup>19</sup> The guild building was enlarged four times over the next forty years, the last expansion being financed mostly by two Fang brothers. The Fangs mostly did business in silk and sugar, but by around 1830 they went into native banking.<sup>20</sup> Owing to a lack of government administrative apparatus in the urban areas of China, guilds again adapted and took on political power in judicial, economics, and military affairs. Guilds became courts when disputes

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11 Lisa Movius, *The Neighbors down in Ningbo: A Visit to Shanghai's Laid-back Sister City* (1999), <http://www.movius.us/articles/chinanow/ningbo.html> (accessed September 14, 2005).

12 Jones, “The Ningbo Pang and Financial Power at Shanghai,” 74–75.

13 *Ibid.*, 76.

14 *Ibid.*, 74.

15 *Ibid.*, 83.

16 *Ibid.*, 83.

17 *Ibid.*, 79–80.

18 *Ibid.*, 80.

19 *Ibid.*, 76–77.

20 *Ibid.*, 77.

arose among members, and they also regulated commerce and trade. In times of famine or flooding, guilds provided relief, and they even maintained private militias to protect against bandits and enemies.<sup>21</sup>

The Ningbo Guild in Shanghai expanded in new ways during the nineteenth century. Merchants tended to recruit nephews rather than sons into the family business and eventually left the business to these nephews as inheritance. The guild acted as an employment agency for young men from Ningbo who had no relatives doing business in Shanghai.<sup>22</sup> It expanded to the point where occupational cliques were formed within the native-place organization.

In the second half of the nineteenth century, increasing numbers of unskilled laborers and vagrants were immigrating to Shanghai from Ningbo.<sup>23</sup> Thus, the Ningbo Guild began to take on responsibility for the lower classes. The Ningbo native-place associations were at the core of the first conflicts between Chinese and foreigners in Shanghai. These first conflicts are so closely identified with the guild that they are called the Ningbo Cemetery Riots. The two conflicts, the first in 1873–74 and the second in 1897–98, involved French attempts to build on the guild's cemetery. In both conflicts, large crowds of Ningbo people clashed with the police or French troops, leaving dozens shot, while the leadership of the guild organized boycotts of French products and negotiated settlements. A similar incident happened again in 1904, involving the accidental killing of a Ningbo bystander by two Russian sailors. The day after the killing, thirty thousand Ningbo artisans, rickshaw men, and fishermen organized to protest peacefully. Simultaneously, the guild was negotiating for the sailors to be tried under a Chinese-Russian tribunal instead of sending them back to Russian courts. Later, the guild successfully lobbied for a harsher sentence than was initially handed down to the Russian sailors. In another situation that demonstrated the influence of Ningbo organizing, Ningbo businessmen used their domination of the Shanghai Chamber of Commerce and their ties to merchants overseas to organize the Anti-American Boycott of 1905. The Boycott successfully brought an end to American policies that discriminated against Chinese merchants, travelers, and immigrants.<sup>24</sup>

As the twentieth century wore on, businessmen from Ningbo evolved accordingly. They reformed their banks to be like modern ones introduced by Westerners.<sup>25</sup> The businessmen stopped promoting only their kin and started giving positions based on achievement. After 1911, the government began to reassume regulatory, judicial, relief, and defense responsibilities, so the guilds focused on philanthropic and religious activities while holding on to financial power.<sup>26</sup> Ningbo workers gained power in the guild by demanding the right to form an assembly.<sup>27</sup> When the Ningbo working class tried to break away from the merchants and form new organizations in 1911, they made the mistake of choosing leaders who were still merchants.<sup>28</sup> Thus, the most powerful Ningbo merchants were able to once again use their networks to infiltrate and replace the leadership of the working-class organizations and bring the workers back into the fold.

Even after the government began to take over responsibilities for the guilds in the early twentieth century, they held on to their power because Ningbo bankers controlled so much of the money.<sup>29</sup> This

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21 Ibid., 79.

22 Ibid., 82.

23 Ibid., 83.

24 Bryna Goodman, "The Locality as Microcosm of the Nation?: Native Place Networks and Early Urban Nationalism in China," *Modern China* 21, no. 4 (1995): 391–402, *JSTOR*, Online (accessed July 5, 2005). Whether this is the first evidence of Chinese nationalism or concern for burial practices is up for debate.

25 Jones, "The Ningbo Pang and Financial Power at Shanghai," 89–90.

26 Ibid., 8–84.

27 Ibid., 89.

28 Ibid., 92.

29 Ibid.

was not easy because from 1911 to 1919 the financial structure of China was in crisis and there were many bank runs. Four of the five big Ningbo banks in Shanghai even had to close or scale down their operations.<sup>30</sup> Ningbo financiers responded by forming the Shanghai Native Bankers' Association in 1917 and the Shanghai Bankers' Association in 1918, which enabled them to consolidate their influence on Shanghai's economy during the 1920s.<sup>31</sup> In the 1930s, they and some of their counterparts from Zhexi became powerful enough to gain a firm hold over the chairmanship of the Shanghai Chamber of Commerce, as well as the Federation of Shanghai Merchants' Associations. Thus, it was mainly these Ningbo entrepreneurs who made up the upper crust of the famous "Shanghai bourgeoisie" of the Nanjing decade (1927–1937).

The people of Ningbo have left enduring marks all over the world and throughout history. Ningbo businessmen have always been on the crest of major industries and trade. As sojourning businessmen and government leaders, Ningbo people have invested and engaged in community development in towns all over China. Ningbo has come a long way since the Tang dynasty, but several elements have remained constant. Despite all the change over more than a millennium, the people of Ningbo have adapted time and again. Ningbo businessmen are all over the world today, just as they were when the known world was smaller. While the guilds and native-place associations have disappeared as formal institutions in the last fifty years, Ningbo merchants and government leaders from the city still work together and give back to their hometown. As soon as China opened its doors to the free market in the 1980s, Ningbo expatriates and government officials immediately began pouring investments into their city. Even if Shanghai continues to increase its lead in the port rivalry, there will always be Ningbo merchants and government leaders who will adapt again, while remaining loyal to their hometown.

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<sup>30</sup> *Ibid.*, 95.

<sup>31</sup> Yeh, *Provincial Passages*, 60.

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