

The Making of a Modern Incorporated Government

SUN YAT-SEN, HIS UNINCORPORATED CEMENT WORKS AND THE INCORPORATED CITY OF GUANGZHOU, 1912–1937

Fifteen years after giving up the Presidency of the Republic in 1917, Sun Yat-sen, the father of modern China, arrived in the capital city of his home province Guangzhou to start another revolt. He located his headquarters in the city's cement works, which was a relic of the Qing imperial industrialisation programme and the only industrial enterprise in the city of Guangzhou. This part shows that Sun Yat-sen and his party did not embrace incorporated industrial companies in the late 1920s and early 1930s. Instead of allowing private corporations to develop freely, the city acted as a corporation and developed industries aggressively. Market success and consolidation of economic power reversed the post-imperial trend. Yet, this could only be achieved by the complete government take-over of the market by force, starting with cement and then eventually for all products. Without creating or employing modern corporations, an entire command economy in Guangdong province of Republican China was instigated by Sun Yat-sen. It was built from one single cement plant that was Sun's revolutionary headquarters and which was situated in a newly recognised as legally corporate Guangzhou city. Sun Yat-sen lived above the shop but never embraced private enterprises or capitalism.

Chapter 5 examines this chaotic period when Sun Yat-sen went to base himself in Guangzhou three times (July 1917, November 1920 and March 1923). He lacked military power and was on the brink of bankruptcy. There, he endeavoured to raise an army for a military expedition

to unify China. Fortunately, when Sun was out in the political wilderness, there was a legal change in China: Cities were declared to be legal persons (or corporate persons) by the policy of the Municipal Autonomy System (*shi zizhi zhi*) promulgated by Republic of China President Xu Shichang in July 1921. This means that foreign banks could legally lend to any newly incorporated self-governing city. While Sun Yat-sen was in residence in Guangzhou during his second return to the city in 1921, he took advantage of this new Municipal Autonomy System to establish the Guangzhou City Council, which subsequently became the government. Suddenly, he had a corporation with legal personality under his control. He allowed it to be headed by his son Sun Ke. By October 1921, this gave him, through his son, an economic lever to real power. Sun was then able to bypass the local warlord Chen Jiongming's monopoly of all political and military positions and his opposition to the northern expedition idea.

The creation of the Guangzhou City Council in 1921 gave Sun Yat-sen borrowing powers for the military in the name of city development. He died in 1925 but he laid the foundation for state power reconsolidation: he created a city corporate for regaining political power and he took over the cement works for recapturing economic power. After his death, these legacies were both in the hands of his former secretary Lin Yungai. Lin dutifully pressed on with the unfinished quest and put into practice the idealism that Sun had set out.

This chapter shows that, unfortunately, using the city as the corporate vehicle to manage a cement business is problematic. Attempts to control the market through legislation were also fraught with complex unforeseen difficulties. In the end, the industrial optimism of Sun Yat-sen, as executed by the stoic effort of Lin Yungai after Sun's death, only had limited success. Despite this, the province staggered onwards without using private incorporated companies for developing major industries. The province, however, subsumed economic development under one incorporated city.

Chapter 6 shifts the focus to the recovering of state power. In stark contrast to Qixin Cement Company in the north, the Guangdong Cement Works in the south was an abject failure between 1909 and 1932. So, how did cement suddenly become an enormously profitable business in Guangdong from 1932 onwards? The answer lies with the foreign investment hype following the construction of the symbolic Pearl River Bridge by officials who were former revolutionaries inside an incorporated city government. This is arguably an icon of modernity for Guangzhou, comparable to the Eiffel Tower for Paris or the Golden Gate Bridge for San

Francisco. The influx of investment propelled the economy forward and empowered the Guangzhou City Government. Hence, the contextual economic circumstance is the cause of business success. Even without any marketing effort, the cement will sell under overheating economic conditions. The former revolutionaries of Sun Yat-sen's defunct organisation in Guangdong province, the Chinese League (Tongmenghui), were led by Sun's former assistant and secretary Lin Yungai after Sun's death in 1925. Lin stumbled upon this model of development that attracted huge investments directly from the overseas Chinese. Investing in many other industries, they relentlessly used the incorporated city to recover state power lost after the imperial collapse.

The story then turns to explaining how the former members of Sun Yat-sen's Chinese League in collaboration with the "warlord" Chen Jitang used the Guangzhou City Government within the province as the corporate vehicle to re-establish central state power. In the process, hearts and minds were discovered to unite not under Sun Yat-sen's nationalist ideals but by the sight of the technologically advanced electric-driven double lever bascule Pearl River Bridge that can automatically open up to let ships through. This is a potent symbol of Chinese modernity in the 1930s built by the city, which is a genuine modern corporate institution. Unfortunately, all this modernisation was destroyed by war when the Japanese invaded in 1938. This ended Sun Yat-sen and his followers' revolutionary legacy in the city of Guangzhou. After the war, Chiang Kai-shek's Nanjing Government took over control and Guangzhou lost its independence forever.