

Book Reviews

Gregor Benton and Edmund Terence Gomez, *Chinese in Britain, 1800-Present: Economy, Transnationalism, Identity*, Houndmills and New York: Palgrave Macmillan, 2008, 470 pp. + xv.

One can view this book in two ways. It is on the one hand a history of the Chinese in Britain. On the other hand, it adds to the discourse on transnationalism in diasporic communities, and refutes transnational studies that posit a pan-ethnic unity among such communities.

As to the Chinese in Britain, they are a very small minority. In 1991, they numbered, according to the figures, 156,938 as compared to a white population of 51,874,792, and are in fact the smallest of the minority groups in Britain. Despite this small size, the Chinese have been in Britain for some time and have participated in British life, both in terms of their contribution to the British economy, small as it is, and in the strategic and political sense. Strategically, the Chinese contributed to the British war effort in the First World War as contract labourers. Some 50,000 were involved, mainly in the western front. Their political contribution was in the negative side in that they were victims of British racism when they competed economically with British workers, and they also reminded the British of the yellow peril. This racism, according to the authors, led to their marginalization from the British mainstream society, a marginalization responsible for the confinement of the Chinese to Chinatowns, though the British Chinatowns cannot be compared to the Chinatowns in San Francisco and New York as they lacked the residential density of their American counterparts.

The Chinese economic participation in Britain can be encapsulated in the following expressions. These are “from salt to soap” and “from soap to soy”. The first expression depicts the first occupation of the Chinese as seafarers employed by British shipping lines. Some of these seafarers temporarily stayed in Britain during their off periods but eventually some settled down to a land-based job such as in the laundry business. The authors give an interesting account of how the Chinese, the original seafarers and others, were subjected to the hostility of British organized labour and street mobs who feared competition from them. Such hostility died down when the Chinese settled on hand-made laundry. Hand-made laundry was not considered a threat as it was an occupation mainly identified with British females. British trade unions fought mainly for males! Also, the Chinese kept out of power laundry,

which could have got them into trouble with British interests. The authors point out that the laundry business was the sole occupation of the Chinese in Britain, unlike that of the Chinese in Australia and the United States who had more diverse occupations. The third important occupation was catering. Like the laundry business, catering was developed by the seafarers. The Chinese caterers in the early days rarely served British customers. It was only after World War Two when steam laundry went out of fashion did the business focus of the Chinese community switched wholesale to catering. And in very recent times, Chinese professionals and investors have come to Britain as to suggest that the Chinese economy is not all salt, soy and soap.

The Chinese in Britain are not a homogeneous group. They are divided among other things along lines of class and places of origin. Of the latter, the dominant group, until recent times had been the Siyinese, better known here as the Sze Yap or Sanning (one of the districts of Sze Yap). They dominated the laundry business. In the postwar period, Hakkas from the New Territories of Hong Kong came in some numbers. They were encouraged by the colonial government because many were left unemployed as a result of the then deteriorating economy of the New Territories. A smaller group, the Hubeinese, also came. This group was a spillover of the Hubeinese in Europe who came all the way by land from the northern part of China! This heterogeneity was further enhanced in the postwar period not only by Chinese migrants from Hong Kong or China but also Southeast Asia. These Chinese were mainly from Vietnam (who came as refugees) and professionals from Malaysia and Singapore.

On transnationalism, the authors try to refute transnational studies on the Chinese and Indians that “posit a pan-ethnic unity in these diasporas that promotes interlocking economic and social ties and facilitates the development of their enterprises around the globe. New means of communication have supposedly fortified these transnational networks reputedly a key characteristic of ‘ethnic capitalism’” (page 3). The authors argue that these studies primarily focus on recent migrants and do not take into account the history of the ethnic community studies where the profound differences, both in the community in the host country and between this community and the diaspora, become manifest.

The authors refute the transnational argument by looking at the history of the Chinese in Britain. Here they focus on three aspects. These are the ties the British Chinese have with their hometowns or ancestral places; with their homeland states (mainland China, Hong Kong and Taiwan) or political parties; and with the diasporic Chinese communities in other places. As to the first aspect, the seafarers in the early days attempted to maintain their links with their hometowns, but those who remained in Britain did not keep close enough touch with China to keep their transnational identification. The

other Chinese, the caterers for example, also tried to maintain links as they imagined their tenure abroad to be temporary, and lived Chinese lives. But as the immigrants died out transnational ties to the sending towns and villages frayed and broke.

As to the second aspect, the Chinese state and Chinese political parties have repeatedly attempted to rope the Chinese in Britain into their projects. But there are two factors that made for the lack of commitment to the homeland state. One is the small size. There are too few British Chinese to weigh in much in the Sino-British equation. The second is their prosperity. They have thus not sought or attracted much attention. And finally, the Chinese in Britain are extremely diverse. They originate largely outside mainland China. They are from Hong Kong, Southeast Asia and even in an earlier period from the US when some Chinese there fled to Britain to escape from the anti-Chinese hostility there. They have no common religious faith to link themselves with the diasporic community together, unlike the Indians with their Hindu faith, and the British Muslims with their Islam. They are also divided according to class. Thus their habits of association are shaped more by activities at home than by Chinese forms.

This is a well-researched book on the Chinese in Britain. The argument against transnationalism as it applies to the British Chinese case is also convincing. However it has to be said that because the community studied is rather small, there are constant comparisons with the Chinese elsewhere, such as in Europe, the United States and Australia. Because of the tiny size of the British Chinese community and the distance of Britain from China (compared to the millions of Chinese in Southeast Asia), one is not sure that theirs is the last word on this subject of transnationalism, even if one is sympathetic to the stand of the authors. Such notwithstanding, this is a book I would recommend for those wishing to read a comprehensive book on the Chinese in Britain.

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Tomoko Shiroyama, *China During the Great Depression: Market, State, and the World Economy, 1929-1937*, Cambridge (Massachusetts) and London: Harvard University Asia Centre, 2008, 325 pp. + xvi.

In this study, Tomoko Shiroyama discusses how some of the challenges China faces in the 2008 financial crisis have echoes in the Great Depression period. The current opening of China and her economic reforms are neither new nor

of recent development. Through trade and links with international financial services, China had already in the late 19th century become part of the modern world economy. Not unexpectedly therefore, when the Great Depression of 1929 to 1935 happened, China suffered to almost much the same extent as most other countries of the world did. But Shiroyama in this study also shows how different China's economic position in the world is today compared to what it was almost some eighty years or so ago.

A central question asked in the book is why China did not move early to reform her monetary system when signs of the Great Depression were evident elsewhere and she was forced only to do so when there was widespread rural distress, decline in her industries and almost a collapse of the financial market in Shanghai. Shiroyama contends that China was not badly affected in the early part of the Great Depression. Between 1929 and 1931 when the economies of most other countries sharply decline, China's industrial output in fact increased and there were both domestic and foreign demand for her products. The worst effects of the crisis were felt only in 1932 when by this time the worst was largely over in the Western world.

Shiroyama argues that the grave economic problems China endured during the Great Depression had to do with China's linking of its currency to the silver standard. Shiroyama explains that the weakness in China's monetary system was that silver, which backed its currency, was traded in China and internationally, and its price fluctuated depending on market conditions. This fluctuation of silver price affected China's exchange rate. Thus when silver price rose, the yuan depreciated in value and the reverse was the case. Shiroyama points out that since 1929 there were wide fluctuations in silver price and consequently in the exchange rates, and she shows that this affected the flow of trade, investments, and remittance from overseas.

Between 1929 and 1931 when the Great Depression was most severe elsewhere, the international price of silver fell. China's export was affected because of falling demand for Chinese goods in many economically hit countries including Southeast Asia. However, this export decline was offset when with the decline in the price of silver the exchange rate fell and there was large inflow of direct investments and remittance. Large quantities of silver also flowed into China where the price was higher than in the international market. According to Shiroyama the money supply in China increased as a result and this benefited industrial entrepreneurs. But when the international price of silver rose as it did in 1931 there was an outflow of the commodity out of China. And as the exchange rate rose, Chinese goods faced severe domestic and foreign competition.

The fluctuating silver price and exchange rate had major implications on bank loans and collateral. Chinese industries, particularly cotton and silk, relied largely on bank loans for both long-term and short-term capital. For use

as collaterals, banks accepted assets such as real estates. However, Shiroyama shows how vulnerable such loans were to downturns in prices. With silver prices rising in 1931 and commodity prices declining funds in the economy in the rural areas became depressed. The effects of the Great Depression with low export demand led to a drop in agricultural prices. In April 1934, real estate prices in Shanghai started to drop. Earlier land prices had been pushed up by speculators especially in Shanghai. But once commodity prices dropped, bankers began to stop lending to enterprises and required repayment of the principal. When debtors could not repay the banks sold assets used as collateral and this set off a cycle of more liquidation and drop in property prices.

China eventually realized that she had to abandon the silver standard if there was to be stability of the exchange rate. Otherwise the value of her currency would continue to be subjected to silver price in the international market. There was urgency as the worsening economic situation in rural areas had grave political implications for the national government. Only when the national government reformed her monetary system by abandoning silver in 1934 and maintaining a stable exchange rate did China began to recover from depressed economic conditions. In the process, the state was forced to shift from *laissez-faire* to intervention economics. As with the current situation, China's exchange rate was of concern to the international community and major powers then such as the United States, Britain, and Japan tried to have the Chinese yuan linked to their currency. China at this time was the only country on the silver standard while the currencies of most other countries were backed by gold.

Shiroyama discusses in considerable detail how China negotiated to sell silver to the United States to raise her foreign reserves necessary for a reformed monetary system. China had also to deal with the major powers like the United States, Britain, and Japan which were keen that yuan should be linked to their currencies.

But the Chinese government was concerned that a currency not convertible to silver might not be widely accepted. Furthermore, a reformed monetary system could limit a fiscal flexibility needed to increase expenditure to stimulate China's economy then. In the end, China avoided basing her exchange rate with any single foreign currency. And by ensuring fiscal discipline, there was wide acceptance of yuan and confidence in the financial market was restored. In November 1934, the government required all silver to be handed over in exchange for bank notes issued by the reorganized Central Bank.

Shiroyama draws attention to the importance of overseas Chinese remittance to China. For most of the pre-war period China suffered regular trade deficit. However, this deficit was balanced by a large invisible trade of overseas Chinese remittance and investments from abroad. The amount

of remittance from overseas, however, was influenced by the fluctuating exchange rates in China. When the price of silver declined and China's currency depreciated, the amount of remittance to China was high. There was record remittance to China from Chinese overseas between 1927 and 1929 because of declining silver price and because of capital flight from countries experiencing the start of depressed economic conditions. However with the rise in silver price in 1931, it cost more for overseas Chinese to send money back to China. This led to a fall in the amount of funds received in China from the overseas Chinese. For example, total remittance from settlers in Hong Kong and Southeast Asia to China fell to about one-tenth of what used to be the amount sent.

A study into fluctuation in exchange rates and remittance opens up a fascinating research area that would allow studies into conditions in China and in Southeast Asia. Shiroyama suggests that falls in remittance were also due to depressed economic conditions in Southeast Asia which had led to high unemployment, temporary halt to recruitment of Chinese labour, and repatriation of immigrants back to China.

This study on China at a time of grave social and political change in the 1930s is an important and timely one. There is today revived interest in the Great Depression period especially in looking for parallels with the present crisis and for lessons to learn. And there is particular attention on China since amidst the worldwide depressed conditions she has displayed considerable resilience and her economy is among the first to recover, due largely to her massive fiscal stimulus.

But it is not an easy subject to deal with for not only were the issues complex but the study has to take note of wide geographical and economic variations. For example it was the industries in the lower Yangtze that suffered most when the impact of the Great Depression hit China. Elsewhere such as southwest China the impact was less. There were also the domestic political and social problems which the national government was struggling with and these must have strongly influence on the way economic decisions were made. Not all of these were dealt with in the book and it could not be expected to. By focusing on the silk and cotton industries in the pre-war period and the growing problems faced by the two industries, Shiroyama describes key links between China's cities and villages, her banks and industrial enterprises, the government and the market, and the domestic and world economy.

This book is of great value to both economists and historians.

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