

Cantonese Businessmen and Lingnan & National Market System: Dialogue With J. K. Fairbank and G. William Skinner

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"Impact-response model" by J. K. Fairbank and "physiographic macro-regions of China" by G. William Skinner are the two influencers among international and domestic academic circles. This paper argues that Lingnan & national market systems in China were powered largely by Cantonese businessmen in Ming and Qing dynasties and were generated internally, rather than waiting for the impact from the West. From the social structure of Cantonese businessmen, the authors pointed out the different relationships between government, ordinary people and businessman. The central government has protected the Thirteen Factories of Canton functioned as a "friend-type umbrella" through preferential policies. While in the folk trade, the Hong merchants "beehive", the guildhall "beehive", the business house "beehive" and the family "beehive" developed the commodity trade altogether. Under the dual strengths of top-down "umbrella" support and bottom-up "beehive" force, Cantonese businessmen have established the market system of Lingnan and China and developed regional and national urban structure corresponding to the market system. Therefore, this paper also complements and expands the theory of "physiographic macro-regions of China" by Skinner.

Keywords: Cantonese businessmen, market system, urban structure, impact-response model, physiographic macro-regions of China

INTRODUCTION

We have visited several ancient cities and old commercial streets in Lingnan in recent years, including the old commercial streets in Nanning, Wuzhou and Guilin of Guangxi Province, Liubao Town in Wuzhou, Yangmei Ancient Town in Nanning, and the Thirteen Factories in Guangzhou, etc. In Liubao Town, we have learned that there is a 300-year-old Tea-Boat Road that is a network of waterway paths through ports and cities in Southwest China. In ancient times, the ship laden with Liubao tea left Hekou dock that was the largest tea trading center in Liubao, for countries around the world, especially to southeast Asia, passing the Liubao River, Dong'an River, He River, West River, Thirteen Factories of Guangzhou, Hong Kong and touching Macau along the way. From this, we realized two keys in the research of Lingnan and national market system. First, the Lingnan market has expanded its presence beyond local cities to include cross-border regions. As such, studies must cover a larger domestic and international market that flows down the Pearl River basin, and not just these ancient cities, towns and streets in Lingnan. Second, American scholar

John King Fairbank described the market prosperity in late Qing dynasty of China's "Impact-response model"¹ (Peterson 2002). Is it true that Chinese development was due to the impact of the Western market? Or the market system in China was developed internally just like the way it is?

LITERATURE REVIEW

Related Research of J. K. Fairbank and W. Skinner

The "Western-centric paradigms" has become the rule among the first generation of Chinese studies in the US, like J. K. Fairbank. Yet some scholars moved beyond the paradigm towards a "China-centered approach" (Cohen 1997) that is based on how the Chinese themselves experienced and wrote about their own history, which won popularity in the second generation of Chinese studies expert, like G. William Skinner. In 1964, Skinner proposed "Market System Theory" to analyze the social structure in rural China, especially the market-centered socioeconomic structure. Affected by Central Place Theory² by German geographer Walter Christaller (1966), Skinner put forward the market hierarchy structure that included the standard market, intermediate market, and central market (Skinner 1965). He then proposed the "physiographic macro-regions of China" in 1977, while expanding the research areas beyond grassroots communities to macro regions. In the light of natural environment, resource availability and population distribution, Skinner divided China into nine regions, that is, Northeast, North China, Northwest, Upper Yangtze River, Middle Yangtze River, Lower Yangtze River, Lingnan, Southeast Coast, and Yun-Kwei. Those integrated regional systems have their own "center-periphery" urban system and market structures that are linking villages, towns, and cities (Skinner 1977).

The "impact-response model" believes that China was forced to respond to the West, and then it moved towards social transformation in the late Qing dynasty. As recorded by Fairbank, Western culture drew profound influence on China's modern transformation at that time. Yet not all these charges are authentic. Chinese traditional civilization and the self-development strength in China's modern market structure went largely unnoticed by American scholars in the field of Chinese studies. Skinner cringed at the discriminatory "Western-centered approach", and he held the idea that China has its own internal forces in modern transformation of the late Qing dynasty. However, the "China-centered approach", in a way, still has some deficiencies since it was borrowed mainly from Central Place Theory (Chen 2013).³ Neither of the two theories saw the unequal and uneven distribution of kinds of resources in each region of China. Therefore, merchant groups, organizations and their market behaviors in the urban system and market structure are overlooked, and the inter-regional communication across China is underplayed.

Related Research on Cantonese Businessmen

The earliest research on Cantonese businessmen can be traced back to the 1930s, which mostly focused on the Guangdong customs and the thirteen factories. *Guangdong Customs History* (Liang 2014) records the evolution, commercial intercourse and administrative system of Guangdong Customs before 1838 (the 18th year of Daoguang in the Qing dynasty), which is the basic historical material for studying foreign trade and the development of Cantonese merchants in the Qing dynasty. During the period of the Republic of China, *The History of Thirteen Factories of Guangdong* (Liang 2009) mainly discussed the origin, evolution,

¹ The impact-response model is most elaborated in *China's Response to the West: A Documentary Survey, 1839-1923* by Teng Ssu-Yu and John King Fairbank. The model based on the formula of Western impact and Chinese response attempts to interpret the leading factors in the development of Chinese history in the 19th century.

² Central Place Theory was first analyzed and introduced by German geographer Walter Christaller in 1933. The theory asserted that settlements simply functioned as "central places" providing services to surrounding areas, and each geographic-economic unit has its own "center-periphery" areas.

³ Central Place Theory assumed an evenly distributed population and resources in each town. However, the district distribution in population and resources is not balanceable. In addition, this theory also ignores the temporal aspect and human factor in the development of central places.

and vicissitudes of the Thirteen Factories. After the reform and opening up in 1978, many scholars are devoted to the systemic and comprehensive research on Cantonese businessmen by all perspectives. First perspective is the overall investigation of the development history of Cantonese merchants. Huang Guoxin (1997) explained the commercial activities and capital accumulation of Cantonese merchants during the Ming and Qing dynasties. Second is the regional study of Cantonese businessmen. Xu Yinzhou (2012) conducted a comprehensive study of Cantonese businessmen from an economic perspective, revealing the interdependent relationship between Cantonese businessmen and the regional economy. Third is the study of Cantonese businessmen on the Sino-Western overseas trade. Zhang Xiaoning (2019) quantitatively analyzed the operation of Guangzhou's Sino-Western trade. Fourth is the study of the unique regional characteristics and business spirit of Cantonese businessmen. Chen Meilong and Shen Yuehong (2007) believed that Cantonese businessmen are courageous and talented, and they are unique in domestic and foreign trade. Fifth is the study of Cantonese business model. Zhang Junjie (2005) analyzed the entrepreneurship, operation, and capital operation of Cantonese businessmen, thus summarizing it as a Cantonese business model.

Above are some representative studies on ancient Cantonese merchants which all provide some research ideas and revealed some basic facts from different perspectives, breadth, and depth. In addition, there are many researches on the transformation of Cantonese businessmen today, but I won't list them as it is not the focus of the article.

THE ANALYTICAL FRAMEWORK

This paper mainly analyzes the merchant groups, organizations, along with their market behaviors in Lingnan, and their influence on the national market system of China. According to the theory of physiographic macro-regions of China, Lingnan is the drainage basin that comprises of the West, North, and East rivers. As China's third-longest river and second largest river by volume, the Pearl River drains the majority of Liang guang (Guangdong and Guangxi provinces), as well as parts of Yunnan, Guizhou, Hunan and Jiangxi provinces, which offered a full-fledged Pearl River Water Transport. Thus, the Guangzhou-centered water and land transportation system developed a two-dimensional network of communication lines that runs through Lingnan and commercial cities in China. In such a geographical community, Cantonese have created the thriving commodity economy in the Pearl River Delta and they therefore gained the reputation of Cantonese Businessmen, or Yue Businesspeople⁴ (Wang 2008).

Based on the research of Fairbank and Skinner, this article, from sociological perspective, intends to study the authoritative and folk strength in market structures and trade systems both internally and externally in the application of the theory of "dual social structure" (Zhang & Zhang 2018)- umbrella society⁵ (Zhang 2016) and beehive society⁶ (Zhang 2018). Besides, the paper also analyzes in depth the

⁴ Cantonese merchants usually include Canton, Hakka, and Teochew merchants who originated from Guangdong province - where Cantonese people have been the dominant demographic. Therefore, the merchant group could be divided into three branches: Cantonese merchants, Teochew merchants, and Hakka merchants. Among them, Cantonese merchants could be traced back to the Thirteen Factories businessmen in foreign trade during the Ming and Qing dynasties, who mainly distributed in the West River, North River and the Pearl River Delta, who are the main research subject of this article.

⁵ Governmental dominant economic society is a type of "umbrella society". There are five levels of "umbrella society", including national level, provincial level, local level, and township level; there are three functions of the umbrella, including "parental love shelter" to affiliated enterprise, "relative shelter" to joint venture, and "friendship shelter" to private enterprise. We call it "5 × 3 umbrella" structure and function. All these various umbrella structures presented in "governmental dominant" resource allocation and economic social development all over China.

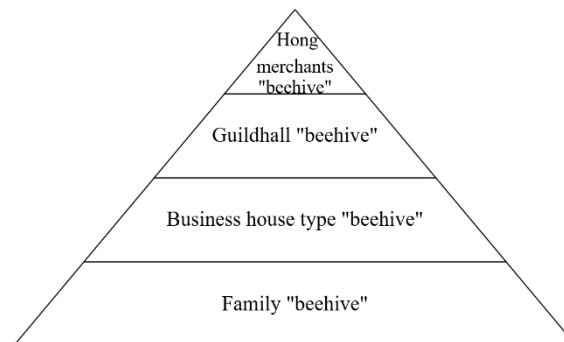
⁶ Common people's economic social life is a type of "beehive society". There are chain-type and net-type "beehive" of employees, and family, value-chain and ethnic "beehive" of managers. We call it structure and functions of "2 × 5 beehive". There is usually one "queen bee" leading many "worker bees" to gather honey and bring them back to build up their own "beehive", which then can help fighting for market space and development opportunities based

Cantonese business groups, organizations, and their market behaviors from a corporate anthropology perspective. Those topics are parts of anthropological research headline in recent days (Zhang 2017). In short, this paper mainly studies economic behavior from the macro perspective of social structure. Specifically speaking, the article analyzes the way of business organization in Lingnan where Cantonese merchants are concentrated. It also covers the way of resource allocation and the business communication among economic zones, thus examining the whole market behavior and the market system. Among all these topics, it pays particular attention to the interdependent "center-periphery" areas in Lingnan regional system, and explains how Cantonese businessmen develop their commercial success in Lingnan in China and even overseas through concentrating national resources. Therefore, the author hypothesizes that the center and periphery areas in Lingnan made a myriad of connections around the region, under the "dual social structure", in which the inter-connected regions across China realized common development and prosperity, and developed into an international trading system in the ever-expanding world market.

CANTONESE BUSINESSMEN UNDER THE DUAL SOCIAL STRUCTURES

Lingnan developed and thrived at an astonishing pace in the Song dynasty, as large populations moved towards south. Canton (now Guangzhou) was a large, densely populated city in South China. In the middle of the Ming dynasty, Lingnan has emerged as an economy leader in all regions of China as the group "Cantonese businessmen" was beginning to get up steam. Thanks to their entrepreneurial spirit, the trade and economy was boosted both at home and abroad, which is driven partly by the official-led umbrella society, and partly by the folk-led beehive society. As shown in Figure 1, the central government has protected the Thirteen Factories functioned as a "friend-type umbrella" through preferential policies such as One Trading Port. While in the folk trade, the Hong merchant's "beehive", the guildhall "beehive", the business house "beehive" and the family "beehive" developed the commodity trade altogether. Under the dual forces, Guangzhou had flourished as one of the administrative and trading centers for over hundred years.

FIGURE 1
THE DUAL SOCIAL STRUCTURE OF "UMBRELLA" AND "BEEHIVE" OF CANTONESE BUSINESSMEN



Umbrella Structure: Cantonese Businessmen in Foreign Trade

Since in the Ming dynasty, a series of sea bans restricted China's foreign commerce according to the emperors' rules, while the intermediary business (Ya-hong) remained, serving as the commercial agents between foreign trade operators and non-governmental traders with Guangdong as its center. This was the predecessor for the later Thirteen Factories system. The mid-Ming dynasty witnessed the economic boom

on traditional moral rules and customized regulations, and to build up folk mechanism of market resource allocation and economic social development.

in Guangzhou and improvement of communications and transportation by land and water, so a large number of people, funds and goods poured into Guangdong. In 1684, the Kangxi Emperor of the Qing dynasty allowed foreigners to trade with China in the four cities of Guangzhou, Xiamen, Songjiang, and Ningpo, and the Guangdong city as added in the list in 1685 as the Guangdong Customs was born. With the birth of Guangdong Customs, the Qing government set up a trading company in Guangdong to deal with Western trade known as the Thirteen Factories that was modelled on the previous Ya-hong System. The Thirteen Factories also called as Ocean Trading House, as these Chinese merchants mainly dealt with both imports and exports through the sub-offices that were responsible for the taxes and import or export declarations respectively. In 1757, the Qianlong Emperor of the Qing dynasty concentrated all Western trade in a single port- Guangzhou port, by a policy which is known as the Single Port Trading Relations. This policy also granted foreign trade to a number of Chinese merchants as long as they helped to collect duties from the Westerners, successfully aligning trading interests with the government's revenue collection, which was known collectively as the Cohong (Feng 1992). Chinese official-operated merchants' group, known as Hongs, owned a licensed monopoly on trade with foreigners and served as trading intermediaries accountable for their behavior and cargos. Originally, Guangdong Customs recruited thirteen influential factories to carry out overseas trade as agents which were recognized as Thirteen Factories although the exact number of factories varied. From the late 17th century onwards, the Thirteen Factories has played an outsized role in overseas maritime trade under the support of successive Chinese emperors. As a government-led trade system, the Thirteen Factories served as a means for feudal Qing government to control trade with the West within its own country and became major facilitators of the global trading system. Therefore, its emergence and development were mainly driven by the exclusive protection and support from the Qing government under the structure of umbrella relationship.

As the only legal foreign trading intermediary across China, those special factories obtained a monopoly over trade with the foreigners under the umbrella protection of the Qing court. Among them, royal merchants, governor merchants, general merchants, court businessmen and other government-chosen intermediary businessmen (Zhang 2009) are backed by senior officials and the government. What makes an ordinary merchant to become a member of the Thirteen Factories or Cohong? The government required that only the wealthy and well-intentioned businessmen have a chance (Shen 1966). It can be seen that the Qing government and Thirteen Factories are a kind of "friend-type" relationship in which the businessmen were granted a lucrative monopoly on foreign trade in exchange for various payments and obligations to the Qing state. Under this protection, the government approved those properly licensed business through policies, instead of directly intervening into foreign commerce. For example, in 1755, the Qing government restricted the bulk export trade of tea, raw silk, and silk to Thirteen Factories merchants, thus giving the fully monopoly power to Hong businessmen on important foreign trading goods. Yet in an umbrella society, Hong merchants also have to bear important responsibilities. They stood as guarantors for every foreign trading vessel entering Guangzhou port and took full responsibility for the ship and its crew along with the captain and supercargo. Any tax payments due from a foreign trader were also to be guaranteed by the Hong merchants, and if there is tax evasion, they will be fined according to the regulations (Huang 2010). The government's ultimate goal is to control foreign business through Cantonese businessmen. The Qing government, Guangdong Customs, and the Thirteen Factories are inextricably linked, as the Hong merchants got support from the government on the Chinese side and obtained a monopoly over trade with the foreigners on the other side. As a result, Guangzhou first saw a prioritized resource allocation, ever-mounting business wealth and government revenue, and merchants with strong market sensitivity who expanded their trading activities beyond Lingnan to all commercial cities across China that improved the Pearl River Basin and the national marketing network.

The Hong merchants are also actively seeking shelter from the bureaucratic capital and achieved the crest in Qianlong period of the Qing dynasty. Beginning about the 4th century B.C., Chinese society was divided into four classes: scholar-officials, peasant farmers, artisans and craftsmen, and merchants and traders. The merchants were ranked low on the social scale no matter how rich they were, as they add nothing of value to society as believed by Confucian theory. Not contented with this, the wealthy merchants began to imitate the highly cultivated nature and manners of scholar-officials in order to appear more

cultured and gain higher prestige and acceptance by the scholarly elite, with Hong merchants as typical representatives. Since during and after the Qianlong reign, it has become a common practice for merchants to spend huge sums of money to acquire office in the government, so their names often have a word "official"(guan) to express their state-operated commerce status, like Pan Qi Guan, Wu Hao Guan, Lu Mao Guan, etc. (Qin & Li & Li 2007). In this way, Cohong merchants, as a lucrative monopoly on foreign trade under the umbrella protection from the government, are nothing more than government affiliations.

From the Ya-hong merchants in the Ming dynasty to the Cohong and Thirteen Factories merchants in the Qing dynasty, the licensed Cantonese merchants were always supported by the government. Thereby, the trading intermediaries and its foreign business inherited a long tradition of Chinese society, especially of the Ming dynasty. It can be exclaimed that Chinese global trade in the late Qing dynasty was shaped by the endogenous structure of the government's umbrella "friend-style" relationship and not by a forced response to the impact of the West as mentioned by Fairbank. Under the official standard system, the "umbrella" relationship between Thirteen Factories and the Qing government helps explain the mounting bureaucratic resource and its economic dominance of Cantonese merchants across China, in the resource allocation and eco-social development. Backed by the government, Cantonese merchants further expanded their business scope from Lingnan to major economic and trade zones across China, realizing the "center-periphery" interconnection between Guangzhou, Lingnan, and China.

Beehive Structure: Cantonese Businessmen in Folk Trade

During the Ming and Qing dynasties, Cantonese merchants have formed an extensive network of businesses nearly everywhere (Zhang & Zhang 1993). In folk trade, common people's economic social life is a type of Beehive Society, in which each person is building up their own relationship network through personal, family, or collective efforts. There are different types of beehives with distinct structures and functions, achieving more market space and development opportunity without much power or resources. Among them, the Hong merchant "beehive" represented by the Thirteen Factories is not only the umbrella patron of the Qing government, but also the queen bee of the private merchant's beehive. Below this, there are also different types of guildhall "beehive", business house "beehive" and family "beehive".

Hong Merchant Type Beehive

Under the Single Port Trading policy, the Qing dynasty granted merchant license to a few Chinese to trade with the West as long as they helped to collect duties from the Westerners, which was called Canton System. The Cantonese merchants who are members of the Cohong were referred to as Hong merchants. Though small in numbers, those Hong merchants, as a reliable medium of exchange, acquired a monopoly over foreign trade under the support of the government by forming a Hong merchant type "beehive". In the Qianlong period, the Canton System walked towards maturity with the support from the Qing Court and Guangdong Customs. Besides, all merchants jointly formulated 13 rules to avoid disorderly competition and to regulate market order. All of these brought the Hong merchant type "beehive" into the role of civil society, strengthening the Thirteen Factories' status as a leading trader among folk business.

Guangdong Customs stipulates that the bulk trade of tea and silk was restricted to Hong merchants only. If other folk merchant's conducted such export transactions, they must pay the extra 20%-40% of the price to Cohong. That is why Hong merchants sparkled in foreign trade with the West. As foreign trade wholesalers, the Thirteen Factories acted as the commercial agent responsible for the purchases of Chinese goods in every region. In addition, merchants in other parts of China had to go through Hong merchants to switch trade with foreigners in Guangzhou, in which Hong merchants could ask for commissions from other private merchants. As for purchased goods, Hong merchants would hire workers to reprocess and package in accordance with the requirements of foreign merchants. It is probably fair to say that the Hong merchants are the "queen bee" in all kinds of folk trade, since they have taken a prominent place in Sino-foreign trade linking folk merchants in China. Therefore, Hong merchants are at the top of the international foreign folk trade, which acted as the intermediary between the folk businesses and the foreign traders thus becoming the center of China-West market communication.

Guildhall Type Beehive

Under the backing of the government, the Hong merchant type "beehive" helped to develop all kinds of folk trade, in which guildhalls, clubs, and chambers of commerce were established centered on blood, geographic, and business relationships. Cantonese businessmen and their guildhalls have found their way throughout China, and it was also spread to other cities around the world. In the early Qing dynasty, there were at least 40 Guangdong Guildhalls in Beijing, and many in Shanghai, Jiangsu, and Guangxi provinces. The guildhall type "beehive" was organized by merchants from the same township or the same trade, which served as a place for Cantonese businessmen to contact and help each other, and to protect their fellow's business interests in an unknown land. For the newcomers who do not have social resources or work experience they needed, the guildhall can help them to adapt to new circumstances and to start business (Liu 2007).

If the Thirteen Factories are functioning as the Ministry of Foreign Affairs, the guildhalls are like the Guangzhou-based embassy or consulate that is subordinate institution of the Foreign Affairs. Amid the guildhall network, the president of the larger one often plays the role of the "queen bee" by contacting members of Guangdong Guildhalls in China. In addition, as a social organization of fellow countryman, the guildhalls are actively winning over local officials for backing and expanding the local social network through bureaucratic power. Through the combination of officials and merchants with guildhalls as base camp, the guildhall type "beehive" could exert its economic strength and social significance. During the Qianlong period, some Guangzhou Guildhalls were gradually transformed into Community Center, that functioned as social organizations for Cantonese businessmen from the same business to achieve mutual help in foreign places. In short, the guildhalls and chambers of commerce represented relation capital to achieve commercial success in unfamiliar areas supported by clan and folk power, which in turn promoted the integration of family capital and relation capital.

Business House Type Beehive

Every factory has its own business house (Shanghao) with branches, among which most business become frenemies as they are both cooperating and competing. For example, the Ewo Hong in the Thirteen Factories was established by Wu Guoying in 1783 and later became the leader of the Cohong. Together, all factories and their branches formed the business house type "beehive" with central factory as queen bee, managing each link in the business chain. Different from the manufacturing-centered value chain, Cantonese merchants, while specializing in foreign trade, mainly formed a supply chain in folk business, which connects various commercial cities and goods through land or water transportation. This kind of supply chain mainly lies in two ways of operation: one is between a head factory and its branches, and the other is among many factories in the same industry.

The business house type "beehive" and its supply chain have economic significance. For example, Liubao tea was first produced in the Liubao village of Guangxi province. Due to land transport difficulty, the Tea-Boat Road was shaped by the trade waterways, which were from the original place Hekouport in Liubao, through the West River, the Pearl River, and commercial cities of Foshan, Hong Kong in China, to Southeast Asia and the West. Besides, Liubao Town has formed a complete industrial supply chain, from the very beginning stage of growing the tea to processing the materials, and then transporting to customers worldwide through retailers. In Guangxi, most tea plantation farmers and smallholders served as both producers and processors in their own tea factory. After refinement and processing, tea traders and brokers would come to their village to buy the processed tea and to communicate information regarding supply and demand. Some of dealers, such as Guang yuan tai, a business house in Thirteen Factories, has established a resident tea branch shop in Liubao, so it's easier to transport it to the head office in Guangzhou via the Tea-Boat Road. Afterward, the factory sold tea in a store to foreign consumers. In this way, a business network of interconnected cities and an industrial tea supply chain has been formed between Liubao and Guangzhou.

Under the leadership of the Thirteen Factories as Queen Bee, the business houses and branches have developed multiple supply chains. The merchants communicating in the grid-type of commercial cities have shaped the business house type "beehive" with the supply chain as the main line, connecting producers, buyers, and retailers (domestic and foreign trade). As the supply chain and the Pearl River waterway moved

towards maturity, Lingnan merchants tried their best to reach market opportunities, thus achieving sound resource allocation to obtain the best interests of each other.

Family Type Beehive

Family, or self-employed household, is the most basic economic unit of Cantonese businessmen in Lingnan. Those small shops are usually family-owned and controlled by husband & wife, father & son, brothers & cousins, and other relatives, while Queen Bee was the head/owner of a family or clan. Historically, the merchants of Cantonese origin were mostly active in the civil trade or free trade and the credit goes partly to the convenient transportation and rich business experience. In addition, the small shop was typically owned and operated by the same family or clan for generations, thus saving a great deal of administrative expenses and trading costs in the principle of pursuing mutual benefits, so we call it family type “beehive”. These merchant families were scattered in neighboring or local areas, and are all competing each other in the pursuit of self-interests in the market while family members are trying to achieve commercial success through mutual help based on close blood relationship inside the family. For example, in the Ming and Qing dynasties, Foshan was the smelting iron center. Qiu Rui once stated that there were a great majority of iron-smelting households in Foshan. The iron smelting industry often employed its family members led by the parents. There were many of them in small, family-run workshops, which was the main business method of iron smelting in Foshan at that time. Moreover, the larger workshops organized by wealthy families or clans can directly trade with iron merchants, and even assign family members to engage in mining mineral resources, thus realizing large-scale production (Shen 2011). Yet both the small and large iron-smelting workshops are a kind of family type “beehive” confined within the family, in which kinship and family ethics played an important role.

Cantonese merchants made heavy use of relation, social, and bureaucratic capital to maximize profits in the business network under the dual social structure. The Thirteen Factories, operated by official bodies and folk businessman, were protected upward by the Qing government as a friend-type umbrella structure, and led downwardly the entire civil trade as the Queen Bee. Therefore, in the folk trade headed by the Thirteen Factories, the family-type beehive was organized in small families or large clans to engage in small-scale commodity trade. The business house-type beehive connected the central factory, branch shops, and merchants through a complete supply chain, which is of typical economic significance. The guildhall-style beehive served as the base camp for Cantonese businessmen across China and the world, which is of both economic and social significance. The Hong merchant type beehive integrated family workshops, supply chains and business networks, developing an effective resource allocation and market operation network in Lingnan and China. All types of beehives have a leader Queen Bee, or the uncrowned king with higher prestige, who were in charge of civil businesses, activating the domestic market.

LINGNAN MARKET SYSTEM

Lingnan has been a commercial center since ancient times with developed water and land transportation system. The Pearl River in Lingnan, was regarded as an eye-catcher for the transportation of the West, North, and East rivers of Guangdong. It also went down to Hainan province, which, along with all its tributaries, drains the majority of Guangdong and Guangxi provinces, as well as parts of Yunnan, Guizhou, Hunan and Jiangxi in China. It makes it possible to the Guangzhou-centered Lingnan transportation network to communicate with the surrounding cities (Figure 2), as well as Hong Kong and Macao, and to the foreign world. As a result, Lingnan market system began to take shape by revolving around the Thirteen Factories and connecting business cities in the Pearl River Basin, as Cantonese businessmen expands their business to all corners of Lingnan. Besides, the Qing government’s umbrella protection and beehive civil trade are also at play. Skinner regards the surrounding ancient cities, towns and streets away from the Thirteen Factories as peripheral areas, yet it in fact could reach the central area Guangzhou, and even going to overseas trade, as the Thirteen Factories has combined commercial cities (points), supply chains (lines), and transportation networks (sides) together in umbrella and beehive structures.

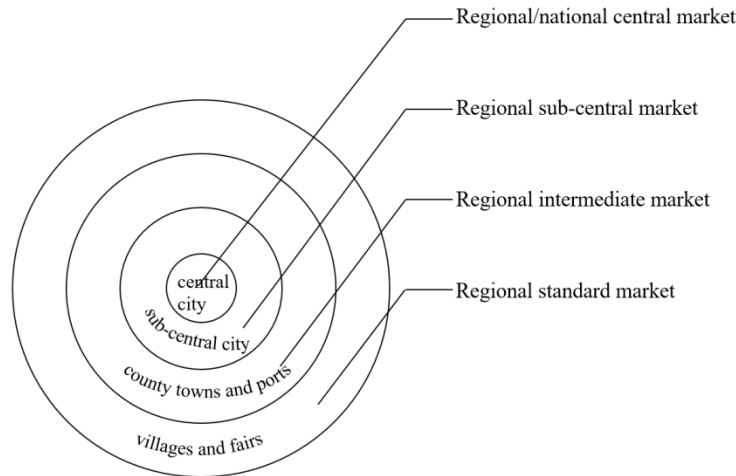
FIGURE 2
SOME IMPORTANT BUSINESS CITIES IN LINGNAN



As the economic cooperation gained steam among cities with mounting market scale, a market transaction network was completely driven by Guangzhou. To respond to market demand, specialization and segmentation has taken place in a competitive business world. In addition, the urban system was equated with the market structure to a certain extent, especially at the economic and trade level. Therefore, the central market is the central city, and the peripheral market corresponds to the peripheral city in Lingnan Economic Network. This implied that cities' economic development and hierarchy are proportionate to Guangzhou and its developed water transport. The Pearl Delta economic circle centered on Guangzhou has strong radiation capabilities, which spreads to the sub-central areas along the tributary water systems of the Pearl River and then to the peripheral areas, thus forming varied market districts. Overall, both the Qing government umbrella protection and folk beehive strength created the economic evolution and interconnection in the commercial towns of Lingnan.

As shown in Figure 3, Guangzhou is at the heart of the most-populous commercial cities in Lingnan and mainland China, which extends into the neighboring cities of Foshan, Wuzhou, and Guigang and other regional sub-central market. Fairs and ports are popping up along waterways, selling local and foreign goods, which acted as a regional intermediate market that connects the upper-level market and the grass-roots market, thus promoting the maturity of commerce and trade system. The township-level market, or the standard market, is the grass roots unit of the urban system and market structure in Lingnan, mainly to meet the trade needs of peasant families. Overall, market specialization runs throughout the whole Lingnan market system, which has undoubtedly promoted the commercialization of agricultural products.

**FIGURE 3
THE URBAN SYSTEM AND MARKET STRUCTURE IN LINGNAN**



THE INTERCONNECTED MARKET STRUCTURE BETWEEN LINGNAN AND CHINA

G. W. Skinner believes that each of the major physiographic region developed a reasonably discrete urban system, i.e., a cluster of cities within which inter urban transactions were concentrated and the rural-urban transactions were largely confined within the region. Each region was characterized by the concentration in a central area for resources of all kinds, and thinning out of resources toward the periphery, in which the regional "cores" are river-valley lowlands (with the exception of Yun-Kwei), which almost by definition had major transport advantages vis-a-vis peripheral areas. Yet, each regional system only is tenuously connected with its neighbors (Long 1993). But from the research between the Lingnan regional market and the national market; it does not seem to be the case.

During the Ming and Qing dynasties, the domestic market has been formed in China, in which each region developed their advantageous industries. But this development is unbalanced and inadequate, since those regions can neither develop foreign trade independently without government support, nor could they develop the folk trade within the single civil strength. According to government's rule, all foreign commerce was to be conducted via a single port: Guangzhou, which thereafter became the center for the exchange of domestic and foreign commodities. The Pearl River Delta region is the most developed producer in Guangdong with highly commercial agriculture, such as Mulberry-dyke & Fish-pond System. With such developed handicraft industry and commerce though, Guangzhou still cannot provide all the commodities needed by foreign businessmen, and domestic commodities in each region that is also needed to open up the market. Therefore, Guangzhou acted as the intermediary to purchase regional commodities and export it and became the central market for the deep processing of many semi-finished products. For example, the silk weaving, cotton textile, and tea in Jiangsu and Zhejiang are the favorites of Cantonese businessmen, so they have to travel to purchase commodities through regions. The mature national market network and developed transportation system helped foreign trade and provided opportunities for the domestic markets to open an outlet.

Cantonese businessmen prefer to purchase the local advantage products from different cities and towns across China, thus improving the whole quality of export commodities. As the Figure 4 shows, most silk suppliers are located in Jiangsu and Zhejiang provinces because the silk produced in Guangzhou pales in comparison in texture and color with that in those two production clusters (Wu). As for porcelain, the export ware was typically made, glazed, and fired at Jingdezhen (known as the "Porcelain Capital" in northeastern Jiangxi province) but decorated with enamels in Guangzhou for export to the west via the Thirteen Factories, which was called Guangzhou colored porcelain, or Cantonese porcelain (Liu1993). Wuyi in

Fujian province was initially one of the main sources and centers of tea production available for foreign trade. As for other cities, Beijing, Hebei, and Tianjin mainly export leathers, herbal medicines, and ginseng; Anhui exports green tea and silk fabrics. While Guangxi exports rice & cinnamon to Guangzhou; Guizhou exports gold and herbal medicines, and Sichuan exports mostly herbal medicines; Guangdong and Guangxi mostly exports rhubarb and wood; Shandong, a major agricultural province and exports fruit and vegetables; Shanxi mainly exports leathers and baijiu; Yunnan is mostly dealing in betel nuts and birds. It can be said that the market structure and commodity goods in Lingnan are both exported outward to the foreign world and radiating inwards to the economic hinterland.

FIGURE 4
THE MAIN TYPES OF COMMODITIES PROVIDED IN EACH PROVINCES OF CHINA FOR GUANGZHOU



All commodities of the national best are flocked to Guangzhou, which is conducive to the foreign trade, benefiting the economic and trade cooperation in each region of China. Therefore, each regional system was frequently communicated, and the only tenuously connection between a region and its neighbors mentioned by Skinner cannot be justified. It is recorded in ancient books that there are merchants from more than a dozen provinces that came to Guangzhou to trade, and Cantonese merchants also sold local products to other cities in China, such as the neighboring provinces of Fujian, Huguang, and Guangxi, and Anhui, Sichuan, Shandong, Tianjin, Beijing, and Hebei in the far distance (Fang & Jiang 2007). With high commodity circulation in the early Qing dynasty, the local products have been widely sold throughout China, and some products had entered the international market. Therefore, the economic zone represented by Lingnan has broken the previous close circle of productions that was limited to local area, and a market center that spans from Lingnan to China and to overseas world has born that is further promoting the socio-economic development of Lingnan.

The interconnection between the Lingnan regional market and the national market is partly driven by the dual social structure, i.e., the "beehive" and "umbrella" structures with national significance. Both the Ya-hong and the subsequent Thirteen Factories had a political aspect that is largely based on resisting foreigners and stabilizing the foreign trade order, which is a typical "umbrella" protectionism. On the surface, the government only protected state-operated commerce of Hong merchants, but in reality, they have contacted the national market in each region. In broader terms, the government has supported both the domestic and foreign trade as an umbrella structure. Therefore, Cantonese businessmen and the market system have expanded their connection beyond Lingnan to nationwide market system. Therefore, as a

meeting place of merchants from all over the world, Guangzhou has become a major trade center in Lingnan and China.

CONCLUSION

During the Ming and Qing dynasties, the Lingnan regional and the national market system activated by Cantonese merchants were acting as a catalyst for a unified domestic commerce and a prosperous foreign trade. With the "umbrella" support of the government and the "beehive" force of the civil people, the Guangzhou-centered Lingnan market system strengthened its economic ties with its surrounding trading cities around China, thus promoting the development of the regional and national urban systems. Among them, the Qing government adopted preferential policies such as One-Port Commerce to protect Cantonese merchants like a friend in ways that allocate resources from top to bottom. In non-governmental trade, four types of beehives (family, business house, guildhall, and Hong merchant) developed commodity trade through bottom-up resource allocation. Under the dual roles, Cantonese merchants established a market system in Lingnan and even in the whole country. The regional and national urban structure has come into being accordingly.

Returning to the "impact-response model" mentioned by Fairbank, the author believes that this theory is ill founded and Actually, China's modernity was generated internally. Taken the Thirteen Factories, guildhalls, business houses in this paper as examples, all these organizations, based on China's self-development, have been inexistence for centuries and were popular with the government and the ordinary people. To understand this, we must be clear: about the facts that First, the West has little impact on China's local development, since the emperor, considered as the Son of Heaven and the autocrat of All under Heaven, had an absolute position not to be challenged by anyone else in the feudal era. The Thirteen Factories, which are set to "control foreigners" rather than "response to their impact". Second, Chinese civilization is not lifeless and inanimate, but capable of self-development. Cantonese merchants in the Ming and Qing dynasties have expanded their commodity trade from Lingnan to regions of China, which was driven by the market expansion in mainland China with mounting commerce demand. The segmented macro-region theory by Skinner is still open to question, as each regional system was not only tenuously connected with its neighbors. In ancient China of the Ming and Qing dynasties, the economic and trade, cooperation was rather frequent in terms of business cities, the Cantonese business groups, keeping the local products in circulation. In addition, the Lingnan urban system and the market structure echoed the overall dual social structure, and to varying degrees drove the market transformation and socio-economic development of cities in the Chinese Empire. In this process, the Maritime Silk Road has achieved greater development and strengthened its ties with countries in Southeast Asia. We will discuss this part in another article.

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