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Book Review of Cochran and Hsieh, *The Lius of Shanghai*

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The Lius of Shanghai. By SHERMAN COCHRAN and ANDREW HSIEH. Cambridge, Mass.: Harvard University Press, 2013. xiii, 431 pp. \$39.95 (cloth).
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Liu Hongsheng (1888–1956) was one of the pioneering Chinese entrepreneurs of the early twentieth century. Beginning his career as a comprador for the British Kailuan Mines, he parlayed his success into cement manufacturing, woolen textile production, real estate, and commercial wharves in Shanghai. He is best remembered, however, as China’s “match king” because of the prominence of his Great China Match Company. Liu was the archetypical patriarch of a family enterprise. In much of the literature on the history of Chinese capitalism, the family firm with a strong male leader is considered the dominant form. The patriarch controls and grooms his sons to take over designated roles in the family business. But is this portrait valid? Could the patriarch really maintain control if family members were separated by distance and political regimes?

Substantial scholarship exists on the business history of the Liu enterprises, including work in English by Sherman Cochran and Kai Yiu Chan.⁷ But in this remarkable study, Cochran and Andrew Hsieh turn to the family itself, looking at the inner workings of the Liu clan. And what a family it was. Liu Hongsheng and his wife Ye Suzhen produced twelve children (nine boys and three girls), and Liu had two additional sons with his mistresses. Liu believed that Western education was essential and so sent three sons to Britain, three to the United States, and two to Japan for education. He and his wife set three rules for the children: they must return home after studying abroad, they must go into the family business as needed, and they must not marry foreigners. To a remarkable extent, the children complied with their parents’ expectations.

Cochran and Hsieh are able to give us an inside look at the Liu family because over 2,000 family letters have survived. Liu had copies of virtually all correspondence held at the accounts office of the Liu enterprises. In the 1950s, the family donated this collection to the newly formed Shanghai Academy of Social Sciences where they now reside in the Center for Research on Chinese Business History. We are unlikely to ever have a more detailed look at a prominent Chinese business family than that which appears in this study.

Academic studies are rarely called “a good read” because so few are, but this work is an exception. All of the rich family drama and infighting is revealed. There is the eldest daughter betrothed to T. A. Soong, no less than the brother of Madame Chiang Kai-shek, who spoiled the arrangements when she had an affair with and a child by a married man. There is the third son, a playboy, who defied his parents’ wishes and married a highly Westernized (but ethnically Chinese) woman. The sixth son, who studied in Japan, first converted to Christianity and then joined the Communist Party, traveling to Yan’an in wartime China. The eighth son decided to stay in Hong Kong after the Communist Revolution, only to be tricked into returning to China by being told that his mother was seriously ill. He remained trapped there until 1979, when he left for America. And, most dramatically, there is the continuing saga of the relationship between the Liu parents. Liu Hongsheng often left the family home to stay with his mistress, and he lived with her during the last years of his life.

⁷Kai Yiu Chan, *Business Expansion and Structural Change in Pre-War China: Liu Hongsheng and His Enterprises, 1920–1937* (Hong Kong: Hong Kong University Press, 2006).

In their conclusion, Cochran and Hsieh contrast two different views of the Chinese family. They cite recent work by Joseph Esherick on the Ye family, which suggests that when family members dispersed for higher education, the authority of the patriarch largely eroded.⁸ They contrast this with my own study of Chinese capitalists in war, which argues that the authority of the patriarch was crucial to keeping family enterprises operating in different wartime areas.⁹ The authors conclude that the Liu case provides evidence for both views, in part because of the character of Liu Hongsheng. When his sons left China to study overseas, often as young as age sixteen, most became somewhat independent and made important decisions on their own. Yet remarkably, all of the sons ended up studying subjects in college that benefited the family business, and all participated in business operations, even the son who joined the Communist Party.

This study reminds us that one of the key features of family-run enterprises is the family itself. It would be wonderful to have such a study of other entrepreneurial families, such as the Rongs or the Guos (Kwok). Alas, it is unlikely that any comparable body of historical material like the Liu letters will come to light. Cochran and Hsieh have written an original and fascinating study that will be of great interest both to students of Chinese business history and to those interested in the dynamics of the Chinese family.

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⁸Joseph W. Esherick, *Ancestral Leaves: A Family Journey through Chinese History* (Berkeley: University of California Press, 2011).

⁹Parks M. Coble, *Chinese Capitalists in Japan's New Order: The Occupied Lower Yangzi, 1937–1945* (Berkeley: University of California Press, 2003).