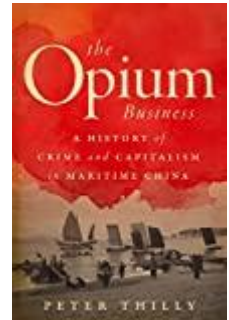


**Peter Thilly.** *The Opium Business: A History of Crime and Capitalism in Maritime China*. Stanford: Stanford University Press, 2022. xii + 298 pp. \$30.00, paper, ISBN 978-1-5036-3410-7.



**Reviewed by** Xing Hang (Brandeis University)

**Published on** H-Water (May, 2023)

**Commissioned by** Yan Gao

Thrilling and fast-paced, Peter Thilly's monograph takes the reader on an adventure into the seedy world of the opium business in southern China during the nineteenth and early twentieth centuries. He vividly describes how networks of dealers in one province, Fujian, transported and marketed the drug by creatively exploiting loopholes and weaknesses in the political and legal systems of the Qing and Republican states. They often resorted to bribery, collaboration, smuggling, or even outright violence to evade official policies aimed at restricting or prohibiting the drug. The most successful among them managed to carve out a transnational sphere of influence, becoming "opium kings." More importantly, Thilly, in "following the money," traces the broader implications of these developments for China's painful and incomplete transition from empire to modern state, and how they intersected with changes in global trade flows and balance of power (p. 19).

The first chapter documents how the opium business emerged by inserting itself into traditional trade routes and social hierarchies, and corroding

them from within. The Shenhu Bay coast of Quanzhou, in southern Fujian, was located close to Zhangzhou and Xiamen, a major port for international commerce. Prominent clans, such as the Yakou Shi, dominated the countryside. They adjudicated disputes, maintained infrastructure, and operated schools and charities for their members. They worked together with governmental authorities in various projects ranging from infrastructure construction to famine relief. The lack of arable land, along with severe class inequalities, meant that the main source of livelihood in the area involved fishing and overseas trade. Southern Fujian was located favorably along the crossroads of domestic routes between Taiwan, Shanghai, and Tianjin, as well as destinations in Southeast Asia. Accordingly, it functioned as an important trans-shipment point. The region, moreover, had a tradition of defiance against government efforts to hinder these activities through smuggling, piracy, and outright resistance.

As chapter 2 discusses, the illegal trafficking of Indian opium, supported by British naval and

commercial power, had brought firms like Jardine Matheson and Dent to the shores of China by the early nineteenth century. As with the Pearl River Delta, they would park receiving ships on the islands in the outer part of Shenhui Bay. Smaller but faster boats operated by local residents would sail up to them to procure the drug. Initially, purchases of opium accompanied other, legitimate trading products, such as rice, saltpeter, and textiles from South and Southeast Asia, which were exchanged for items like tea and camphor. Eventually, the drug simultaneously upended the local hierarchy while reinforcing it in perverse ways. On the one hand, it offered the prospect of significant mobility for marginal elements of society, including ship laborers and petty merchants, by compensating them many times the regular wage to risk their lives in smuggling missions. On the other hand, the payment of handsome bribes to Qing officials tasked with cracking down on opium made the local clans essential intermediaries between the British opium traders and the state. The money also went into the construction of temples and aid to the poor. These activities reinforced the continued indispensability of gentry and mercantile elites to local governance.

The Treaty of Nanjing, signed in 1842 after the British victory in the First Opium War (1839-42), forced the Qing to agree to the establishment of treaty ports along the Chinese coastline; extraterritoriality for Westerners, subject to the jurisdiction of their own consulates; and tariff limits on imports. Thilly highlights the value of studying local history, as many of the practices developed in Fujian and elsewhere to address the problems and ambiguities generated in the implementation of these provisions would later become formalized and applied, with modifications, across the Qing. The province had already started to tax opium imports and implement a system of domestic transit fees known as *lijin*, as well as related surcharges. Collection of the opium *lijin* was farmed out to a merchant or a syndicate of firms. The Treaty of Tianjin, concluded in 1857 during the Second Opi-

um War (1856-60), legalized opium. For Fujian, it simply meant standardizing tariffs and taxation and methods of collection.

Opium became increasingly important to the Qing as reformers like Li Hongzhang and Zuo Zongtang sought to modernize the military and economy to effectively respond to the Western challenge. Their Self-Strengthening initiatives proved expensive, and the huge profit margins realized by the drug funded the expansion of state capacity, footing the bill for the establishment of arsenals, naval yards, and factories. It also paid for Zuo's successful subjugation of rebellions in the northwest and incorporation of Xinjiang. In this respect, the Qing's trajectory closely resembled the Southeast Asian colonies and Siam, which likewise farmed out the distribution and retail of the drug to merchants, often comprising members of the southern Fujianese diaspora.

Ironically, despite the heavy dependence upon opium, many Qing reformers morally castigated its use and advocated for abolition. In Fujian, home to the Fuzhou Shipyard and other Self-Strengthening projects, the *lijin* was purposely set at a high level to generate maximum income, with the aim of eventually taxing the drug out of existence. The more expensive *lijin* rates compared to other provinces facilitated the shift of the opium business to elsewhere. The growth in steamships further contributed to Fujian's marginalization, since they could bypass Fujian entirely and directly reach the major commercial centers of China, such as Shanghai and Tianjin. As a result, the main Fujianese ports of Fuzhou and Xiamen became less attractive as crossroads for domestic and international trading routes.

The situation changed in 1906, as discussed in chapter 3, when the Qing enacted a prohibition on the drug and took steps to root out trafficking. Once again, its actions demonstrated striking parallels with the colonial governments of Southeast Asia, which around this time either formed official monopolies or, in the case of the Philippines un-

der US control, banned it altogether. However, the Qing and the succeeding Republican administrations never managed to fully take over the trade. Instead, Thilly argues, the older patterns of tax farming persisted until the mid-twentieth century. Certainly there were new institutions, including the Anti-Opium Society and later, the prohibition bureaus, and more efficient systems of registration and inspection (chapter 4). Yet influential local clans continued to play a dominant role in these offices, and they in turn subcontracted tax collection and other tasks to merchants. State authorities continued to rely on opium proceeds for personal bribes and the performance of crucial services.

The informal arrangements persisted under the rationalized veneer because of the gradual yet steady dissolution of state control from the late Qing to the warlord period of the 1910s and 1920s, when central authority all but collapsed. In the meantime, Thilly shows, the prices of Indian opium shot up as it became considered a high-end product, while many warlords heavily promoted the cheaper alternatives of domestic cultivation or imports from Persia. In Fujian, local clans invested in poppy farms that expanded and flourished along the coast. Since Southeast Asian regimes severely restricted the marketing of opium, Xiamen once again became important as an exporter of the drug. The port further served as a transshipment center for new, laboratory-produced alkaloids like morphine, heroin, and cocaine. Under the guise of restricting and regulating drug sales and use, the prohibition bureaus covertly engaged in the smuggling of opium and narcotics, often working through a network of pharmacies (chapter 5). The lucrative trade made many of the merchant middlemen wealthy. They became opium kings. Although the Nationalists established a fragile unity over China in 1928, they still lacked the resources to fully consolidate their control. In Fujian, they had to work with the opium king Ye

Qinghe, who was appointed to head the Opium Anti-Suppression Bureau in 1932.

The final chapter focuses on the role of the Japanese-protected community in Xiamen in the opium business. Japan viewed Xiamen as an important forward station for its “Southern Strategy,” aimed at securing a corridor for the flow of natural resources and manufactured goods to the home islands. The Taiwanese, who were essentially the descendants of southern Fujianese immigrants, became a useful instrument for penetration of the mainland. Thousands lived and worked in Xiamen alone and formed their own association, the Taiwan Guild. Because they held Japanese citizenship and enjoyed extraterritoriality, these “registered Taiwanese” (*jimin*) would be subject only to the jurisdiction of the Japanese consulate. Many of them took advantage of their status to smuggle opium and openly operate dens in flagrant violation of Chinese laws. The community leaders, Zeng Houkun and Chen Changfu, were themselves notorious underworld drug bosses. Japan adopted a permissive attitude toward these activities. The country had become an important production base and supply source for new laboratory drugs, such as morphine. Moreover, the extraterritorial status worked hugely to Japan’s benefit. Local Fujianese dealers, and even the opium king Ye Qinghe, worked closely with Zeng, Chen, and the Taiwan Guild. Many of them acquired Japanese citizenship. Others who were engaged in drug trafficking and retail pretended to be registered Taiwanese. Out of expediency, the Nationalist government had no choice but to recruit the Taiwanese into its Opium Suppression Bureau, hoping to temper the abuse of their legal privileges by granting them a cut of the spoils from drug confiscations. Japanese citizens, acting as agents of the consul, gradually infiltrated the ranks of the Xiamen municipal hierarchy. These trends culminated in the formal Japanese occupation of the city in 1938, when a formal monopoly was established. As Thilly notes, for opium merchants in southern Fujian, this

event “was experienced ... not as a rupture but as a culmination of long-term trends towards the Japanese-protected community’s control over the drug’s production and distribution” (p. 210).

Thilly skillfully weaves a narrative that dives into an impressive range of primary and archival sources on the local history of Fujian, while integrating them with the overall regional and global context. He highlights the contribution of opium, and illicit drugs in general, to the emergence of the modern state. He also shows how, in the process, the business acted both as a vehicle of income redistribution, bringing investment to otherwise marginal areas, while reinforcing existing systems of political economy and social hierarchy. Thilly lays out and describes these contradictions quite nicely. Perhaps he could have gone further and talked about how drug trafficking negotiated with the discourse of Chinese nationalism. He has highlighted the moral dilemma of the Self-Strengtheners in the nineteenth century. But how did the opium kings and smugglers in Xiamen justify their activities, especially since they became associated with Japanese imperial penetration? A section on how the Chinese state, whether late Nationalist or the People’s Republic, ultimately brought the business under control (or did not), might have provided a better sense of closure to this otherwise fascinating story.

If there is additional discussion of this review, you may access it through the network, at

<https://networks.h-net.org/h-water>

**Citation:** Xing Hang. Review of Thilly, Peter, *The Opium Business: A History of Crime and Capitalism in Maritime China*. H-Water, H-Net Reviews. May, 2023.

**URL:** <https://www.h-net.org/reviews/showrev.php?id=58647>



This work is licensed under a Creative Commons Attribution-Noncommercial-No Derivative Works 3.0 United States License.