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THE ANATOMY AND PATHOLOGY OF EMPIRE: THREE BALANCE SHEETS OF RUSSIAN AND SOVIET BANKS

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INTRODUCTION: JEAN BOUVIER REVISITED

The word “imperialism,” especially the Hobsonian or Leninist use of the term, has long been challenged by various currents of methodology in historical studies. At first, the Gallagher-Robinson thesis of “imperialism of free trade”¹ and then the Caine-Hopkins thesis of “gentlemanly capitalism”² tried to overcome the Hobson-Lenin view. The latter gentlemanly capitalism thesis aimed to criticize the former free trade thesis, partly in rescue of the classic recognition of imperialism, but also focused on the role of financial and landlord interest in Britain from new perspectives. In France too, where the Marxist current has been stronger than in other European countries, a variety of *impérialismes* emerged. These include the “Brunschwig thesis,” which explains the motive of French colonial expansion by the politics of “prestige” without any economic background,³ *l’impérialisme du pauvre*⁴ [imperialism of

¹ John Gallagher and Ronald Robinson, “Imperialism of Free Trade,” *Economic History Review*, 2nd series, VI, no.1, August 1953.

² Peter Cain and Anthony Hopkins, “The Political Economy of British Expansion Overseas, 1750-1914,” *Economic History Review*, 2nd series, XXXIII, 1980; m.a., “Gentlemanly Capitalism and British Expansion Overseas, I: the Old Colonial System, 1688-1850,” *Economic History Review*, 2nd series, XXXIX, 1986; m.a., “Gentlemanly Capitalism and British Expansion Overseas, II: New Imperialism, 1850-1945,” *Economic History Review*, 2nd series, XL, 1987.

³ Henri Brunschwig, *Myths et réalités de l’impérialisme colonial français, 1871-1914* (Paris: Armand Colin, 1960).

⁴ Georges Soutou, “L’impérialisme du pauvre: la politique économique du Gouvernement français en Europe Centrale et Orientale de 1918 à 1929, essai d’interprétation,” *Relations Internationales* 7 (1976).

the poor], which characterized French imperialism not as that of rich bourgeois *rentiers* but as a “poor” system of imperial policy led by a disabled Ministry of Foreign Affairs, and “Lyonnais imperialism,”⁵ which is not one of finance capital but one headed by local pressure groups of the retarded silk industry. A common feature of these new-look theses is that they find the principal role in politics, not in economic background. In fact, with these new points of view, imperialism is no longer a stage of capitalism but a political choice among various alternatives.

Our point of view in this article is in a way far from the Hobson-Hilferding-Lenin classic case, but does not necessarily follow the above new trends. In this paper, we propose a methodology of economic history, essentially banking history, founded by French historian Jean Bouvier, to whom we dedicate this introduction. In fact, Bouvier was the first historian to analyze “banks” and “imperialism” *simultaneously* using archival sources. Let us take a brief look at his works.

Jean Bouvier (1920-1987), professor at EHESS (École des Hautes Études en Sciences Sociales [Social Sciences Superior Research School]) and Université Paris VIII, was a pioneer in banking history. Bouvier is famous for his masterpiece *Le Crédit Lyonnais*.⁶ In this study on the largest deposit bank of France, Bouvier described the birth of the bank and how the bank changed into an axis of economic structure of imperial France, using the entrepreneurial archives of this deposit bank. In other words, what Bouvier demonstrated was synchronized movement of *micro decision making* (banking policy in this case) and *macro structure* (French capital export).

Also well known are his works on imperialism, among others, *L'Impérialisme à la française*.⁷ Bouvier's contribution to this field was that he demonstrated imperialism (or empire in general) as a mixture of economic, political, and social vectors. Unlike his contemporary historian Brunschwig, who insisted on the political character of French imperialism,

⁵ John Laffey, “Lyonnais Imperialism in the Far East, 1900-1938,” *Modern Asian Studies* 10: 2 (1976).

⁶ Jean Bouvier, *Le Crédit Lyonnais de 1863 à 1882, les années de formation d'une banque de dépôts*, 2 vols. (Paris: SEVPEN, 1961).

⁷ Jean Bouvier, René Girault et Jacques Thobie, dirs., *L'Impérialisme à la française, 1914-1960* (Paris: Editions à la Découverte, 1986).

Bouvier maintained his focus on economic and social history inheriting a legacy of *l'histoire totale* [the total history] from the French *Annales* school. His later works appear in the volume *L'Historien sur son métier*⁸ in which Bouvier synthesizes his views on contemporary economic history and imperialism. In his later works in the 1980s, Bouvier repeated not only his doubts about the Leninist term “imperialism,” but also his trust in Lenin’s broad view of capitalism. In fact, Bouvier appraised Lenin’s model of imperialism as it proposed “une problématique de capitalisme de son temps qui prend en charge ses éléments et forces de caractère novateur, et de longue durée”⁹ [focus on problems of capitalism of his time that takes into account innovative elements and forces in the long term]. As an academic but also as a citizen, Bouvier was a lifelong Marxist, although he left the French Communist Party in the 1960s.¹⁰

Bouvier had a great influence on the economic history of imperialism and of empire. Not only his French colleagues such as René Girault¹¹ but also his descendents abroad such as Valerii Bovykin¹² and Yasuo Gonjo¹³ have developed Bouvier’s idea of the economic history of imperialism. It is gratifying that Russia has been an important focus in the Bouvier school of thought regarding *banking* and *imperialism*.

Referring to the above legacy of Bouvier, the aim of this article is to examine particular features of the Russian and Soviet Empires from the point of view of banking. As for reference archives, we shall consider the balance sheets of representative international banks, namely the Russo-Chinese Bank (in operation 1896-1910), the Russo-Asiatic Bank

⁸ Jean Bouvier, *L'Historien sur son métier, études économiques XIXe-XXe siècles* (Paris: Editions des Archives Contemporaines, 1989).

⁹ Bouvier et al., dirs., *L'Impérialisme à la française*, p. 83. Italics in the original.

¹⁰ As for Bouvier’s career and personal life, cf. Patrick Fridenson, “L’élan de Jean Bouvier,” in *Le Mouvement Social* 142 (1988).

¹¹ René Girault, *Emprunts russes et investissements français en Russie, 1887-1914* (Paris: CHEFF, 1999) [Armand Colin, Paris, 1973].

¹² Valerii Bovykin, *Frantsuzskie banki v Rossii, konets XIX - nachalo XX v.* (Moscow: ROSSPEN, 1999). Bovykin was also a co-editor of a book on international banking history: Rondo Cameron and V.I. Bovykin, eds., *International Banking, 1870-1914* (Oxford: Oxford University Press, 1991).

¹³ Yasuo Gonjo, *Banque coloniale ou Banque d'affaires, la Banque de l'Indochine sous la IIIe République* (Paris: CHEFF, 1993).

(1910-1926), and the Soviet Far Eastern Bank (established in 1922). Here, I do not enter into details concerning what “imperialism” was, or whether the Soviet Union was an “empire” in this sense or not.¹⁴ The point of view of this paper is as follows. The balance sheets of the above three banks reflect the financial structure and trade position of the empires, through accounts of discount, branch banking, credit, etc. The metaphor of *anatomy* reflects this point of view. On the other hand, these materials embody the limit and crisis of the structure, either of banking or of empire itself. The metaphor of *pathology* symbolizes this phase. Through these two points of view, *anatomy* and *pathology*, we cast light, although partially and briefly, on the micro decision making and macro structure of the Russian-Soviet Empires.

THE RUSSO-CHINESE BANK: A RUSSIAN INTERNATIONAL BANK OPERATING IN CHINA

FOUNDATION AND BRIEF HISTORY

Let us begin with the Russo-Chinese Bank, the most famous, but also unknown, international bank of Tsarist Russia.¹⁵ The origin of this bank dates back to the Sino-Japanese War (1894-95). After defeat in this war, the Chinese Qing Dynasty debited a huge amount of indemnity. To help with the payment of this sum, the French and Russian banks organized a syndicate for the acceptance of Chinese loans.¹⁶ Then, the Russian finance

¹⁴ On this aspect of the issue, cf. Kimitaka Matsuzato, ed., *Imperiology, from Empirical Knowledge to Discussing the Russian Empire* (Sapporo: Slavic Research Center, 2007). This volume contains an article by Igor V. Lukoianov, “Russian Imperialism in the Far East at the Turn of the Twentieth Century: the Collapse of S. Iu. Witte’s Program of Economic Expansion,” which is closely concerned with our interest.

¹⁵ Two works are noteworthy on the history of the bank. Olga Crisp, “The Russo-Chinese Bank: An Episode in Franco-Russian Relations,” *The Slavonic and East European Review* 52 (1974); Rosemary Quedest, *The Russo-Chinese Bank: A Multinational Financial Base of Tsarism in China* (Birmingham: Birmingham Slavonic Monographs, 1977).

¹⁶ Cf. John MacMurray, *Treaties and Agreements with and Concerning China, 1894 - 1919* (New York: Oxford University Press, 1921), pp. 35- 42, 74-91, and 356-369, for the treaties and conventions regarding the Chinese loan.

minister Sergei Witte proposed the setting up of a bank to handle the loans promoted by this Franco-Russo syndicate. In response to Witte's plan, the Petersburg International Bank, on the part of the Russians, and La Banque de Paris et des Pays-Bas, on the part of the French, concluded the raising of funds to establish the Russo-Chinese Bank. The bank opened for business on January 21, 1896 in St. Petersburg.¹⁷

Besides loan syndicate operations, other motives prompted the opening of the bank: first of all, to help in the construction of the Trans-Siberian Railway, under construction from 1891. The intention in establishing the Russo-Chinese Bank was to handle loans and provide financial services, as well as to undertake management of the railway. The second motive was to finance trade between Russia and China. In those days, Russia exported hemp products (sacking, twine, linen, etc.), petroleum, as well as pig iron to China, and in return, imported tea from China via Hankow. Russian merchants, however, had to rely on foreign banks, mainly the Hong Kong Shanghai Banking Corporation, for payments due in these exchanges. It was this situation that led to the establishment of an international bank representing Russian commercial interests in China.¹⁸

How was the bank governed?¹⁹ Of the founding capital, which amounted to 6,000,000 rubles, the Franco-Belgian Bank syndicate took a majority share of 5/8. At the beginning, the French influence was thus dominant. In August 1896, the Chinese government (Qing Dynasty) paid up 5,000,000 Kouping Tael²⁰ of entrusted capital as a resource for the construction of the Eastern Chinese Railway, following the Sino-Russian agreement. This huge sum was the only capital that the Qing Dynasty paid for a foreign company in its more-than-300-year reign, but the Chinese government had no say in the management of the bank. In 1898, on the occasion of a capital increase up to 9,000,000 rubles, the

¹⁷ As for the founding process of the bank, cf. Crisp, "The Russo-Chinese Bank"; and Girault, *Emprunts russes*, pp. 305-308.

¹⁸ Archives de BNP Paribas, Banque Russo-Chinoise, note, «Besoins auxquels répondait la création de la banque», s.d.

¹⁹ This section depends on Quested, *The Russo-Chinese Bank*, pp. 6-20, unless otherwise noted.

²⁰ Kouping Tael was one of the several currency units in use under the Qing Dynasty. Based on the silver standard, the Kouping Tael has been used to weigh tax payments.

Russian National Bank took over a whole series of an additional 12,000 shares and thus took up the majority of stock issued. From this year on, Russian stakeholders held the leading position in the governance of the bank. At least from 1898 on, the governance of the Russo-Chinese Bank was dominated by Russian interests, and the bank came to be a Russian international bank instead of a French one.

Eventually, after heavy debt caused by the cotton crises in Russia, the Russo-Chinese Bank merged with the Northern Bank (Severnii Bank) in 1909 to become the Russo-Asiatic Bank.

ANALYSIS OF THE 1897 BALANCE SHEET

Let us now observe the *anatomy* of the Russo-Chinese Bank. Figures 1 and 2 demonstrate the balance sheet of the bank for fiscal year 1897 in resume style. Regarding asset accounts, the following accounts are of interest (Figure 1).²¹

First of all, in the correspondent accounts in Figure 1, two accounts, *loro* and *nostro*, are noted. *Loro* means “their account,” that is, items calculated in foreign currency. The *loro* account gathers the head office account and the branch accounts. In 1897, the head office accounted for 39.5 percent of this *loro* account, while the branches accounted for 61.5 percent. The superiority of the branches subsequently becomes more clear: in fact, in 1903, the branch accounts rose to around 86 percent. Operations by branches, through other currencies, had become more and more important for the bank by the beginning of the twentieth century.

The other correspondent account, *nostro*, means “our account,” that is to say, the asset account in rubles. The *nostro* account shows a percentage of 36.7 percent for the head office and 63.3 percent for branches. The account corresponding to this *nostro* account appears also on the liability side, which means that the amount of this asset account is a gross figure.

²¹ The following analysis of the balance sheets of the Russo-Chinese Bank depends on the official balance sheets of the bank (Doklady pravleniia Russko-Kitaiskogo banka) stored at the National Library of Russian Federation, the French Ministry of Finances Archives as well as at the Japanese Diplomacy Archives, unless otherwise indicated.

The second major item of the asset account is the branch accounts. One of the particularities found in the balance sheets of the Russo-Chinese Bank is *double counting* of capital accounts on both the asset and liability sides. In 1897, for example, under the name “head office account with branches” in the asset account, the branches of Shanghai, Vladivostok, and Paris were counted as distributed capital. Once the double counting is re-calculated, the overall head office account nearly equals the branch accounts of the head office. Even through these padded accounts, however, the importance of the Chinese branches can be seen from the above distribution of capital.

The third important point in the asset account is loans secured by bonds and merchandise. This item only appears in the asset accounts of the branches. Of the total account of the Chinese and Japanese branches, this loan account represents 29.53 percent, which is the largest for these branches. In the profit and loss account of the Russo-Chinese Bank, which is not indicated here, Chinese branches were the best performing, and the major sources of profit were loans secured by bonds and merchandise. In other words, the Russo-Chinese Bank relied on Chinese branches for their profit.

In the liability account, the correspondent and deposit accounts are notable as follows (Figure 2). Concerning, above all, the correspondent accounts *loro* and *nostro*, on the liability side, these correspondent accounts also represent the largest items. For the *loro* account in 1897, the head office account amounted to 90.6 percent of the total, but in 1903, the proportion decreased to 41.2 percent, which means that correspondent resources in the branches for “their account” increased during the period. For the *nostro* account, on the other hand, the share of the Chinese and Japanese branches was already 71.0 percent in 1897, which demonstrates the early development of branch operations with correspondents in “our account.”

The second-largest accounts are the deposit and current accounts. These accounts only appear in the branch accounts, which vary among Vladivostok (13.0 percent of the total deposits), Paris (34.5 percent), as well as China and Japan (52.5 percent). The Chinese branches were the largest deposit collectors for the bank throughout the years of its operation.

BRANCH ACTIVITIES:
SHANGHAI, VLADIVOSTOK, AND PARIS

The Russo-Chinese Bank developed a wide-ranging branch network in Europe and Asia. In 1907, the year that could be recognized as the ultimate extent of the development of the branch network, the bank had branches in San Francisco, Calcutta, and Hong Kong, as well as in numerous cities in Siberia and the Caucasus. Of these branches, let us have a look at three important ones: Shanghai, the largest deposit-collecting and profit-gaining branch; Vladivostok, the most important branch in Siberia; and Paris, the only window of the Bank opened to Western Europe.

Shanghai and other Chinese branches: As shown above, the operations of the Chinese branches at their height recorded a 40 percent contribution to the total balance sheet of the bank, and the Shanghai branch played a major role in this region. In the asset accounts of the branch, two accounts dealt with loans, secured loans for bonds and merchandise and native order loans. Both types of loan were highly profitable, but with a high risk. The inspectors' report on the branch reveals some risky cases of these operations in dealing with compradors.²²

Vladivostok and Siberian branches: The Siberian branches together accounted for, in 1901, more than 10 percent of the total balance sheet of the bank. Of these Siberian branches, the largest was the Vladivostok branch, which represented other Siberian branches such as Chita, Blagoveshchensk, and Khabarovsk. In the asset accounts of those branches, the correspondent *loro* account appears as a major account, in which it can be observed there are various loans of a different character, especially secured loans for merchandise. On the liability side, liquidity as well as deposits to other banks comprise 26 percent of the total liability accounts for the Siberian branches, whereas in 1903, the branches gained a considerable amount from deposits, covering the loss on deposits of the Paris branch.

Paris branch: The Paris branch was the only window of the bank that was opened to Western Europe, since the bank did not have a branch

²² Archives de BNP Paribas, Banque Russo-Chinoise, Rapport sur Tientsin, Tientsin, 10 janvier 1908; Archives de BNP Paribas, Banque Russo-Chinoise, Rapport sur Pekin, Tientsin, janvier 1908, etc.

in London. On the asset side, the correspondent *loro* account of secured loans for public debts, accounted for 55 percent of the total credit of the branch. This means that the branch credited to *other accounts*, that is to say, in *French francs*, taking Russian public bonds or French treasury bills as mortgage. Another important item on the asset side was the bills discounted, 91 percent of which were payable in France in 1903. On the liability side, deposits played a considerable role. In 1903, the deposit account of the Paris branch amounted to only 10 percent of the total liabilities of the branch, but once the deposit sum was calculated into rubles, Paris became the second-largest deposit-holding branch of the bank. Nevertheless, after 1903, the proportional share of the Paris branch of the total amount of the deposits of the bank decreased, with an increase in the proportion held by the Siberian branches. Another and the most important operation of this branch was acceptances, which emerged through the net figure in the liability account. In fact, Paris was the only branch operating acceptances, mainly on bills credited by the Siberian branches. The amount of accepted bills in the Paris branch was reflected in the correspondent *loro* credit of the branch, while the Siberia and Vladivostok branches increased the correspondent *loro* debit, which means that the Paris branch accepted bills credited by the Siberian branches, taking their local deposits as mortgage. Thus, the Paris branch was a key element in the intra-bank circulation of bills and credits.

The Russo-Chinese Bank, as referred to above, had several overseas operation tools, for instance, collecting deposits in China and accepting bills in Paris. The *anatomy* of the bank's balance sheet indicates that the success of the bank depended upon a connection of those foreign agencies with domestic lending and trade finance. The balance sheet also suggests certain points of the *pathology*, that is to say, an undergoing crisis. Once the chain of profit decreased, either domestic or overseas, this huge institution would collapse quite easily. In fact, double counting of head office capital and branch capital would deepen the squeezing of the balance sheet in a time of crisis, which then happened in 1909.

THE RUSSO-ASIATIC BANK:
THE LARGEST BANK IN PRE-1917 RUSSIA

FOUNDATION AND BRIEF HISTORY

The Russo-Asiatic Bank was the successor of the Russo-Chinese Bank in a legal sense, but the features of the Russo-Asiatic Bank differed considerably from its predecessor. The founding process of this bank was that of merger disputes over the Russo-Chinese Bank. After the cotton crisis in 1904, the Russo-Chinese Bank was officially in debt to the tune of 4.2 million rubles in 1907. The Russian Ministry of Finance then decided to reorganize the bank, inviting foreign stakeholders for financial help.²³ After financial and diplomatic controversies among the Russian, French, and German authorities, it was the above-cited Northern Bank that was named to fuse with the Russo-Chinese Bank. The Northern Bank was under French influence, and the merger involved French interest taking priority over Russian stakeholders.

The newly founded Russo-Asiatic Bank launched its operations, which were completely different from those of its predecessor. First of all, the new bank established four agencies in Moscow and St. Petersburg, whereas the former Russo-Chinese Bank only kept head offices in the two capitals. Secondly, the new bank closed the Paris branch that the old bank had managed for years; instead, a London branch was opened. Thirdly, as for branch banking in China, the new Russo-Asiatic Bank closed the Shanghai branch and left only six branches in China, including Hankow and Hong Kong. The fourth and last feature of the Russo-Asiatic Bank was that the new bank founded 42 branches and agencies in Russia by 1912, while the Russo-Chinese Bank maintained at most 27 branches and agencies in the same area. The most important branch of the old bank in Siberia, the Vladivostok branch, was closed in the age of the new bank.

By 1914, the Russo-Asiatic Bank became the largest bank in Russia. In fact, the total assets of the bank recorded 672 million rubles, which occupied 17.7 percent of the total assets of the 12 largest joint stock banks in Russia. The Russo-Asiatic Bank was so huge that the second-largest

²³ Quested, *The Russo-Chinese Bank*, pp. 13-17.

bank, the Petersburg International Commercial Bank, showed only 488 million rubles in assets.²⁴

In the Russian Revolution (October 1917), the bank was “nationalized” and closed by the Bolshevik government. Even after the collapse of the bank, the managers staying overseas tried to establish a “head office” in Paris, independently of the Soviet government. Moreover, the re-organized Russo-Asiatic Bank insisted on ownership of the Eastern Chinese Railway in accordance with a clause in the statute for the railway. In Harbin, too, the branch of the bank maintained relations with the Eastern Chinese Railway. The Soviet administration, on its part, rejected the claim of the Russo-Asiatic Bank.²⁵ Finally, those “head office” and “branches” were closed by 1924. This dispute in the final phase of the history of the Russo-Asiatic Bank formed the background to the Soviet bank in Harbin, the Far Eastern Bank, to which we shall refer to later.

PROFIT AND LOSS ACCOUNT (1913)

Since the balance sheets of the Russo-Asiatic Bank are not available in complete form for the time being, we shall have a look at the profit and loss account of the bank for 1913 (Figure 3).²⁶ The account indicates the state of business of the bank at its zenith, and enables us to examine the contribution of the head office, the Russian branches, as well as the foreign branches. We must note that this account is slightly different from an ordinary account: in the loss account, once ordinary costs are calculated, the sum of the special debt account (*spivaetsya po komnitelinim dolgam*) is to be subtracted, that is to say, the total cost decreases. This special debt seems to be a past debt account that has been settled this year. This profit and loss account reveals, first of all, the structure of profit gained by the branches.

At the St. Petersburg head office, utilities and organizational cost on the loss side accounts for more than half of the total cost for the bank,

²⁴ Calculation by I. F. Gindin, *Russkie kommercheskie banki* (Moscow, 1948), pp. 216-217, 361, and 381-382.

²⁵ George Alexander Lensen, *The Damned Inheritance, the Soviet Union and the Manchurian Crises, 1924-1935* (Tallahassee, FL: The Diplomatic Press, 1974), p. 8.

²⁶ Rossiiskii gosudarstvennyi arkhiv ekonomiki (RGAE), f. 2324, op. 2, d. 1.

whereas the document order account occupies 88 percent of the bank's total. This head office, therefore, seems to have paid costs for the bank as a whole, while gaining essentially on secured loans.

The Russian branches paid costs almost exclusively for current disburse. However, an enormous sum has been paid back by a special debt account. Although the precise cost items are unknown from this profit and loss account, it seems that the above current disburse includes long-term or doubtful debts, to be settled in the future through special accounts. On the profit side, the largest benefit resource is the interest account, which occupies 52.5 percent of the bank's total. The above picture demonstrates the active credit operation of the Russian branches, conducted with a certain risk.

As for the foreign branches, the structure of costs and benefits resembles that of the Russian branches. However, the paid-back debts of the foreign branches are considerably lower than that of the Russian branches: this special account for foreign branches equals 20.55 percent of the current disburse, while the same rate accounts for 46.89 percent for the Russian branches. Another particular feature of the foreign branches is the importance of exchange operation accounts, which occupies 66.53 percent of the total for the bank. Foreign exchange has been an important benefit resource for the foreign agencies since the period of the Russo-Chinese Bank.

The above *anatomy* of the profit and loss account indicates a change from the former Russo-Chinese Bank to the Russo-Asiatic Bank. The change was most impressive in the accounts of the Russian branches: while Chinese branches gained an essential sum of benefit during the period of the predecessor, the Russian branches became the most successful parts of the new bank. On the other hand, from the *pathology* point of view, the special debt account predicted the coming crisis of the Russo-Asiatic Bank: each year, a huge sum was amassed in the current disburse account, and at the same time, a considerable amount was paid back on special account. This behavior might lead to deadlock once the special account is immobilized.

THE FAR EASTERN BANK:
SOVIET AMBITION IN HARBIN

FOUNDATION AND BRIEF HISTORY

The last bank that we will consider in this article is that managed by the Soviet administration.²⁷ The Far Eastern Bank (Dalni Vostok Bank) was founded in April 1922 by the Far Eastern Republic, a one-time buffer state, and then re-organized in March 1923 after the annexation of the Far Eastern Republic into the Soviet Union.²⁸ The bank (hereafter Dalibank, following a contemporary nickname) launched its head office in Harbin. The main motive for founding the bank was “to undertake the financing of Soviet-Chinese trade and carry on currency and exchange transactions in connection with the interchange of commerce between the USSR and the Republic of China.”²⁹ The conclusion of the Soviet-Chinese trade agreement in Peking on May 31, 1924 helped realize this ideal. From the outset, Dalibank maintained a special relationship with the Eastern Chinese Railway, which was to become the greatest depositor of the bank. By 1928, Dalibank established branches in Shanghai, Tientsin, Peking, Kalgan, and Hailar as well as in Manchuli.

Soon after its foundation, Dalibank began to extend credit to Soviet trade organizations working in North Manchuria and China. Those institutions engaged in the export of Soviet goods (forest materials, coal, petroleum products, fish and sea products, etc.) as well as in import into the USSR from India (jute bags), from the Philippine Islands (manila rope), from Java (sugar), etc. Within several years, the engagement of

²⁷ Cf. E. A. Kandala, ed., *Dal'nii Vostok Rossii - Severo-Vostok Kitaia: istoricheskii opyt vzaimodeistviia i perspektivy sotrudnichestva* (Khabarovsk, 2004). The following two articles in this volume deserve attention regarding the economic and political background to Soviet-Chinese relations that took place in Harbin. G. H. Romanova, “Kharbin — tsentrossiisko-kitaiskoi torgovli i rossiiskoi promyshlennosti severo-vostochnogo Kitaia”; A. V. Vishnevskii, “O neudavshiesia popytke ustanovleniia sovetsskoi vlasti v Kharbine v dekabre 1917 g.”

²⁸ Arthur Arnold, *Banks, Credit, and Money in Soviet Russia* (New York: Columbia University Press, 1937), pp. 282 and 329.

²⁹ RGAE, f. 7591, op. 1, d. 2, “The review of its activities during the first five-year period of its existence, 1923-1928, Harbin, 1928.” The following outline of Dalibank depends on this contemporary report written in English.

Dalibank became worldwide, establishing commercial relations with France, Italy, Germany, Czechoslovakia, Poland, the United States, and Japan. From 1926, Dalibank purchased commercial drafts and bills of exchange in New York and London, connected mainly with the export of furs from China, Manchuria, and Mongolia to America and Western Europe.

The dividends paid by the bank to its shareholders amounted to a quite high level, which embodied the success of the bank in its early years: 22 percent per share in 1924, 33.8 percent in 1926, and 25 percent in 1927.

ANALYSIS OF THE 1934 GENERAL BALANCE SHEET

Figure 4 indicates the balance sheet of Dalibank in 1934, by the head office and branches.³⁰ It is interesting to see that this Soviet-era balance sheet was calculated in the American dollar. The following features are noteworthy. The size of the head office account is much larger than that of the branches, the former accounting for up to 88.94 percent of the total. Unlike the two banks above, the Russo-Chinese and the Russo-Asiatic Banks, Dalibank seems to have concentrated major operations on the head office in Harbin.

In the head office asset account, three activities are almost equally counted, that is to say, discount and loan account, correspondent *loro* account, and loan account. Although the precise contents of each account are unknown, these accounts represent three major operations: discounts, settlements, and term loans. On the other hand, the branch asset account shows a concentration on acceptance operations, which emerge on both the credit and debit side of the balance sheet. The role played by the branches of Dalibank resembles the Paris branch of the Russo-Chinese Bank. The same is observed on the liability side: the head office distributes the accounts almost equally to the three items of capital, deposits, and fixed accounts. The components of the last fixed accounts are not clear, but the above three operations are typical in commercial banking. As for branches, here, too, acceptances comprise the largest article.

³⁰ RGAE, f. 7591, op. 1, d. 82. "Svodnaia oborotnaia vedomost' pravleniia i otdelenii za 1934 g. (V balansovoi valiute Am. Dollar)."

The relationship between the head office and the branches is indicated in the inter-agency account, which emerges on both sides of the balance sheet. On the asset side, the head office appropriates 296,830.91 dollars for the branch account, while the branches total 262,054.98 dollars for the head office. On the liabilities side, the head office appropriates 262,054.98 dollars for the branch account, while the branches total the same amount of dollars for the head office. The net amount $(296,830.91 - 262,054.98) = 34,775.93$ reveals surplus for the head office asset, which means the sum distributed from the head office for the sake of the branches as a fund functioning as capital. This relationship also resembles that of the two former banks, the Russo-Chinese and the Russo-Asiatic Banks.

The above *anatomy* of the 1934 balance sheets represents the robust structure of Dalibank: balanced banking operations supporting rich acceptances. The only *pathology* we can find on the record is a narrow concentration of its correspondents, which is of a political rather than economic nature. In 1928, Dalibank created a uniform condition for remittances to the Soviet Union with major Soviet banks, including the State Bank of the USSR, and those banks functioned as main correspondents of Dalibank.³¹ In fact, it has been noted that “only a small part of the total loans and discounts went to private individuals and enterprises” and that the bulk of loans and discounts “went to state enterprises and municipal, co-operative, and agricultural organizations.”³²

³¹ RGAE, f. 7591, op. 1, d. 6, Daline-Vostochnii Bank (Dalibank), v Kharbine, Otdel inspektsii, “Remittances to the Union of Soviet Socialist Republics. Conditions and Charges.” Those correspondents were the State Bank of the USSR, Bank for Foreign Trade of the USSR, All Russian Cooperative Bank, Moscow City Bank, Communal Bank of Leningrad, and All-Ukrainian Cooperative Bank.

³² Arnold, *Bank, Credit, and Money*, pp. 329-330

CONCLUSION

Along with the well-known financial penetration of “imperialist” countries such as Britain, France, the United States, and Japan,³³ Russia (and in a sense, the Soviet Union also³⁴) tried to engage in Chinese business through banking institutions. In fact, the above three banks maintained a Chinese *entrepôt*, a center of exchange and profit: Shanghai (and Hankow) for the Russo-Chinese Bank, Hong Kong for the Russo-Asiatic Bank, and Harbin for the Dalibank. China was thus an important channel of business for the Russian (and Soviet) banks. It is also noteworthy that each bank opened a window to the Western world; the Russo-Chinese Bank had a Paris office, the Russo-Asiatic Bank, a London branch, and Dalibank, although not opening its own agency, established relations with European, American, and Japanese clients.

The *anatomy* and *pathology* of the above banks indicate, in particular ways, the features of Russian (and Soviet) imperialism. Profit and deposit overseas connected with domestic business; hidden crises over lending and capital structure; and above all, penetration into China. A picture of an “empire” drawn from the above findings, in relation to the methodologies cited at the beginning of the article, suggests several views. First of all, the “empires” were not so robust or self-sustainable. The Russian banking cases reveal the outward-looking structure of profit, which was at the same time foreign dependent. The Tsarist Russia as well as the Soviet government seems to have been considerably involved in the silver-standard regions of Far East Asia.

The above feature also suggests that the “capital import-export” approach is inappropriate in drawing overall images of imperialism. Many classics, from Hobson-Lenin to Caine-Hopkins focused on the

³³ Cf. Clarence Davis, “Financing Imperialism: British and American Bankers as Vectors of Imperial Expansion in China, 1908-1920,” *Business History Review*, 56: 2 (1982); Robert Lee, *France and the Exploitation of China, 1885-1901* (Hong Kong, London: Oxford University Press, 1989); Olive Checkland et al., eds., *Pacific Banking, 1859-1959: East Meets West* (London: MacMillan; New York: St. Martin’s Press, 1994); Nobutaka Shinonaga, *Furansu Teikoku-shugi to Chuugoku [French Imperialism and China]* (Tokyo: Shumpusha, 2008).

³⁴ Regarding the Soviet administration’s interest in China, Michael Share, “Clash of Worlds: The Comintern, British Hong Kong, and Chinese Nationalism, 1921-1927,” *Europe-Asia Studies*, 57: 4 (2005), pp. 601-624, presents a noteworthy case study.

movement of the *long-term* capital, within and outside the empire. In the context of Russian economic history, there has also long been debate over the characteristics of Russian capital import. However, from our point of view, more attention should be paid to the movement of *short-term* capital and trade finances.

Finally, the role of political motives is to be questioned. The famous Brunschwig thesis stresses the political decision regarding imperialism, but the picture looks slightly different from our observation. Decision making on short-term capital movement, along with trade bill settlements and foreign deposit services, is of a highly economic or business, not political or diplomatic, character. What we ought to focus on seems to be the making of such decisions, often taken in the midst of an endogenous business environment such as Chinese financial fields driven by compradors.

After all, in exploring Russian and Soviet imperiology from a banking interest perspective, the *micro structure* of decision making needs to be investigated further in the future, in relation to the *macro strategy* of empire, as has been proposed by Jean Bouvier on French imperialism.

**Table 1. Russo-Chinese Bank, Balance Sheet (Asset) 1897
(situation on December 31, 1897)**

ASSET	Head Office		Vladivostok and Siberia	
	in ruble	(%)	in ruble	(%)
Current accounts				
National Bank	42 600.04	0.10	449 626.19	9.55
Other banks	3 527 021.92	7.91		
Cash				
Cash flow			282 900.65	6.01
silver bars and Mexican piastres				
gold and silver coins, etc.			136 025.18	2.89
loans secured by bonds and merchandises			1 306 491.64	27.74
guaranteed public bonds	278 290.04	0.62	67 666.66	1.44
non-guaranteed public bonds	249 000.00	0.56	204.74	0.00
portofolio	4 955 890.83	11.11	2 016 873.31	42.83
Correspondents				
"Loro" account	7 255 619.97	16.27	373 430.87	7.93
"Nostro" account	3 587 490.61	8.04	4 799.21	0.10
Head office accounts with branches:				
Shanghai	3 867 666.44	8.67		
Vladivostok	3 214 299.16	7.21		
Paris	1 456 879.15	3.27		
Account of the Shanghai branch with other branches				
Real estate accounts of the Shanghai branch	55 000.00	0.12		
Real estates			36 004.60	0.76
Dotation of the Shanghai branch no.1	2 060 910.45	4.62		
Dotation of the Shanghai branch no.2	6 452 700.00	14.47		
Entrusted capital of the Imperial				
Chinese Government, KT 5,000,000				
at the rate of January 1, 1897	7 593 995.62	17.03		
temporary account	4 153.29	0.01	35 054.46	0.74
TOTAL of ASSET	44 601 517.52	100.00	4 709 077.51	100.00

Source: Doklad pravleniia Russko-kitaiskogo banka, 1897.

THREE BALANCE SHEETS OF RUSSIAN AND SOVIET BANKS

China and Japan			Paris		
in Shanghai Taels	in ruble (1KT=1.518R)	(%)	in French franc	in ruble (1FF=0.03765R)	(%)
			47 117.91	17 739.89	0.22
			3 060 227.60	1 152 175.69	14.29
336 679.54	511 079.54	2.15	124 471.43	46 863.49	0.58
89 294.47	135 549.01	0.57			
15 193.47	23 063.69	0.10			
4 626 914.43	7 023 656.10	29.53	250 000.00	94 125.00	1.17
	0.00				
280 646.14	426 020.84	1.79	30 201.95	11 371.03	0.14
366 957.32	557 041.21	2.34	4 976 150.83	1 873 520.79	23.24
4 245 284.46	6 444 341.81	27.09	11 439 526.48	4 306 981.72	53.42
3 702 600.59	5 620 547.70	23.63	1 479 666.56	557 094.46	6.91
1 982 109.40	3 008 842.07	12.65			
23 133.05	35 115.97	0.15	4 958.50	1 866.88	0.02
15 668 812.87	23 785 257.94	100.00	21 412 321.26	8 061 738.95	100.00

**Table 2. Russo-Chinese Bank, Balance Sheet (Liabilities) 1897
(situation on December 31, 1897)**

LIABILITIES	Head Office		Vladivostok and Siberia	
	in ruble	(%)	in ruble	(%)
paid up capital	9 000 000.00	20.22		
reserve capital for shareholders	322 931.63	0.73		
Entrusted capital of the Imperial Chinese Government, KT 5,000,000				
at the rate of January 1, 1897	7 593 995.62	17.06		
Deposits and current accounts			598 495.44	12.71
reserve capital for the Chinese Government	33 772.06	0.08		
Shanghai branch temporary account				
Vladivostok branch temporary account			3 214 386.71	68.26
Paris branch temporary account				
"remises" of the Shanghai branch	44 938.43	0.10		
Bank'S branch account with Shanghai branch				
Correspondent:				
"Loro" accounts	20 016 397.45	44.98	209 047.54	4.44
"Nostro" accounts	358 379.95	0.81	589 140.08	12.51
accepted bills			8 148.07	0.17
Dotation of the Shanghai branch no. 1				
Dotation of the Shanghai branch no. 2				
Bank's Board members' account	40 000.00	0.09		
benefits belonging to the Chinese Governement	303 759.83	0.68		
Entrusted capital of the Imperial Chinese Government, KT 5,000,000				
at the rate of January 1, 1898 (accounting base for 1898)	6 452 700.00	14.50		
shareholders' account	360 412.85	0.81		
5% tax	12 302.02	0.03	371.22	0.01
temporary account	61 927.68	0.14	89 488.45	1.90
TOTAL of LIABILITIES	44 601 517.52	100.22	4 709 077.51	100.00

Source: Doklad pravleniia Russko-kitaiskogo banka, 1897.

THREE BALANCE SHEETS OF RUSSIAN AND SOVIET BANKS

China and Japan			Paris		
in Shanghai Taels	in ruble (1KT=1.518R)	(%)	in French franc	in ruble (1FF=0.03765R)	(%)
1 595 475.43	2 421 931.70	10.18	4 221 596.95	1 589 431.25	19.72
2 894 629.76	4 394 047.98	18.47			
			3 900 793.93	1 468 648.91	18.22
1 952 840.70	2 964 412.18	12.46			
701 724.88	1 065 218.37	4.48	2 078 297.85	782 479.14	9.71
1 526 394.57	2 317 066.96	9.74	264.60	99.62	0.00
17 475.65	26 528.04	0.11	11 189 226.33	4 212 743.71	52.26
1 500 000.00	2 277 000.00	9.57			
5 480 000.00	8 318 640.00	34.97			
271.88	412.71	0.00	22 141.60	8 336.31	0.10
15 668 812.87	23 785 257.94	100.00	21 412 321.26	8 061 738.95	100.00

**Table 3. Russo-Asiatic Bank, Profit and Loss Account
(1913, in Russian ruble)**

LOSS	S.Peterburg		Russian	
			branches	
		%		%
current dispenses	2 139 756.94	70.54	4 470 783.21	235.28
loss dispenses	10 000.00	0.33		
utilities and organizational account	385 912.78	12.72	234 881.52	12.36
Government tax	195 096.98	6.43		
sum	3 066 385.22	101.09	3 996 495.96	210.32
debt account (-)	32 982.56	1.09	2 096 298.26	110.32
TOTAL	3 033 402.66	100.00	1 900 197.70	100.00
PROFIT	S.Peterburg		Russian	
			branches	
interest account	2 608 040.62	44.99	5 597 564.43	64.32
commission account	321 611.17	5.55	2 264 001.12	26.02
documents order account	2 610 035.50	45.02	282 680.50	3.25
exchange operation account	245 665.12	4.24	170 093.16	1.95
returned debt account	11 784.51	0.20	387 821.48	4.46
dividends accounts	15.00	0.00		
TOTAL	5 797 151.92	100.00	8 702 160.69	100.00

Source: RGAE, f. 2324, op. 2, d. 1

THREE BALANCE SHEETS OF RUSSIAN AND SOVIET BANKS

Foreign branches		Total	
	%		%
1 853 398.69	118.81	8 463 941.90	130.34
		10 000.00	0.15
4 522.82	0.29	625 317.37	9.63
		195 097.04	3.00
1 940 908.46	124.42	9 003 792.75	138.66
380 913.23	24.42	2 510 195.16	38.66
1 559 995.23	100.00	6 493 597.59	100.00
Foreign branches		Total	
2 454 264.23	64.61	10 659 869.28	58.26
429 691.81	11.31	3 015 304.10	16.48
48 499.96	1.28	2 941 215.96	16.07
826 603.35	21.76	1 242 361.63	6.79
39 770.62	1.05	439 376.61	2.40
		15.00	0.00
3 798 829.97	100.00	18 298 142.58	100.00

**Table 4. Far Eastern Bank (Dalibank), Balance Sheet
(1934, in US dollar)**

ASSET	Head office		Branches		TOTAL	
Cash and current accounts	900 545.78	7.14	10 193.62	0.65	910 739.40	6.42
Valuables	25 892.34	0.21	5 212.49	0.33	31 104.83	0.22
Discount and Loan operations	3 734 503.38	29.60	433 666.19	27.64	4 168 169.57	29.38
Correspondents						
"Nostro"	258 618.79	2.05			258 618.79	1.82
"Loro"	3 406 233.34	26.99			3 406 233.34	24.01
Inter-agencies account						
Head office account			262 054.98	16.71	262 054.98	1.85
Branch account	296 830.91	2.35			296 830.91	2.09
Loan account	3 452 974.82	27.37	167 058.97	10.65	3 620 033.79	25.52
Property account	36 287.43	0.29	8 569.88	0.55	44 857.31	0.32
Protested bills	34.71	0.00	12.09	0.00	46.80	0.00
Prepaid expenses	2 837.26	0.02	2 605.45	0.17	5 442.71	0.04
Customers' liabilities on guarantees issued and acceptances	503 330.24	3.99	679 324.39	43.30	1 182 654.63	8.34
TOTAL	12 618 089.00	100.00	1 568 698.06	100.00	14 186 787.06	100.00

Source: RGAE, f. 7591, op. 1, d. 82

THREE BALANCE SHEETS OF RUSSIAN AND SOVIET BANKS

LIABILITIES	Head office		Branches		TOTAL	
Capital	3 942 916.36	31.25	53 631.71	3.42	3 996 548.07	28.17
Credit on Bank	87 931.50	0.70	185 823.38	11.85	273 754.88	1.93
Deposit and current accounts	3 108 163.64	24.63	188 314.81	12.00	3 296 478.45	23.24
Exchange operations	20 203.41	0.16	1 579.68	0.10	21 783.09	0.15
Correspondents						
"Nostro"	57 668.63	0.46			57 668.63	0.41
"Loro"	1 211 131.67	9.60			1 211 131.67	8.54
Inter-agencies account						
Head office account			296 830.91	18.92	296 830.91	2.09
Branch account	262 054.98	2.08			262 054.98	1.85
Fixed accounts	3 399 383.88	26.94	162 022.70	10.33	3 561 406.58	25.10
Future incomes	841.28	0.01	1 170.48	0.07	2 011.76	0.01
P/L account	24 463.41	0.19			24 463.41	0.17
Guarantees issued and acceptances	503 330.24	3.99	679 324.39	43.30	1 182 654.63	8.34
TOTAL	12 618 089.00	100.00	1 568 698.06	100.00	14 186 787.06	100.00