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The Pangdatsang Trading Firm: Politics, Currency Exchange, and Trans-Tibet Business during  
WWII

In December 1944, Lobsang Yampel Pangdatsang (Tib. *blo bzang yar 'phel spang mda' tshang*), Trade Agent of the Tibetan Government and head of the Pangdatsang merchant family, sent a telegram to the Mongolian Tibetan Affairs Commission of the Nationalist Government in China requesting a license to export raw silk. He explained that in all his years importing and exporting goods between India, Tibet, and China, the Pacific War was posing untold difficulties to his business. Specifically, the war had created a high demand for goods in China, but the lack of goods for export created a trade imbalance that was hurting the major trading hubs along the Sino-Tibetan frontier.<sup>1</sup> The Mongolian Tibetan Affairs Commission, the wing of the Nationalist Government that dealt with borderland issues, forwarded this telegram to the Ministry of Finance emphasizing that Pangda Yampel, head of the Pangdatsang Firm, was indeed a powerful individual in the Tibetan Government. Furthermore, he had been supportive of the Nationalists and the issuance of an export license would be most helpful in promoting relations between the China's Nationalist Government and Tibet.<sup>2</sup>

By January 1945, Yampel's request had been approved, but the situation had not been resolved. Sending a telegram to the Director of the Chinese Resident Office in Lhasa, Lhasa Tibet, Yampel explained:

It will be apparent from the enclosed copy of reply that the Chinese Government have been kind enough to pass orders to deliver me the Silk Yarn: but, I have been informed by my man that there is not any hope of my being able to get the required Silk Yarn. I badly need to purchase at least two hundred Konthans of Silk Yarn, if not more...I have reserved two hundred million Dollars in Chungking and additional money is being remitted to Chungking (being proceeds of my selling cloth in Kangting [Tib. Dartsedo])

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<sup>1</sup> This telegram from Pangda Yampel was translated into Chinese from either English or Tibetan. Minguo shiqi p. 350-352.

<sup>2</sup> Ibid, p. 350-352.

in great expectation to purchase the Silk Yarn. My above money is lying in Chunking and I have not been able to purchase any Silk Yarn at all due to which I have been suffering heavy loss...the Silk Yarn may very kindly be delivered to my man in Chungking, Kesang Tashi (重慶民族路湖北旅館邦達昌駐諭/渝桂/珪理 格桑扎西) .<sup>3</sup>

As this exchange of letters tell us, the Pangdatsang family, known as the Pangdatsang Firm to some Chinese, had high-standing relations with both the Tibetan and Chinese governments. During WWII, it was through the use of such networks that Pangdatsangs proved to be crucial not only to both sides but to trans-Tibetan economy at large. Throughout the war, the Pangdatsang Firm utilized all political connections, financial institutions, and currency exchange networks to become one of the largest Tibetan trading firms in the first half of the twentieth century. But during the war, as the anxious Yampel complained, the Pangdatsangs were suffering a “heavy loss.” While this telegram does not clarify what caused the “heavy loss,” we can infer the following: during wartime China, in order to engage in state-supported import-export, the companies had to follow a strict bureaucracy that structured the flow of currencies as well as the exchange of currencies. While writing this telegram, Yampel was like suffering a financial loss because his export license was not arriving in time, and his money was held in the banks of Chongqing.

This short anecdote from wartime China and Tibet characterizes the contradictions of economic practices that this article expounds upon. What kinds of venues were available to Yampel at this time? Was he supposed to wait for his export license and smooth out his business with the Chinese state? Or was he supposed to look for other venues to continue his business practices? To put the question more broadly, how did the regulation of currency exchange and circulation affect Tibetan business practice? And how did the Pangdatsangs utilize state and non-state actors to conduct business across the Tibetan Plateau?

The Pangdatsangs were a family of contradictions, at least they may be seen as such in the eyes of a twenty-first century observer. They hailed from the region of Kham, the eastern Tibetan region along the Sino-Tibetan borderlands, along a major trading route between the

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<sup>3</sup> It is possible that this letter was written in English by Pangda Yampel himself, given to British Indian associates in Kalimpong and then sent to the Chinese Resident Office in Lhasa to then be translated into Chinese and relayed to Chongqing. *Meng Zang weiyuanhui zhu Zang banshichu dang'an xuanbian*. Bian ji zhe Meng Zang wei yuan hui bian yi shi. (Taipei Shi: Meng Zang wei yuan hui, 2005). Volume 6. page number. FIX CITATION

Tibetan capital of Lhasa and the Chinese province of Sichuan. The father of the family accumulated a fortune in the wool trade until he was assassinated in the 1920s, and following his death, his sons took over the family business. Yampel, the politician and business man, Rapga the activist intellectual, and Tobgye the military commander and local business aficionado, each brought particular skills, regional knowledge, and linguistic skills to the family business. OR each worked their connections, multiple and sometimes conflicting alliances, and although Rapga's political work with the Nationalists and Tibetan political parties in India are outside the scope of this paper, each brother greatly contributed to the growing success of the Pangdatsang Firm. Like any successful international business, the Pangdatsang brothers wove together their economic and political alliances, including governments as well as monasteries, capitalizing on all opportunities that came their way.

This article addresses the business practices of the Pangdatsang trading firm as a gateway into exploring the role of state-building, banking, and currency exchange on the Tibetan Plateau. The first section traces the history of the Pangdatsangs from the early twentieth century through WWII. An underexplored period and region, the WWII period provides a new vantage point for investigating Tibetan economic integration into the global economy and for witnessing Tibetan business transformations in the 20th century. For the Pangdatsangs and many other Tibetan merchants, WWII, and especially the entry of the US into the Pacific Theater, meant the drastic decrease of the Tibetan wool trade.<sup>4</sup> This, in part, meant that Tibetan merchants had to diversify their business and, in the case of the Pangdatsangs, branch out to work with Chinese merchants and the Nationalist government in shipping wartime goods. This intensified focus on the plateau after 1942 brought with it new business opportunities and financial infrastructures as well as economic difficulties. While Central Tibet had been a *de facto* independent state since the fall of the Qing Dynasty in 1912, by WWII, the region of Kham, had been partially incorporated into the new Chinese province of Xikang which for the Pangdatsangs created a bifurcated borderland region with two opposing and equally forceful states-in-the-making. This, coupled with the

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<sup>4</sup> For more on the wool trade see Travers in Bischoff. British records and other secondary sources describe an interruption of Tibetan wool exports due to the Second World War. After October 1940, the Tibetan government apparently started to levy a tax of 1 rupee per load, but this was certainly not the cause. In the records for the year 1943-1944, the British noted as the reason that there was no demand in the United States and India. Another factor could be that there were restrictions on British exports of manufactured cloth, which were imported to Tibet via India until 1945. Consequently, this might have reduced the sale of wool, since we have seen that the two sides of the trade were directly related. There was a post war increase in wool trade which is beyond the scope of this article. Travers, *ibid.*, 176. Also see Tina Harris.

nearby presence of the Nationalists in their wartime capital of Chongqing, brought increased Chinese state power and new financial institutions from state-backed transportation companies to modern banking. For the Pangdatsangs and other merchant families, the presence of the Chinese state provided opportunities that they were in a unique position to capitalize on.

The second section of the article turns to the role of the state and its significance in establishing financial infrastructures across the Tibetan Plateau that the Pangdatsangs made ample use of. For both China and Tibet, the first three decades of the 20th century witnessed the consolidation of financial institutions and an increased attention to currency as necessary to national autonomy.<sup>5</sup> Printing territorial currencies, stabilizing prices, and controlling exchange rates were all part of the necessary recipe for a successful modern nation-state. New paper monies were issued by both the Tibetan Government in Central Tibet and the Nationalist Government in China, yet similar to many spaces with emerging nations, these new state currencies were competing with a varied assortment of transnational currencies, local currencies, and commodity currencies. Managing transnational and long-distance trade in a borderland environment such as the Tibetan plateau required use of old and new financial networks and an ability to adapt to rapidly shifting norms. For example, on the one hand, the Chinese state either created new companies or partnered with transnational companies—such as the Chen Ho and Kham-Tibet Trading Company—in order to facilitate economic exchange on the plateau. On the other hand, the Pangdatsangs were relying both on these new companies as well as their old economic alliances in order to conduct business. WWII and the period leading up to it marked an efflorescence expansion of modern banks, yet the role of the state, Tibetan or Chinese, was always in question. The history of the Pangdatsangs business practices offer a unique lens to understand the relationship between merchant companies, state-building, and financial infrastructures.

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<sup>5</sup> Cite Helleiner.



*Map: Tibet and the Surrounding regions<sup>6</sup>*

### The Pangdatsangs in the 20th Century: Business and Politics

Before addressing business and financial practices during WWII we must first understand how the Pangdatsangs came to be and the political connections that made them one of the wealthiest families on the Tibetan Plateau. The Pangdatsangs (Tib. spang mda' tshang Ch. 邦達昌), hailing from the Chamdo (Tib. chab mdo Ch. 昌都) region of Kham, were both a family and a merchant firm who conducted business in British India, with the United Kingdom and United States, and across Tibet and China from the turn of the 20th century into the 1960s.<sup>7</sup> Around the turn of the 20th century the Pangdatsang progenitor Pangda Nyigyel arrived in Lhasa looking to expand his already lucrative trading business. Making the necessary connections to the Tibetan

<sup>6</sup> Karl Ryavec, *A Historical Atlas of Tibet* (Chicago: Chicago University Press, 2015), 3.

<sup>7</sup> There are alternative spellings in Tibetan and Chinese, such as Pomdatsang (Tib. spom mda' tshang). For more on the family see Melvyn Goldstein *A History of Modern Tibet Vol. I*; Shakya, *ibid.*; Yudru Tsomu "Traders as Cultural Brokers;" and especially Carole McGranahan CITE HER BOOK, "Arrested Histories: Between Empire and Exile in 20th Century Tibet," (PhD diss., University of Michigan, 2001). See also George Patterson, *Tibetan Journey* (London: Readers Book Club, 1956) and Geoffrey T. Bull, *When Iron Gates Yield* (Chicago: Moody Press, n.d.) for firsthand accounts of Pangda Tobgye in the 1940s. Coleman's dissertation also touches on Tobgye during the early to mid 1930s. Also found in the *Ganzi Zhouzhi*, vol. 3, 2093; *Kangshu Zangzu Shangceng Renwu Jieshao*, 69b-73a.

Government as well as the largest monasteries in the region, Nyigyel soon became a favorite of the Thirteenth Dalai Lama Thupten Gyatso (1876-1933) receiving a partial monopoly on the wool and yak tail trade and eventually given official status as a Trade Agent for the Tibetan Government, which included major trade concessions.<sup>8</sup> In fact, wool and yak tails were Tibet's largest export, and as such Nyigyel continued to receive partial monopolies until his death in 1921 when his titles and status were passed down to his son Nyima. Importantly, this transfer came with a promotion of full aristocratic status, marking the first time a noble status had been awarded to a lay family—aside from the family of a newly appointed Dalai Lama's.<sup>9</sup> One event sheds light on the relationship between the Pangdatsangs and the Thirteenth Dalai Lama's government. On December 1929, the 13th Dalai Lama again granted the Pangdatsangs a monopoly over the wool trade during a period of severe monetary inflation. This was due to an influx of counterfeit copper coins which people could use to exchange for high quality silver-based coins thereby draining the Tibetan government of their silver currency. In return for their near-complete control over the wool trade, the Pangdatsangs provided the Tibetan government with the necessary funds and silver backing to manage this crisis.<sup>10</sup>

The Thirteenth Dalai Lama, similar to many political leaders of the period, began consolidating state power in Tibet and sought to create a nation-state strong enough to counter the rise of nation building across the Eurasian landmass. He created a new tax system, a modern military, and engaged in border wars with Nationalist warlords across western China. One can argue that the Dalai Lama saw the Pangdatsang family as key to a managed economy of a modern nation-state, and after Nyima retired from the post of Trade Agent, Pangda Yampel took up the reigns, continuing the Pangdatsang position in the Tibetan capital. As Pangda Yampel was managing economic affairs for the Tibetan Government, his brothers Pangda Tobgye and Pangda Rapga were back in Kham. Tobgye, as the heir to the Pangdatsang estate in Kham, took the post

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<sup>8</sup> It is not clear what the monopolies allowed. They sound quite similar to how the monasteries managed their own trade. Remaining questions include, what was the 13th Dalai Lama's role in the promotion of Pangdatsang? What was their relationship and what did it mean? What did this monopoly actually entail and how did it affect the economy of Tibet? What is the significance of the Pangdatsangs being from Kham?

<sup>9</sup> As the trade agent, a position which would grow in importance overtime, Nyigyel was permitted to buy wool directly from producers at half the normal price as well as use subsidized transport. Wala, *ibid.*, 133-34

<sup>10</sup> From McGranahan's *Treasury of Lives* entry on "Nyigyel Pangdatsang," *ibid.*: "The British protested that the monopoly violated anti-monopoly Article 6 of the Tibet Trade Treaty of 1914, but the Dalai Lama insisted that the monopoly was not given to a private individual but to a government official and was therefore legal." Interestingly, the monopoly remained in place for roughly three years until prices for wool and transportation fell lower than ever before, and it was canceled right after the 13th Dalai Lama's death in February 1933. Alice Travers, "Wool Trade on the Himalayan Border and Social Mobility in Central Tibet (1907-1947)," in *Commerce and Communities*.

of Gyakek Pon (Tib. *rgya skeg dpon*) (the chieftain of the family lands in Kham), and was later appointed a captain (Tib. *ru dpon*) in the Tibetan army by the 13th Dalai Lama.<sup>11</sup> Here, Pangda Tobgye managed to impress the 13th Dalai Lama who appointed him as head of his own militia of men recruited from the Kham area in 1931.<sup>12</sup> While not stated outright, Pangda Tobgye's promotion to military commander of a militia in Kham was a strategic military maneuver by the 13th Dalai Lama.<sup>13</sup> However, the untimely death of the Thirteenth Dalai Lama in December 1933 marked the end of an expansive Tibetan nation-state, and his death created a political power vacuum across the plateau, reverberating into fragmentation and statelessness that would characterize much of the Sino-Tibetan borderlands until the arrival of the Communists.

With the death of the Thirteenth Dalai Lama and with Central Tibetan authority splintered, Pangda Tobgye and his brother Rapga took on the air of local nationalists by starting a rebellion in 1934. Drawing on their own now autonomous political and military power they gathered five hundred troops and over the course of a year attacked Tibetan Government strongholds and reportedly engaged in skirmishes with Nationalists and Communist forces.<sup>14</sup> While the precise intention of this rebellion is in dispute, it was certainly due, in part, to Tobgye's dissatisfaction with the Tibetan Government and in part to assert his political authority in eastern Tibet. With Yampel's help, the rebellion was not forcefully suppressed by the Tibetan Government and the two sides managed to reach an agreement.

Their relations with the Tibetan Government temporarily strained, both Tobgye and Rapga began working more closely with the Nationalists in Kham and more specifically with Sichuan warlord Liu Wenhui.<sup>15</sup> Liu Wenhui paid special attention to Tobgye, recognizing that his support for the Pangdatsangs would not only stabilize Kham but also be mutually beneficial to them both. This sparked a series of political and military appointments for Tobgye, and by the late 1930s, Pangda Tobgye was a member of the Xikang Provincial Committee and Commander in Chief of Cavalry Regiment of Xikang (Ch. 民团副指挥兼骑兵大队长). Finally, Liu Wenhui appointed Pangda Tobgye as captain of the Cavalry Brigade of the General Command of the

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<sup>11</sup> The "rgya" in the title could have indicated that this region was governed by Chinese authorities.

<sup>12</sup> However, Mönlam implies that they did not have much direct oversight and this was not exactly a smooth appointment (which makes sense considering he rebelled afterwards), but he was part of the Ganden Podrang military apparatus (as was Dargye Monastery). Zongzhen, *ibid.*, 27.

<sup>13</sup> McGranahan, "Tobgyal Pangdatsang," *Treasury of Lives* <https://treasuryoflives.org/biographies/view/Tobgyal-Pangdatsang/13522> (accessed on May 2020).

<sup>14</sup> For more, see McGranahan.

<sup>15</sup> He may have even supported the Red Army for a short while. Zongzhen, *Ibid.*, 56.

Sichuan Kham Frontier Defense Force (Ch. *chuan kang bianfang jun zong zhihui bu qibing dadui duizhang* 川康边防军总指挥部骑兵大队队长) which was the main Chinese force in eastern Tibet.<sup>16</sup> While Liu Wenhui and the Nationalists were not always on the best of terms, these appointments should be understood as part of a borderland consolidation strategy by the Nationalists. Especially with the retreat to Chongqing in 1938, working with the militarily powerful and politically well-connected Pangdatsangs was critical for the Chinese. This preferential treatment extended into the economic sphere when as part of a strategy of supporting the development of trade between Tibet and China, as officials during the 1934 Huang Musong mission agreed to reduce or exempt taxes on Tibetan goods.<sup>17</sup> The conclusion of this policy was that goods being traded between Tibet and China were exempted from import and export fees (would be duty-free). This give and take arguably helped the Nationalists protect their buffer zones while economically benefitting the Pangdatsangs and promoting trade along the Sino-Tibetan borderland.

During the late 1930s Tobgye was not only intensifying his relationship to the Sichuan authorities but also focused on rebuilding his relationship with the Tibetan Government. In the years following the 1934 rebellion, Pangda Yampel negotiating on Tobgye's behalf, agreed that Tobgye would pay reparations to the Tibetan Government for all losses. Additionally, the Pangdatsangs were required to buy 10,000 guns from the British on behalf of the Tibetan Government.<sup>18</sup> With relationships mended, the Tibetan Government in turn allowed the Pangdatsang to purchase and import their own British made weapons and ammunition for personal and business use. This was seen as the restoration of a normal relationship between the Tibetan Government and the Pangdatsangs, and after the Reting Regent (d. 1947) established control over the Tibetan government in 1939, he reinstated the practice of borrowing of money

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<sup>16</sup> 邦达·多吉是刘文辉不得不考虑的势力派人物，只要安抚好邦达·多吉，刘文辉便可进一步稳定康南局势。于是刘文辉委任邦达·多吉为川康边防军总指挥部骑兵大队队长，在康定设办事处 Ibid., 58-59.

<sup>17</sup> During the Huang Musong Mission in 1934 organized by the Nationalist Government following the death of the 13th Dalai Lama, many concerns regarding the status of Tibet were discussed. This proposal was accepted by the Minister of Finance Kong Xiangxi and the document "Ministry of Finance for the Tax Reduction and Exemption of Trade between Tibet and the Mainland Provinces" (Ch. 财政部为西藏与内地各省通商减免税收) was presented to the Executive Committee. I have not yet managed to locate this agreement. This did not mean that merchants were exempt from local government levies and this was only between Central Tibet and China, not the Kham region of Xikang Province. Even so, this had the effect of enticing merchants from China to go set up business in Tibet. Zongzhen, *ibid.*, 77-79.

<sup>18</sup> Furthermore, in 1939, Pangda Tobgye apparently purchased a tobacco farm in Lijiang and even purchased a large amount of gold and silver dollars in Dartsedo and donated all of it to the Kashag, which was used to fund monks during the Dafa conference (大法). Ibid., 60-61.



and goods from government vaults or warehouses for personal use by officials.<sup>19</sup> This new policy allowed people to take out loans and borrow money from the government again and Tobgye seized this opportunity to donate a large amount of gold and silver to the Regent and the three major monasteries.<sup>20</sup> The most important outcome of the newly established relationship however was that Tobgye obtained the right to conduct unimpeded international trade between China, Tibet, and India during WWII.<sup>21</sup>

### A Tibetan Trading Firm: Economic Foundations and Commercial Networks

Apart from their political connections, what was the Pangdatsang's economic foundation? While the import-export trade of wool was their primary business, part of the reality of the Sino-Tibetan borderland was the ability to operate autonomously in a state-less zone which required military and economic power at a local level. In the Pangdatsang hometown of Markham in Chamdo, the family maintained "more than 2,000 ke [Tib. *khal*] of agricultural land, with sixty-two households, eighteen children, five groundskeepers, two housekeepers, and over a hundred military personnel. They had two grazing ranges that held four hundred and forty yaks, six hundred and ninety-five sheep and eighty-nine horses. Most of the land was leased to farmers and regardless of the harvest, the Pangdatsangs received half of the grain produced by the rented land, and at least 4,000 ke of barley was collected every year. Before the liberation [1949], their funds reached 2787.13 million dayang [silver coins]."<sup>22</sup> It is unclear whether these funds were calculated from the local agricultural production or the "in total" amount of funds the family wielded. In addition to the agricultural base, in Markham, Tobgye had a Nationalist sanctioned military base near the Xikang provincial capital of Dartsedo primarily to help with the transportation of goods, and in 1937 Tobgye purchased Pomi township in Chamdo from local

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<sup>19</sup> This had previously been forbidden by the 13th Dalai Lama because many aristocrats apparently borrowed and did not repay. Ibid., 60-61.

<sup>20</sup> This is the same tactic taken by his father in the early 20th century. While I have extremely minimal details regarding these specific instances, it would be highly fruitful to investigate the method by which one becomes a "major donor" and what liberties or powers that bestows. There also might be a legal component to this.

<sup>21</sup> Zongzhen, *ibid.*, 62.

<sup>22</sup> "邦达昌"家族在昌都有 2000 余"克"种子的土地, 主要分布在小邦达及然推等地(均在芒康一带又有佃户 62 户, 18 个娃子, 5 个合头(俗称外管家), 2 个内管家, 17 个"觉本"(译为排长)。另有牧场两处, 牦牛 440 头、羊 695 只、骡马 89 匹, 其土地大部分租给农户, 不管收成如何一律对半收取租粮, 每年至少收 4000 余"克"青稞, 临解放前其资金达 2,787.13 万块大洋。Ibid., 85-86.

county magistrate where he stationed more than 200 soldiers and began developing the township, creating whole villages, opening up unused land, building houses, purchasing yaks, sheep, horses, and developing agriculture and animal husbandry.<sup>23</sup> For the people who lived there Tobgye apparently helped them pay their debts owed to the “temple merchants” to the tune of nearly 30,000 silver dollars, presumably to clear their debts, making them free to work for him alone.<sup>24</sup> In their hometown, nearly halfway between Sichuan and Lhasa, the Pangdatsangs arguably maintained their own small kingdom.

With Tobgye consolidating the Pangdatsang business on the eastern side of the plateau, and holding down the fort in Kham, what did business look like on the Lhasa side? Yampel, as Trade Agent of the Tibetan Government, was head of operations on the Himalayas. Elevated to the rank of rimshi (Tib. rim bzhi), fourth rank, and obtaining the official title of Tibetan Trade Agent in Yatung and Governor of the Chumbi valley in 1940 gave Yampel unprecedented control over the trade between India and Tibet.<sup>25</sup> In this post he had the power to collect and levy taxes, create or lift trade restrictions, and overall to control all “legal” trade in the region.<sup>26</sup> As his communications with the Ministry of Finance in the introduction suggest, the Nationalists were well aware of who he was and the economic power that he wielded. Yampel’s elevated status in 1940 suggests that the Tibetan Government was also well aware of the family’s potential and it was even rumored that Yampel smoothed his transition with copious donations to the top seats in the government.<sup>27</sup> However, based on the archives of the Pangdatsang’s WWII business associates, it appears that while he often dealt with the macro, international lens, Tobgye was the go-to person for trans-Tibetan coordination. Generally speaking, Chinese language communications emphasized Tobgye’s role in the firm while British Indian sources stressed Yampel. Even so, much of the work done with the Pangdatsang business associates on the Tibet-India side (like the Chen Ho Corporation) was conducted through Pangdatsang representatives, many of whom are mentioned in the communications, and theoretically would have been taking

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<sup>23</sup> Ibid., 78.

<sup>24</sup> Ibid., 60-61.

<sup>25</sup> Dromo Chikyab (Tib. spyi khyab).

<sup>26</sup> McGranahan, “Lobzang Yampel Pangdatsang”, Treasury of Lives

[https://treasuryoflives.org/biographies/view/Lobzang-Yampel-TBRC\\_PITD7](https://treasuryoflives.org/biographies/view/Lobzang-Yampel-TBRC_PITD7) (accessed in May 2020).

<sup>27</sup> As McGranahan notes, when Yampel was given the additional rank of Rimshi (he was previously in the sixth rank) in the Tibetan government in November 1940, “there were rumors in the streets and parlors of Lhasa that Lobzang Yampel obtained this rank through the back door (*ltag sgo*), with liberal donations of gold to members of the Kashag, the National Assembly and the Foreign Ministers.” Ibid.

orders from Yampel.<sup>28</sup> We can say however that given his unparalleled rank in the Tibetan Government and his English language abilities he was certainly the international (Indian, UK, and US) face of the business, and he would stay so into the 1950s.



*Map: Pangdatsang's reported offices, mobile stations, and representatives.*

With Yampel in India and Lhasa and Tobgye in Kham and China, what did the office network and infrastructure look like? The above map shows every location in which a Pangdatsang office, mobile station (Ch. 商号 or 站), or representative was reported to exist. In some locations, like Batang and Dartsedo, the firm had semi-permanent offices while other locations likely just had a resident representative ready to help whatever shipment was coming

<sup>28</sup> Given the high profile of these cotton shipments, paid for by the Chinese Government through their Lend-Lease agreement with the United States during WWII, I would have expected more reference to Yampel.

their way.<sup>29</sup> In Dartsedo, the Pangdatsang's office was located outside the southern gate.<sup>30</sup> And while there was the only reported office by the Chinese state in 1943, in just a few years' time the Pangdatsangs were purportedly renting more than fifty houses in Dartsedo (likely for tea packaging), with twenty supervisors, more than 1,200 caravan transport teams, and more than 130 employees (lit. service workers 傭人).<sup>31</sup> Tobgye was deeply involved in the Dartsedo tea packing and transport industry as tea was the number one import from China.<sup>32</sup> And further regarding employees, across the plateau and in Lhasa, it was reported that by the late 1940s and early 1950s, the Pangdatsang firm in total had "more than 1,000 employees, thirteen secretaries (clerical and accounting) and sixteen managers in Lhasa."<sup>33</sup> Each major office had its own mule caravan team that included about 200 horses, a designated inspector (Ch. 督管) armed with a Tibetan sword and rifle who was said to have looked rather majestic in style. These numbers may have included men and animals directly from Tobgye's military brigade which likely provided transport, protection, and labor.<sup>34</sup> Furthermore, on the Tibet-India side, Yampel was said to have owned six trucks for local transport use in Lhasa, and was co-running a 500-worker wool processing factory in Kalimpong where wool for export was graded and repackaged.<sup>35</sup> For wool specifically, the Pangdatsangs had ten people in Lhasa, four to five people in Shigatse, and five

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<sup>29</sup> The nature of this data is decidedly fragmentary. I have done my best to record every location that was mentioned in the available sources. The full list includes: Calcutta and Kalimpong in India, Yadong (Shigatse), Lhasa, Pali, Nagchu, Yushu, Chamdo, Markham, Kardze, Batang, Yidun (义敦), Litang, Dartsedo, Ya'an, Chengdu, Chongqing, and in Yunnan, Kunming, Lijiang, Zhongdian, and then other locations included Xining, Lanzhou, Shanghai, Chengdu, and Nanjing. Zongzhen, *ibid.*, 80. Another associate recalled that the permanent firms (not sure if they mean a building) of the Pangdatsangs was located in Kalimpong, Yadong, Pali, Gyangze, Shigatse, Shannan, Lhasa, Nagqu, Chamdo, Batang, and Litang, whereas the mobile firms was set up in Zhongdian, Lijiang, Dartsedo, Beijing, Shanghai, Hong Kong, Calcutta among other places, Wala, *ibid.*, 108. "Pangda Tobgye's caravans lifted the flags of the cavalry brigade, from Tianquan, Yingjing, Ya'an in the east, and to Yadong and Kalimpong in the west, to Yunnan and Lijiang in the south." One should be somewhat critical of reading too much into the scope of the Pangdatsang business, and more attention still needs to be paid to exactly which locations were open during what years, which ones were consistent and which were ones that had only one person at one time making a single business deal. Zongzhen, *ibid.*, 80-81.

<sup>30</sup> Chongqing Archives 02300003000330000188000. For more on the array of merchants located in Dartsedo, see work by Booz, *ibid.*, and Tsomu, *ibid.* "Silang Jamtso is Panda Tobgye's representative and is advising all the commercial activities in Dartsedo." Chongqing Archives, September 10th 1943. 02300003000330000206000.

<sup>31</sup> Citation?? Zongzhen or Wala

<sup>32</sup> FIND SOURCE on when Tobgye bails out the tea merchants in Dartsedo.

<sup>33</sup> Zongzhen, *ibid.*, 86-87.

<sup>34</sup> Here it is called the Pangdatsang "brigade transport team." Zongzhen, *ibid.*, 70-71.

<sup>35</sup> 在葛伦堡 邦达养璧与热振和萨多共同拥有一座500名职工的羊毛 加工厂，出口羊毛在这里分等级和重新打包。Wala, *ibid.*, 134-135. CAN ALSO cite the Minguo Shiqi published archives of #2 archives, p. 185 in PDF

or six in Kalimpong.<sup>36</sup> While information on the scale and scope of the Pangdatsang firm is fragmentary at best, it is clear that contemporaries and the popular imagination viewed them as staggeringly wealthy. By all indications, the Pangdatsang wealth steadily if not rapidly increased during this period, and while the numbers below should be taken with a grain of salt and their reported dates are only accurate to a certain extent, one could still get a sense for how extensive their business was during this mid-20th century period.

After examining their political standing, economic foundation, and business infrastructure, one must still contend with the question of categorization. To what extent are the Pangdatsangs a merchant firm? And can we call them a *Tibetan* business enterprise?

While similar in certain ways to the British or Dutch East India Companies or the Medicis in Italy, the Pangdatsangs fail to fall into a neat category like company, family firm, corporation, or merchant family. They were not a legally bound entity. For even though the Mongolian and Tibetan Affairs Commission refer to them as a *qiye* (Ch. 企业) “enterprise” or “firm” in the opening story, in fact, Tibet did not have an institutional body that could affirm a corporate status/legal corporation.<sup>37</sup> But they worked with and alongside legally organized companies like the Kham-Tibet Trading Company and the Yunnanese Chen Ho Industrial Corporation. As will be discussed below, Tobgye was even a shareholder in the Kham-Tibet Trading Company.<sup>38</sup> He would have known about this form of organization but perhaps did not find any use for it in his own business dealings.<sup>39</sup> The point of having the liability and shareholders is mutual accountability that is based on codified law and I have not found any indication that the

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<sup>36</sup> According to a Chinese report in 1943, the Pangdatsangs office manager in Kalimpong, was a man named Luo Shaoting (Ch. 主人罗绍亭), presumably a Tibetan with a Chinese name, who was also a Tibetan government local official (Ch. 西藏驻土木长官?), and the office specialized in trading wool and general products. 邦达昌——主人罗绍亭, 为西藏驻土木长官, 专营羊毛、杂货. Ministry of Foreign Affairs dispatches Military Commission to Check Tibetan-Chinese Relations and the British interests in Tibet and report, Economic Department August 10, 1943. This is a very thorough report on the routes through Tibet and the negotiations of the development of such routes. It more interestingly however provides a list of the most important overseas Chinese companies conducting trade with Tibet (in next chapter) and the Tibetan merchants as well. *Minguo shiqi Xizang ji*, *ibid.*, 422-424.

<sup>37</sup> *Minguo shiqi*, p. 350-352. One could argue however that the reincarnation institution (the trulku system) was a legal entity and could create legal entities, this however is beyond the scope of this research.

<sup>38</sup> And likely ran some adhoc tea companies out of Dartsedo. For more on shifts in business practice in Yunnan and Kham see Pat Giersch's book *Corporate Conquests*. He argues that businessmen learned from each other. Not discounting the Pangdatsang's relationship to monastic business strategies (those of which we have only begun to define) it is highly likely that the Pangdatsangs learned a lot from their partners and associates in the Yunnanese merchant community.

<sup>39</sup> They could have potentially gained legal status in the eyes of the Chinese government through one of their “offices” in Chengdu or even Shanghai but I have not seen any indication of this.

Pangdatsangs engaged in business in this way. Instead, the Pangdatsangs called themselves a “family” or a *tshang* (Tib. *tshang*), as indicated by the last syllable attached to their name, Pangdatsang. In the absence of scholarship on *tshang*, it is difficult to make generalized assumptions, but the meaning of *tshang* encompasses the English terms house or royal house, family/household (Tib. *khyim tshang*), collection or group, and business, and literally means “place of birth.” In Chinese the term is often translated as *bangpai* (Ch. 幫派) meaning “gang,” “political faction,” and was also used to describe Chinese business groups from a particular locale. Certainly “political faction” was an important factor as *tshang* often indicated political and military power. *Tshang* was, and continues to be, a common marker for socio-economic status in Kham, giving an air of prestige. For example, sometimes lamas’ names will end in *tshang*, or modern-day companies will use it for added respect.<sup>40</sup> In certain ways, the Pangdatsang prominence points to the political anarchy of the 1930s and 1940s, and the lack of a strong state power allowed the Pangdatsangs higher levels of autonomy – indeed, they maintained their own private military, their own fleet of mules, yaks, and hundreds of employees.<sup>41</sup> This was less about “avoiding the state” à la James Scott, and more about operating within an essentially stateless or multistate society.<sup>42</sup> With that said, they managed their alliances with various state powers such as the Nationalist government, the Sichuanese warlords, the British Indian regime, and the Tibetan Government in Lhasa to their advantage, making them a high functioning international merchant firm that could be compared to many other international companies of their time. For all these reasons, it would be correct to refer to the Pangdatsangs as a firm.

The 1930s and early 40s witnessed the solidification of the Pangdatsang merchant company as each brother navigated their rise to power in geographically diverse political and military arenas. The Pangdatsang brothers, Yampel and Tobgye, each represented their own

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<sup>40</sup> Personal conversation with a friend from Kardze, May 2020. This was a common practice, and some of the more famous Khampa families with the name *tshang* include, Sadhutshang, Andrugtsang, Retingsang (usually referred to as the Reting labrang) and Jiangtsatsang who was a business associate of the Pangdatsangs.

<sup>41</sup> The sources do not help elucidate the exact nature of the Pangdatsang merchant company’s workers or employees. I have not heard of or seen any set contract between an “employee” and the Pangdatsangs but given the extent of their business records of this nature must have existed. The Chinese materials from the 1940s use the words “representative” or words related to an associate and never refer to the lower level worker or employee. Secondary materials often simply use the word “people” as in people in their company, or even *yong ren* 傭人, i.e., servant or serviceman.

<sup>42</sup> James Scott, *The Art of Not being Governed: An Anarchist History of upland Southeast Asia*. (New Haven: Yale University Press, 2009).

geographic region and business network that, along with their associates, partners, and representatives, allowed them the full scope of transport and trade across the Tibetan Plateau. More specifically, their political connections, even being political power themselves, and their ability to exist in the space in-between, was critical to their success in business. Business was increasingly conducted with a backdrop of bureaucratic complexity as states, Tibetan and Chinese, attempted to consolidate power in Tibet. The Pangdtsangs were able to maneuver this environment better than most and this balance of politics and business is what allowed them to capitalize on the WWII import export business.

What is particularly intriguing about the Pangdatsang case was their political duality which appears to have been seen as a benefit by both the Tibetan and Chinese states. And, at least as far as the sources reveal, their business activities were fully sanctioned and supported by both the Tibetan and Chinese governments. Yet they were not simply neutral borderland merchants, they played critical financial (and military) roles in each of the governments. How were they able to obtain this kind of status? Overall, the Tibetan Government needed them for financial stability and the Nationalists needed them for borderland stability. When opening up the trans-Tibet trade route in 1942 their importance to the Nationalists increased two-fold.<sup>43</sup> This post-13th Dalai Lama Tibet created the need for merchants like the Pangdatsangs to create diverse political networks that would map onto the economic ones, connections that would establish the necessary conditions for the Pangdatsangs to become the powerful economic force that they were. And, when WWII begins and their lucrative wool trade began to take a dip, new opportunities arise for the Pangdatsangs in the form of new business partners.

### The Closing of the Burma Road and New Business Associates

With the closing of the Burma Road in early 1942, stockpiles of wartime goods from the Lend-Lease agreement between China and the United States were quickly filling up and overflowing the storage facilities in Calcutta and Kalimpong representing a dire need for new

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<sup>43</sup> For more, see Alastair Lamb, *Tibet, China and India 1914-1950* (Hertingforbury: Roxford Books, 1989). Mönlam/Zongzhen argues that it was not only the international negotiations that opened up the trans-Tibet trade but also a deal specifically with the Pangdatsangs and possibly other elite merchants. And while obviously negotiations were going on at the international level before and after the Reting Regency, a large influx of capital to the Tibetan Government would have certainly created the optimal political conditions for the Pangdatsangs and smoothed their way into easy trade agreements.

transportation routes through Asia.<sup>44</sup> Despite its desire to maintain official neutrality and territorial integrity, the Tibetan Government in Lhasa was faced with increased pressure from the Nationalists, the United States, and Great Britain to open up the pack routes through Lhasa into eastern Tibet.<sup>45</sup> The trans-Tibet “Overland Route” which could take up to four months to traverse, followed portions of the traditional official route between Central Tibet and Sichuan stopping through the Pangdatsang home region of Chamdo, through the Xikang capital Dartsedo, and finally to Nationalist’s wartime capital of Chongqing.<sup>46</sup> With a shipping capacity estimated to be around 500 to 750 tons per year, it was far less than with the famous airlifts over the “Hump” of the Himalayas, but still the opportunities for business far outweighed the long delays on returns.<sup>47</sup> In direct response to this growing business opportunities and need for import export across the plateau two companies were founded, the Kham-Tibet Trading Company and the Chen Ho Industrial Corporation. The Pangdatsangs worked with them both. Indeed, the Pangdatsangs were critical for the functioning of either of these firms. This section provides an overview of how the Pangdatsangs and their Chinese associates conducted large long-distance transactions through new state-backed banking networks and foreign currency exchange. I argue that in order to understand the wartime economy, we need to focus more on the merchants than on the states, as it was the former who performed a far greater agency in the functioning of these transportation

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<sup>44</sup> Kinzley, *ibid.* page number.

<sup>45</sup> More exploration is needed to uncover what the Tibetan government’s position was. The following authors discuss their official position but, in my opinion, are painting them too conservatively. Goldstein, *A History of Modern Tibet Vol. 1*, W.D Shakapa, *Tibet, a Political History* (New Haven: Yale University Press, 1967); Alastair Lamb, *Tibet, China & India 1914-1950: a history of Imperial diplomacy* (Hertingfordbury: Roxford Books, 1989).

<sup>46</sup> Need to figure out how to add in the Yunnan portion! An established route since at least the 17th century, in the 1940s the major stops along this route, traveling from west to east, were Calcutta (the then capital of the British Empire in India), Kalimpong, Gyantse, Shigatse and Lhasa in Central Tibet, Chamdo and Dartsedo in Eastern Tibet, and finally, either to Chongqing (the wartime capital of Nationalist China) or via Lijiang to Kunming in Yunnan.

For more on this route see Harris, *ibid.*, and Booz, “‘To Control Tibet, First Pacify Kham’: Trade Routes and ‘Official Routes’ (Guandao) in Easternmost Kham.” *Cross-Currents: East Asian History and Culture Review E-Journal* No. 19 (June 2016). (<http://cross-currents.berkeley.edu/e-journal/issue-19>) one communication indicated that, “we are trying to arrange a tripartite agreement between the Chinese Government, the Government of India, and a Tibetan transport firm for the carriage of goods by pack transport across Tibet to China. The expenditure on transport charges which it is hoped eventually to meet from the 50,000,000 [pounds] credit, will be about 225,000 [pounds] per annum, the majority of this expenditure having to be met in Tibetan currency.” IOR-L-PS-12-4205 (6).

<sup>47</sup> This is just an estimate and more research needs to be done to uncover exactly how much it supported. IOR-L-E-8-3559 (122-180). According to another estimation however, if the Sino-Indian transportation through the Tibetan station could run smoothly, it could transport 2,000 tons of goods every year. *Minguo shiqi Xizang ji cang qu jingji kaifa jianshe dang’an xuanbian: Zhongguo Zang xue yan jiu zhong xin, Zhongguo di er li shi dang an guan he bian* (Beijing: Zhongguo Zang xue chu ban she, 2005) 422-424. For comparison purposes, the famous Hump airlift over the Himalayas, which became more efficient overtime, managed to deliver 61,151 tons of equipment to China during 1943, but reached 35,131 tons in October 1944 alone. Kinzley, *ibid.*, 185.



routes. In the following sections, we turn to the financial infrastructure, including banks and trade in foreign currency exchange, as well as the commercial networks that allowed for the operation of the Pangdatsang business.

One source from July 8th 1943, reported an estimation for traveling time along the route as follows:

Kalimpong/Lhasa 21/22 days

Lhasa/Chamdo 40/45 days

Chamdo/Kantze [Kardze] 35 days

Kantze/Kanting [Dartsedo] 18 days

The average mileage as covered by the mules was 20/25 miles per day.<sup>48</sup>

The Chen Ho Industrial Corporation was one of the most significant transnational Chinese companies to help facilitate trade along these new routes. Founded by the Yunnanese business tycoon Dong Dengnong (Ch. 董登農) immediately following the fall of the Burma Road in 1942, they specialized in the import of cloth and cotton products.<sup>49</sup> These wartime goods were in high demand and subsidized and supported by a number of Nationalist government agencies.<sup>50</sup> With its main office in Kunming, the Chen Ho Corporation expanded into Dartsedo and Calcutta under the guidance of Chen Ho's Calcutta office manager Zhang Ruizhi (Ch. 張瑞芝 Eng. Z.T. Tsang) and soon began working with the Pangdatsangs in trans-Tibet shipments of cotton yarn.<sup>51</sup> Well-liked among the international business community in Calcutta, Zhang Ruizhi had relationships with not only the British Indian officials but also with many of the major Chinese, British, and American companies based in India, including Steel Brothers & Co., the

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<sup>48</sup> Chongqing Archives 02300002003030000158000.

<sup>49</sup> Established for transport from India to China. This article goes further into some of the banks that Dong Denong worked with, might be worth returning to. 大理市文史资料, 第8辑, 商业经济史专辑 p.64-67.

<sup>50</sup> Minguo Shiqi p. 306 and IOR-L-E-8-3559 (122-180) July- Sept 1943.

<sup>51</sup> Chongqing Archives 02300003000330000188000. The Pangdatsangs were not new comers to the business side of the war. The first official request to help directly with the war effort came in 1939, when General Song Xizhen (Ch. 宋希濂) of the 31st Army of the KMT, contacted Pangda Tobgye in hopes that the Pangdatsang company would aid the government's transportation needs. This is exactly what the Chen Ho documents show as well but it is interesting that Mönlam gives credit to General Song Xizhen [https://www.sohu.com/a/281812243\\_644485](https://www.sohu.com/a/281812243_644485) accessed May 2020. Zongzhen, ibid., 64. NEED TO CHECK

Fuxing Company, Jardine Skinner and Co., Jardine Matheson, and the Peking Syndicate.<sup>52</sup> And in a British report from 1944, Zhang Ruizhi was described as the Pangdatsang's "agent in Calcutta."<sup>53</sup> While it is unclear precisely what this meant, Chen Ho's inter-office communications reveal that they were in close contact with the Pangdatsangs, specifically Pangda Tobgye and his representatives in eastern Tibet, coordinating transportation from Kalimpong to Dartsedo until at least the end of WWII.

In a 1943 report commissioned by the Chen Ho Industrial Corporation about trade in Kham, special attention was paid to a newly established, Pangdatsang affiliated, company called the Kham-Tibet Trading Company.<sup>54</sup> With shareholders such as Pangda Tobgye, and many of the most powerful and important Tibetans in the region, the Kham-Tibet Trading Company (Ch. 康藏贸易公司) was the first standardized joint stock company formed in eastern Tibet.<sup>55</sup> Founded in 1942, the Kham-Tibet Trading Company was, similar to the Pangdatsang Firm, a complicated mix of political affiliations.<sup>56</sup>

On its surface, the company was created under the directive of the Nationalist government, and "for the purpose of building economic relations between China and Tibet and developing the borderland areas"<sup>57</sup> but when one starts to look deeper into the shareholders, board members, and managers, a different image starts to unfold.<sup>58</sup> Like Pangda Topgye, some flirted with local nationalism in the 1930s, instigating uprisings under the banner of "Kham for Khampas," and were well-connected throughout the regional and Chinese networks.<sup>59</sup> Furthermore, while the Nationalists saw the Kham-Tibet Trading Company as useful propaganda and a means to borderland development and consolidation, the company also played an important part (at least

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<sup>52</sup> IOR-L-E-8-3559 (122-180) July-Sept 1943. There are many other companies mentioned in the Chen Ho communications, these are just some of the more frequently mentioned companies. It is unclear to what extent these companies managed to involve themselves or if they did so through funding or through proxies.

<sup>53</sup> FO 371/41680.

<sup>54</sup> Chongqing Archives 02300003000330000188000 from August 1943.

<sup>55</sup> The company was organized in accordance with standard Company Law (specifically chapter 4?) for joint-stock companies. I wonder if it is just cut and pasted from the law.

<sup>56</sup> A company of this nature had been in discussion among Chinese officials and specifically the Mongolian Tibet Affairs Commission (Ch. 蒙藏委员会) as early as 1935. Cao, page.

<sup>57</sup> Minguo shiqi archives, 314

<sup>58</sup> Lin., *ibid.*, 129. Cao Bihong, 85-86

<sup>59</sup> Need citation for Kelsang Tsering, Kelsang Yuexi, and the lamas. NEED TO EDIT "Director Deng Zhu Xuejie, Xia Zhongyuan, Tang Yonghui, Wang Yaokun, Sangdu Senqin, Zhuang Xueben, Kelsang Yuexi, Pangda Tobgye. Managing Director Li Guang Pu, Li Zhang Fu, Kelsang Tsering, Dengzhu Langjie, Ma Qingweng, Supervisor Ge Cong Hu, Yun Jiang Zheng, Qi Wang, Xizhi [title] Huang Zheng, Qing Qiu, Bingzhong, Standing Supervisor Song Hongxun General Manager Kelsang Yuehi Associate Manager Deng Zhu Xuejie Xiang Le Tian Zhang." Minguo shiqi, 317.

on paper) in consolidating control along sensitive borders and managing the financial situation of the Nationalist state during wartime.<sup>60</sup>

The Kham-Tibet Trading Company mainly dealt in necessary war-time goods such as cloth, as well as tea and borax. For certain products they even acted as agents for manufacturers in the sale and promotion of products.<sup>61</sup> While one major goal of the company was the break into the wool trade, it does not appear that they were successful until after the war.<sup>62</sup> Their head office was in Dartsedo, with branches in Lhasa and Calcutta as well as offices and transport stations along the Overland Route. Similar to the Pangdatsangs, the company had its own personal militia, its own pack animals, mules, horses, and yaks ready at their major stations and, according to Cao Bihong, this abundance of pack animals was due to the shareholders and manager's deep connections to the local Tibetan leaders and lamas of major monasteries.<sup>63</sup> Therefore, the company in theory, had local connections similar to the Pangdatsangs (even likely using the Pangdatsang connections) yet also had the benefits and restrictions of being an "official" state-backed company structured and regulated by company law.<sup>64</sup>

While more research is needed to uncover the role of Pangda Tobgye in the running of the Kham-Tibet Trading Company, we can assume that he supplied his rich connections as well as receiving proceeds from his shares and dividends, giving him added incentive to see that this company was successful. The following section will further explore the Kham-Tibet Trading Company's relationship to the economic bureaus of the Nationalist state and specifically to the Central Bank of China, with which the Kham-Tibet Trading Company acted as an agent for trans-Tibetan remittances and currency exchange.<sup>65</sup>

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<sup>60</sup> Cao Bihong, 87-88.

<sup>61</sup> Cao, 87. And Minguo shiqi 314.

<sup>62</sup> See Cao as well as the Minguo shiqi plan to break into the wool trade. This plan was very extensive.

<sup>63</sup> This source is suggesting that they were using ulak labor service, a discussion of which is outside the scope of this article. I have yet to find other sources to corroborate that this is what in fact was happening. Cao Bi hong, 86. He is citing 财政部视察李如霖视察西川及西康区致财政部贸易委员会报告, which may or may not be in the Minguo shiqi published archival documents (I think page 311). Need to double check.

<sup>64</sup> The total capital of the Company is set at 1,000,000,000 yuan divided into 10,000,000 shares of 100 yuan each, which shall be filed for record and commenced after two-thirds of the total capital is collected at one time...The Company's dividends shall be set at 8% per annum and shall commence on the day following the date of payment. Minguo Shiqi 314

<sup>65</sup> The company cooperated with the Ministry of Economic Affairs, the Ministry of Communications, the Central Bank and other central economic departments to carry out a series of projects that were beneficial to the economic construction of Kang-Tibet and the war effort. Cao, 89-90.

## Banking and Currency Exchange: Official versus Market Management

The arrival of international modern banking facilities expanded the methods by which the Pangdatsangs could move money around, and by the 1940s transnational banks were a key component of long-distance trade in Tibet. However, there was a limit to what could be accomplished by the state, and as currency circulation and access to currency exchange became increasingly insufficient as the Pacific War raged on, the Pangdatsang and their associates had to make the most out of their economic networks. To provide a general picture of what currencies one might encounter on an import export trip across the plateau, let's imagine a Pangdatsang agent starting in Calcutta, and going through to Chongqing in the 1940s. On his way he would encounter, in order, Indian rupees, Tibetan banknotes, Tibetan government issued silver and bronze coins, British Indian issued silver coins, various Chinese issued silver coins from the late 19th century into the 1920s, tea in the form of bricks (commodity currency), possibly some monastery issued paper currency, Chinese banknotes, and finally the Nationalist *fabi* currency.<sup>66</sup> Through the lens of currency exchange, this section first introduces the history of Nationalist centralized banking and financial expansion in and along the Tibetan Plateau along with programs for facilitating foreign exchange, and finally, it offers a breakdown of state regulation of foreign exchange and the emergence of a foreign exchange black market, and the Pangdatsangs' place in it.

In China, following Chiang Kai-shek's rise to power in 1927, the Nationalist government took measures to establish a centralized banking system, backed and controlled by the central government.<sup>67</sup> The first step was creating the Central Bank of China (Ch. 中央銀行) in 1928, which served as a fiscal agent for the government while gradually taking on more functions to regulate currency, and by 1933, the Nationalist Government abolished the diverse private banking system nationwide.<sup>68</sup> As the wartime state grew in size and scope, these policies

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<sup>66</sup> Gold backed paper currency in Tibet since 1925. Bertsch, *The Paper Currency of Tibet*, 6-7.

<sup>67</sup> Major financial institutions of the Republican period includes the Central Bank of China (*zhongyang yinhang* 中央銀行 founded in 1928), Bank of China (*zhongguo yinhang* 中國銀行 founded in 1912), Bank of Communications (*jiaotong yinhang* 交通銀行 founded in 1908), Farmer's Bank of China (*zhongguo nongmin yinhang* 中國農民銀行 founded in 1933), and even the Fuxing Commercial Company (*fuxing shangye gongsi* 復興商業公司 1936-46).

Kirby, *ibid.*, 67. For more, see Brett Sheehan, *Trust in Troubled Times: Money, Banks, and State-Society Relations in Republican Tianjin* (Cambridge, MA: Harvard University Press, 2003). And MOAZIN'S new book

<sup>68</sup> Arthur Young, *China and the Helping Hand* (Cambridge, MA: Harvard University Press, 1963) 7

eventually consolidated into the Joint Board of the Four Banks (Ch. 四聯總處) which existed from 1937 to 1948, with the four banks being the Bank of China, the Central Bank of China, the Bank of Communications, and the Farmers' Bank of China. Promoting the mutual financial and political support, the Nationalist government established a co-dependent relationship with these banks.<sup>69</sup> It was these banks that were given the sole right to print Nationalist China's new currency, the *fabi* (Ch. 法幣) or "legal tender" in 1935.<sup>70</sup> Despite China's historic silver standard, the *fabi*, which I will refer to as the national currency from here onward, was not backed by silver nor linked to either the dollar or to UK sterling. The establishment and expansion of Chinese banks allowed not only long-distance remittance of funds, but they were also directly involved with the management of the Chinese economy at the local and national level.

With war on the horizon, and hedging their bets that the Tibetan plateau would be of strategic importance, the Nationalists further expanded their international banking network, opening a Bank of China branch in Calcutta in 1937. Soon after, Bank of China opened another branch in Kalimpong and by 1942 it had branches in Dartsedo and Batang and negotiations for a branch in Lhasa were underway, although a Bank of China would not open in Lhasa until after the arrival of the Communists in 1952.<sup>71</sup> To complement the expansion of state banks on the Himalayan border in eastern India, there was a rapid buildup of national and provincial level banks on the Sino-Tibetan frontier.<sup>72</sup> In 1943 Dartsedo was home to a plethora of newly established Chinese banks, the Central Bank of China (*Zhongyang yinhang* 中央銀行), the Bank of China (*zhongguo yinhang* 中國銀行), the Farmers Bank (*nongmin yinhang* 農民銀行), Chongqing Bank (*Chongqing yinhang* 重慶銀行), and the Xikang Provincial Bank (*xikang yinhang* 西康銀行) among others.<sup>73</sup> The Bank of Xikang, for example, opened in Dartsedo on August 1st 1937 and soon expanded into Ya'an, Xichang, Kardze, Litang, and Tianquan and later

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<sup>69</sup> "The KMT 'big four' banks took over larger and larger pieces of the economy, and many regional and private banks felt the pinch or became de facto fiscal agents of the KMT financial apparatus. Other banks managed to do well by benefiting from "easy credit" flowing from Chongqing, but things became harder once inflation increased." Personal conversation with Matthew Lowenstein, May 2020

<sup>70</sup> Cite Austin Dean.

<sup>71</sup> *Minguo shiqi xizang*, *ibid.*, 422-424. The British wanted to open a bank in Lhasa as well, but in the end, nothing became of these plans and they remained in Darjeeling and Kalimpong.

<sup>72</sup> Jinji Jianshi, 60-61.

<sup>73</sup> This list includes the Central Bank, the Bank of China, Agriculture/Farmers Bank, Chongqing Bank, the Xikang Provincial Bank, they used shorthand, but I am pretty sure that the other banks were *chuankang pingmin shangye yinhang* 川康平民商業銀行 and *hecheng yinhang* 和成銀行, the one they call *ji* 濟 I could not identify. Chongqing Archives 02300003000330000188000 from August 1943.

opened up offices in Chengdu, Chongqing, Kunming, and Leshan.<sup>74</sup> In addition to keeping stores of foreign exchange, the bank also acted as an agent for public treasury, issued Tibetan language currency bonds and local financial bonds to aid commerce.<sup>75</sup>

With this abundance of banks, the Pangdatsangs and their associates would have had many services to choose from, using some for long distance transactions and others for more local. Chen Ho Industrial Corporation for example, used the Bank of China to manage remittances between Calcutta and Chongqing, and used the Farmer's Bank of China (Ch. 中國農民銀行) or the Sichuan Kham Bank (Ch. 川康銀行) to remit funds between Dartsedo and their main office in Kunming.<sup>76</sup> Even though they were all state-backed banks, each provided slightly different services, geographic reach, and varying access to foreign exchange.<sup>77</sup> Furthermore, according to a Chen Ho economic report on Dartsedo from 1943, the company needed to practice caution because due to changes in government regulation, the banks' functions and fees, such as remittance fees, interest rates or taxes were constantly changing.<sup>78</sup>

While the rapid expansion of Chinese banks may seem on its surface to be expansion of Chinese state control, in fact, many “traditional” forms of banking and money exchange continued to be utilized on both sides of the Tibetan Plateau. PARAGRAPH ON TRADITIONAL FORMS OF BANKING AND MONEY TRANSFER.

- Tibetan Government-backed financial institutions in Lhasa including the Government Finance Department to manage the banking needs of the state and presumably these services were available to the Pangdatsangs. In fact, it is likely that the “donations” given

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<sup>74</sup> It was established in August 1936 by the Xikang Provincial Committee (xikang jian sheng weiyuanhui 西康建省委员会), approved by the Ministry of Finance in March 1937. Wang Chengzhi, *ibid.*, 297.

<sup>75</sup> The Tibetan bank notes issued by the Bank of Xikang during WWII were approved by the Ministry of Finance of the National Government. They were printed in Chinese and Tibetan languages and after the implementation of the national currency in 1935, it was the only bank note issued by a provincial-level bank. These notes came in the denominations of a half yuan, 1 yuan, and 5 yuan. These circulated alongside the national currency for nine years from 1939 until August 19, 1948, enough time to establish market exchange rates, and mainly circulated east of Dartsedo (in Luding and Ya'an) but also saw a small amount of circulation in the more Tibetan dominated areas of Kardze, Batang, Litang. Wang, *ibid.*, 312. Tibetan bank notes were the only formally approved by the central government during the Anti-Japanese War and issued by local banks. They were printed in minority languages and were used in Xikang Province. They were circulated with legal currency for 9 years. The issuance and circulation of Tibetan bank notes provided a historical attempt and reference for the unification of the currency system in the Kangzang region from coinage to banknotes.

<sup>76</sup> Chongqing archives, 02300003000320000006000, September 28, 1943.

<sup>77</sup> Chongqing Archives 02300003000330000188000, August 1943.

<sup>78</sup> Chongqing archives, 02300003000320000006000, September 28, 1943.

by the Pangdatsangs to the monasteries was a form of loan collateral or similar to a deposit.

- Temporary Tibetan state-run banks in Gyantse and Shigatse. Bertsch, *The Paper Currency of Tibet*, 7.
- Banking functions of the merchant houses in Dartsedo (Ch. guozhuang, Tib. achak khapa).
- Use of tea (in a standardized brick form) as a currency in Kham.
- Historically, Tibetan monasteries provided necessary “banking” functions and many continued to thrive through the 1950s. Even with this newfound competition, some monasteries adapted and continued financing their own trade, creating stores of capital (often in the form of tea bricks), providing loans, and in some cases, issuing their own local currency.
- Would possibly like to use this topic to better connect the section of the rise of the Pangdatsangs to the transnational banking networks and currency exchange sections.

While there is some evidence of Chinese and other non-Tibetan ethnic groups using monastery lending services, I have yet to find examples of this, or other uses of traditional financial institutions, in the Chen Ho or the Kham-Tibet Trading Company communications.<sup>79</sup> This is not to say that they did not use them, but it seems likely that these forms of banking and money transfer were primarily for Tibetan use.

One of the most common methods of long-distance money transfer on the Himalayan side of the Tibetan Plateau, was the use of Newari money lenders and remittance services. Through their offices across Central Tibet, Nepal, and eastern India, the Newari merchants would issue money orders, called *hundi* that individuals from Pangdatsang employees to everyday people could employ. For example, a person needing to send money from Lhasa to Calcutta bought a *hundi* note in Tibetan currency at the Newari shop in Lhasa.<sup>80</sup> They would then receive payment in Indian rupees when exchanging the note at the Newari shop in Calcutta.<sup>81</sup> However,

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<sup>79</sup> References from Mark Frank, Max Oidtmann, and Paul Nietupski.

<sup>80</sup> Need to do a quick search on hundi, the Wikipedia article says that this did not take place within normal banking channels, yet was regulated and taxed by the British. It is very possible that the modern bank transfers were actually new and that the hundi existed next to it through the early 1950s for Tibetan and Chinese use.

<sup>81</sup> Tuladar p.39 FIX, check page.

using one “traditional” service did not preclude one’s ability to use the modern banking facilities. The Newaris frequently used Bank of China services alongside the *hundi*, with all options for money transfer existing alongside one another.<sup>82</sup>

Whether using modern banking facilities or more traditional methods of remittance, one still had to contend with the reality of “official” versus “market” prices and exchange rates. While functionally all currencies along each side of the Tibetan plateau was on a floating exchange rate, Nationalist backed shipments of goods, such as those funded by the Lend Lease Agreement or the Stabilization Fund had to be conducted using “official” exchange rates and given set prices for bulk goods. This, at times, created mayhem for import export companies such as the Pangdatsangs and associates seeking to work with the Nationalists. For example, if the official rate and the market rate diverged in any meaningful way, firms or even the state would risk major financial losses.<sup>83</sup> This would become even more trying as the Chinese national currency, the *fabi*, experienced rampant inflation towards the end of WWII. The market rates on the other hand (while susceptible to massive fluctuation in prices due to scarcity or demand), would be established the day of purchase (with an assumed time lag) through a series of telegrams or letters, or posted in local newspapers.<sup>84</sup> They would then calculate the risk of that exchange rate fluctuating and make a decision, noting which currencies would be available at location and which might be scarce.<sup>85</sup> Even if the issue of market versus official prices was resolved, obtaining foreign exchange at times proved extremely difficult.

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<sup>82</sup> “I have written that I have transferred nineteen thousand nine hundred and fifty rupees through the Bank of China in Calcutta, and to send a telegram as soon as you receive it.” p.66 FIX Tuladar

<sup>83</sup> The communication further explains that there were official prices for necessary goods that were set by Xikang Province and the Nationalist government, which should have been above market price so that they could buy up the stock (merchants were compelled to sell the goods to them so they got better profits) instead of letting it get to the regular (black) market. Chongqing Archives, 02300003000330000206000, September 10th 1943.

<sup>84</sup> However, sometimes information was hard to come by on the plateau, while much would have been word of mouth, and local market price, as per the example above, there were also local publications, like the Tibet Mirror newspaper published out of Kalimpong that reported (biweekly) on market conditions and prices of important commodities and bullion. Dong Junding reported that there were many wireless telegraph stations between Lhasa and Dartsedo making it fairly easy for the Tibetan merchants to contact Chen Ho with updates along the way. Stations were located in Lhasa, Litang, Batang, Sershul, Derge, Kardze, and Ta’u, linking the northern and southern routes but surprisingly not through Chamdo. Additionally, this area’s telegraph office service was run by a certain Wu Xuchu, who had been in Kham for about five years, and his spouse, who was a Tibetan of high rank. He was assigned to the Kardze telegraph office with the hope that in the future he could help develop the Chen Ho company there. Chongqing Archives, 02300003000330000206000, September 10, 1943.

<sup>85</sup> Establishing a proper exchange rate was at times a heated back and forth as shown in Newari communications. Tuladar p.60 FIX



Despite the large number of banks, company communications often complain of a lack of access to currency exchange services on the Tibetan Plateau. To be sure, currency exchange for local transactions created a completely different set of issues when compared to large-scale long-distance transactions and local exchange required any amount of the myriad of currencies on the plateau. According to the Chen Ho economic report of 1943, because Tibetans never accepted the Chinese *fabi*, one needed to bring an assortment of currencies, such as silver coins, Tibetan currency, as well as commodity currencies like tea in the form of a brick, to survive the trip from Lhasa to Kham.<sup>86</sup> So, in September 1943, in order to help with the lack of financial circulation, the Kham-Tibet Trading Company signed a contract with the Central Bank of China to handle foreign exchange for other companies between Lhasa and Dartsedo.<sup>87</sup> The contract stipulated that the Central Bank's Dartsedo (Kangding) branch would entrust the Kham-Tibet Trading Company to setting remittances in both Tibetan and *fabi* national currency and this transaction could be completed with a bank note, letter, or telegram. Furthermore, the exchange rate would be determined by the Kham-Tibet Trading Company.<sup>88</sup> It was these services that the Chen Ho Industrial Corporation turned to when remitting currency across the plateau.<sup>89</sup> While it is unclear whether or not Pangda Tobgye facilitated this relationship, following this arrangement, trade between Lhasa and Dartsedo drastically increased resulting in remittances totaling 10 million yuan in only six months.<sup>90</sup> Apparently, Chen Ho was not the only company to make use of the Kham Tibet Trading Company's remittance and foreign exchange services.

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<sup>86</sup> The currency conversion on the Tibetan plateau was so complicated that in 1940 Kelsang Tsering (Kesang Zeren), the soon to be head of the Kham-Tibet Trading Company, proposed the creation of an entirely new currency for the entire region of eastern Tibet. 民国时期西藏及藏区经济 开发建设档案选编, 1 (July, 1940). Payments needed to be made in Tibetan currency when crossing through Central Tibet. IOR-L-PS-12-4205 (6)

<sup>87</sup> Minguo shiqi, 8-10, 12-13. Kang-Tibet Trading Company shall try to implement in Lhasa and after Tibet, etc. The Kang-Tibet trading company should try to implement the legal tender in Lhasa and back Tibet, and the Central Bank allocated another 100,000 yuan of legal tender printed with Tibetan characters, which was brought by the Kang-Tibet trading company to promote use at the local level (6) (CAO GOT THIS FROM A DIFFERENT SOURCE). So interesting and need to reference this in the manuscript when I talk about currency.

<sup>88</sup> This contract is worth exploring further. The Kham-Tibet Trading Company was able to leverage their trade in borax to secure the necessary loans of *fabi* and purchase Indian rupees and Tibetan silver currency. After the signing of the above contract, Kang-Tibet Trading Company submitted a loan of 1 million Yuan in legal currency from the Central Bank and requested to exchange for the Indian rupee as working capital for exchange. Also, "in order to prevent foreign exchange hedging (aka making money off exchange rates), the contract also stipulated that the Kang-Tibet trading company could obtain foreign exchange up to 1 million yuan. Cao (90-91). Cao was referring to documents also found in Minguo Shiqi, 8-12.

<sup>89</sup> Chongqing Archives, 02300003000330000206000, September 10, 1943.

<sup>90</sup> Cao (90-91) citing Minguo Shiqi, 8-10 民国时期西藏及藏区经济 开发建设档案选编, 8 (April 28, 1944)

It is important to point out however, that this was not a seamless and fully “by the books” arrangement. Less than a year after signing this contract, the Kham-Tibet Trading Company was suspected of manipulating the currency exchange. They quickly denied this accusation and were requested to submit their records. While the source suggest that they were wrongly accused, it would appear that they were in a perfect position to adjust the exchange rates in their favor.<sup>91</sup> By a similar logic, it is also possible that the exchange rates were so unstable moving between all the different currencies and inadvertent manipulation was a given. Government directives, even when acted through modern banks, were extremely difficult to control or regulate; convincing companies to then follow these directives was often a fruitless endeavor. In a report from August 1943, the Foreign Affairs Bureau (Ch. *waijiaobu*) admitted that even with a Bank of China branch in Kalimpong, of all known businesses engaging in trade through India, Tibet, and Sichuan, only the Chen Ho Industrial Corporation was willing to work directly with the Nationalist government, buying and selling products at the official rates, with officially sanctioned foreign exchange.<sup>92</sup> And even though the Kham-Tibet Trading Company had a special relationship with the Central Bank, were able to legally facilitate currency exchange and long-distance remittances, the fear of financial manipulation strongly suggests that the state did not trust them fully.

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<sup>91</sup> “The Company has had to raise and pay a large amount of Tibetan silver, it is difficult and tea transported to Tibet often takes eight months to arrive, so the working capital is not enough, usually the Bank of China and the Company only charge small remittance fees and handling fees, and their work can be described as purely for the convenience of public and private parties (they are not working for themselves). All of this can be proved by the Central Bank, and others do not need to check [inspect], thinking that the Company is profitable, and even falsely accused of financial manipulation. The situation in Tibet is special, and over the years, there have been more and more transport operations between Sichuan, Kham, Qinghai and Yunnan provinces and Tibet and India, and there are many large merchants and many routes, so it is beyond the Company's ability to make profits and manipulate them. *Minguo Shiqi*, 8-10 民国时期西藏及藏区经济 开发建设档案选编, 8 (April 28, 1944)

<sup>92</sup> “However, the general merchants who transported goods into our country via Tibet were not organized yet, and each of them worked on their own, selling their goods freely after they arrived at the gates of China. Only Chenghe Enterprise Company agreed with the government that after the goods arrived in China, they would all be handed over to the Bureau of Materials and given legal profits to be purchased at official prices and distributed directly to users.” 外交部转军事委员会查藏汉关系及英对藏之企图报告中有关经济部分 1943 年 8 月 10 日. *Minguo shiqi*, 422-424 August 1943, “However, the general shipments have not been organized by merchants hidden in our country. They have their own policies. After the goods arrive at the country, they are sold freely. The national currency obtained is purchased at the black market for foreign exchange. After only the Chenghe Enterprise company negotiated with the government for the goods to arrive at the country, they learned that they should be handed over to the Goods Bureau (物资局), give legal profits, buy them at the official price, and sell the users directly.” I DIDN'T GET THIS QUOTE FROM *Minguo shiqi zizang*, *ibid.*, 422-424. It must be from one of the other locations, Chen Ho docs or the Taiwan archives.

To bring us all back to the introductory story of Pangda Yampel's raw silk and silk yarn transaction at the beginning of the article, to what extent was the Nationalist government controlling or regulating the foreign exchange or facilitating import export trade? For in the case of the silk yarn even though Yampel presumably went through all the correct channels, had the blessing of the Chinese state, and was Trade Agent to the Tibetan Government, he still suffered heavy losses when his funds were stuck in Chongqing.<sup>93</sup> And this apparently was not the only time that Yampel's "man in Chungking," Kesang Tashi, encountered difficulties with their shipments, in fact, Kesang Tashi frequently needed to turn to the black market of foreign exchange just to make their import export business run smoothly.

Kesang Tashi was by all accounts the Pangdatsang company's right-hand man for all things business related.<sup>94</sup> An amiable individual of many talents, Kesang Tashi had been educated in a foreign mission school (presumably in northern India), was a centurion or "commander of a hundred" in Tobgye's private army, and acted as a steward for all of the Pangdatsang land holdings in the Lhadun area of Chamdo (Ch. *ren chang du diqu zhengxie fu mishuzhang* 任昌都地区政协副秘书长).<sup>95</sup> At the same time, he worked as a trader for the Pangdatsangs transporting western medicine, leather, wool, cloth, and cotton yarn from India to Chengdu, eventually becoming the Pangdatsang's main manager in Chongqing.<sup>96</sup> His talents

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<sup>93</sup> Furthermore, "any shipment of foreign goods must first register with the Bank of China and the Bank of Communications, sell foreign exchange in advance, agree on the price, agree on the period, and obtain a certificate of foreign exchange purchased by the Bank of China and the Bank of Communications from the Customs and Land and Water Transportation Office (CHECK NAME) for examination before shipping." Zhang Luo dissertation, 153 PDF FIX If the exchange rate remained stable and there was no issue with the time frame (aka no stoppages of the shipment) the transaction would conclude with no major gains or losses. But if the prices of the goods fell, the market price changed, or if there was a change in exchange rate, the exporter might not be insured (there actually was insurance for the wartime transportation but I don't know enough about that to know if it could cover foreign exchange losses).

<sup>94</sup> He wrote in 1988 a short memoir of the "Kang-Tibet Business Circle's Witnesses in Support of Japan's Salvation," but I have not been able to locate this publication. Wala., *ibid.*, 7-8. He was interviewed for both the *wenshi ziliao* publication as well as Mönlam's research. His narrative is the most dominant of personal narratives but the Geoffrey Bull reference from the 1940s (should be 50/51?) does seem to confirm his central role in the business. I need to go back to the *wenshi ziliao* and reread.

<sup>95</sup> According to an early 1950s account by the missionary Geoffrey Bull, "Gezang Drashi [Kezang Tashi] was a "commander of a hundred" in Dopgyay [Tobgye]'s private army and also a trader and steward of Dopgyay's lands and goods." Also, Bull's own reflection: "Gezang Drashi during these days was a very welcome visitor. He was, apparently, handling some of Pangda Tsang's property and lands at Hla Dun. He was a man of about 38 and we had a good time together." Another reflection, "I did not think it necessary to inform him that Gezang Drashi had been educated in a foreign Mission School, was a centurion of Pangda Dopgyay's private army and had handled, at one time, a major share of Pangda Dopgyay's trading in China and India. Further that he was steward of all Pangda Tsang's land and property in the Hla Dun area." Bull, *ibid.*, 94, 128.

<sup>96</sup> In Chinese he is often referred to as a "secretary" (Ch. *mishu* 秘書) but I do not know what the proper word for his position would have been.

were apparently not wasted and in the years following the rise of the PRC, Kesang Tashi became the deputy Secretary General of the Chamdo CPPCC.<sup>97</sup>

In 1943, under the direction of both Yampel and Tobgye, Kesang Tashi relocated to Chongqing in order to better deal with large scale financial transfers and trade in foreign exchange for the Pangdatsang firm. And while the firm would certainly have used many of the sanctioned avenues for obtaining foreign exchange as detailed above, they also found themselves in need of more than what could be officially procured. By this time, Chongqing had become the new financial center of Nationalist China with the fall of Shanghai's foreign concession to the Japanese in 1941, but despite the Nationalists attempts at "legalized" foreign exchange through sanctioned banks and company contracts, the supply and circulation was insufficient, resulting the development of a thriving black market.<sup>98</sup>

The Chongqing black market in foreign exchange reached its peak between 1942 and 1945 during the Pacific War following the arrival of U.S. military. American military personnel were paid in U.S. money transfers which were converted into Chinese *fabi* for everyday use. These transfers however were not audited or regulated by the Nationalist Government resulting in a massive influx of U.S. dollars, bonds, among other documents, which eventually made their way into the black market.<sup>99</sup> In 1943, market speculation focused on the following items, "1) foreign currency banknotes [specifically USD and Indian rupees].<sup>100</sup> 2) Nationalist issued U.S. dollar savings certificates and U.S. dollar bonds.<sup>101</sup> 3) U.S. notes, U.S. bonds or its coupons issued by a

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<sup>97</sup> 只能根据邦达多吉的秘书、后来担任昌都政协副主席秘书长的仲麦·格桑扎西 A business secretary of Pangda Tobgye (also relative?) 写于1988年的回忆文章《康藏商业界对抗日救亡支援亲历记》，作出一个大概的评估。Wala, *ibid.*, 7-8.

<sup>98</sup> For a thorough discussion of this subject, see Zhang Luo's dissertation 抗战时期重庆金融市场研究 (1937-1945, 2019). "In 1942, after Shanghai was taken over by the Japanese, Chongqing became the financial center of the war, and the importance of its foreign exchange market reached its peak. At this time Chongqing foreign exchange market has two characteristics, the first characteristic is confusion. The reason for the chaos is the emergence of the black market, Chongqing foreign exchange black market is based on the strong demand for value-keeping goods generated by the private sector, where the black market of the late war in Chongqing are in the market of daily necessities and value-keeping goods, and the more the government controls these markets, the more the black market is flourishing." Zhang, 173 PDF FIX.

<sup>99</sup> Zhang Luo dissertation, 166 PDF FIX

<sup>100</sup> British pound, Indian rupee, Hong Kong dollar were all present but the U.S. currency remained the most important commodity in the market, and its face value and the year of issue determine the value of its transactions, most of which are standardized on the 1934 Lanmark note CHECK. These notes are only available in denominations of \$1-20, but they were more expensive than \$100 bills because of their versatility. Zhang Luo dissertation, 172-3 PDF FIX

<sup>101</sup> The U.S. dollar savings certificates, also known as U.S. dollar savings certificates, were issued on April 1, 1942, by the China, Chiao Tung and China Farmer's Bank and the CITIC Post and Reserve Bureau.

bill of exchange.<sup>102</sup> 4) a clearing house issued New York payment of the bill of exchange.<sup>103</sup> 5) bills of exchange between non-China countries (such as from the United Kingdom to the United States).<sup>104</sup> 6) private remittances or private letters and telegraphic remittances paid abroad and private transfers of overseas remittances. 7) others, such as traveler's checks, or foreign bank certificates of deposit.” Of these, foreign currencies, U.S. dollar savings certificates, U.S. dollar bonds, and New York bills of exchange were the most desired while the others were understandably less marketable.<sup>105</sup> The black market was often located in the Chongqing Banking Association’s business hall but due to the illegal nature of the market, the location was subject to vary. The transactions were carried out by brokers who made under the table deals (dealt in their sleeves and through a handshake) and then the brokers would agree on the period for collection and delivery. However, as the foreign exchange market took off, an increasing number of banks, companies, and individuals actively joined in on the speculation.<sup>106</sup>

Experiencing this black market first-hand, Kesang Tashi recalled that to join in on the activities meant establishing an informal network of powerful people, “wining-and-dining,” and backchanneling.<sup>107</sup> He reflected that the Chongqing black market made it easy to make fast trades.<sup>108</sup> But despite the relative speed that came with an official market, Kesang Tashi seems to have had a somewhat difficult time managing the foreign exchange and obtaining the required amount of funds. He explains that during the mid-1940s, the Sadhutsang family (another powerful Khampa family) and business managers for a major monastery in Kham learned that the Pangdatsangs were in possession of foreign exchange and sent their representatives to

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The total amount of USD 100 million was issued by the China, China Communications, China Farmers Bank and CITIC Post and Reserve Bureau. The notes were purchased by depositors in national currency at a rate of 100 fabi to 5 US dollars. The notes are divided into one year, two years and three years. The notes are divided into three types: one year, two years, and three years. The principal and interest can be withdrawn in U.S. dollars or in fabi.” Xikang Economic Quarterly, First Issue (July 1, 1942), p. 228. CITED IN ZHANG LUO DISSERTATION

<sup>102</sup> 由美券及美债或其息票开出之汇票。

<sup>103</sup> 某清算所开出纽约付款之汇票

<sup>104</sup> 由中国以外之某一国汇至另一国家之汇票（如由英汇美）

<sup>105</sup> Zhang Luo dissertation, 168 PDF FIX

<sup>106</sup> Zhang Luo dissertation, 172-3 PDF FIX According to Zhang, it was not only the discrepancy between the market rate and the official rate encouraged black market activities, but also the requirement to sell foreign exchange in advance (before the transaction) created a lag period for the exchange rate to change (exchange rate was volatile so there was a greater chance for change the longer one had to wait?) which again compelled exporters to look to the black market. Zhang Luo dissertation, 153 PDF FIX

<sup>107</sup> Wala, *ibid.*, 109-112.

<sup>108</sup> Specifically it was said that, “buying short and selling short had no profit or loss so business was much easier to do (买空卖空，盈亏皆不见物，这样的生意做起来轻松多了).

Chongqing to buy them from Kesang Tashi.<sup>109</sup> Yet, Kesang Tashi was “very distressed” because he could only sell them a very small portion of his overall holdings.<sup>110</sup> This anecdote, while not explained in full, implies a variety of circumstances. Did Kesang Tashi and the Pangdatsangs not want to share their corner of the Chinese foreign exchange market? Or were they not wining and dining enough people to obtain sufficient foreign exchange during this financially precarious wartime period?

Presumably successful in some of his networking and backchanneling, Kesang Tashi would have had to purchase large quantities of foreign exchange. Beyond speculating, he would have also needed to hedge the Pangdatsang financial positions with a diverse portfolio of currencies and commodities in order to shelter themselves from inflation or drastic changes in the “official” versus “market” exchange rates.<sup>111</sup> With the severe inflation and skyrocketing prices of the Nationalist’s *fabi*, investment in other value holding currencies and commodities such as gold, silver, diamonds, jade and others were a safer bet. And one source corroborates that between 1943 and 1946, the Pangdatsang firm purchased 10,000 liang of gold; more than 300,000 yuan in silver and more than 33,000 liang of silver ingots.<sup>112</sup> All of which they could have possibly used for hedging foreign exchange. In fact, in one case, the Pangdatsangs discovered that the price of diamonds in Chongqing was lower than in India, so they purchased diamonds from Chongqing, brought them to India, and sold them to British and American embassies and overseas Chinese at high prices, obtaining much needed foreign exchange.<sup>113</sup> Overall, the instability of currency during this period could, in part, explain why the majority of quotes on the Pangdatsang wealth were recorded in Tibetan silver, rupees, or other silver currencies.<sup>114</sup> Overall, the Pangdatsangs and their associates needed to purchase foreign exchange on the black market and have a highly diversified portfolio in order to conduct a

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<sup>109</sup> This was Dargye Monastery.

<sup>110</sup> Ibid., 110.

<sup>111</sup> For example, in January it was 1USD to 45 yuan of national currency and one rupee to 12 yuan of national currency. Late April 1USD to 51yuan, 1Rupee to 13yuan, then by May the US dollar rose to 55 and the rupee to 15. By 1944 the Chongqing black market for foreign exchange was in full swing. Zhang Luo dissertation, 168-9 PDF  
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<sup>112</sup> Ibid., 133-134.

<sup>113</sup> It was also mentioned that, they purchased pre-sale(?) gold coupons Siming Bank (四明银行) which were purchased (on behalf of?) Jardine & Matheson, half through foreign exchange and half with legal tender. Ibid., 110.

<sup>114</sup> The bullion-based currencies which were in majority use in Tibet were more reliable during this time. This did not go unnoticed by Chinese merchants. Minguo shiqi reference.

profitable business. And after the war, an official market in foreign exchange was established bringing an end to the black market.<sup>115</sup>

### Conclusion (*incomplete*)

The WWII period provides us with a new lens for understanding Tibetan transnational business practice during a period of state expansion. While this article does not define the role of the state in Tibetan business, it suggests that in order to conduct business across the plateau, one needed to hold multiple and possibly conflicting alliances and be able to use seek diverse avenues for financial needs, specifically in currency exchange. When looking at the 1940s in particular, infrastructures, banking, etc. limitations etc. this seems like a new level of state involvement in business. As the example of banking, foreign exchange, and the Chongqing black market show is an imbalance of government reach, and that merchants needed to work with the state when needed, but find a work-around when states could not manage to follow through. The structure of the Pangdatsang firm reflected the context and conditions of the Tibetan political and economic space, and while they might not be unique in the scope of business history, they were responding to particular conditions and specific problems to the Tibetan context, and the structure of their business reflects this reality.

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<sup>115</sup> See the wenshi ziliao article for more.