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COTTON INDUSTRY AND TRADE IN CHINA

H. D. Fong



SINCE 1897

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The Commercial Press





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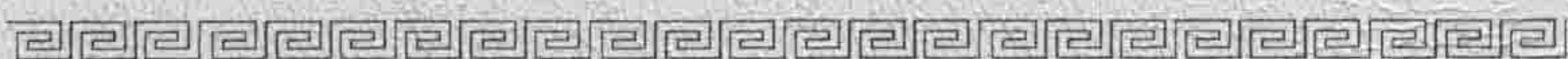


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H. D. Fong
(1903—1985)

Editorial Note

One hundred years ago, Zhang Zhidong tried to advocate Chinese learning by saying: "The course of a nation, be it bright or gloomy, the pool of talents, be it large or small, are about governance on the surface, and about learning at the root." At that time, the imperialist powers cast menacing eyes on our country, and the domestic situation was deteriorating. The quick infiltration of Western learning made the long-standing Chinese tradition come under heavy challenge. In those days, Chinese learning and Western learning stood side by side. Literature, history and philosophy split up, while many new branches of learning such as economics, politics and sociology were flourishing, which made many Chinese dazed. However, there appeared a vital and vigorous learning climate out of the confusing situation. It was at this critical moment that modern Chinese scholarship made the transition—by exchanging views, basing on profound contemplation and even with confrontation of idea and clash of views, the scholarship made continuous progress, bringing up a large number of persons of academic distinction and creating numerous innovative works. Changes in scholarship and in general modes of thinking made transition in all aspects of the society possible, thus laying a solid foundation for revitalizing China.

It's over a century since the journey of modern Chinese learning started, during which various schools of thought stood in great numbers, causing heated discussions. The journey sees schools of thought as well as relevant arguments rising and

falling, waxing and waning instantly, leaving complicated puzzles to followers. By studying and reviewing the selected works, one may gain new insights into that journey; and it is the editor's sincere hope that readers would ponder over the future by recalling the past. That's why we have compiled "Selected Works of Modern Chinese Learning". The effort includes masterpieces of celebrated scholars from diverse fields of study and different schools of thought. By tracing back to the source and searching for the basis of modern Chinese learning, we wish to present the dynamics between thought and time.

The series of "Selected Works of Modern Chinese Learning" includes works (both in Chinese and in foreign languages) of scholars from China—mainland, Hong Kong, Macau, and Taiwan—and from overseas. These works are mostly on humanities and cover all fields of subjects, such as literary theory, linguistics, history, philosophy, politics, economics, jurisprudence, sociology, to name a few.

It has been a long-cherished wish of the Commercial Press to compile a series of "Selected Works of Modern Chinese Learning". Since its foundation in 1897, the Commercial Press has been privileged to have published numerous pioneering works and masterpieces of modern Chinese learning under the motto of "promoting education and enlightening people". The press has participated in and witnessed the establishment and development of modern Chinese learning. The series of "Selected Works of Modern Chinese Learning" is fruit of an effort to relay the editorial legacy and the cultural propositions of our senior generations. This series, sponsored by National Publication Foundation, would not be possible if there were no careful

planning of the press itself. Neither would it be possible without extensive collaboration among talents of the academic circle. It is our deeply cherished hope that titles of this series will keep their place on the bookshelves even after a long time. Moreover, we wish that this series and “Chinese Translations of World Classics” will become double jade in Chinese publishing history as well as in the history of the Commercial Press itself. With such great aspirations in mind, fearing that it is beyond our ability to realize them, we cordially invite both scholars and readers to extend your assistance.

Editorial Department of the Commercial Press

December 2010

PREFACE

The rapid spread of industrialization in China since the World War, and the manifold effects which it gives rise, have been a subject of considerable interest among the Chinese and foreign economists and social reformers. A good deal of prophesizing, on the basis of the Western experience, has already issued forth from the press at home and abroad, and the consensus of opinion seems to have been that China, endowed with a wealth of human and natural resources, holds the brightest prospect for immediate industrialization. Such an industrialization, it is hoped, will, on the one hand, relieve the pressure of over-population and raise the general standard of living in China, and, on the other, absorb the world's surplus production. While much prophesizing has proceeded along this line of reasoning, little information of a scientific character is as yet available on the extent and effects of China's industrialization. Realizing the importance and the need for more concrete data on the subject. The *Nankai University Committee on Social and Economic Research*, now the *Nankai Institute of Economics*, decided in 1929 to make a field survey of the industrialization in China for some sample district. Tientsin, as one of the leading industrial and commercial centres, constitutes a region by itself for the purpose. It is chosen in preference to other industrial and commercial centres because of the *Institute's* location in Tientsin and of the facilities it offered.

The *Institute* began its work for field investigation, as well as the compilation of data papers, on the first of June, 1929. The first data paper on *The extent and effects of industrialization in China* was published in 1929, and revised under the new title *China's industrialization, a statistical summary* in 1931. In the latter year another data paper on the *Industrialization and labor in Hopei* was issued under the auspice of the *Conference on People's Livelihood* in Shanghai. The field investigation, chiefly on the two types of industries in Tientsin, the handicraft industry representing the old economic order and the factory industry the new one, is turned over to my charge. Thus far three reports on the handicraft industries in Tientsin have been issued, namely, *Tientsin carpet industry*, *Hosiery knitting in Tientsin*, and *Rayon and cotton weaving in Tientsin*. Among the factory industries the samples chosen include the cotton manufacturing and the flour milling. The report on the flour milling is still in the course of preparation, while that on the cotton manufacturing is embodied in the present report on the *Cotton industry and trade in China*.

In this connection, it remains to be explained that the scope for the present report is not confined to Tientsin, but extended to the country at large. The widening of the scope is based on several considerations. In the first place, cotton industry, unlike the handicraft industries, is more localized. While Tientsin is one of the few favored spots for the industry, Shanghai is by far the largest centre. A study of the industry in Tientsin without reference to Shanghai and other centres gives obviously an incomplete picture. Secondly, cotton industry, the largest factory industry of China to-day, has not yet been treated satisfactorily. As shown in the bibliography to the present report, most of the information now available on the subject are either too brief or too specialized. Of the former may be mentioned *China's cotton industry* by D. K. Lieu and *Cotton industry of Japan and China* by Arnold Pearse; of the latter may be mentioned *A study of the standard of living of working families in Shanghai* by Simon Yang, *Report of the Cotton Mission* by the British Economic Mission to the Far East, and *Marketing of cotton in Hopei Province* by T. S. Chu. Besides, much information may be found, in Chinese and foreign languages, in scattered sources,—in periodicals such as the *Chinese Economic Journal*, *Foreign Trade Guide*, *Social Monthly* (Shanghai), and *China Weekly Review*, and in treatises such as the *East India Company Trading to China* by H. B. Morse, and the *Annual Reports* on labor disputes, wages and hours of work by the Shanghai Bureau of Social Affairs. With these considerations in mind, I have decided to broaden the scope of my investigation on the cotton industry, which is well indicated by the title for the present report.

I wish to take this opportunity of acknowledging my indebtedness to all those who have helped one way or the other towards the completion of this study. Although two of the six mills in Tientsin have failed to comply with the *Institute's* request for investigation, the other four mills have offered us necessary facilities in a very cordial spirit. The managers and staff members, in particular, have placed us under deep obligation with their much needed assistance in hunting up accounts and records, which, in Chinese mills, are seldom preserved for any length of time. The initiative and resourcefulness of my investigators, Messrs. H. C. Wang, Y. C. Hang, S. S. Li, Y. Y. Chuan, Z. W. Wang, C. Wang and T. L. Shang, have contributed a great deal towards the completion of the study, in making necessary connections and in collecting the field data. The tedious process of computation and tabulation of the data is left to Messrs. Y. T. Hu, C. T. Lin and Wellington Lee, while Messrs. T. S. Yen and Y. C. Hu have helped to design and trace the various charts under the able direction of Mr. Tayeh Wu. Professors S. L. Yao and C. C. Lien, of the

Accounting Department of the School of Commerce, have freely given their knowledge on the analysis of the financial statements of the Tientsin mills. Mr. W. L. Holland, Acting Research Secretary of the *Institute of Pacific Relations*, has kindly read over the manuscript, and has made several important suggestions. Dr. J. B. Condliffe, for a long time the Research Secretary of the *Institute of Pacific Relations* and now member of the *Economic and Financial Section of the League of Nations* and Professor James T. Shotwell of the *Columbia University*, erstwhile chairman of the International Research Committee of the *Institute of Pacific Relations*, have helped considerably in promoting the general interest in the *Tientsin industrialization project*, and in securing for it a generous grant from the *Institute of Pacific Relations*. Dr. Franklin L. Ho, above all others, has a large share in the suggestion of the project, as well as in the completion of it. As the Director of the Institute, he has assigned to himself many of the administrative and other duties which would have interfered with my investigation and research. His deep interest in the whole project, and his invaluable advice during the various stages in the progress of the present study, have all along been the chief source of my inspiration.

H. D. Fong

Nankai Institute of Economics
Nankai University, Tientsin
July, 1932.

Standards of weights and measures vary all over the country, despite the new *Law of Weights and Measures* of Feb. 16, 1929 officially adopting the metric system. For our purpose we may note only those commonly recognized units referred to in this study (For details see *Chinese Maritime Customs: Tables of Equivalent Weights and Measures*, Shanghai, 1931).

Chinese weights and measures

Length:—

| | | | |
|-------------|-----------|--------------|--------------|
| 10 Ts'un | = 1 Ch'ih | = 0.32 metre | = 1.045 feet |
| 1,800 Ch'ih | = 1 Li | = 576 metres | = 0.358 mile |

Area:—

| | | | |
|--------|---------|--------------|---------------|
| 10 Fên | = 1 Mow | = 6.144 ares | = 0.1518 acre |
|--------|---------|--------------|---------------|

Money weights:—

| | | | |
|-----------|---------------------|-------------------|--------------------|
| 10 Li | = 1 Fên (candareen) | | |
| 10 Fên | = 1 Ch'ien (mace) | | |
| 10 Ch'ien | = 1 Liang (tael) | = 37.301 grammes | = 575.6 grains |
| 16 Liang | = 1 Chin (catty) | = 569.816 grammes | = 1.316 lbs. avdp. |

Treaty or Haikwan weights

| | | | |
|-----------|------------------|----------------------|---------------------|
| 10 Li | = 1 Fên | | |
| 10 Fên | = 1 Ch'ien | | |
| 10 Ch'ien | = 1 Liang | = 37.7994 grammes | = 583.3 grains |
| 16 Liang | = 1 Chin (catty) | = 604.79 grammes | = 1.33 lbs. avdp. |
| 100 Chin | = 1 Tan (picul) | = 60.479 kilogrammes | = 133.33 lbs. avdp. |

The currencies in China are most confusing, and we need to note only those commonly recognized units referred to in this study (For details see *Kann's Currencies of China*, Shanghai, 1926).

Taels in China

| Name | Fineness in pure silver | Fineness in sycee silver | Weight in grammes | Weight in grains |
|---------------|-------------------------------|--------------------------------|----------------------|---------------------|
| Haikwan tael | 1.000 | | 37.80 | 583.3 |
| Kuping tael | .923 | .987 | 37.24 | 574.6 |
| Sycee tael | .935 | 1.000 | | |
| Shanghai tael | .917 | .980 | 36.61 | 564.9 |

A yuan or dollar, with a nominal fineness of 0.9, weighs 72 candareen in Kuping taels (see money weights referred to above), i.e. 26.86 grammes or 414.4 grains; it has a nominal silver content of 24.17 grammes or 373 grains. Theoretically speaking, a Haikwan tael, with 583.3 grains of silver, is worth 1.56 Chinese dollars.

Recently, a customs gold unit is adopted which is equivalent to 40 cents U. S. currency. One gold dollar is worth 2.5 gold units, and one pound sterling is worth 12.1664 gold units.

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