

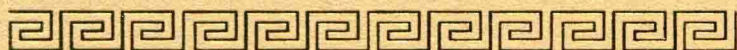
SELECTED WORKS OF MODERN CHINESE LEARNING

THE GROWTH AND INDUSTRI- ALIZATION OF SHANGHAI

D. K. LIEU



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D. K. LIEU

(1891—1962)

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

CONTENTS

FOREWORD	I
I. INTRODUCTION	3
Industrialization and the Breaking up of the Old Economic Organization—Factors Promoting Industrialization in China—Shanghai as the Principal Industrial Center of the Country.	
II. BRIEF HISTORY OF INDUSTRIAL DEVELOPMENT IN SHANGHAI	17
Seven Periods in China's Industrial Development—The Golden Age—The Textile Industries—Apparel Manufacturing Industries—Manufacturing of Foodstuffs and Beverages—Machine Manufacturing—Leather and Rubber Goods—Chemical Industries—Paper Making and Printing.	
III. RECENT DEVELOPMENTS AS REVEALED BY STATISTICAL SURVEYS	61
Growth of Shanghai Industries, 1931-1933—Tariff and Industrial Development—Some Comparative Figures—The Heavy Industries—The Textile Industries—The Foodstuff Industries.	
IV. SALIENT FEATURES OF SHANGHAI INDUSTRIALIZATION	87
Insufficient Capitalization—Small Size of Shanghai Factories—Extent of Mechanization—Raw Materials and Products.	
V. LABOUR CONDITIONS IN SHANGHAI	111
Total Number of Workers—Wages and Earnings—Working	

CONTENTS

Hours—The Labor Movement—Strikes and Lockouts—Labor Disputes.	
VI. ECONOMIC EFFECTS OF INDUSTRIALIZATION	136
Growth of the City—Growth of Industrial Section—The Price Level—Foreign Trade—Transportation—The Money Market.	
VII. THE SOCIAL EFFECTS OF INDUSTRIALIZATION IN SHANGHAI	161
Composition of Shanghai Population—Industrialization and the Family—Effects on the Housing Problem—Other Effects.	
VIII. CONCLUSION	179

APPENDICES

A. STATISTICS OF SHANGHAI INDUSTRIES, 1931	
I. Business Organization	189
II. Capital and Reserve	200
III. Ownership of Factory Buildings	210
IV. Officers and Workers	219
V. Motive Power	229
VI. Operating Time and Average Number of Years and Months in Operation	239
VII. Statistics of the Preceding Year (1930)	251
B. STATISTICS OF SHANGHAI INDUSTRIES, 1933	
I. Business Organization and Capitalization	265
II. Area and Ownership of Factory Site	276
III. Officers and Workers	286
IV. Motive Power	297
V. Salaries and Wages	306
VI. Operating Time and Average Number of Years and Months in Operation	315
VII. Statistics of the Preceding Year (1932)	325
C. STATISTICS OF SHANGHAI INDUSTRIES, 1928-1934	
I. Capitalization and Number of Workers, 1928	337
II. Working Hours and Wage Rates, 1928	341
III. Number of Workers, 1929	344
IV. Summary Figures for Shanghai Industries, 1931	
V. Summary Figures for Shanghai Industries, 1933	
VI. Statistics of Shanghai Industries, 1934	347
D. COMPARATIVE STATISTICS	
I. Comparison of Capitalization and Number of Workers of Individual Industries	358
II. Comparison of Capitalization and Number of Workers of the Sixteen Industrial Groups	369
III. Comparison of Major Statistical Data of the 1931 and 1933 Surveys	371

CONTENTS

IV.	Capitalization of Twelve Leading Industries	381
V.	Power Statistics of Twelve Leading Industries	382
VI.	Raw Materials and Output of Twelve Leading Industries	382
E. LABOUR STATISTICS		
I.	Labour Statistics of Twelve Leading Industries	383
II.	Wage Earnings in Different Industries	384
III.	Working Hours Per Day in Different Industries	385
IV.	Strikes and Lockouts—Industries and Services Affected, 1918-1932	386
V.	Strikes and Lockouts—Matters in Dispute, 1918-1932	387
VI.	Strikes and Lockouts—Results of Disputes, 1918-1932	387
VII.	Strikes and Lockouts—Nationality of Management, 1918-1932	388
VIII.	Strikes and Lockouts—Number of Cases, Number of Establishments and of Workers Involved, and Industrial Loss in the Form of Man-days and Wages, 1927-1932	388
IX.	Industrial Disputes—Number of Cases and Number of Establishments and of Workers Involved, 1928-1932	389
X.	Industrial Disputes—Matters in Dispute, 1928-1932	390
XI.	Industrial Disputes—Industries and Services Affected, 1928-1932	391
XII.	Industrial Disputes—Methods of Mediation, 1928-1932	392
XIII.	Industrial Disputes—Results of Disputes, 1928-1932	392
XIV.	Industrial Disputes—Nationality of Management, 1928-1932	393
XV.	Cost of Living and Wage Indices in Shanghai	393
F. ECONOMIC AND RELATED STATISTICS		
I.	Population of Shanghai	394
II.	Population Movements in Shanghai Chinese Territory	395
III.	Population Density in Shanghai	395
IV.	Land Values in the International Settlement of Shanghai	396
V.	Housing Statistics of the International Settlement of Shanghai	397
VI.	Number of Houses in the French Concession of Shanghai	398
VII.	Statistics of New Buildings in Chinese Territory of Shanghai	398
VIII.	Statistics of New Buildings in the International Settlement of Shanghai	399

CONTENTS

IX.	Statistics of New Buildings in the French Concession of Shanghai	399
X.	Mileage of Roads in Shanghai	400
XI.	Number of Vehicles in the International Settlement of Shanghai	401
XII.	Indices of Wholesale Prices in Shanghai	402
XIII.	Volume of Trade of Shanghai	403
XIV.	Net Value and Indices of the Foreign Trade of Shanghai	404
XV.	Net Value and Indices of Foreign Trade of China	405
XVI.	Net Value of Imports of Certain Manufactured Products into Shanghai and All China	406
XVII.	Net Value of Imports of Certain Industrial Raw Materials into Shanghai and All China	407
XVIII.	Net Value of Imports of Agricultural and Industrial Machinery into Shanghai and All China	408
XIX.	Gross Value of Exports of Certain Factory Products from Shanghai and All China	410
XX.	Vessels Entered and Cleared at the Port of Shanghai	411
XXI.	Inland Water Navigation Vessels Entered and Cleared at the Port of Shanghai	411
XXII.	Freight Statistics of the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railways	412
XXIII.	Passenger Statistics of the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railways	412
XXIV.	Revenue of the Nanking-Shanghai and Shanghai-Hangchow-Ningpo Railways	413
XXV.	Interest and Discount Rates in Shanghai	414
XXVI.	Business Statistics of Twenty-Eight Chinese Banks in Shanghai	414
XXVII.	Percentage Increases in the Business of Twenty-Eight Chinese Banks in Shanghai	415
XXVIII.	Silver Stock in Shanghai	415
XXIX.	Bank Clearings in Shanghai	416
XXX.	Volume of Transactions on Shanghai Exchanges	417
XXXI.	Volume of Business Done on the Shanghai Stock Exchange	418
XXXII.	Average Deflated Quotations of Government Bonds and Indices of Bonds and Stocks	418
XXXIII.	Spindlage of Cotton Mills in China, 1890-1935	419
 G. SOCIAL STATISTICS		
I.	Growth of Population in Shanghai	420
II.	Sex Ratio of Chinese Population in Shanghai	422
III.	Age Distribution of Population in Shanghai Chinese Territory in 1934	422
IV.	Nativity of Residents in Shanghai Chinese Territory	423

CONTENTS

V. Increases in Land Values in the International Settlement of Shanghai, 1903-1933	424
VI. Communistic Activities in Shanghai	424
H. EXPLANATORY NOTES ON THE VARIOUS SURVEYS	
1. Notes on the Survey of 1928	425
2. Notes on the Survey of 1929	428
3. Notes on the Survey of 1931	434
4. Notes on the Survey of 1933	447
5. Notes on the Survey of 1934	453
CHARTS	
I. Number of Chinese Factories in Shanghai, 1931 and 1933	456
II. Capitalization of Chinese Factories in Shanghai, 1931 and 1933	457
III. Number of Workers in Chinese Factories in Shanghai, 1931 and 1933	458
IV. Motive Power of Chinese Factories in Shanghai, 1931 and 1933	459
V. Value of Output of Chinese Factories in Shanghai, 1931 and 1933	460
VI. Number of Shanghai Factory Workers by Sex, 1933	461
VII. Statistics Reflecting the Growth of Shanghai	462
VIII. Statistics Reflecting Growth in Trade and Finance, Shanghai	463
IX. Statistics Reflecting Growth of Shanghai Industries	464
INDEX	465

FOREWORD

The study of Shanghai industrialization was started in May, 1931 when the Chinese Economic Society received a grant from the Institute of Pacific Relations for this purpose. A preliminary report was submitted to the Institute in July, 1933, as well as a special report on the silk reeling industry in Shanghai. Later in that year funds were received from a Chinese Government organization and the Sun Yat-sen Institute for the Promotion of Culture and Education for a second general survey of Shanghai industries, which was begun in 1933 and completed in the following year. The present volume is a result of the study, and in it the statistics collected in 1931 and 1933 are analyzed, compared and interpreted.

The work was first undertaken by a small staff under the direction of the Research Committee of the Chinese Economic Society. As the Chinese Statistical Society was also interested in such work, it appointed a few additional members to the directing committee and the office was reorganized into the China Institute of Economic and Statistical Research. The undersigned first served as the Chairman of the Research Committee, and then that of the Joint Committee and concurrently Director of the Institute. Under him Mr. Chung-pi Chang conducted the two surveys, with the assistance of Messrs. S. K. Kuo, T. L. Wu and some 30 investigators of the Institute and the various Government and private organizations which cooperated with it.

FOREWORD

Mr. Chong-chi Chen, with the assistance of several statistical workers, is responsible for the computation and presentation of all the statistical data contained in this volume, which include, besides those collected during the two surveys, figures relating to the industrial, economic and financial conditions in Shanghai as given in Appendices A-F. The statistics in Appendix G are supplied by Professor Charles C. L. Wu, who also contributes the chapter on the Social Effects of Shanghai Industrialization. Chapter II is prepared in Chinese by Mr. S. K. Kuo of this Institute and translated into English by Mr. Kingwell Tsha, who also translates some of the explanatory notes in Appendix H. Besides editing this chapter, the undersigned also writes all the remaining chapters of this volume. Miss Pearl Chan takes all the dictation and Miss S. T. King reads and corrects all the typewritten manuscripts.

Thanks are due to the National Government Directorate of Statistics, the Ministry of Industries, the National Tariff Commission, the Shanghai Bureau of Social Affairs, the Chiaotung University Research Institute, and the National Goods Advisory Board for their cooperation in carrying out the two surveys of 1931 and 1933. Those in the various organizations who rendered much help in the surveys have mostly been mentioned in the preliminary report. Thanks are also due to Professor J. T. Shotwell and Dr. J. B. Condliffe for providing the funds from the Institute of Pacific Relations for the study, without which it would probably not have been started, and to the various Chinese organizations and individuals who have contributed from time to time to complete the work.

D. K. LIEU.

Shanghai, July 7, 1936.

CHAPTER I

INTRODUCTION

To study industrialization and its effects, we must know first the meaning of the word. The following discussion is based on the definitions of various economists and what has actually happened in the industrialization of China and other countries.

1. Industrialization is represented by the existence of many factories where large numbers of workmen work together. Before the industrial revolution in England, the manufacturing establishments were all small, and the number of workers in them were small also, hence economists generally consider the working together of many labourers in the same establishment as one of the main features of modern industrialization. In recent years, the growth of large-scale production has accelerated this tendency of concentration.

2. Modern industries generally make use of motive power and modern machinery in the manufacturing of all kinds of products. This is a form of capitalist production termed by Baum-Bawerk "the round-about process of production". The greater the industrial development, the more complicated is the machinery used, and the longer the period for the attainment of the final aim of production.

SHANGHAI INDUSTRIALIZATION

3. In the handicrafts the employer and employees are in close touch with each other as master workman, journalists and apprentices.¹ Although the treatment of the apprentices might not always be desirable, yet the personal relationship is a compensation for many other defects of the system. With the emergence of modern industries, the relation between the employee and employer has become impersonal, and the chances of their coming into contact with each other are becoming fewer and fewer. In this we still refer to the managerial staff in the factories as representing the employers. If the reference is to the shareholders who really control the factories and own the property, and of the directors who direct the operations, there are even fewer chances for the workers to meet them and present personally whatever grievances they have. On the part of the employers, they also look upon the labourers as parts of the equipment of the factory, no better than machinery itself; there is no personal feeling between them. Although much has been done for the benefit of the labourers in recent years, yet the relation between capital and labour is quite different from what it is in the handicrafts.

4. The relation of the investors to the industries themselves has also become less and less personal. Although a small portion of the capitalists may take interest in the factories in which they invest their money and in a way direct their operations, yet the majority of the shareholders look upon their shares merely as a form of investment. If they receive good dividends, they are satisfied, and care no more for the management of the factories or for the future of the business. As Mr. Tawney points out in discussing the increasing separation of "business" from industry, "they (the business men) are pre-occupied, in fact, with financial results, and are interested in the actual making of goods only in so far as financial results accrue from it."²

1. We use the present tense in referring to the handicrafts, because in China many of them are still in existence.

2. R. H. Tawney, *The Acquisitive Society*, p.213.

CHAPTER I INTRODUCTION

5. After the Industrial Revolution, the products of modern machinery are uniform in the same factory, where they are all manufactured with the same kind of machinery on a standardized basis. In recent years, with the further development of industrialization, the staple commodities have become more and more standardized, and those of the same grade must be exactly alike, although they are manufactured by different factories. This standardization of manufactured products is one of the main features of modern industrialization, and its effects are not limited to the manufacturing industries alone.

6. Wherever communications are convenient, localities which are suitable to industrial development generally have a large number of factories, and their products are marketed all over the world, while the raw materials also come from distant sources. This concentration of industries in a few places is the reason why industrial cities have risen in modern times, and has a particular bearing upon our present study.

Industrialization and the Breaking up of the Old Economic Organization

The industrialization of China, as is most strikingly shown in the city of Shanghai, has produced wide-reaching effects on the economic life and organization of the country. Of even greater consequences is the industrialization of the foreign countries with which we maintain trade relations. Although it is true that the process began there more than a century and a half ago, new developments are taking place all the time, and the rapid changes are making it more and more difficult for China even to maintain her position as an exporter of industrial raw materials, were she willing to be contented with that position. The result is the breaking down of the old Chinese economic organization which was based on small self-sufficient economic units. In its place a new organization has not yet taken shape, as the process of industrialization in China is much slower than that abroad, and in trying to catch up, everything is in a state of flux. We

SHANGHAI INDUSTRIALIZATION

shall first give a brief description of the old economic organization of China.

The object of the old economic organization of China was to preserve self-sufficiency. In each small economic unit the inhabitants were able to produce enough for their own consumption. If they had any surplus, which was usually in small quantities, they could exchange it with the surplus products of other villages or districts, or otherwise dispose of it themselves. The necessity of exchange was not so great; therefore, there was no need of extensive communication facilities. For the same reason, the commercial and financial organization in the country was also very simple. The main portion of the time of the farmers was engaged in producing foodstuffs which was to be consumed by their own families, or at least, by the local people. If they had surplus time, they would spend it in producing handicraft articles. The agricultural and handicraft products, if marketed at all, were marketed in the near-by towns or market centres. In these towns and centres there were also small handicraft shops which devoted their time to manufacturing articles for use of the near-by villages. Hence the small town together with the surrounding villages formed a small economic unit, which was self-sufficient to a large extent.

The life of the people was simple, and they consumed few things. The family was able to supply the foodstuffs for themselves and often also other articles of daily use. Whatever they could not supply themselves, they were able to buy from the near-by market towns. Where some special products became known to other parts of the country and were marketed to distant places, they were generally luxuries of which people were not in urgent need, such as the wine of Shaohing, the embroidery of Soochow, the silk of Hangchow, the satin of Nanking, the cloisonne of Peiping, the porcelain of Kiangsi, etc., etc.

The handicrafts and domestic industries did not need any standardized form of raw materials, but could always adapt themselves to the agricultural products of the locality. Hence agriculture and the handicrafts helped each other, and the whole