

經濟學叢書

READINGS IN ECONOMICS
FOR CHINA

READINGS IN ECONOMICS FOR CHINA

SELECTED MATERIALS WITH EXPLANATORY INTRODUCTIONS

BY

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PREFACE

This book has grown out of the work of the classroom and it is intended for the classroom. It does, however, deal with subjects in which the public has a lively interest and it is hoped that it may be of service to general readers both Chinese and foreign. Information about economic conditions in China is furnished and, in addition, an attempt has been made to provide material that will make possible constant comparison of the East with the West and of one Eastern country with another. It is this material for comparison that is one of the chief reasons for hoping that a book by a Westerner will be really useful and will be favorably received in the educational institutions of China.

It is frequently said that China is a republic in name only. This statement is true enough as far as it goes, but it has been made so frequently that the repetition of it is likely to obscure the fact, no less important, that the Chinese people have put behind them the autocratic political methods and organization of the past. China cannot, in all probability, go back to autocratic political methods: she must go forward to something. Even if the Chinese people could go back to autocratic government it would help them only temporarily, if it helped them at all. Autocracy is deceptive for it gives the people a false sense of security. There seems to be no way in which the people of any country can put off indefinitely the task of finding for themselves the political organization that will enable them to live at peace.

Since there is a close connection between political and economic organization, of which the government railways in China are an example, the things that have been said in the preceding paragraph about political organization have a direct application to a part of the general field of economics. But there is more to be said than this. The economic organization of China has been in part dominated by the autocratic political organization of the past, but for the greater part it has been and still is dominated by tradition and custom. Tradition may be as tyrannical a master in the economic field as is a royal autocrat in the political field. In China to-day custom and tradition are being questioned. They are being subjected to examination and criticism. Here also it may be said that the Chinese people cannot go back to the methods of the past. They must go forward to something. Here also it may be said that there seems to be no way by which the people of any country can put off indefinitely the task of finding for themselves the economic and social organization that will enable them to attain prosperity and to advance in civilization and culture.

This attempt must be made by intelligent search, by patient examination, by testing and weighing. There must be the spirit that is willing to try new ways and to turn the light of useful criticism upon the old. It is this criticism of custom and tradition, this building up of a new economic organization in China, that gives to economic study in this country to-day its absorbing interest and its great usefulness.

The foreigner who may be tempted to read this book, will find in it a selection of readings that will

enable him to understand something of the economic life of China. He must remember that the book was not compiled to explain China to the Westerner and he must judge the book accordingly.

The thanks of the editor are here offered to those who have been of assistance to him. He has been helped by the hundreds of students who have studied with him, by many who are giving instruction in economics in various parts of China, and by friends who have taken an interest in the work. Special thanks are due to the authors and publishers who have in all cases gladly given their consent to the use of extracts from published writings.

It is probably unnecessary to add that the opinions of the various authors are not necessarily the opinions of the editor. In some chapters the purpose in making selections has been to present conflicting opinions in order to arouse thought and discussion. The editor is responsible for the introductions to the several chapters and for the few readings for which no source is given.

To anticipate criticism it may be said that no attempt has been made to unify the romanization of Chinese in the book. The romanization of each writer has been accepted without question.

C. F. R.

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CHAPTER I

THE NATURE AND SUBJECT MATTER OF ECONOMICS

INTRODUCTION

The student who is about to enter upon the study of economics does not need a long and complete definition of the science. What he does need is a general indication of the nature of the subject. It has been said that economics tries to give a complete explanation of all business activity. Another writer has told us that economics studies man and his efforts to get a living. Still another has said that economics tries to answer two questions; first, why some countries are richer than others and secondly, why some people in a country are richer and some poorer than others. These statements will serve to indicate to the student the field of study upon which he is entering.

Another way of saying much the same thing is this: economics deals with the prosperity, or material welfare, of families, villages, cities, and states. It must not be supposed from this statement, however, that the purpose of the science of economics is to make countries rich and prosperous. It is true that intelligent and patriotic men desire to increase the prosperity and strength of the countries in which they live. The economist shares such desires with his fellow citizens. What is more, he

believes that a knowledge of the principles and laws of economics is important, if not necessary, in the building up of the prosperity of a country. But, as a scientist, the purpose of the economist is above all to find out general statements about man's economic activities that are true generalizations.

This should be more fully understood by the Chinese student than it is. Economics is not a mere collection of maxims and wise sayings about riches and prosperity. Ancient writers in the West and in the East said many a wise thing about wealth, but the science of economics is comparatively new. It grew up after men recognized that the facts of economic life were worth long and careful study. Such study and the statement of valid conclusions is the first object and purpose of the science.

This desire on the part of the economist to find the truth must be remembered at all times if the student is to understand the subject. We do not expect the astronomer to find in the sky the things that please us but the things that are really there. We do not expect the physician who examines us to modify his statements on account of our prejudices or his own. We ought not to expect the economist to be any less an impartial investigator. It is in this spirit that we ought to approach the subject.

There has been debate among economists as to the nature of the laws with which the science of economics deals. In explaining the mistakes of earlier writers, modern writers upon the subject have sometimes given

students the idea that the principles of the science change from country to country and from decade to decade. While it is true that the laws of economics are not as invariable as the laws of mathematics or astronomy, nevertheless the student must not go to the extreme of supposing that there are different principles of economics for every country and for every period. Men, the world over, eat food that is much the same. They live in houses that are not totally unlike. They suffer from the same or similar diseases. They have the same hopes and fears. What we call human nature is much the same throughout the world, in America or China or Europe or Africa. Such considerations as these ought to make the student pause before adopting the conclusion that what is good for Europe or America is not desirable or workable in China. Let us take a single example. If high wages are, as most writers on economics maintain, a desirable thing for America or for England, the Chinese student ought not to accept without keen examination any statement that high wages are a bad thing for China and that low wages are an advantage to his country.

The first of the readings that follow has been selected to bring out the many problems in the field of the social sciences that need investigation in China. The second reading will, it is hoped, lead to a discussion of the term "Indian economics" as it is used by Professor Kale. The student will be lead to ask whether there is such a branch of the science as "Chinese

economics." If he will attempt to answer this question as he progresses in his study, he will find himself giving close attention to the applicability of the conclusions of Western scientists to Chinese conditions. This is one of the most important things the Chinese student of economics has to do.

1. The Chinese Political Science Association *

By Paul S. Reinsch

Dr. Reinsch spoke at the first meeting of the Chinese Social and Political Science Association in Peking on December 5, 1915. He set forth the purposes and functions of the Association and his paper contains his opinion not only of the scope of the political and social sciences, but of the particular fields that need to be studied in China. A part of his address follows:

Looking at the materials at hand for the work of this Association, the prospect is indeed highly inviting and encouraging; both in the treasures of historical, philosophical and literary accounts, covering a period of over three thousand years, and in the living institutions and actual practices which exist in the various parts and provinces of China in great variety illustrating all phases of human life and action, the scientific inquirer will find a world of materials to serve as a basis for a deeper insight and a wider general prospect.

In the field of political theory the great minds of China from generation to generation have dealt with the various forms of human association and authority in a

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manner which will not only explain the Chinese motives of action but will also further illuminate the deep problems which in the West have been dealt with by thinkers from Plato down to John Stuart Mill and Bergson. A clear understanding of how the problems of authority, of popular consent, of legal obligation, and of the nature of political society have been dealt with in China will form a necessary complement to the political reasoning of Western countries.

In the field of law the scientific study of Chinese legal customs and practices, treated in comparison with the Roman and English law, is of world-wide interest. It will also offer a sound basis for reasoning on the applicability of Western principles of jurisprudence to Chinese legal and ethical thought and practice. A scientific study of the old Chinese law in all its branches and manifestations is called for unless China is to drift into a dangerous confusion of half-forgotten principles of old, and half-understood principles of new law.

In constitutional law, the organic arrangements of government in former ages, both as regards the central, provincial and local authorities, will form a sound substratum for efforts to bring constitutional forms into accord with the demands of modern administrative efficiency and of the organized participation of the people at large in the expression of public policies.

The field of international law is particularly attractive and I understand that it is, therefore, to be made one of the particular interests represented by this

society. The special situation of China, under the arrangement of extraterritoriality, has given rise to many problems the discussion of which, from the legal and scientific points of view, is most fruitful. But also in those branches of the law which are common to all nations, Chinese experience has made valuable contributions. In the settlement of international claims, new situations and precedents have often arisen. The negotiation and adjustment of the claims of 1913 may be cited as an example of efficient, prompt and thoroughly scientific work in the application of international law principles. Thus, in every field of this subject—relating, for instance, to citizenship, naturalization, treaties, interpretation, the diplomatic service, extradition, etc.—the experience of China since her entry on general international relations will amply repay detailed scientific research.

The organization and methods of the public administration afford another important field of study. I need only call attention to the manifold duties of the district magistrates and the functions of village government, up through the work of the taoyin and the governors to the organization of the ministries and the general administration of revenues, police, the army, the civil service, the dependencies, banking and currency, and the law courts, to indicate the scope of this field. More particularly, investigations into the methods of audit and accounting, and of official supervision are of immediate practical importance.