

CHAPTER XII

FACTORS IN UNIFICATION

In spite of the chaotic political conditions in China during recent years, the maritime customs revenue of that country, measured in Haikwan taels, has increased steadily year by year since 1918. The general trend is pronouncedly up even when fluctuations in the value of this monetary unit are fully discounted. Converted to gold dollars we see an advance in Chinese customs revenues from under \$35,000,000 in 1912 to almost \$65,000,000 in 1925. The Chinese market, in other words, is steadily expanding. The tendency is for more and more foreign products to be sold there, regardless of local fluctuations due to warfare, boycotts and unrest. And as the purchasing power of the country gains, so also gains the interest of the foreign business man in China.

That is one side of the picture, helping to explain why opposition to giving China tariff autonomy has strengthened out of fear that thereby the present rising tide of foreign trade with that country might be impeded. The other side is that emphasized by Chinese statesmen who see that in the five-year period, 1920-1924, their country's merchandise imports averaged \$752,000,000 per annum in value, while merchandise exports in the same period had an average annual value of only \$528,000,000.¹

In the long run this normally unfavorable trade bal-

¹During the fiscal years 1920-1924 the merchandise imports of the United States averaged \$3,767,000,000 in value; the average annual value of merchandise exports being \$5,333,000,000.

ance means foreign loans to **make** up the deficit, and foreign loans to China have **almost** invariably stimulated foreign political interference. Every Chinese of intelligence realizes today that **approximately** one-quarter of his country's imports are cotton textiles, and this continues although every **factor** suitable to domestic manufacture, from good **land** to good labor, is present in abundance. If cotton goods now imported from Great Britain and Japan **were** manufactured at home behind a reasonable tariff barrier (this is the argument of modern China), a long **step** would have been taken towards equalizing import and export statistics and in freeing the country from foreign political pressure. The attitude assists in showing why Great Britain and Japan have come in for so large a portion of the so-called anti-foreign animus in China recently. Economic as well as political motives are involved.

The advent of modern industrialization in China is partially responsible for, and partly caused by, the new economic reasoning, in which the returned students of course are playing a predominant rôle. It is easy now to exaggerate the extent to which the factory system has taken root over there. It is probable that a full three-quarters of the entire population is still engaged in purely agricultural pursuits, and it is certain that not 1 per cent are as yet wage earners under modern industrial enterprise. The tendency towards modern methods of manufacture is, however, pronounced. It is a unifying and stabilizing force of the greatest importance, steadily expanding under the surface chaos which gives so unfair a picture of present-day China as a whole.

Modern industrial enterprises, many of them of sizable scale, are now reported from over fifty different centers. They are no longer confined either to the Treaty Ports, or to developments of foreign origin. From current pages of the Chinese government's *Economic Bulletin* could

be culled an instructive list of the manufactures steadily springing up in all sections of the country. They are literally of almost every variety. Here, for instance, is the Eastern Model Cigar Manufactory in Shanghai, established and financed by Chinese and producing between 5,000 and 6,000 cigars a day, the raw materials for which are purchased from Manila. Here is the Kwang Hwa Match Factory in Hangchow, employing 1,100 workpeople and doing an annual business of half a million dollars. Here is the Chung Hsing Button Factory of Wuhu, where 120 operatives turn out daily upwards of 20,000 buttons, manufactured from the shells of mussels which in themselves form an important local food product. Here is the Pootung Electricity Supply Company, furnishing day and night lighting and power service to homes, factories, and docks in Pootung, its capital stock all held by Chinese, and its officers and technicians also of that nationality. Here is the Fukien Industrial Company of Foochow, where 700 men are employed in the tanning of leather and the manufacture of various forms of leather goods.

These examples are chosen absolutely at random, with the sole provision that every case cited must be originated, managed, and financed by Chinese alone. Even with this qualification hundreds of similar instances of industrial development, most of them prospering and nearly all of them started within the past decade, could be mentioned. Enough has been said to illustrate the salient point, which is the steady, and no longer negligible, progress in industrialization. In its train this will bring, and is bringing, new social problems. But the most important immediate effect is the stimulus to national self-confidence, the demand for the establishment of sovereign political rights to foster the trend, and the consciousness of national unity in the modern sense which is being forwarded. It will not be forgotten that

federalism in the United States was not proved successful until the expanding markets of our factories broke down political provincialism in behalf of national strength.

Behind industrial development lies the question of natural resources. Rich as China is in the possession of mineral wealth, her assets in this direction have probably been overestimated in popular opinion. In such common metals as copper, lead, zinc, and silver the country is deficient, pronouncedly so in relation to the immense territory and population. Nor does prospecting so far accomplished indicate any notable petroleum resources. In antimony and tungsten, on the other hand, China alone, in both cases, now produces half of the entire world supply. It is worth noticing in passing that the Fordney-McCumber Tariff Act levies a duty of about 100 per cent on Chinese tungsten, making an interesting contrast with the 5 per cent duty China is allowed to levy on American imports. Another example of this unfairness is seen in the lace-manufacturing center of Wusih, where production has been cut in half since enactment of our tariff law. No American industry will be found similarly injured by Chinese customs duties, likin included.

With regard to the two basic industrial minerals—coal and iron—China is also very rich, particularly in coal. Studies now generally regarded as far too conservative estimate the total Chinese coal reserves at from forty to fifty *billion* tons, sufficient to supply the country for over two thousand years at present consumption rates. Coal is produced in every province, with the provinces of Chihli and Fengtien (in Manchuria) at present getting out about five million tons a year apiece, and Shantung following with an annual output of over two million tons. Anthracite, said to rank with that of Pennsylvania in quality, is found in large deposits in Shansi and

Honan, its presence in the former having assisted that relative prosperity which has made Shansi known as the "model province." From 1912 to 1923 the annual production of coal in China nearly doubled, rising from thirteen million tons the former year to almost twenty-three million tons a decade later. The Kailan Mining Administration in Chihli Province, formed by amalgamation of British and Chinese companies, was producing about eight thousand tons a day during the disturbed months of the spring of 1926, which is not far below the ten thousand-ton-per-diem mark of the Japanese-operated Fushun mines in Manchuria.¹

While these two largest Chinese mines are largely foreign controlled, it is noteworthy that well over half of all the coal produced is extracted by purely Chinese companies. Of these may be mentioned the Chungshing Company in Shantung, which increased its output from 518,000 tons in 1918 to 728,000 tons in 1923; and the Liu Hu Kou Company in Honan, which in the same period raised output from 118,500 tons to 444,500 tons. A number of other Chinese-owned and Chinese-managed mines rival these two in production. During the period 1920-1923 the coal imports of China remained almost stationary, while her coal exports increased over 50 per cent, Japan taking most of the increase. The upward trend in export is continuing.

Year	1920	1921	1922	1923
Imports (tons).....	1,338,356	1,361,781	1,151,392	1,366,108
Exports (tons).....	1,970,187	1,886,398	2,377,443	3,108,682

Most of the iron mining in China is done in the Yangtze Valley, the ore production averaging over a million tons a year. Relatively little of this is smelted in the country, however, and Japan, again, receives most of

¹ See p. 45.

the exported ore. As the following figures¹ show, the importation of iron ore to China has now virtually ceased, while exportation is rapidly increasing:

Year	1917	1920	1923
Imports (tons)	28,022	20,102	3,084
Exports (tons)	309,107	682,660	727,603

It is evident, therefore, that in the exploitation of her mineral wealth, as well as in the establishment of nearly every form of modern factory production, China is going ahead with reasonable rapidity, regardless of civil strife and political overturns. Indeed the trend is so pronounced, and the Chinese themselves are playing such a leading part in bringing it about, as to indicate that much of the opprobrium cast on the republic by foreigners for its inability to maintain order does not cut deep. In this connection a contemporary study² by the National Bureau of Economic Research, in New York, is thought provoking. It shows that in the pre-Republican period, for the years 1888 to 1910, China enjoyed on an average only 6.84 months of prosperity for every year of business depression. But by adding eight years of Republican rule, taking the period 1888 to 1920, the ratio becomes 7.80 months of prosperity for every year of depression. It does not matter so much that by this grading China ranks low—though above Austria and Brazil. What is significant is the business improvement which the republic, with its breaking of old fetters, has brought about. Beyond doubt this will become more rather than less pronounced in future, as the growth of a modern business class tends to bring about a national unification which the war lords have tried to force prematurely and by destructive methods. But even their

¹The statistics on coal and iron are taken from the "China Year Book" of 1925.

²Entitled "Business Annals."

work has had a modernizing side in teaching the Chinese discipline, group as distinct from family loyalties, and equality in military strength with foreigners.

Business is unifying China. And perhaps to an even greater extent the Chinese Labor Movement, greatly criticized and equally greatly misunderstood by Treaty Port foreigners, is unifying China. In summarizing the significance of this important trend I can do no better than to quote extensively from an article on "Labor Problems in China in 1925," as it appeared in a recent publication¹ of the completely non-political and admirably scientific Chinese Government Bureau of Economic Information. Herein an anonymous writer says:

Systematic organization of the labor movement in China began soon after the Great War, but real progress dates back only three or four years. And it was not until 1925 that the movement definitely assumed its national aspect; that a foundation was built for nation-wide organization. The history of this development may be roughly divided into three periods. Previous to 1920, all labor problems were in the dormant stage, but forces were already at work to prepare the way for the second stage of development. The period between 1921 and 1924 was characterized by numerous spasmodic efforts at organization, and might be designated as the formative period. The year 1925 constituted a period by itself when labor organizations in various parts of China began to join hands in putting a national aspect to the movement. But closely welded combination has still to come, although the influence of labor agitation has already been felt in all walks of life. Consolidation of present progress will be the work of the future.

China, being fundamentally an agricultural country, has had few labor problems to contend with in its long history. Even in recent years, industrial development has not gone far enough to cause a really acute labor situation. But the effects of agitation in other countries were felt . . . for in comparison with western nations, the treatment of labor in the so-called modern factories in China appears to be exceedingly unsatisfactory. Aside from their meager remuneration and long hours of work, Chinese workmen do not get the protection which is afforded in the West both by law and by industry itself. So, after the World War, a few advanced theorists socialistically inclined began to espouse the cause of the workers. The leaven worked rapidly, and laborers

¹ *The Chinese Economic Monthly*, March, 1926.

in many industrial centers, such as Shanghai and Canton, began to organize themselves in order to put more weight behind their demands for better treatment and higher pay. Strikes became more and more frequent. . . . The conclusive success of the Hongkong seamen's strike and the Peking-Hankow Railway employees' strike brought home the need of better and larger organizations. With this prelude, we come to a discussion of developments in 1925, a year which was epoch making in the labor history of China.

The principal agitations of the year were concerned with two important labor unions, the Shanghai Federation of Labor Unions and the National Labor Association. The former is a federation of thirty-seven labor groups. The National Labor Association had its birth in Canton on May 1, 1925, under the auspices of the Kuomintang. . . . The Shanghai branch of the Association, known as the Shanghai Central Labor Union, was organized a month later.

Through the activities of these two organizations, Shanghai became the center of the national labor movement and the source of all important labor agitations. It was through their ceaseless propaganda that the Peking Labor Federation was inaugurated in June, the Tientsin Central Labor League in August, the Honan Central Labor League in September, and the various railway labor unions on different dates of the same year (1925). Aside from speech making and pamphleteering, two daily newspapers were published (that in Shanghai has been suppressed). . . . The Shanghai May thirtieth affair and subsequent incidents added impetus to the movement, and the two associations vied with one another in acquiring influence and assuming leadership in all maneuvers. Their ever-increasing activity, however, led them into conflict with the authorities, and they were first expelled from the Foreign Settlement in Shanghai, and then forcibly dissolved by the Chinese authorities in September, 1925. But the seed of discontent had already been sown and the movement went on just the same, although the organizations were henceforth shorn of official recognition.

In addition to the labor unions, the activities of the student organizations had a good deal to do with the ever-spreading labor troubles. Resolutions were adopted at the Seventh Annual Conference of the National Students' Federation held in June, 1925, in Shanghai, for the purpose of (1) espousing the laborers' cause in their fight against capitalism and assisting them to secure adequate protection from the government, (2) rendering necessary assistance in starting labor organizations and carrying on propaganda work, (3) founding night schools and publishing mass education literature to help the workmen to acquire adequate knowledge in political matters, and (4) giving proper backing to idle workmen during strikes. These resolutions were faithfully

carried out not only by the Student Federation but also, to a large extent, by the National Federation of Laborers, Merchants, and Students, a new organization born after the May thirtieth episode. It was largely through the efforts of the students that much public sympathy was successfully enlisted on the side of the strikers, and that the labor movement has grown to its present magnitude.

The writer then describes in detail a number of the principal strikes called in China during 1925, concluding his article as follows:

From the standpoint of the labor movement, the year 1925 was characterized by (1) its nation-wide character, (2) the number of successful strikes, and (3) the radical nature of the demands put forward. In addition to the general demand for higher wages and better treatment, the 1925 strikers insisted upon the official recognition of the labor union and protested against the dismissal of union members without proper reasons and the concurrence of the union. A good deal of pressure was also brought to bear upon the authorities for the promulgation of an adequate set of labor laws. The Peking government took a firm stand against these labor unions, and the much desired labor law had not been promulgated up to the end of the year, although several drafts had been prepared and brought before the cabinet meetings for consideration. [I would insert at this point that the military success of Wu Pei-fu and Chang Tso-lin, both of them strongly anti-labor, has further delayed institution of a national labor code.] On the other side, the Canton government and the Kuominchun authorities were inclined to lend support to the movement and extend material help either openly or by non-interference. The most drastic measures for dealing with the strikers were carried out by the Mukden military authorities (*i.e.*, Chang Tso-lin and his subordinates).

The students played a considerable part in leading the agitation, creating general labor unrest throughout the country. Notwithstanding the varying success and failure of the numerous strikes, it is undeniable that the labor groups have taken a definite step forward in effecting better organization and using more intelligent methods of propaganda. They have also established a connection with the general world of labor, received much vocal and press support therefrom, and the Chinese labor problem has thus, in a measure, become a question of international importance.

It is easy to comprehend from the foregoing article that the Chinese labor movement, with its promise of

growth from local to provincial and then to national organizations, is another factor of national unification which is in reality more important than the disagreements among the Tutchuns. Many minor instances of the same trend could be cited, one of the most interesting being the emancipation of Chinese women from the fetters of tradition, which may seem to have no political significance but is none the less important in readjusting social, and therefore political, life in accord with the demands of the modern world. It was a surprise to me to find Chinese women students doing advanced research in physics and chemistry at the National University in Peking, but before many days of social investigation the incident did not seem unusual. In Shanghai the Women's Commercial and Savings Bank is not merely staffed, but was launched, by Chinese women. The Canton Telephone Administration has women operators. In every city the sex is going by hundreds into industrial, commercial, financial, and even professional life, not merely in subordinate but in executive capacities. The development is having a clear effect in encouraging that national self-assurance which is a very healthy, though to some a very irritating, symptom of modern China.

But of all the factors contributing to political unification in China the most important, without question, is the thirst for modern education which now animates so large a proportion of the population. And by modern education is not meant slavish imitation of foreign systems but, as Dr. Hu Shih has put it, "the rebirth of an old civilization under the influence of a new impulse and a new attitude which direct contact with the ideas and methods of the modern world has produced."¹

In a country as rich and prosperous as America the obstacles confronting this "Chinese Renaissance" are

¹"The Chinese Renaissance," *Bulletin* 6 of the Chinese National Association for the Advancement of Education (1923).

difficult to comprehend. In the month of December, 1925, the Ministry of Education, which is theoretically charged with the supervision of the modernization of instruction in China, received as its share of federal income something under \$2,000. Clerks and typists whose salaries had been in arrears for as much as twenty months were rewarded for their patience with individual pay envelopes with contents averaging about two dollars each.

It is obvious that state-aided institutions are likely to be in a sorry situation in a country where the central government has no money at all for education, and where a great majority of the provinces and townships are in exactly the same position. Unquestionably many of the excesses which conceal the value in student agitation are partially due to a lowering of morale caused by acute financial difficulties at the government universities. But these excesses are secondary to the self-sacrifice in behalf of learning which intelligent youth in China today accepts as a matter of course. During an inspection of the National University at Peking in mid-January I commented to my student guide on the piercing cold of libraries and class rooms. He replied, as though it were a casual matter, that confronted with a choice between having coal and having textbooks, the undergraduates had unanimously petitioned for the mental form of fuel. I could not help contrasting this with the prevalent Treaty Port argument that the Chinese are not to be trusted with the increase of revenue which tariff autonomy would bring.

While institutions nominally "state-aided" are struggling along without either aid or anything that can legitimately be called a state as Occidentals understand the word, the status of most of the missionary colleges and schools is changing. Though the financial worries of the latter are not similarly acute, their position is

rendered difficult by the increasing student objection to foreign control over curriculum and by the developing scepticism, if not actual hostility, towards Christianity, at least as practiced by the modern churches. The Chinese Anti-Christian Union, which seeks to define Christianity as the spiritual arm of foreign economic imperialism, is nothing like as powerful as its adherents claim. But a conviction that Christian doctrine is not a vital factor in the policy of western nations, and that foreigners are more anxious to see the Chinese practice it than to observe it themselves is practically universal among the nationalistic students with whom I have spoken. Most of the educational missionaries appreciate the strength of evidence behind this viewpoint, and are rising handsomely to meet the problem by progressively relinquishing control in their schools to the Chinese. But the transition period, for all its vital importance, is not one leading to the best educational results.

In spite of all these difficulties the interesting fact remains that the passion for learning among the Chinese people was never more adequately met by educational facilities than is the case today. Just prior to the Revolution of 1911 there were but fifty institutions above high-school grade in China, with a total enrolment of under nine thousand students. The number of colleges in this classification has now grown to 125, with about forty thousand students. Before the revolution not 1 per cent of the population was able to read and write. Now, after fifteen chaotic years, the literacy average for the entire country is closely estimated at 15 per cent, rising to 50 per cent in the "model province" of Shansi. And it must be remembered that it means something to be literate in China, where a familiarity with four thousand separate characters is necessary for everyday reading.

How progressive improvement in both elementary and higher education can coincide with a progressive deterioration in the authority of government is an interesting problem for students of political science. The seeming paradox certainly exists in China. But if one bears in mind the Chinese mistrust of and distaste for centralized government, it will go far to explain how a remarkable educational advance has been achieved in spite of the powerlessness and poverty of unstable administrations in Peking. The Ministry of Education directs a general scheme of public instruction, but professional educators and other volunteer workers determine to what extent the bare scheme shall be put in force in the localities where they work, and also to what extent it shall be improved upon.

Thus one finds now operating in most of the larger cities of China, and to some extent in rural districts also, the "Thousand Character" adult education movement, designed to give illiterates who have no other educational facilities available a foundation for reading in four months' time. This movement, carried on with governmental sanction, and varying provincial support, was originated by the Chinese Y M C A for the Chinese labor corps in France during the World War, and is now carried on by voluntary local committees. Many of the war lords, particularly the Christian General, have encouraged the project because of the benefit accruing to soldier students. And while the difficulty of linking those who have taken the courses with systematic continuation work is unsolved, the general success of this spontaneous local movement against illiteracy is indubitable.

Then, at the other end of the educational ladder, are found such organizations as the recently organized "China Foundation for the Promotion of Education and Culture," of which Fan Yuan-lien, a former Minister

of Education, is director. Operating on funds at present largely obtained from the last American Boxer indemnity remission, this foundation allocates a part of its income, setting aside the remainder for endowment, to the forwarding of scientific research in institutions of standing throughout the country.

In between these two samples of current educational activities, selected merely as illustrations from many that might be cited, come numerous local, provincial, and national efforts, of, by, and for Chinese, designed to train the national intelligence to cope with modern problems. Most of them are coordinated and, so far as desirable, unified through efforts of the Chinese National Association for the Advancement of Education. And in not a single year of the protracted political disorder has any province failed to send its delegates to the conferences of the National Federation of Provincial Educational Associations.

Education, commerce, labor—to cite but three outstanding forces—are surely and steadily knitting China together. It is more than advisable—it is essential—to remember when accounts of civil strife and disorder are nearly all one reads in the daily press from this great country, that under the surface these great movements are making headway all the time.