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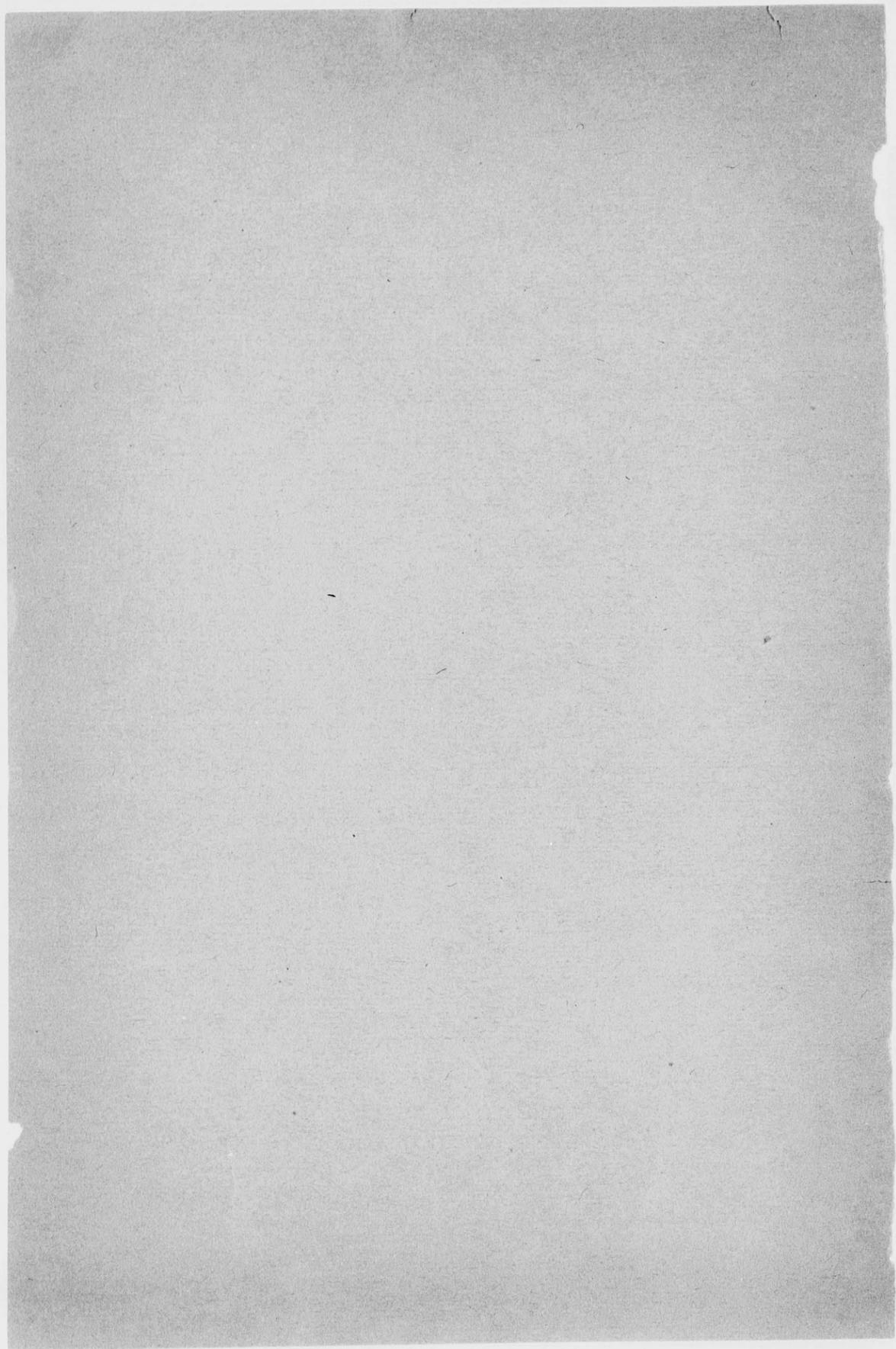
ASPECTS OF RURAL RECONSTRUCTION

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ASPECTS OF RURAL RECONSTRUCTION

BY PROFESSOR J. B. TAYLER

I. INTRODUCTION

The universal interest excited by 'rural reconstruction' in China today is altogether an augury of good. No problem is more fundamental or urgent; no other movement offers greater hope of the rebuilding of Chinese civilization. The silver lining to the dark clouds that lower in the China sky is nowhere more clearly seen than in the fact that national and provincial authorities, educationalists and social reformers, agriculturalists and rural economists, bankers and scientists, political parties and the Christian church, are each and all playing their part. It can fairly be claimed that the patient efforts of many pioneers in the field of rural improvement have developed to a point at which we can speak of 'the rural movement'.

Precisely because of the volume and variety of activities and agents, it has become important to view the problem as a whole and to attempt to see how the many projects now in hand or contemplated may find their due place and exert their maximum effect in harmonious inter-relations. If there is one consideration more than another that it is desired to stress it is that by integrating our efforts in building a larger rural community enduring success will most readily be achieved.

The present essay attempts no more than a brief outline of the topics with which it deals, its object being to prove practically suggestive to the busy worker and to enable the specialist to visualise the larger social goal which will give the fullest significance to, and often the greatest opportunity for the distinctive contribution he is qualified to make.

II. THE RURAL HERITAGE

Perhaps the first requisite for any of us who would attempt to improve rural life is an appreciation of those distinctive characteristics of rural society which should be preserved as its special

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contribution to the civilization of the future. Preoccupation with the 'improvements' we believe ourselves able to introduce, and a superficial comparison of the amenities and gaieties of city life, by us middle class people who enjoy them, with the dulness, the labour and the not infrequent discomforts of the village, are apt to make us overlook the essential qualities of the latter. Probably nowhere is this truer than in China today, where the new social and industrial influences from the West reflect the latter's 'urban-mindedness', and where the gulf between the social and cultural outlook of city and country has grown so wide. The true comparison is between the peasant farmer on the one hand and the factory worker on the other.

It must be admitted that the qualities of rural life to which I wish to direct attention have been associated with its limitations, but my hope is to make it clear that this association is not necessary and that the qualities may become definite objectives of reform. The two qualities I have in mind are those of '*wholeness*' and '*community*'.

Because of propinquity within the village and comparative isolation from the world outside it; because the rural population is a stable one, suffering relatively little from migration; and because the village is an institution of age-long growth these two features have found in the country a favourable soil. They are features with a high social value, to which attention is the more necessary since they are so easily and so frequently, though often unwittingly, sacrificed in the course of economic change.

It is not difficult to see how the simplicity of rural life gave it unity and wholeness. Both in the work on the farm and in the simple household arts which form the occupations of the home, the peasant's life is rational in the sense that the relation of his activities to the ends they serve are clear to see. The farmer and his family are fully conscious of the connection between their daily tasks and their social and domestic needs. The family was not merely a consumer's group in which the parents cared for their children and where they together enjoyed the fruits of their

labour; it was itself a miniature 'economy' within which all necessary labour was organised. The family life itself constituted a school with its own instruction and its own discipline in which the young grew up.

Moreover, the education it thus gave was no mean one. The life of a farm not only affords the advantage of healthfulness and of co-operation with nature in the cycle of seedtime and harvest; it is usually also a training in virility, in independence, in the intelligence and character which come from a wide range of activities dictated not so much by outside authority as by custom accepted by the cultivator and followed from day to day in accordance with his own sense of its importance and urgency.

And if the family had a greater importance than today as the fundamental unit, the village was a more real community than is often to be found in the more complex society in which we now live. For the village was a self-acting community developing its own discipline over its member families sharing a common culture, embodied (in China) in the familiar, because often quoted, phrases of the classics and in the wealth of proverbs, in folk lore and the drama and in popular religion. Not less is its common life seen in the round of customary amusements, and the whole body of rustic traditions and beliefs. The Chinese village with all this and with its large measure of autonomy, its clan or village temple, its many societies for various purposes of common or group interest, is still a genuine community.

It is not intended to suggest that the content of village life has been as rich as it might be, or that all those who enjoyed it attained to the highest levels of personal capacity and social mindedness. If great civilizations like those of Greece and Rome can pass into decline, it is to be expected that rural communities may sink into meanness and stagnation. But at its best life in such groups has developed the ability, the resourcefulness and the character of the farmer by the responsibilities it has placed upon him on his farm and in his home, while it has evoked the social virtues through membership in a community which has invited

common action for the satisfaction of common needs. The levels to which it has attained, for example in Scotland, in Denmark and in parts of the New World we may have occasion to refer to later. The educative value it possessed was so well understood in England in the days of Cobbett as, unfortunately, seriously to prejudice the provision of rural schools. It is not without significance that in his constructive plans for this present distracted economic world, President Roosevelt is seeking a permanent solution in integrating agriculture with industry and in combining the enjoyment of utilities that have hitherto been mainly associated with city life with the values of rural life.¹ Is it not possible, in heightening the quality and widening the range of the life open to the farmer, so to direct our reconstructive efforts as to retain and enhance these ancient values, expanding community to give play to the new diversity which science and organisation have made possible?²

III. THE COMPLEX INFLUENCE OF CHANGE

Before we turn to the consideration of the question just raised it will repay us to look for a moment at the causes which bring about rural change and the differing effects which those causes produce.

The most powerful influences in the modern world have been those which have created big industry and built up huge modern cities. This process has drawn off from the country the most energetic and enterprising of its people, and created a civilization alien and, in some respects, hostile to its own. The countryside has increasingly been depopulated and its traditional industries destroyed. The writer has shown elsewhere³ that the most

¹ See articles on the Tennessee Valley Authority and the Subsistence Homestead Schemes, linking rural life with industrial opportunities. *Scientific Monthly*, January 1934; and *Journal of Land and Public Utility Economics*, February 1934.

² For this and the next section see *Education & Social Movements, 1700-1850*, by A. E. Dobbs, (Longmans Green & Co.) particularly Part I.

³ *Possibilities of Rural Industry in China*, Monthly Bulletin on Economic China, Vol. VII, No. 2, Nankai Institute of Economics, Tientsin, Feb. 1934.

recent economic trends are tending to reverse this process, which has been dominant for over a century, and are making economic developments possible in the village instead of at its expense. Thus, while the effect of the railway and the steamship was to concentrate industry and link industrial countries with agricultural, a movement has set in by which every country seeks to become industrialised and industry itself, through rapid and efficient road transportation, cheap distribution of electric power and easy communication by radio and telephone, is with advantage being decentralised. The stage has been set for the country to return to its own.

But it must not be overlooked that even before these modern possibilities became noticeable, other things were happening in the village than depopulation. The Industrial Revolution had been followed by a more silent but perhaps in the long run not less significant 'Green Revolution.' Science had changed agricultural practice, co-operative organisation had brought to the small farmer many of the advantages of a large producer, European countries had developed agrarian policies which assisted the acquisition of land by the cultivator, and there had been here and there the revival of cultural activities. The village was no longer the merely passive victim of the manifold reactions of urban life, but was developing from within.

But whether change comes from within or from without, history seems to show that it acts unequally on different elements of the population. To take an example that happens to lie at hand, Prof. E. P. Cheney of the University of Pennsylvania, speaking of the rural changes in England in the XVIth Century says:

"And in these new conditions there were many who suffered as surely as there were those who advanced. Some thrived under enlarged opportunities, but others sank under the new competition and the new risks. While some profited byfreedom to initiate new enterprise, many others fell into poverty and misery, from their inability to adapt themselves to new conditions. There are few

things less mobile than human habits and human institutions, and this rigidity becomes greater as we go lower in society and backward into ruder conditions."

The impinging of a larger life upon the small or isolated community weakens local loyalties, the sense of fellowship and co-operation; it saps the vitality of old customs and often robs old forms of culture of their quality and significance. Examples of the latter are seen in the diminished importance of proverb and riddle; of ancient ballads, myths and legends; of folk music and dance. It is instructive to see how, in all modern attempts to bring greater vitality back to rural life, efforts are made to revive some or others of these in modern forms.

When old landmarks are removed and inexperienced men are cast adrift, it is natural for the energetic and resourceful to benefit from new opportunities and for the weaker to fail and probably to deteriorate. The gap between the educated and successful on the one hand and the uneducated and less privileged on the other grows wider; and in that condition the latter may not only reap no immediate benefit but may suffer an actual loss - as indeed has often been the case. Thus pauperism may grow even while wealth increases; or ease of living, where there is no corresponding moral advance, no extension of the purposes which give life a meaning and an ideal, may prove useless or pernicious. The introduction of new articles of consumption or new conditions of living, which demand a higher degree of self-control and knowledge than the people have first been given, can only lead to thriftlessness and improvidence if not to intemperance.

The economic expansion of the XVIIIth century gave many illustrations of these results. As Mr. Dobbs says:

"The writers who are most confident of progress are alive to impressions of another sort—the disease and profligacy of 'commercial cities', the demoralised state of large parts of the country-side, and the effects of a mania for gin-drinking which spread through manufacturing towns during the first years of George the Second, changing the 'very nature of the people' and threatening the 'very race' itself."

No one has put the difference between the simple undivided life of pre-industrial society and the complex civilization created by modern economic forces more pointedly than Adam Smith, the Father of Economics.

"In some cases the state of the society places the greater part of individuals in such situations as naturally form in them, without any attention of government, almost all the abilities and virtues which that state requires, or perhaps can admit of. In other cases the state of the society does not place the greater part of individuals in such situations, and some attention of government is necessary in order to prevent the almost entire corruption and degeneracy of the great body of the people."⁴

The former cases, in which society is so simple and so whole that it requires almost no education of a formal kind and little social control from government, are the essentially rural societies which we have already characterised; the latter relate to the commercial and industrial aggregations of which Adam Smith saw early examples arising around him. The fact that the apostle of the 'division of labour' traced this difference between the educative value of the two types of society to the very principle he espoused, and that despite his views as to 'laissez faire' in industry he emphasised the need for social control through education by government if the 'degeneracy of the great body of the people' was to be averted, - these facts have a significance it would be fatal to ignore.

But while the responsibility and opportunity of the government is clear, experience is teaching us that the best service it can render is not simply to counteract the influences that make for the degradation of the weak but to encourage those that are positively constructive and fit the people to advance towards a fuller life. It is fortunate for us in China that the Principle of the 'People's Livelihood' implies an economic policy which is part of a social ideal.

⁴ *The Wealth of Nations*, Bk. V Chap I, Art II (Vol II, page 263 in Everyman Edition)

IV. THE NEW RURAL COMMUNITY AND ITS CREATION

We have spoken of the village as the typical rural community, but communities are of various sorts and sizes. Thus it is common to speak of an urban community. The great cities of the West have grown too unwieldy to form true communities for most purposes. Town planners in England regard a population of from thirty to fifty thousand as the optimum for an urban community. By contrast, the rural community in America with its comparatively large farms and scattered population, contains but two or three thousand people.⁵ Within such a community there are several neighbourhoods, little groups of farmsteads with perhaps a school or church; and a village which is the real centre of the community life. In China, I suggest that the new rural community should embrace a group of villages, playing the part of the neighbourhoods, clustering round a market town as the centre of the whole group.

In considering the development of community, attention must be paid to at least four aspects: the population constituting it, the area it occupies, the development of common and group interests and of means of realising them, and finally the ideals and leadership necessary for their realisation. Perhaps one should add a fifth: the inclusion of the local communities in larger federations, for the sake of the local interests themselves no less than of the larger national developments.

"A rural community consists of the people in a local area tributary to the centre of their common interests." Up to a certain point, the larger that community the better, since the numbers should be great enough to allow the formation of groups with special interests and occupations which enrich the common life and to admit of the collective provision of services and amenities which a smaller community could not afford. But it must not grow too large or the sense of community weakens. Sir Horace Plunkett, the great Irish co-operator has put it: "social feeling assumes its most binding and powerful character when (the com-

⁵ For a community in New York State see Professor Willams. *Our Rural Heritage* (1925), and *The Expansion of Rural Life* (1926), published by Alfred A. Knopf, New York.

munity) is large enough to allow free play to the various interests of human life, but is not so large that it becomes an abstraction to the imagination."⁶ A Chinese village, at least on the Great Plain which is in mind as this is being written, can as a rule support a Lower Primary school, but the Higher Primary and Vocational schools call for larger constituencies. The village, again, is the ideal location for a co-operative credit society based upon mutual knowledge and liability, but it is generally too small for an efficient marketing, consumers', processing or industrial society. Thus the single village ceases to be an adequate basis for expanding social life.

From the point of view of area however, distances must not be too great to allow readily of social intercourse and economic dealings. In the more fertile parts of China there is no difficulty on this score except in the unsatisfactory condition of the roads. Within a five mile radius of Lungshan near Tsinan, where Cheeloo University is engaged in rural reconstruction, there are said to be over 68,000 people in 139 villages. In Tingsien, the Mass Education Movement reports a similar density. There though the villages are larger, they are more widely spaced. In Chaohsien, further south in Hopei, a five mile radius apparently includes only 63 villages with 36,000 people.

The distribution of people within a Hsien or even a Ch'ü is of course not uniform, but it is interesting to show what, on the average would be the population in areas of different sizes in Lungshan.

Radius of Area	Approximate Population	Number of Markets	Number of Villages
3 miles	24,000	4 or 5	45
10 li	30,000	6	58
4 miles	44,000	8	80
5 miles	68,000	13	126

⁶ For a general view of the problem of rural community see Prof. Saunderson's two books: *The Farmer and his Community*, and *The Rural Community*.

In Chaohsien, with its less dense population, we should have

Radius of Area	Approximate Population	Number of Markets and Villages
3 miles	13,000	22
10 li	16,000	29
4 miles	23,000	40

The important fact that emerges from these figures is that over much of rural China there is within easy walking distance of a suitable centre a population of 20,00 people, a population sufficient for a community with a rich social and a diversified economic life.

It is not suggested, of course that there is any magic in this precise size and population. Local circumstances will make it desirable to increase the area in some cases and to take an irregular shape in others, - as for example in a valley along which the population is strung out; and the population it is found convenient to include will, of course, vary within fairly wide limits. But the broad features of community will be but little modified by these variations. Later sections of this essay are occupied with the place of such a community in rural reconstruction in China.

As the interests of human life become more various and society more complex, a twofold process becomes necessary. Within the community, groups with special interests must arise, for it is through the close association of people with like interests or occupations that both economic and cultural development arise. But within this more complex society there must be enough real community to ensure that such groups bring the particular contribution they are able to make to enrich the common life. For example, the musically gifted, if brought together in suitable ways can cultivate their special talents in association with one another and then through various channels make the art they have developed minister to the enjoyment of their neighbours and the larger community, spreading the appreciation of music and the general

level of culture in relation to it. But obviously this desirable result is hardly likely to follow without a strongly developed sense of community.

And so with economic life. The powerful forces of economic change which created the Industrial Revolution operated under dominant ideas of free enterprise and competition, which militated against the extension of community and often sacrificed a larger social to a narrower economic interest. Yet so great are the values of community that even during the dominance of *laissez faire*, the 'Growth and significance of Communal Provision'⁷ for local needs became increasingly recognised. Municipal enterprise, the co-operative movement, town and regional planning and much activity covered by social legislation are among the forms which this complementary influence took.

These reasons lead us to believe that, as the old isolation of the village is gradually broken down, it need not be at the expense of community but as part of a process by which community is both extended and strengthened. It can be strengthened because life will be made richer and there will be more to share; it must be extended because the old units are outgrown. Hence as China develops more specialised services of education, or of health, as it carries forward and popularises old cultural interests such as music, the drama, and art, and adds new ones such as science; as it builds up suitable organizations for its expanding economic life, it will be wise to do so on such a basis that the new and larger community in which all these can most truly flourish will be consciously shaped and developed in the process. For it is in the larger community that they will find free play and adequate support.

V. THE NEW RURAL ECONOMY: A STUDY IN CO-OPERATION

Community is economy. Every step in social development involves the joint pursuit of common interests. The more widely individual interests can be made common and pursued co-operatively, the greater the degree to which diverse and conflict-

7. Prof. R. H. Tawney in *Equality*.

ing interests can be harmonised, the more efficient is the resulting economy. A notable step forward in technique almost invariably implies an extension of co-operative effort. As agriculture has become scientific and has changed from a self-sufficient to a market basis, it has increasingly been founded on co-operation. Indeed farming and co-operation may be said to have been made for one another. Taking the world as a whole, farming is still on a family basis. That is to say that the world's greatest industry is carried on by an immense number of small producers who require, if they are to hold their own, to unite their interests and to standardise and bulk their produce for the market. The individual farmer improving his own crop can rarely secure the advantage of quality unless his neighbours will join him in putting the better product on the market in sufficient quantity to attain recognition.

Thus as agriculture is improved in China. - with the details of its development we are not concerned here, - it must call for the co-operative supply of the farmer's new needs, including credit; for co-operative marketing; and co-operative undertakings for the processing or utilization of some of the crops. There may also be many other collective, as distinct from technically co-operative enterprises: land reclamation and utilization, irrigation, and so forth; and, though it may be long before there is any collective farming of the Russian type, there may soon be a good deal of common or rather joint, ownership of machines which individual farmers cannot afford to possess.

But it is not only in agriculture that in the writer's opinion, such co-operative and collective activities should be encouraged. The communities of the future while based on agriculture and the land and to that extent rural, may equally well be the scene of varied and progressive industries and of municipal enterprises which will bring them all the amenities of urban life. It was an American, I think, who in envisaging such a development, used the term 'rurban' to describe it.⁸ If the word were a prettier one it would serve a useful purpose. For the opportunity now before the dense agricultural populations of Asia is a new type and method of

⁸ Professor Charles J. Galpin.

industrialisation to which the most recent technological developments of the West, reversing the tendencies of its earlier industrial history, is at last preparing the way. There is not space to discuss this matter here. Those who are interested are referred to the writer's articles on the subject and to the activities of the North China Industrial Service Union⁹. A co-ordinated program of industrial research, training and appropriate organization should give rise to a considerable volume of home, workshop and small factory industry. These industries will be so conducted as to gear in with the local agriculture, utilising as far as possible local produce and mineral resources, and, what is still more important, the spare time of the farmer and his family. In North China, particularly, where farming is but a part time industry and an insecure livelihood, such a development is urgently called for.

In an industrial policy of this kind, co-operation will be as fundamental as in agriculture, and it will very largely be the forms of co-operation which have developed in agriculture which will be applicable, with suitable modifications to decentralised industry. Consider, for example, industry based on the cotton crop. We have first of all this division:

Ginning — baling—textile industry
 — oil pressing—refining—soap or other manufactures

In the West Indies a society has been brought to my notice consisting of 1700 farmers raising cotton which carries on a soap factory with satisfactory results. But there is still more opportunity for 'vertical integration' through co-operatives in the textile manufactures. Some of the processes, such as carding, are mechanical and are better done by a machine than by hand. Others, such as weaving give scope for artistic handwork. In a rural industry in its early stages all the processes might be by hand and then as the industry and its market developed first the carding and finishing processes and later perhaps spinning may

⁹. Consult the Secretary, 50 Ku Lou Hsi, Peiping

be more highly mechanised, but with all those involved, from the farmer to the finisher, united in a co-operative textile association. Though it relates to wool and not cotton, it is interesting to note that in Iceland the farmers with sheep carry on a carding mill from which they get back their wool to spin and weave (or knit) at home.

The whole situation with regard to co-operation in China is in a most interesting condition. As is shown best perhaps in Dr. H. D. Fong's¹⁰ pamphlet, a very promising start has been made, and expansion is taking place quite rapidly. But the situation bristles with problems and it is still too early to say on what lines it will develop. Credit and marketing are both established but we are not sure how far the same society or union will perform both functions and how far each function will in general be performed by a separate organization. Of consumers' societies much less trial has been made. From the point of view of community development which we are here stressing, it is very important that there should be a local co-operative union for educational and promotional purposes that will bring together the members of the specialised societies for the joint discussion of their wider economic interests and opportunities. In some cases, perhaps, the local union of credit societies or a consumers' society carrying productive undertakings will be the best means of co-ordination and the observance of what may be termed the community principle, the lack of which is the great cause of unemployment in the West.

For great as are the achievements of co-operation in the world today, the goal has not been reached. The various familiar forms of co-operation are all partial applications of the principle and do not yet constitute a co-operative commonwealth, such as the Rochdale Pioneers saw as their distant goal when they laid so firmly the foundations of Consumers' co-operation in England. The differing outlooks of the consumers' and the agricultural pro-

¹⁰ *The Co-operative Movement in China*. Nankai, May 1934. The same writer's *Rural Industries in China*, Nankai, January 1934, should be consulted for existing industrial achievement.

The credit union in Hopei is already operating successfully as a supply society and, where there is a single important money crop such as cotton, as a marketing society.

ducers' sides of the movement are sufficient indication of this. Perhaps they will first be reconciled in a community in which the two groups are largely the same people. However this may be, co-operators should make a deliberate effort to extend the co-operative harmonising of diverse interests in new ways of rationalising economic life. Perhaps village workshops and textile mills which any residents can use, on agreed terms, provided they have passed through the vocational training required, may help in the underemployment of the Chinese village as they would in communities of unemployed in the West. The uncanny insight of the hardpressed weavers of industrial Lancashire may give a lead to the rural communities of Asia, and so their ultimate purpose be carried a step further towards realisation.

But while co-operative action on some such lines may well cover a large part of the economic life of the rural community, there will be collective needs which can best be met by municipal action. We shall later discuss the problem of organizing communities as self-governing rural municipalities (農市). Here we are only concerned to draw attention to the need for the collective planning and execution of enterprises of value to the whole community.

Local communications will of course be increasingly important within the area and between it and contiguous communities. While the cart roads will require improvement, simultaneously with the alteration of the wheels of the carts, narrow paths for light, rubber-tyred vehicles will be very valuable. The day has not yet generally arrived for local traffic. Even on the main motor roads of Shansi the haulage of stone in bulk for dam making purposes is more economical by ricksha than by motor truck! The light vehicles may include bicycles, handcarts of the kinds now commonly used by tradesmen in the cities, and perhaps tricycles. The surfacing of such paths presents interesting problems.

In some areas drainage and dyking will have their place, or irrigation. Frequently the execution of plans in this field will call for co-operation between a number of such communities. Water supply, sanitation, the provision of such amenities as bath

houses; telephone and other improved communications; library accommodation and public buildings may all call for communal action. If municipal and co-operative organizations develop side by side there may be some overlapping, but the sphere of each is generally distinctive and, where it is not, it probably makes little difference to which organization it is entrusted. For example a co-operative building society and a municipal building program might have much in common though the former is concerned with the needs of its members only and the latter mainly with those, if any, who are otherwise unable to meet their needs.

These are but crude suggestions, the first that come to mind. It is very desirable that for the sake of co-operative and collective action those who are concerned with the well-being of rural population should formulate the needs that are most urgent from the point of view of raising standards of living and promote discussion of the best means of meeting them. The Conference on Rural Reconstruction might well appoint a committee for this purpose.

The integration of agriculture and industry; the increasing use of co-operative and collective forms of organization for both of them; the uniting of rural and urban features in the enlarged community - these things will ensure the preservation of that wholeness and unity of individual and social life which the West would give so much to recover. They would create an industry with educative and social values, which would fit in with the whole program of reconstruction.

VI. PROFESSIONAL SERVICES AND THE COMMUNITY

Most of us who are concerned with rural matters are primarily interested in some special phase of service - education, or health, or agricultural improvement, or what not. The developing social life calls for a growing number of specialised associations for the cultivation of these special interests. But these find their true place and justification only in so far as they render the fullest service in their power to the community as a whole. We propose in this section to illustrate their functioning in the rural community by examples taken from education, health and some cultural interests. And first through education.

A village school will function most vigorously when it is not an isolated unit but when its teacher is the member of an educational association through which he receives constant stimulus, and when the school itself is part of a local system. Within the community we are envisaging the principle of association will best be served by treating the schools and less formal educational activities of the area as a system managed by a committee representing the community. If that system is to be as complete as financial resources allow it will probably include Lower Primary schools in all but the smallest villages; Higher Primary schools in the market towns and in a small but growing number of the larger villages, so located as to reduce the distance which the students have to travel to a minimum. In addition we should hope to find a Vocational school of Junior Middle grade at the centre; and to have these schools supplemented by adult education with a much wider and more permanent function than the removing of illiteracy.

Ideally the committee should constitute the education authority for the area, recognized as such by the Hsien and answerable to the latter for the observance of national and provincial requirements. It should, however, retain as much autonomy as possible, subject to these general standards. With such questions as the degree to which each village would be free to raise and spend funds for its own schools, subject to making its contribution to the higher schools which its scholars attended, or how far all educational monies should be pooled, we do not concern ourselves here. Many such things would be subject to local arrangements.

The teachers of all the schools would be members of a local association, and would meet regularly for social and professional purposes. Moreover there would be one or more teachers with special qualifications, whose duty it would be to visit the village schools and assist in maintaining and raising their standards. In these ways the tendency to isolation and consequent deterioration would be combatted, and the teachers themselves, together with the committee members, would be strands in the web of community.

It should be possible to go further than this and promote intercourse between the schools. The scholars would meet for games and athletics, for literary and dramatic events, for the exhibition of handwork or of natural history collections, for music and so forth; and thus each school would realise its membership in the group and help to build up the wider community. The competitive principle should not be too prominent, but a school which was distinguished in any particular line would be given opportunities to serve other villages than its own. In tree planting and similar activities which would suggest themselves there might be joint action along the roads and waterways as an expression of united interest.

Team work would be encouraged in the schools and the students used to render service to the community according to their ability. It is suggested that health services would link closely with the schools in order to inculcate the desired habits amongst the students and secure the influence they can exert in their homes. This is just one illustration of possible ways in which education would nourish the community life and create the new attitudes and outlooks on which its development must rest.

For those children who do not go on to Higher Primary there will be a gap of several years between their earlier schooling and their attendance at vocational courses. As far as possible this would be filled by clubs, scout work and schools conducted on Sunday, which like the early Sunday schools in England would not confine themselves to religious teaching and exercises.

To take boys and girls into vocational classes at about the age of 15 *sui*, which is the age suggested, means their resuming just at the stage when Grundtvig believed that they were best employed on the farm or in the workshop or the home. But that seems to presuppose that the practices in the home and the shop are of the type they should learn, and during this transitional period this is not yet the case. Indeed, in the vocational school as planned, to be at school would be to serve an apprenticeship with precisely the values which Grundtvig desired. The situation in rural China is that training for industry must be linked with the

creation of the industry. The school workshop must be run on a production basis' in order that the pupil may learn the discipline as well as the technique which modernised industry demands. He has not yet the opportunity after his schooling to begin in a going concern and receive practical experience before he is called upon to assume responsibility.

The vocational schools should eventually contain three main departments: industry for both boys and girls, agriculture for boys, and home-making for girls. Much remains to be done in developing the technique for these schools and some suggestions may not be out of place as to how pioneer schools in this field should be established. They should be started in areas in which rural co-operatives are already functioning under capable and energetic leadership. An area having been chosen in which the active support of these leaders is assured, a competent engineer and industrial chemist will study the opportunities and needs of the district with the help of an economist and decide on the industries to be selected for training. A workshop will then be started with the necessary skilled men, and a few youths of the locality will be chosen as apprentices. As soon as production has been developed to a stage deemed satisfactory by the engineer etc., additional apprentices or pupils will be taken on in numbers not too great to be handled on a production basis, and thus a school suited to the area will gradually be built up.

Different occupations, of course, require different lengths of training. In some branches of textile work a learner becomes sufficiently expert to support himself in a few months, while a metal- or wood-worker may take two years to become relatively as efficient. Again, although the age of entry is suggested as 15 *sui* and the regular courses will be designed for graduates of the Higher Primary, it will be necessary for some years to come to admit students who have had very little schooling but require much the same technical courses.

High qualities of resourcefulness and inventiveness will be required in the engineers and industrialists responsible for the research work that will be needed. It will be necessary to develop

machines adapted to village use, to improve agricultural implements, to introduce better standards of building practice, house furnishing, etc.; and to train the teachers who will create the new race of rural craftsmen and mechanics who will supply or repair the machines and implements required.

Since many of the industrial workers will also be farmers as well, it is desirable that the industrial and agricultural schools should be adjacent, if they do not form one institution. In the same way, since many of the workers will be women with household duties, the industrial school should be linked with the home making courses.

Although in these vocational schools much time will necessarily be devoted to acquiring technical efficiency, there should be a complete harmony of technical with cultural education. Industry as we have depicted it: co-operative, gearing-in with social development, will be followed in a social and not a commercial spirit, and it can be given cultural values. In Switzerland, for example, the Peasants' Union which has taken steps to spread improved home industries among the villagers of the 'mountain valleys', has shown that when the women learn textile work and men woodwork they are able to dress and furnish their houses with real taste and attain standards not only of comfort but also of artistic appreciation otherwise impossible.

Obviously, however, only a beginning can be made in this wider purpose with students in their middle teens. To continue the good work will be the part of adult education. This it is suggested should be of two kinds. Probably only one can be given in the single community, the other drawing its students from a wider area. The local education will consist of organized evening classes, institutes, discussion groups and popular lectures; and while at first literacy work will be required, the main purpose will be to give that attitude to, and outlook on life upon which the achievement of a genuine community depends. The second kind will be the whole time school of the Danish Folk High School type, lasting for some four or five months in the winter for men of 20 to 25 years of age, and for three or four months in spring and

early summer for women of similar age. This school must be residential, it being of the essence of the plan to bring students and teachers together in a close fellowship, ensuring real contact of mind with mind and producing an effect as much inspirational as informative.

Cultural interests will be cared for in the adult education classes, but they will also find expression in societies and clubs associated with specific interests of this kind. There will be dramatic, music, literary, nature study and other organizations which will link those of like interests throughout the community and promote social intercourse by giving plays, concerts and recitals in various villages, stimulating the individual villages to stronger interest and appreciation. Thus the fuller life of the people and the wider development of community will each assist the other.

It is easy for the reformer to be too optimistic as to the possibilities of the rural communities. Yet despite the fact that the villages in China have not yet reached the levels attained in some western countries there are good grounds for hope. The results of Mass Education at Tingsien and of the co-operative movement under the C. I. F. R. C. in Hopei - to mention only one province - are full of promise. The quality of the people is as high and true enthusiasm may well be kindled. In England we re-call the days when a Lancashire workman could be seen walking from Oldham to Manchester to attend evening classes and stopping under the street lamp to con his notes; or a Scotch ploughman in the fields with a Greek Testament open on his plough. We remember the village cobbler who not only led the modern Protestant missionary movement, but promoted the scientific study of botany in India; and the stone mason, Hugh Miller, who added notably to geological knowledge and became famous as an author in the days of which it was written:

"The peasantry of Scotland turn their cottages into schools; and when a father takes his arm-chair by the evening fire, he seldom neglects to communicate to his children whatever knowledge he himself possesses. Nor is this knowledge very limited; it extends, generally, to the history of Europe, and to the literature of the island; but more particularly to the divinity, the poetry, and what may be called the traditional history of Scotland." ¹¹

¹¹ Quoted from A.E. Dobbs. op. cit.

It is a question of touching the springs of thought and social action by a new impulse and vision such as Grundtvig gave to rural Denmark in the following century. But the vision must be one which leads to immediate and practical endeavour - as in the picture of the community which has been sketched above. There must be opportunity for the growth of leadership within the community itself, which involves that the new life, though the first impulse must in the nature of the case come from without, shall be deeply rooted in the heritage of the past and not an external imposition.

VII. THE COMMUNITY AS RURAL MUNICIPALITY AND THE FEDERATION OF THESE IN THE NATIONAL DEMOCRACY

An attempt has now been made to shew how the modern development of rural life will be facilitated by the absorption of the village into a wider unit in which the larger economic life can function and the specialised services find a stronger support. We wish further to suggest that what will form a convenient community for these purposes will also provide the best basis for a self-governing administrative area - for what we have termed a rural municipality. Of the critical importance of local self-government for the political development of China, we have no doubt.

The writer makes no claim to any special knowledge of political science or local administration. It is common knowledge, however, that local authorities are occupied with many of the features of the life of a community and administer many of the services to which reference has been made. It would therefore be natural to conclude that the national policy of encouraging local self-government could most easily be made effective as one phase of rural reconstruction in connection with the type of community here suggested.

It is not our intention to discuss the various alternative lines along which such development might take place, but merely to indicate some of them, leaving it to those better equipped for the task to work them out in more detail and weigh the respective merits of alternative plans.

One of the first questions to arise is the relation that should exist between the self-government council and the bodies responsible for particular services, and the manner of choosing each. The latter, indeed, may well vary among themselves in the character of their relation to the Council. At one extreme it would be possible to constitute the municipal council, if its formation came later than that of the special organization already alluded to, of representatives of these organizations appointed by them in accordance with some view as to the relative numbers to which each is entitled. Thus the education committee, the health committee, the cultural organizations (possibly as a group), the co-operative union, the farmers' association, among others, might each be allowed a number of members, determined by some general principles.

At the other extreme, there might be the election of a municipal council and the appointment by it of the necessary committees, with or without the power of co-option.

In between these extremes many varying combinations are possible. A number of councillors might be elected for the purpose but the more important organizations, constituted by independent election might still be allowed a measure of representation. Or, again, the whole council might be elected by direct vote, but the outside committees might be entitled to appoint some of their number to the special committees functioning under the council.

Further, the villages or groups of villages, might correspond to wards in the municipality if that seemed desirable, especially with a view to preserving something of the present village unity and to ensure the representation of each area within the municipality.

But there is no need to multiply possibilities. It is no part of our purpose to discuss these matters of administrative detail. We are convinced, however, of the importance of creating such rural municipalities¹² as the basic unit of self-government and

¹² The essential factors in delimiting them are that they should be small enough for social intercourse and therefore for communities; large enough to support the necessary services; and correspond with rural economic divisions except where this would sacrifice community.

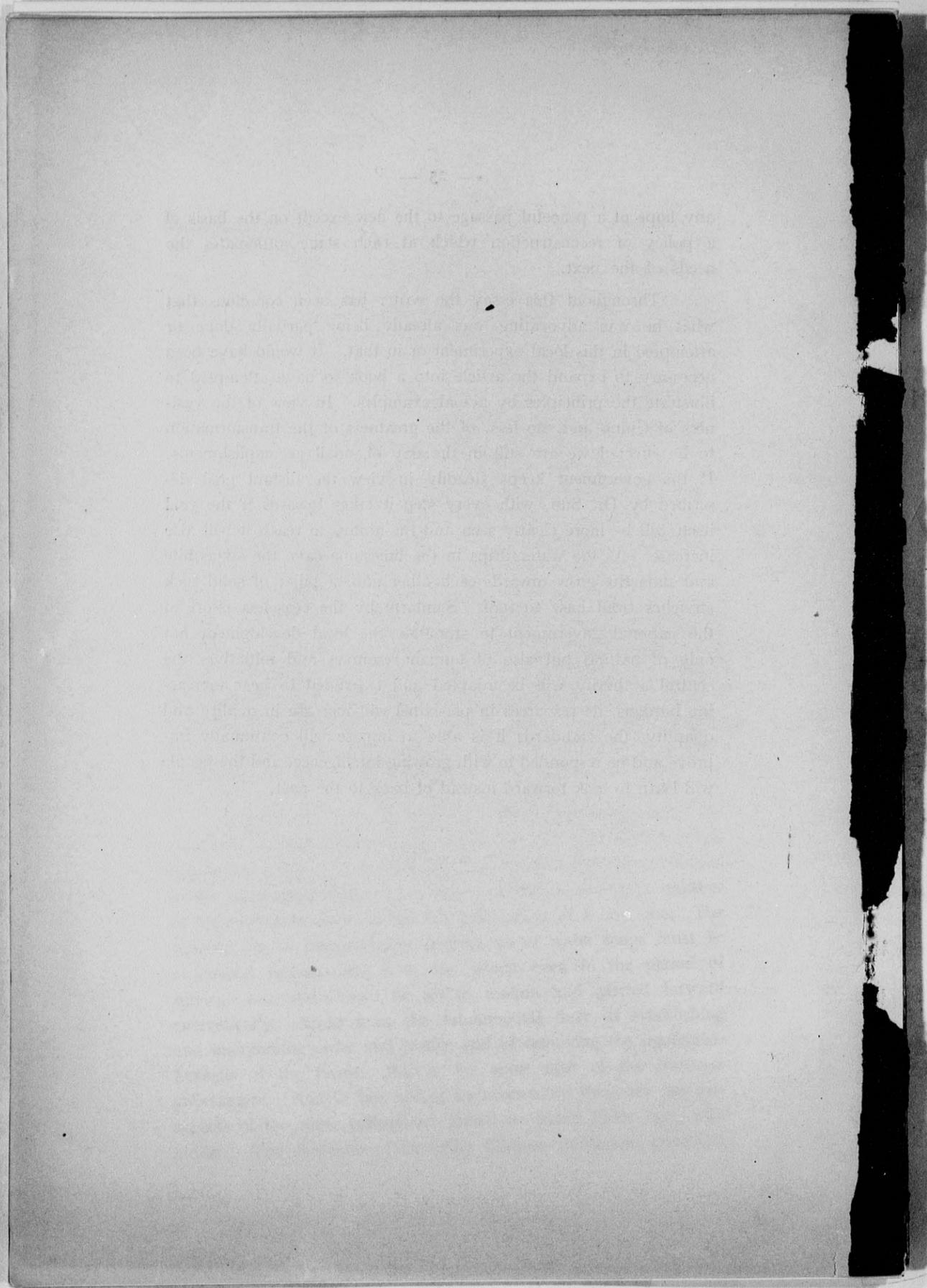
representative institutions. These local authorities and their real democratic character are fundamental whatever be the view as to the character that should be taken by the national government in the immediate future, and it is incumbent upon the higher authorities to do all in their power to foster these local units. It is here that government in the modern sense touches the intimate daily life of the people. It need hardly be pointed out that many of the functions of modern government did not exist in earlier times or were performed by extra-government organizations such as the village or the guild.

There can be little doubt that the West has devoted less attention than it merits to local administration, perhaps because it has thought too little in terms of the community and of the nation as the articulated body of such communities. Even the great cities with all their resources have not developed true community for their growth has been determined, not so much by consideration of the whole social life, as by unregulated economic forces. If today democracy has fallen on difficult times, it is not that the principle which underlies it is unsound, but rather that it has not been adequately applied in either the economic or the social sphere. Community and democracy are more closely related than is commonly realised.

Finally there is the whole group of problems connected with the relation of these rural municipalities with the Hsien and higher authorities. It is desirable not to make too many changes at the same time, though it is often essential to modify a number of institutions to allow of the full functioning of a new one. The building up of representative institutions of wider scope must be a gradual process; but it is one which even in the period of tutelage can and should be set in motion and carried forward energetically. Apart from the fundamental duty of establishing and maintaining order and justice and of removing the intolerable burdens of the farmer, this is the great task of the National government. And in this age of transformation these are but two aspects of the same endeavour, joined by many links, open and hidden. The character of the older Chinese civilisation precludes

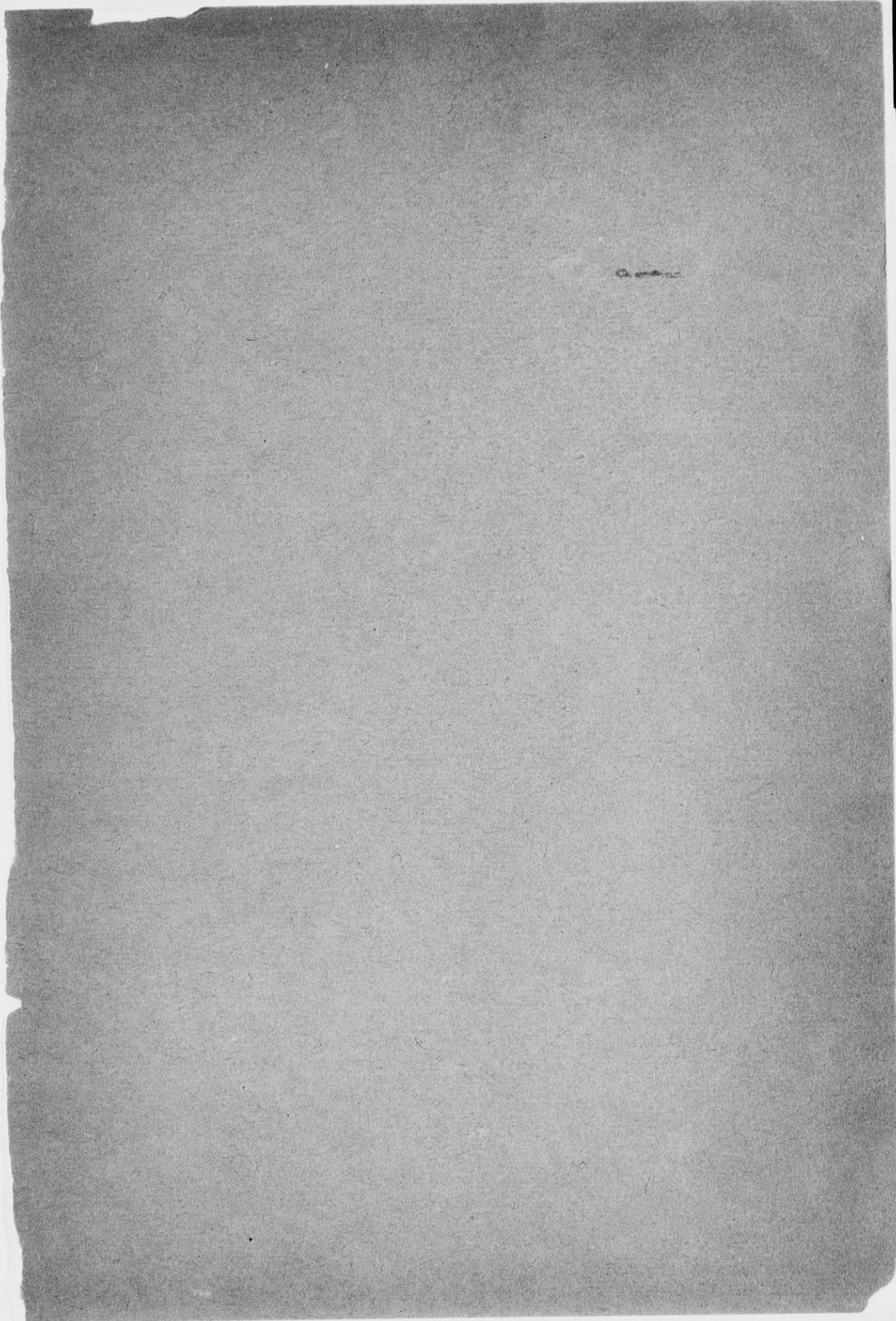
any hope of a peaceful passage to the new except on the basis of a policy of reconstruction which at each stage anticipates the needs of the next.

Throughout this essay the writer has been conscious that what he was advocating was already being partially done or attempted in this local experiment or in that. It would have been necessary to expand the article into a book to have attempted to illustrate the principles by actual examples. In view of the vastness of China and, no less, of the greatness of the transformation to be effected we are still in the day of small accomplishments. If the government keeps steadily in view the distant goal described by Dr. Sun, with every step it takes towards it the goal itself will be more clearly seen and the ability to reach it will also increase. As the water drips in the limestone cave the stalagmite and stalactite grow towards each other until a pillar of solid rock stretches from base to roof. Similarly by the ceaseless effort of the national government to stimulate the local development not only of natural but also of human resources and initiative, the central authority will be adapted and expanded to bear increasing burdens, its resources in personnel will increase in quality and quantity; the standards it is able to impose will continually improve and be responded to with growing intelligence, and the people will learn to look forward instead of back to the past.



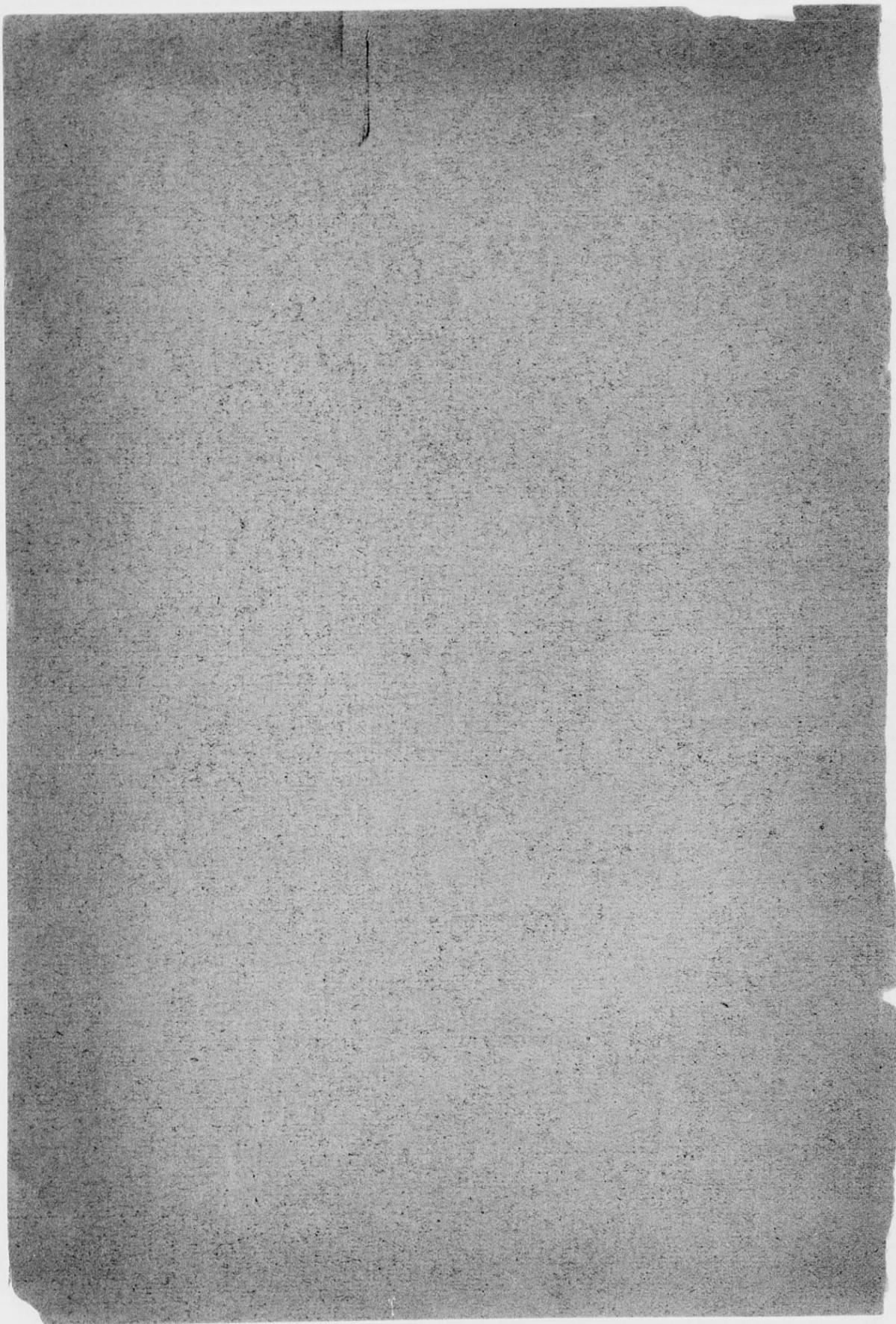
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[From "The Chinese Recorder," May, 1924.]

The Church and the Rural Standard of Living*

J. B. TAYLER

PROBABLY no one engaged in Christian work in rural districts and desirous of seeing a self-supporting church equipped with all the means of spiritual growth, will dispute the statement that the poverty of the people severely limits the possibilities of church development. How are the small and scattered groups of Christians, surrounded by the deadening influence of the non-Christian population and with very few educated members amongst them, to maintain and develop spiritual life? All but a small proportion of the village churches are really unable to support pastors of their own, or even to find any large share of the support of the teacher-pastor to whom reference has been made in these meetings. How little can the majority of the families afford for books and papers and for travel to the classes and conferences which might do so much to foster their religious life! So many of the means which the Spirit has signally blessed in building up the church in other lands seem to be beyond their reach.

This difficulty of financial support within the church is, however, but one phase of a problem with which the Christian movement is vitally concerned, namely the securing of a better standard of living for the poor in China. For the truth is that in this country we are face to face with a condition of *grinding* poverty, a poverty so widespread and oppressive that it hinders the full development of personality in those who suffer under it. We cannot here go into the relation of the economic to the higher sides of human life† as it is viewed in the New Testament, but we believe it will be clear to all, from their own knowledge, from the facts about to be given that the condition of a large proportion of the rural population is not the simple life which gives freedom for high thinking and spiritual service but one which involves a lack of the very aids, on the material side, which the higher life demands—those things which our Heavenly Father knows we are in need of.

I have recently had occasion to examine the family income returns of 123 villages in Chihli, Kiangsu, Chekiang and Anhui. The returns

* Read at the meeting of the Agricultural Committee of the C. C. E. A., Nanking, February 9th, 1924, in elucidation of paragraph 348 of the China Education Commissioner's Report.

† The writer hopes to issue an outline for study groups on the subject of the Christian concern with the raising of the standard of living in which these matters and the practical steps to be taken will be gone into more thoroughly.

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cover, not simply the poorer families, but all the families in the villages concerned, including some with incomes of over \$5,000 a year. Out of 5,410 families 44.9% had incomes of less than \$50 a year, including the value of all the produce raised, even that consumed at home; 61.9% received less than \$90; and 75.6% less than \$150 per annum. An estimate has recently been made in North China, on the basis of the protein and calorific values of Chinese food stuffs, of the cost of an adequate diet for a typical farming family of five and a quarter persons. Without including meat or any expensive foods, this comes to about \$112. Add \$12 for clothes, \$20 for light and fuel* \$6 for rent and \$10 for all other expenditures and it will be seen that \$160 per annum is necessary for this very moderate standard.

In developing a policy designed to lift the people out of this destitution Christian leaders must bear in mind several fundamental considerations. The first of these is the need for wholesome standards of consumption. If we can create a zeal for the best education like that which led Scotch ploughmen to fix an open Greek Testament on their plows; if the farmers and their wives can learn to value cleanliness of person and of home, if they come to appreciate hygiene, sanitation, and medical attention; if they gain a deep desire for good books and papers and the advantages of education—if we can make sure that increased income will mean larger expenditure in such directions as these, we can set ourselves without misgivings to enable them to secure the means of attaining this better life.

This brings us to the second step, that of increasing the productivity of labor in China in such a way as to provide the larger income needed. This means the improvement of agriculture and the simultaneous development of industry. It is important to realize that the improvement of agriculture is as important as the development of all other industries combined. This is not simply because of the fact that the majority of the people live by agriculture, but because it is agriculture which supplies almost all our subsistence wants. Where agricultural labor is inefficient it follows that the majority of the population must be engaged in this industry and that the item of food will constitute a very large proportion of the nation's or community's budget. When the farming families can produce only enough for their own subsistence, it is clear that there can be no industrial population. If eight families produce subsistence for ten, then 20% of the people can devote their energies to production of other kinds; while, if six families can, through improved productivity,

* It is probable that the value of the fuel collected by the old men and children is not allowed for in the income nor that of the spinning, etc. done by the women for the family, but allowing for these things we must still conclude that some 70% of the people are below the poverty line and 50% seriously below it.

provide for ten families, then 40% of the population can turn to furnishing a larger and more varied supply of commodities. How much will be produced by the 20 or 40 percent engaged in industry and trade will of course depend on the efficiency of their labor and this, fortunately, can be enormously increased by the use of modern inventions and of power.*

It will be seen, therefore, that the improvement of agriculture is fundamental to the raising of the standard of living in a country which supplies its own food. At the same time agricultural progress will only result in raising standards if it is correlated with other factors in addition to the development of industry. Among these may be mentioned the spread of sound economic ideas, the understanding of the problem of population and the bearing upon it of early and of dependent marriages, and the development of co-operation ensuring an equitable division of the increased income of the nation. It is with a word on the necessity for co-operation that I will close.

The introduction of improved methods of agriculture demands two things on the part of the peasant farmers who now form the real basis of village life. In the first place comes education. If the farmers are to adopt such methods they must be trained to adapt themselves to changes and taught to value the improvements. In the second place they must be taught to co-operate together. Modern developments in China are certain to profoundly modify rural life. As industry and commerce concentrate great wealth in the hands of merchants and manufacturers, capital will increasingly seek investment in land and large estates will multiply. This tendency is already to be seen at work. Moreover, as farming develops more capital will be required and the small peasant will be at a distinct disadvantage in competition with his wealthier neighbour, unless means can be found of helping him. Between these two forces there is danger that the small proprietor-farmer who in some provinces forms nine-tenths of the agricultural population, and who is everywhere important, will be squeezed out, and reduced to the status of a laborer. The only way of avoiding this result would seem to be to assist the small farmers to co-operate together in credit, marketing and other

* The place of agricultural productivity and of industrial productivity respectively in raising the standard of living of society above the subsistence level may be expressed in the formula

$$S = P_o + \frac{(1 - P_o) \times P_s}{P_a}$$

S being the standard of living, P_o the degree of productivity which yields a mere subsistence, P_a the productivity in agriculture, the chief of the genetic industries, and P_s that in the secondary industries. The fraction P_o/P_a gives the proportion of the population engaged in agriculture under the conditions of productivity existing, and the difference between this and unity the proportion set free for industry. The community is considered as a whole and distribution is ignored.

Yenching Series on Economic Organisation, No. 1.

THE ORGANISATION OF CO-OPERATION:
INTEGRATED SOCIETY OR INTEGRATED MOVEMENT?

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FOREWORD

The earlier series of Yenching economic studies, that on Chinese Industries and Trade, revealed the existence of numerous problems relating to the structure or organisation of industry in this country. Since the earlier studies were made the co-operative movement has made immense strides in China and with its future development are bound up many problems of organisation and the contribution co-operatives can make to national reconstruction as a planned movement implementing the policy of the People's livelihood.

These developments in China are of course strongly influenced by the world-wide economic movements. The scope of the series is therefore not limited to the study of the co-operative movement alone, but embraces all phases of organisation and planning, especially as they concern development in China, but with co-operative problems as the central core.

Gideon Ch'en
Chairman,
Department of Economics

Yenching University
February, 1937

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**THE ORGANISATION OF COOPERATION:
INTEGRATED SOCIETY OR INTEGRATED MOVEMENT?**

Fundamental differences of opinion among friends in the cooperative movement, and recent articles in cooperative literature, have led the writer to review once again the long debated question of the multiple function or general purpose society and the real basis of unity in the cooperative movement.

I. OPINION AND PRACTICE IN EUROPE AND ASIA

1. GERMANY

So far as the village society is concerned, the issue arose in the early days of the Raiffeisen movement. Cahill stated the situation in Germany succinctly and effectively in his well-known Report.¹ While the Imperial Federation presided over by Haas, defined the objects of the credit societies in a crisp, businesslike way as "the conducting of a Savings and Loan Bank to foster banking and credit transactions as well as to promote thrift," Raiffeisen expected them to be the instruments of the wider purpose with which he had associated himself. The model articles of association in his Federation included:

"(2) The object of the society is to procure the necessary capital for furnishing loans and credit to members, and otherwise to effect the betterment of their economic conditions, especially by (a) the purchase in common of farming requisites, (b) the preparation and sale of agricultural products and of the products of rural industry for members, (c) the procuring of machines and other objects of utility on their joint account for letting on hire for members."

¹ J. R. Cahill, *Report of an Enquiry into Agricultural Credit and Agricultural Cooperation in Germany*, (Cd. 6626.) London, 1913, pp. 68-9.

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"(3) The society aims less at realising profits from its operations than at strengthening such of its members as are economically weak and at promoting their intellectual and moral welfare. Its activities must, therefore, extend to (a) the furtherance of thrift, (b) the accumulation of an indivisible common fund (foundation fund) for the advancement of the economic condition of members, (c) the organisation of means for the promotion of rural social welfare and of love of home, (d) the establishment of conciliation courts for the diminution of legal disputes, (e) vigorous opposition to such transactions in real property as are against the public good, and such participation in the relief of landed property from indebtedness as may be expedient, and (f) the holding of instructive lectures and the exchange of practical experience at the meetings of members."

"(4) The society rests upon a Christian and patriotic foundation. At meetings and in the activities of the society opinions and measures of a religious or political character are absolutely prohibited,"

The difference in attitude and conception is clearly marked and, as Raiffeisen refused to acknowledge societies on the narrower basis, disagreements and dissensions arose. The Haas societies multiplied much more rapidly than the older type, and though many societies have preserved the Raiffeisen tradition, the two wings of the movement are now united in the Imperial Federation. Both sides seem to agree that the supply of agricultural requisites (usually on order to the members) is a legitimate activity, though Haas' followers transform this supply department into a separate society as soon as the volume of business justifies the step; and also that processing and other societies requiring technical management and considerable capital cannot be suitably carried on as mere departments of a village credit society.

Raiffeisen's reasons for the multiple function societies were mainly two: unity and economic efficiency. He felt that it was important to focus the attention of all the cooperators on the whole range of needs commonly met with amongst them, and that this could best be done by uniting them in one society. To this point we shall return later. The argument as to economy is not very strong. If the work both of the credit and supply operations is not too great to be done by one man it is possible for two societies handling them to employ the same man and occupy the same

office. This has the further advantage that the clerk thereby knows the man's financial condition more completely. On the other hand, when there is no paid man, as is generally the case in China, there are reasons we shall discuss later for creating separate societies for the two functions.

Haas, on his side, contended that those interested in one function were not always the same as those concerned with another, and that to include the separate activities in one society was to place risks on the shoulders of some members who were not participating in the services from which they arose. This was unfair and introduced a division of interest which must weaken the society. Moreover, different functions are often best performed by societies with different types of liability, or operating in areas of different sizes; and finally different gifts are required for the handling of the various types of business, — a man who is quite honest and careful and well suited for the management of a credit society may not have the experience or the abilities which fit him to manage supply, much less more technical operations.

As we have seen, it was the views of Haas which in the main were accepted in Germany; and the signal success in agricultural cooperation of such other countries as Denmark, which believed wholeheartedly in the single purpose society, created a strong feeling in favour of this view among European cooperators generally. This opinion still prevails.

2. BULGARIA

Before, however, turning to the newer and different situation in Asia, it may be desirable to refer to the recent re-opening of the case by Professor G. Dikoff, President of the General Union of Cooperative Agricultural Societies in Bulgaria. He has set forth his views in an article on "The Organisation of Rural Cooperation in Bulgaria"² and his hand is clearly seen in the 'Statement' of his Union published a little later.³

² *Review of International Cooperation*, July 1936, pp. 259-64.

³ *Ibid.*, October 1936, pp. 393-6.

It is possible that the enthusiastic work of Professor Dikoff and his colleagues may throw light in the future on the conditions under which multiple purpose societies can be carried to success, but there are several reasons why further information is necessary before any positive conclusion can be based upon the Bulgarian movement. Professor G. T. Danaïlow in his work *Les Effets de la guerre en Bulgarie* published by the Carnegie Peace Foundation presents a vivid picture of the great wave of enthusiasm for cooperatives, which carried away all classes of the people and also the Government, in the post-war period. This led to the attempting of grandiose schemes by inexperienced bodies which, in the unsettled circumstances of those years had disastrous effects upon the movement.⁴

The lack of wisdom shown during that period is confirmed also by L. Pasvolsky in the book, *Bulgaria's Economic Position*, published by the Brookings Institution in 1930. Mr. Pasvolsky writes:

"Credit cooperation developed during the years of unstable currency conditions and this fact was largely responsible for the direction which their activities assumed. While the rural cooperatives have done a certain amount of useful work in promoting agriculture, in supplying the peasants with implements, seeds, and other agricultural necessities, and in collecting small savings which would not otherwise appear as such, they have also acted to a very large extent as speculative purchase and sales agencies."⁵

Bulgarian agriculture was endeavouring to adapt itself to postwar conditions by improving its cultivation and by introducing industrial crops in an attempt to enlarge its export trade. The banks lent too liberally to the societies; the credit societies locked up their money in machinery; and there was much rash speculative dealing in such produce as tobacco, in a period of rapidly changing prices. It is in the light of this situation that Professor Dikoff's statements must be read. It was not so much the precise type of organisation adopted as the conduct of the societies to

⁴ *Op. cit.* pp. 621-6; 643-5.

⁵ Pasvolsky, p. 237.

which their difficulties must be attributed. No form of organisation gives satisfactory results in the face of bad management — a fact which inexperienced enthusiasts often learn by unpleasant experience.

It is also to be noticed that at least up to 1928 urban cooperation overshadowed rural, despite the overwhelmingly agricultural character of the country.⁶ It seems from Professor Dikoff's statements that in quite a number of cases rural societies were organised by people not connected with rural life. Thus if we compare the claim that

"All the workers in the Agricultural Cooperative Movement have always been unanimous on this subject and have put forth all their efforts on behalf of a generalised type of Cooperative Society."

with the statements

"In certain areas the tendency towards specialised agricultural Societies is of long standing. Thus, for example, for a number of years past attempts have been made to establish Rural Cooperative Dairies. But the number of these remains very small — about 20 in the whole country. On the other hand, dairy departments are much more commonly established in the Agricultural Credit Societies, and at present they number about 340."

and

"At first Consumers' Societies were established in the villages, but this practice has been abandoned, and at present almost all the Credit Societies have consumers' departments which develop very well and are of great utility to the inhabitants."⁷

⁶ BULGARIAN COOPERATIVE ORGANISATIONS, 1928

Type	Rural		Urban		Total	
	Number	Members	Number	Members	Number	Members
Credit	1,356	144,660	137	93,002	1,493	237,662
Consumers'	78	12,224	193	73,124	271	85,348
Building, etc.	89	12,021	137	56,124	226	68,142
Purchase & Sale	550	19,416	46	148,447	596	167,863
Producers'	61	30,789	165	14,120	226	44,909
Total	2,134	219,110	678	384,814	2,812	603,924

⁷ *Review of International Cooperation*, July, 1936, pp. 259-60.

From this it would appear that the specialised societies for dairying and consumption were started by people not connected with the rural movement, but presumably with the urban, and therefore not in a position to guide the new ventures; while the rural leaders were deeply indoctrinated with the belief in the generalised type of society. In view of the situation he describes, the claim that the course of development has been dictated by circumstances and not by the opinions of the leaders is not very convincing.

Moreover the statement itself lacks rigorous analysis. The tendency to the greater diversification of agriculture and the growth of industrial crops, may well prompt the assertion that

"The cooperative movement ought to be a complete reflection of the economic life of the countryside and satisfy all the needs of the rural proprietor."

But that begs the question whether that end is to be secured by the general purpose society or by an integrated *movement*. No statistical or other data are presented and the most specific references to societies are the rather rhetorical remarks:

"Think what has become of most of our credit societies which have been content to remain so: the rural population has become impoverished and indebted, so that 100 per cent of the business of these societies is frozen and valueless and they have had to suspend their work. Think what has become of the cooperative tobacco societies: has not their fate been the same owing to the catastrophic collapse of tobacco prices?"

"The question might be asked whether the cooperative tobacco societies and other specialised organisations would have found themselves in their present position if, instead of the establishment of special societies, special departments had been developed in the credit societies. Would the credit societies, which have bought threshing machines and are for the most part in liquidation, have fallen into this deplorable condition if they had developed other economic departments?"⁸

Evidently the credit societies would have had to develop other departments than those for the marketing of tobacco, since the

⁸ *Op. cit.*, 261.

catastrophic fall in prices ruined those who engaged in it. Neither the buying of threshing machines nor the marketing of tobacco involved any greater losses if conducted under separate societies than under a general purpose society; though it is possible that a general purpose society which had been fortunate in doing most of its business in other lines than tobacco might have made gains in some departments which would have offset the losses in others. But the same thing would have applied to the whole income of a farmer who was in a number of separate societies but had engaged in the same lines of production and business. There is indeed one way in which the general purpose society might have helped some farmers, and that is if, by failing to separate the accounts of the different departments it had shared the losses of the unsuccessful with the gains of the fortunate. If the fellow feeling among the farmers were of so warm a nature that the successful cheerfully resigned their gains to the unfortunate, the society might survive such an experience, which otherwise would rend it.

Professor Dikoff's reasons for preferring the general purpose society are:

- a. The diversification of their farming, and consequent variety of produce.
- b. The scarcity of capital.
- c. The small size of the villages.
- d. The paucity of competent leaders.
- e. The advantages of placing all monetary affairs in one organization.
- f. The discipline exercised by this type of society.

As to the first, to sell more than one type of produce is not necessarily to depart from the single purpose principle. The activities are of the same kind and it is matters of market organisation and similar considerations which determine the convenience or inconvenience of dealing in a variety of produce. The name multiple function is only applied when different kinds of activities

are combined in one society. We shall discuss later the question as to whether there is any saving in leadership or capital when separate societies are replaced by departments in one society. The average size of the Bulgarian rural credit society is shown in the table on p. 897 to be over a hundred members. In the Bombay Presidency, India, societies of eighty are being broken up into smaller units for more effective management. We shall argue that in the primary village society it is dangerous to introduce conflicting interests such as are frequently associated with the general purpose society. To harmonise such divergent interests calls for a high degree of discipline, which usually only the leaders themselves, and not the rank and file, possess. This discipline would call for very competent, presumably outside, discipline. Indeed early in this century different points of view between agricultural and industrial groups led some of the agricultural organisations to withdraw from the International Cooperative Alliance. The general principle would seem to be, especially in a primary society, to base an organisation upon one common interest and to bring about as much co-ordination between organisations and groups with diverse interests as is possible. The broader community of interests within the village is a very real thing which must find suitable institutional expression, as we shall argue later.

So long as the village societies in Bulgaria depend upon the active support of outside helpers, and all the competent organisers prefer to work through general purpose societies, it is clearly only this form of organisation that can succeed. We may hope that the leadership of Professor Dikoff and his friends will rescue the movement from past mistakes in financial operation and by a wise agricultural policy raise the peasants to a higher standard of living — as indeed they presumably are doing. This is an achievement of which any man might be proud but it is not yet clear that thereby they will demonstrate the superior efficacy of the multiple function society.

3. JAPAN

In attempting to bring the matter nearer home, let us first consider the situation which has developed in Japan. Japan presents in the clearest way the difference between the cooperative movement in Asia and that in Europe. In the latter the movement was popular and spontaneous; it often had to establish itself not only in face of the difficulties that confront anything new, but against the opposition of a more or less hostile government. In Japan it has been initiated, fostered, and strictly controlled by government, and has grown up without, for the most part, the participation of the idealistic, popular movement represented by the Hotokusha. It was based, says Ogata, not on liberalism but on enlightened autocracy.⁹ For this reason, while founded essentially on German practice and law, the Japanese law of 1899 departed in significant ways from the German original. It recognised only four types of society: credit, marketing, purchasing and machinery. The cooperative workshop (producers' cooperation) was not mentioned and the consumers' society was included, without specific reference, in the purchasing societies. This was because these societies of industrial workers were regarded as having a socialistic taint. The movement grew as an agricultural one, with credit societies in the forefront. The way was prepared by very active government propaganda and the conduct of the societies controlled by strict government supervision.

Societies multiplied, but on the basis of a single function each, until 1917 when a revision of the law introduced changes of the greatest importance. From now on the expansion of activities in non-credit departments increased at a rapid pace, chiefly in multiple function societies. In 1919 there were 3738 single purpose societies, in 1921 only 3329. The following figures show the changes that occurred:

⁹ The facts concerning Japan are mostly taken from Kiyoshi Ogata, *The Cooperative Movement in Japan*, London, 1923. See especially pp. 87-91 and 176-8.

COOPERATIVE SOCIETIES IN JAPAN

	1921		1928	
	Number	Per cent	Number	Per cent
Single purpose societies	3,329	24.2%	3,498	24.7 %
Two-purpose societies	3,951	28.7%	3,137	22.15%
Three-purpose societies	4,598	33.4%	4,002	28.25%
Four-purpose societies	1,892	13.7%	3,534	24.9 %
Total	13,770	100.0	14,171	100.0

In 1928 the number of societies with each function were:

Credit 12,349, purchase 10,348, sale 8,148, utilisation 5,069. (*The Twenty-Ninth Financial and Economic Annual of Japan*).

This is a very striking development, though it should be noted that it did not take place until 18 years after the founding of the movement. In the case of Raiffeisen, the ideal of economic and moral unity seems to have been an important factor in determining the preference for the multiple society, but in the case of Japan this element is not much in evidence. It seems rather to have been a question of administrative convenience — but the convenience, not so much of the cooperators themselves, as of the government inspectors who were obliged to keep in close touch with them. Mr. Ogata speaks of the multiplication of red tape particularly on the part of inspectors not too well versed in their work, and it is easy to understand their preference for a concentration in multiple function societies. The effect on the strengthening or weakening of the cooperative character of the societies does not seem to have been considered.

The present writer does not know Japanese cooperation at first hand, but unless the cooperative spokesman, Mr. Ogata, entirely misjudges the situation, it is clear that the strictness of government supervision so hinders the development of real cooperative life that there is no opportunity for the movement to become spontaneous. His book contains strongly worded statements portraying this condition:

"Naturally we find instances where, in consequence of bureaucratic structure, societies are really only cooperative in name: an empty shell possessing nothing of the spirit or efficiency of real cooperation."

4. INDIA

In India although the movement has also been initiated from above by government, there has been a definite effort to make it truly democratic. The touch with Europe has been more direct and constant and the idea of spontaneity and member initiative has been held steadily in view. A number of its ablest leaders have been convinced supporters of the single purpose society and have presented the case with great clarity and keen analytical ability. *The Report of the Royal Commission on Agriculture in India* states that

"We found that, on the whole, the single purpose idea met with general acceptance, and that, where exceptions occurred, these were based on reasonable grounds. The multiple purpose society is nowhere advocated on grounds of policy; it is usual to describe the objects of a society in the by-laws in such a general way as to permit of secondary functions being performed without a breach of the law, but this is for convenience only and has not led to societies attempting to combine incompatible activities or risking their unlimited liability in transactions for which it is entirely unsuitable."¹⁰

But opinion is not unanimous¹¹ and in order that we may see another point of view it is worth while quoting one of the intellectuals deeply interested and active in the Indian cooperative movement, Professor H. L. Kaji of the University of Bombay. After speaking of the importance of cooperation in rural reconstruction, he continues:

"For this purpose, however, we cannot afford to parcel out the agriculturalist into a bundle of different needs, each being met by a different type of institution. It cannot serve our purpose if there is a credit society for financing his current agricultural needs, a sales union for the cooperative marketing of his produce, an artisan's society for his subsidiary occupation, an insurance society for his cattle, a cooperative store for the purchase of his household requirements, a better-living society for social reform, an anti-malarial society for improvements in sanitation, and so forth. The energy, the ability, the leadership, the

¹⁰ p. 468.

¹¹ For a brief summary of some opinions see E. M. Hough's *The Co-operative Movement in India*, pp. 216-8. She speaks of the general agreement that closer co-ordination is desirable but some disagreement as to means or method.

identity of interests, the sense of 'All for each and each for all,' so essential for the germination and fostering of the cooperative spirit and the building up of a sound cooperative structure, we cannot afford to dissipate on several different institutions, however good each one of them might be. There must be one, and only one, society for a village catering to the needs of all the people. The *sowcar* (money lender and often trader), whom cooperation seeks to replace, is not merely the usurer. He is the tradesman and the *dalal* (.....), as also the adviser and guide of the people there. There is a human bond between the *sowcar* and the people, and if we would displace him, we must substitute for him an agency that would take his place in every direction, that would do all that he did, and that too in a better way, that would not only be the village *panchayat* (council), modernised in a sense, functioning as a council of elders, arranging for finance, purchase, and sale, as also for sanitation, medical relief, cattle insurance, life insurance, social reform, and not merely in theory but in actual practice carrying out a policy of rural reconstruction. Then and then only will the cooperative society be a live force in the village; then, and then only, will Cooperation stand out triumphant."¹²

Professor Kaji, it is interesting to observe, stands at the opposite pole from that adopted by the Japanese government, since he believes that the progressive de-officialisation of the movement is called for; but he recognises that this must at best prove a slow process. His attitude to the question of the village unity requires further analysis. The 'comprehensive' cooperative society he envisages seems to be in effect the whole village not only in its economic but even in its social and cultural activities. That these activities can be developed without the formation of special groups of those particularly interested in one or the other of them, Professor Kaji would probably admit. The problem is the articulation of the organisation performing a specialised function with the other specialised organs, so as to promote the healthy life of the whole community.

5. CHINA

In the cooperative movement in China there are groups influenced by Japanese practice and others, such as the Mass Education group, who feel instinctively with Professor Kaji; and on

¹² Hough, *The Cooperative Movement in India*, p. xiv.

the other hand there are those who are impressed by the arguments of the experts who have visited China after long experience of cooperative administration and who unanimously emphasize the importance of the single purpose society, not only in the interest of economic efficiency but of real cooperation also.

It cannot be said that cooperation has yet been established long enough in this country to permit of argument from local experience. For the guidance of the movement here we must be led by the experience abroad and careful analysis of the functioning of the two types of society. The latter has been done on the basis of wide experience by C. F. Strickland in his *Rural Finance and Cooperation* and with even greater elaboration by W. M. Stevens in *Effective Structural Organisation for Chinese Cooperatives*.

If we endeavour to sum up the foreign experience briefly reviewed above, the general conclusion is that where, as in Europe, the movement is spontaneous and genuinely democratic, and where the cooperative spirit is vigorous, the tendency is undoubtedly towards single purpose societies. These societies can be termed functional, because they are organised about a definite function. In coming to this conclusion we note in passing the case of Bulgaria as a possible future exception, but not one that can yet be quoted as giving any real force to the opposite contention. In India where the movement is not spontaneous but where the democratic goal is definitely sought, the policy is in favour of the single purpose society, with departures allowed for due reasons shown. Unity is sought through the co-ordination of the societies within the movement as a whole — a process that has not as yet been described. Only in Japan where the policy is a bureaucratic one is there any significant exception to this general trend. It would appear that in China one of the decisive factors guiding present policy will be the importance attached to choosing the democratic ideal as against the bureaucratic.

The analysis of the problem from the point of view of administrative convenience and from that of the effect of the different arrangement on the cooperative character of the societies support the same conclusion. The inclusion of multiple functions in one society makes management and accounting more complicated and difficult; it is essential that the different functions should be dealt with in separate departments each with its own accounts and that the officers and committees should be so chosen as to distribute responsibility as widely as possible, consistently with such limitations as there may be in the matter of qualified personnel. This is necessary in the interests of cooperation as well as of efficiency. If this is done, there is no saving in labour or personnel between the general purpose society and the formation of separate societies using the same paid workers, the same officers and the same premises. Moreover, the separate societies have two quite important advantages: they avoid the inclusion in one and the same society of those who may have conflicting interests; and they confine the risks to those who enjoy the services with which they are connected.

The latter follows from the fact that with separate societies there is a separate legal personality to bear the risk connected with the exercise of each function, while with the multiple function society there is not. Of course, this only becomes important in the event of serious trouble, involving perhaps the threat of liquidation. This event will naturally appear very remote to enthusiastic organisers in the early days, but it must be borne in mind as a possibility. The authors already referred to also show that there are other weaknesses arising from the inclusion of different types of business in the one society, and to their pages the reader is referred.

There may be a tendency in China to minimise this particular type of difficulty. The idea of legal personality is not very familiar in rural China though the whole family is answerable for the misdeeds of one of its members; very little of the villagers'

life is the subject of written, legal contract, and so on. But what has been said below in connection with the quotation from Adam Smith is given as an indication of the fact that the new society which cooperation is helping to build up must be a more complicated one than the old, one in which clear definition of rights and responsibilities is essential. This can be practised without sacrificing the spirit of mutuality and cooperation, if the organisers are animated with it and if they can be shown that these careful arrangements are calculated to make the continuance of spirit all the surer.

The cooperative superiority of the single purpose society arises because it is unlikely that all the members of a general society will be concerned with all the different functions performed in it and that in consequence differences will arise between different sections. Usually a society is formed to secure joint action in regard to a common purpose; the task of reconciling divergent or conflicting interests is a much more difficult matter and the primary society is emphatically not the place for it. The power of appreciating different points of view and the acumen to find a means of reconciling them, are not common characteristics. They call not only for disciplined character but for a wide experience of affairs. The capacity for these things may be latent among the villagers, but it is very rare to find it fully developed. The task of reconciling different interests should therefore be left to the higher unions. Even though experienced organisers may be in touch with the village societies and be able to give good advice, the difficulties of the complex societies will delay their healthy development to the position of independence to which they should be encouraged to aspire.

Since the work of the primary society should be such as all the members can understand and that their officers can transact, so that these societies may be the training ground for their own leadership, and since all unnecessary complications should be scrupulously avoided, if the task of eventually achieving democracy

is not to be made too difficult, the single purpose society should apparently be the rule, with such minor exceptions as are indicated in the writings referred to.¹³

The history of the cooperative movement has examples of the desirability of keeping people apart until they have learnt to understand each other and to find a common way. This is true even in the highest cooperative circles. The International Cooperative Alliance was founded in 1895 and included all the stronger federations of the European movement. In 1904 however, so strong a divergence of opinion arose between the representatives of consumers' organisations composed chiefly of industrial workers and the agricultural federations, that two of the most important of the latter withdrew and formed a separate international organisation for the agricultural interests. These two main wings of the cooperative movement are steadily drawing together, discovering common interests they can pursue together and seeking means of harmonising their divergencies; but they are all the more successful in this difficult work because they are not obliged to work too closely together before this process has ripened sufficiently.

It is hoped that this discussion shows how intimately the details of cooperative organisation are linked with the maintenance of its essential spirit and main purpose. The enormously greater effectiveness of these modern types of cooperative organisation in comparison with the less developed forms of the *hui*, the *mujin*, and so forth, and the much greater demands the new forms make on both cooperative character and administrative ability is another

¹³ All cooperators in China are under deep obligation to Mr. Strickland for his careful outline of the way in which other types of cooperation can be developed, beginning from credit (*Rural Finance and Credit*, pp. 200 ff.), and to Mr. Stevens for the statement of the eight principles of sound organisation (*Effective Structural Organisation for Chinese Cooperatives*, pp. 1-4; 11-12; 16-18; 59.). The latter notes other weaknesses of the general society: it is a poor risk for banks, leads to favouritism and to extravagance. The point which Prof. Dikoff regards as in its favour — balancing losses in one against gains in another department is shown to be a defect, since it tends to slacker management, and where accounting is not first class may even obscure the true position.

striking illustration of the same fact. It is very important for us in China to realise this need for technique if we are to achieve social ends of the kind at which cooperation aims. As one who is a social economist and not an experienced administrator; one who began with a social ideal and a strong sense of the need for unity in the movement, but who has been led by his studies to appreciate the part which specialisation must play in securing a richer content for village life, the writer is anxious to assist others to travel the road he has followed. This involves discussing the character of unity in village life and the means of co-ordinating cooperative activities locally and in a national movement.

II. VILLAGE AND MUNICIPAL UNITY

The present writer has elsewhere stressed the fact that rural and especially village life has a very real unity of its own.

"It is not difficult to see how the simplicity of rural life gave it unity and wholeness. Both in the work of the farm and in the simple household arts which form the occupations of the home, the peasant's life is rational in the sense that the relation of his activities to the ends he serves are clear to see. The farmer and his family are fully conscious of the connection between their daily tasks and their social and domestic needs. The family is not merely a consumer's group in which the parents care for their children and where they enjoy together the fruits of their labour; it is itself a miniature 'economy' within which all necessary labour is organised. The family life itself constitutes a school with its own discipline in which the young grow up.

"Moreover, the education, it thus gives, is no mean one. The life of a farm is usually also a training in virility, in independence, in the intelligence and character which come from a wide range of activities dictated not so much by outside authority as by custom accepted by the cultivator and followed from day to day in accordance with his own sense of its importance and urgency."

"And if the family has a greater importance than (in city life) as the fundamental unit, the village is a more real community than is often to be found in the more complex society in which we now (tend to) live. For the village is a self-acting community developing its own discipline over its member families. . . . The Chinese village. . . . which its large measure of autonomy, its clan or village temple, its many societies for various purposes of common or group interest, is still a genuine community."¹⁴

¹⁴ J. B. Tayler, *Aspects of Rural Reconstruction*, Department of Economics, Yenching University, now in process of revision.

But we have to recognise that this is a picture of a state which is passing away; that the impinging of the new forces of a larger life upon small and isolated communities is weakening local loyalties and the sense of solidarity; it is sapping the vitality of old customs and often robbing old forms of culture of their quality and significance. The village is being absorbed into larger unities in which the society becomes a complex of specialised groups. The difference between pre-industrial society and that created by modern economic forces has been very strikingly put by Adam Smith, the Father of Economics:

"In some cases the state of society . . . places the greater part of individuals in such situations as naturally form in them, without any attention of government, almost all the abilities which that state requires, or perhaps can admit of. In other cases the state of the society does not place the greater part of individuals in such situations, and some attention of government is necessary in order to prevent the almost entire corruption and degeneracy of the great body of the people."¹⁵

It is this change from the simple to the complex to which Chinese rural life is being subjected and in which cooperation is called upon to play its part. The question therefore arises: is it possible to preserve this heritage of unity and wholeness of life while enriching it with the new powers which science brings; can the wider social and economic life be realised in a larger, but not less genuine, community replacing the old?

This quotation from Adam Smith has been given because it makes quite clear that the larger community must be more consciously and deliberately articulated than the old.

"As the interests of human life become more various and society more complex, a twofold process becomes necessary. Within the community, groups with special interests must arise, for it is through the close association of people with like interests or occupations that both economic and cultural development arise. But within this more complex society there must be enough real community to ensure that such groups bring the particular contribution they are able to make to enrich the

¹⁵ *The Wealth of Nations*, Bk. V, Ch., 1, Art. 2. volume II, p. 263 (in the Everyman Edition).

common life. For example, the musically gifted, if brought together in suitable ways can cultivate their special talents in association with one another, then through various channels make the art they have developed minister to the enjoyment of their neighbours and the larger community, spreading the appreciation of music and the general level of culture in relation to it. But obviously this desirable end is hardly likely to follow without a strongly developed sense of community."

"These reasons lead us to believe that, as the old isolation of the village is gradually broken down, it need not be at the expense of community but as part of a process by which community is both extended and strengthened. It can be strengthened because life will be made richer and there will be more to share; it must be extended because the old units are outgrown. Hence as China develops more specialised services of education or of health, as it carries forward and popularises old cultural interests such as music, the drama and art, and adds new ones such as science; as it builds up suitable organisations for its expanding economic life, it will be wise to do so on a basis such that the new and larger community in which all these can most truly flourish will be consciously shaped and developed in the process. For it is in the larger community that they will find free play and adequate support."¹⁶

It is an important fact for the development of cooperatives in Asia that the people have a strong sense of community fostered by association in the smaller and intenser communities, the family and clan, the village, the guild and so forth. In the West too much human energy has been concentrated upon the development of the larger units in which community plays a smaller part—the nation, the huge corporation and so forth, to the neglect of the more intimate, fundamental. It is our weakness that we have not realised the importance of the smaller unit as the basis, through federation, of the larger. Specialisation in science and industry has been pursued with such one-sided zeal that the broader syntheses and even their importance have been overlooked. But, as we have tried to show, the old forms of community are not adequate to the size of the new day, either in the quality of the life to be shared, or the size of the community and the degree of differentiation within it, or the type of institution through which its new life will find expression.

¹⁶ J. B. Tayler, *ibid.*, pp. 10-11.

The latter point can be readily seen from a comparison of the old *hui* and the modern credit cooperative. The *hui* is a more or less ephemereal body, created usually to meet the temporary need of a particular individual, and exercising no control over the loan made and no necessary influence towards thrift. Though it often represents a spirit of mutual help it is obviously not in the same class as the institutions which Raiffeisen's devotion created. It is entirely unfitted to form the basis for scientific agriculture. The Raiffeisen Society has not grown out of *hui*, but is created *de novo*. And this is perhaps generally the case: the new can come into being because of those qualities in human nature which in their day created the old, but it is the product of these qualities as reacted upon by the new circumstances after the old institutions have lost their virtue and perhaps fallen into desuetude.¹⁷

Now community is economy and cooperation is its method. Every step in social development involves the joint pursuit of common interests. The more widely individual interests can be made common and pursued cooperatively; the greater the degree to which diverse and conflicting interests can be harmonised, the more efficient is the resulting economy.¹⁸ Thus community and economy are two aspects of the same social entity.

In establishing any new form of cooperation a variety of factors is involved. On the one hand, there has usually been some economic pressure urging men to find solutions and, if necessary, adopt difficult measures; and the search for the economic device on which a particular form has depended for success: the dividend on purchase which is the source of success, the unlimited liability credit society, bulking small wants and providing splendid security; joint marketing by members pledged to deliver their whole saleable output, and so forth. Probably the first of these factors will become less important as men set the goal of a rising standard

¹⁷ Compare Faber, *Cooperation in Danish Agriculture*, (2nd Edition, 1931), pp. 3-9.

¹⁸ See MacIver's *Community*, where this idea is worked out.

of living definitely before themselves. On the other hand, there are the human factors: disinterested leadership,—since the expected benefit is to accrue for all and not to be concentrated in the hands of the leader; a group prepared to follow intelligently and loyally; a democratic organisation fostering latent capacity for responsibility among the members; and finally some measure of vision, clear or dim, of a more satisfactory order of society which shall meet deep-seated human desires for security and for comradeship, at the same time that it supplies economic requirements,—indeed in the very process of supplying them. These essential social and human elements are apt to be taken for granted, and so overlooked, when once the movement is established and attention is focussed on its growth and the elaboration of its machinery, but in all the best discussions of cooperative organisation the economic appropriateness and cooperative quality of the measures proposed are inseparably linked. It is sometimes asserted that cooperation as a movement is only successful when it exists side by side with some definitely social movement, such as a labour party, trade unionism, or something similar. But in reality true cooperation is itself a genuine social movement and should be so conceived.

With so much by way of general introduction let us consider in more detail the rural community and the cooperative system calculated to serve it best. The village because of its growing links with the outside world is becoming more and more part of a larger community which includes the local market town and the group of villages tributary to it. As health and educational services become more developed this will be true in the matter of social welfare as well as of economic activities. Its cooperative organisation must prepare the way for, as well as wait on, this development. The cooperative society which *par excellence* fits village conditions is by common consent the credit society. It is most readily managed by village people and gives them the best training in cooperation, preparing the way for more difficult forms. It can help to develop the larger community life by the formation of the local union of

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credit societies within the area named, thus bringing the leading farmers of the area into closer association.

Under modern conditions, village farming is no longer self-contained either on the technical or the economic side; on the former it includes contact through extension agencies with the agricultural expert, on the latter with outside sources of supply and outside markets. It even begins to involve contacts with engineers. In some of the cotton areas of Hopei over 90% of the fields are sown to cotton of which the lint is almost all exported, and the cultivators are beginning to be interested in power plant for ginning and other form of processing.

In a number of countries cooperative organisation is being used in villages for a good many other forms of activity; for better living societies, for health services, for arbitration, for afforestation, for thrift, and also for education. It is suggested by some that activities which concern nearly every one in a village, and which in more developed communities might be cared for by the municipality, form suitable undertakings for a cooperative organisation to sponsor.¹⁹ It proposed also that the meeting place of such a society might form the centre for cooperation of all kinds. It is possible that some of these activities can more readily be provided for through cooperative organisation after cooperation has become well-known in the district, unless they are taken up by teachers or social workers. In any case there should be one common meeting place for whatever cooperative societies there are and this should be used for the discussion of all matters of common interest. Mr. Campbell in reporting on cooperation in one province in China mentions a credit society which met once to divide the loan, which had been received from the bank, among the members and then went to sleep for a year, until the loans became repayable when it did one day's business, and then repeated the process. Whatever it can or cannot do, the credit society, if it is the first form of cooperation, can arrange for regular meetings for the discussion

¹⁹ Strickland, *op. cit.* pp. 408-439; Stevens, *op. cit.* p. 12.

of topics relating to all phases of village reconstruction, and if there is more than the one society, the members can all participate in these meetings. Organising agencies would do well to prepare materials for such discussions, the material to be chosen for its relevance to reconstruction activities which experience has shown are feasible in the district concerned.

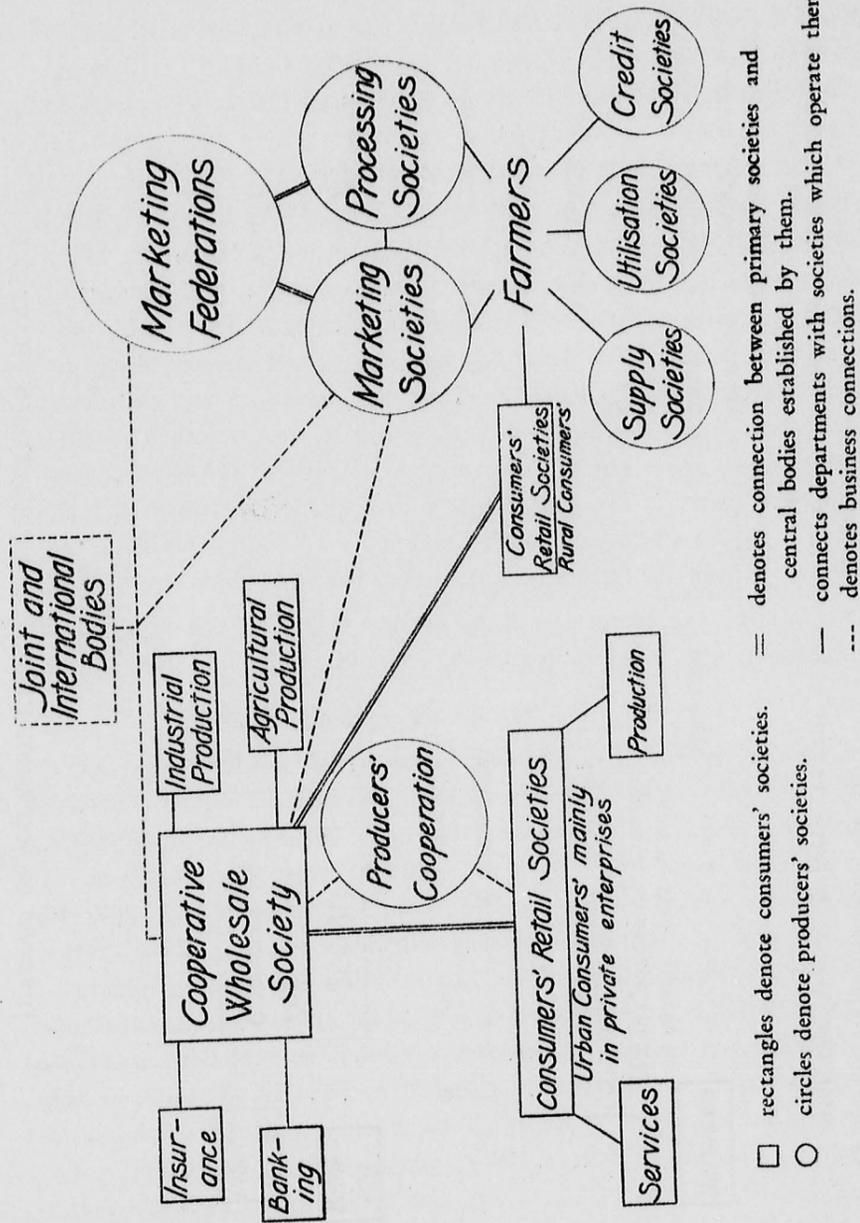
A similar procedure will be possible at the market centres, where the unions of the separate village societies for credit, better living, etc., will have their meeting place or office, and where such other societies as purchasing and marketing, and perhaps many others, will have their headquarters, their membership being distributed through the locality. Here the delegates will pool their views and carry the discussion to higher levels, to return to their villages and share their wider outlook with their fellow members; and here there will be closer touch with the larger world outside. Here, too, the decisions will be reached on matters which affect the whole area (or municipality), rather than the separate villages.

It is by such means that the writer visualises the village and the locality securing and developing economic unity and integration.

III. NATIONAL INTEGRATION

When the Rochdale Pioneers opened their world famous store, they did so chiefly to accumulate funds with which to establish their own industrial enterprises and give security of employment to all their members. They still looked forward to the Owenite ideal: the village of cooperation, combining agriculture and industry and, if desired, supplying all their needs. Actually the wonderful development which has resulted from that beginning has taken an unforeseen course. Industrial production has only to a comparatively small extent come under cooperative control, though thanks to the business genius of Swedish cooperators the range of cooperative industry is increasing. Instead we have on the one hand a new doctrine of the direction of production by and in the interest of, the consumer which is only slowly being realised in practice, and on the other a great development of cooperative production in the field of agriculture.

DIAGRAM OF RELATIONSHIPS IN THE COOPERATIVE MOVEMENT



Owen's villages of cooperation failed not necessarily because of any inherent defect in the type of economic arrangement on which they were based, but because too many new ideas were introduced at once amongst people who had not learnt to work together. Since then economic development has taken other lines, industry has been greatly diversified and conducted in increasingly large units, and the integration of industry with agriculture has until quite recently ceased to be an object of endeavour. Thus local integration, except in so far as employers have been interested from the side of labour supply has been neglected. There are reasons for expecting some change in this matter, but we cannot enter upon them here.

The course that has actually been followed is indicated in simple outline in the diagram on page 916. This neglects detail but suggests the ways in which the two main branches of cooperation have developed and the tendency for them to meet in the wholesale market. The diagram does not represent the unions and alliances formed for general purposes: propaganda, discussion of broad policies and matters of that kind.

In Europe the movement has created its own leadership. The chief executives have gained their experience in one or other of the main fields and the problem is to secure a common point of view, a larger point of view which will indicate the lines of further development towards the goal of the cooperative commonwealth. The consumers' societies have grown to enormous size which makes membership mean less to most and tends to produce a bureaucratic attitude at the top. There is great need for a type of scientific leadership which will attack the problem of using the immense power and financial resources of the movement for creating greater stability of prices and production, and greater security of life, on the one hand, and of raising the standards of living of the workers on the other. To implement such a policy they require to enlist the cooperation of economists and of technicians in a more positive way than has yet been done.

The farmer is being served in this way by the state aided agricultural expert and all the organisations which have been created to bring the fruits of the expert's work to the farm. But until the agricultural producer is related to the industrial worker by some other channel than the competitive market, their efforts fail to secure any real solution of the fundamental problem. It is here that the joint action of the two wings of the cooperative movement have their great opportunity and their difficult task.

It is not possible to analyse that problem here, nor to deal at any length with the question of the broader phases of integration in China. It is important that the intellectual leaders of the movement in this country, should have pondered deeply the essential character of cooperation and the lessons of the vast experience now accumulated within the movement. Their task is to learn how to utilise that experience in assisting to develop the movement in China. There can be no short-cuts which ignore the necessity for educating the farmer and the artisan, for without the intelligent among these understanding the operation of the system it cannot be cooperative. For that, the system must bring in the intellectual leader as a real member of a democratic movement. The writer's suggestions as to what can be done in China must be left for another article.

J. B. Tayler

Yenching University

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PEKING UNIVERSITY

(YENCHING TA HSUEH)

PEKING, CHINA

May 28, 1924.

Mr. Sidney Gamble,
North China Union Language School,
Peking.

My dear Gamble:

I am sending you herewith a copy of an article on the study of Chinese rural economy. It has been got out rather hurriedly and you will find much to criticize in it. No attempt has been made to present the subject except in a bare form for the sake of getting suggestions from those who are really interested in this type of inquiry. I should be glad if you will read it carefully with a view to seeing what light it throws on methods that should be employed and what tentative conclusions you feel can be drawn from these results.

Hoping to hear from you in case of any developments out here and with my regards to Mrs. Gamble and yourself,

Very sincerely yours,

(Signed for) J. D. Taylor

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S.D. Gumble 1924
313-4802
with compliments

CHINA
INTERNATIONAL FAMINE RELIEF COMMISSION PUBLICATION.

Series B



No. 10

THE STUDY OF
CHINESE RURAL ECONOMY

BY
C. B. MALONE, M. A.
AND
J. B. TAYLER, M. Sc.

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PEKING, MAY 1924.

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CHINA
INTERNATIONAL FAMINE RELIEF COMMISSION

Functions: (1) To handle relief measures in time of famine due to natural causes and (2) to promote ways and means to prevent future famines.

Head Office: 6 Ts'ai Ch'ang Hutung, East City, Peking.

Telegraphic Address: "Famrel" or "2405"

Code: Bentley's.

Telephone: 3281, East.

Provincial Committees: Chihli, Kiangsu, Shantung, Honan, Shansi, Hupeh, Hunan, and Shensi.

Standing Sub-Committees Organized: on Relief Projects; on Credit and Economic Improvement; on Publicity; on Famine Investigation and Relief; on Forestation; on Colonization; Technical Board; on Constitution.

Executive Body: One Executive Committee, consisting of Chinese and foreigners in equal numbers, elected annually by and among representatives from the Provincial Committees.

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PREFACE

To improve the economic conditions of the rural communities is one item in the program of the China International Famine Relief Commission. This task is assigned to the Committee on Credit and Economic Improvement, one of the Commission's standing Committees.

Perhaps the first thought that occurred to the Committee was to attempt to conduct an early inquiry into some of the economic aspects of the life of the rural populations whose welfare it is the Commission's business to promote. The results obtained from such an inquiry, the Committee hoped, would serve as a basis for the determination of policies of the Committee in the discharge of its duties.

These papers by Prof. J. B. Tayler and Prof. C. B. Malone are merely broad summaries of facts brought to light by the survey undertaken by college students in the summer of 1922 and statistical study of the Committee since that time.

Of a systematic study of Chinese rural economy by obtaining, first hand, live information by trained investigators under a well-informed committee, this is perhaps the first attempt, however humble and imperfect it may be. It is therefore the hope of the Committee that readers will bring to the notice of the Committee any of the constructive criticism and new facts which will undoubtedly present themselves to minds not so pre-occupied as those of the Committee members, including the authors of these papers. If they will only open a way for further discussion and enliven the subject matter itself in the class rooms and at Committee meetings, then the expenses involved and painstaking work making even these crude results possible, will have been fully repaid.

Y. S. DJANG,

Secretary, Committee on Credit
& Economic Improvement.

0310

**THE STUDY OF CHINESE
RURAL ECONOMY**

I.
Work and Experiences
of the Tsing Hua Survey Team.

BY C. B. MALONE, M. A.

0311

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THE STUDY OF CHINESE RURAL ECONOMY

I

Work and Experiences of the Tsing Hua Survey Team in T'ang Hsien (Chihli)

By Carroll B. Malone, M. A.

It was the middle of June last year (1922) when the letter containing definite instructions came from the Committee on Credit and Economic Improvement asking certain Tsing Hua teachers to organize two or three teams of two students each to take part in a survey of the economic conditions of the rural population of China. We learned from the letter that twenty-two different institutions were to be approached with a view to securing their cooperation in the work of investigation which was to be carried on in selected *hsien* (counties) in eight different provinces.

The districts assigned to Tsing Hua were two *hsien* in Chihli Province. One of these was T'ang Hsien, a *hsien* with which Tsing Hua teachers and students were well acquainted from their experiences there in the famine relief work the previous year, and the other was An P'ing Hsien, which unfortunately we were unable to touch because of the delays in the work in T'ang Hsien due to excessive heat, floods and robbers.

The Committee on Credit and Economic Improvement which undertook this survey is one of the six standing committees appointed by the China International Famine Relief Commission to deal with various specific problems

of famine prevention and relief. Its purpose is described as follows :

The function of the Committee on Credit and Economic Improvement is, subject to general approval of the Executive Committee of the China International Famine Relief Commission, to determine what the International Committee should do to ameliorate the economic conditions under which so many of the people in the country live, and which are a very important contributing factor to the suffering due to famine, and to carry out ameliorative measures. This work will naturally take the lines of investigation of the economic conditions of the people together with the promotion and carrying through, as far as possible, of means to improve their economic status and to broaden their basis of livelihood beyond entire dependence on agriculture, and to provide systems of credit for farmers which will enable them to secure loans at reasonable rates of interest.

To perform these functions for which the Committee was appointed, it was necessary to gather first-hand information on the rural conditions prevailing in the different sections of the country, and it was believed that this could be done most satisfactorily by the students of the leading colleges under the direction of their respective faculties.

With the experience gained in a preliminary investigation carried on the year before, the Committee had drafted a new and detailed questionnaire consisting of three parts. One part was a general study of the hsien as a whole. The second was a general study of selected villages. One-tenth of the villages in each hsien of at least twenty villages were to be studied. The third part was a questionnaire to be filled out family by family in each of the villages studied.

Preparation of the Investigators.

For this work mature students who had considerable training in economics and sociology, and who were natives of the districts to be investigated, would have been the most desirable. But at Tsing Hua our oldest students who had had this preparation were graduating and preparing to leave for America; most of the other students had already

made their plans for the summer, and few are natives of this province. However, four boys who spoke Mandarin volunteered to give up their previously arranged plans for a summer of recreation and quiet study in the Western Hills in order to go out into this taxing, difficult and monotonous work; travelling from village to village in a poor country district, far from the conveniences of the cities and school to which they were accustomed. They showed at the outset by that very decision an earnestness which meant success.

The first duty of the teacher in charge was to make clear to the students just what the importance and nature and difficulties of the work were. The tremendous task which the Committee on Credit and Economic Improvement had undertaken was explained. We emphasized the opportunity which lay before these boys to make a very real contribution to the improvement of living conditions for the great rural population of China, the need of accurate facts on which to base any sound plans and the necessity for the greatest care in the observation and classification of the facts which were to be collected. We held that by faithfully doing their part they were performing a truly patriotic service. As examples of the sort of study which was contemplated, the students were referred to Dittmer's study of the standard of living in the villages near our college published in the *Quarterly Journal of Economics*, November, 1918, and to Gamble's Survey of Peking.

The boys set to work eagerly to assemble their outfit of camp cots and bedding, leather shoes for walking, thermos bottles, one of which broke on the first day's hike, sun helmets, old school uniforms, drinks and jam and other food unobtainable in the country districts, and books for study and for light reading. At first it seemed that their preparations were unnecessarily elaborate, but when I realized that I should want many more comforts for such a trip myself, I dared not blame them.

There was some objection to the amount of money allowed by the Committee, five dollars per week for each student and traveling expenses to and from the hsien, as they seemed to regard it as wages and much too small. It would not really cover their expenses and they preferred not to take anything, they said. But this matter was soon satisfactorily explained. The money was intended not as salary but only as an allowance for expenses, and the Committee did not feel that they could afford more.

Favorable Contacts in the Hsien

The letter of instructions from the Committee mentioned the importance of good contacts with officials and foreigners and others in the hsien in which investigation was to be made. The Committee did what they could to provide the survey teams with proper credentials. In the first place they undertook to inform the hsien magistrate directly of the nature and purpose of the survey, and in the second place, they furnished the investigators with a very formal document resembling a passport telling who they were and what they were going to do. A similar document was also issued by the Tsing Hua College authorities.

But in addition to these official notifications it would have been hard to arrange for more ideal conditions as far as pleasant contacts with the people of the district were concerned. For everyone in the whole hsien, from the magistrate down to the poorest villager, was well-disposed toward us because of our connection with the Famine Relief Commission which had distributed so much relief there in the winter, spring and summer of 1921. This had been partly in the form of grain, partly money for villages in the mountains which had good facilities for importing grain for themselves, and partly by subsidies to certain villages for digging wells.

Several members of the Tsing Hua faculty, including myself, had by turns been associated with a Mr. Ch'i, the pastor of the newly established chapel of the American

Board Mission in T'ang Hsien, as joint supervisors of the famine relief work in a large part of this and the adjoining hsien. Besides the teachers, Tsing Hua students had helped in the work of famine relief in various ways, having conducted a porridge kitchen (*chou ch'ang*) for the poor of the city of T'ang Hsien and a school for famine children in a nearby village.

Mr. Ch'i, himself a native of T'ang Hsien, and a very intelligent man, welcomed us cordially and placed at our disposal a large clean and airy room which was newly built to be used as a school. The chapel compound where we lodged had been the headquarters of the distribution of famine relief. All this was a considerable advantage to us as a favorable background for our new work.

Our first move after arriving and getting settled in our clean and airy quarters was to notify the hsien magistrate of our arrival and to call on him in order to explain our plans and ask for his assistance and advice. He promised his help gladly. Our next step was to invite him and several of the leading men of the city to a tea and a conference at the chapel where we were staying, to discuss with them the best methods of carrying on our work. We wanted also to get from them information about the economic and social conditions of the hsien in general, and particularly their advice as to the selection of the twenty or more villages which we were to investigate as typical of the different regions and conditions prevailing there. We wanted to select specimens of all kinds of villages, large and small villages and market towns, villages depending on irrigation and those far from an abundant supply of water, some on the plain and some in the mountains, some depending on grain crops and some depending on fruit or flocks of sheep and goats. The leading men of the hsien city came willingly and gave us the benefit of their detailed and intimate knowledge of their hsien. Our guests included the magistrate himself, the head of the merchants guild

(*Shang Hui*), the head of the Bureau for the Promotion of Education (*Ch'uan Hsueh So*), the head of the Bureau for the Promotion of Industry (*Ch'uan Yeh So*), and Mr. Ch'i, the local pastor.

They gave us much information about the hsien in general. They advised us on the question of the individual villages which we should investigate. They gave us letters of introduction to the head men (*T'sun Cheng Fu*), and teachers, in certain villages. Most of these men as old residents of the hsien knew a great deal more about it than the hsien magistrate who was an Anhui man. But the hsien official's interest, example, and help were also indispensable. It was he who sent notifications by his mounted police to the village headmen to receive us and to give us the information which we sought. Our investigators thus usually found the headmen waiting for them and this saved much time. If it had not been for this official notice, it is quite doubtful whether we could have gotten the villagers together.

The head of the Bureau for the Promotion of Industry in T'ang Hsien was a Mr. Tsang, a banker, whose home was in a village only about a mile from the west gate of the hsien city, where we decided to begin our work. He readily consented about the second day after our arrival, to accompany us, the four students, Mr. C'hi and myself, to his home where we spent several hours going over with him the village questionnaire for his village and the family questionnaire for his family. The result was discouraging. If all our investigations should take as long as this one we would be absolutely unable to do the work we set out to do. We had allowed six weeks altogether for the two dozen villages in this and as many more in another hsien. But at the rate of this first day's work we should be unable to finish more than a half dozen villages altogether. While we must do our work thoroughly, we could not afford to spend two hours per family in filling out the

answers to the questionnaire, nor even a half hour per family. After our long session with Mr. Tsang he showed us his lands, fields and gardens, implements and barns and told us much of the conditions in his village. Before leaving him we arranged to return to his house the next morning to continue the questionnaire with the other families of the village.

Questioning the Village People.

The next day the work went faster as we had hoped. In the first place we had learned how to ask the questions in such language as the people could easily understand. Then, too, the other families in the village were not so populous nor so prosperous as the Tsang family and could count up their fewer mouths and more meagre possessions much more quickly. Mr. Tsang and his sons could explain to them more quickly than we had the day before just what our questions meant. We soon saw that we could save a great deal of valuable time by asking the head of each family to come to the home of the Tsang family, and there to answer the questions, than for us to go to each house in the village. Of course this method would never work in America and probably not in most Western countries. The people simply would not come. But here the villagers for the most part came quite willingly in response to the summons of Mr. Tsang, the village head man. Or for that matter, the summons from any of Mr. Tsang's sons would be quite as effective, for the people seem to regard the whole family as the village head, and not simply the person who for the time being happened to be the head of the family. It was not the fact that they were being summoned to the house that brought the people, for we decided after an hour or so that we could find a more central place in the village, and so moved to the shade of a huge locust tree close by a village shrine, where in full sight of the whole idle population of the village our four student investigators plied the villagers with questions as they

came by turn.

We had anticipated a good deal of trouble in getting the villagers to come to answer our questions just at this time of the year which was a busier time than harvest for them. The early rains had failed and the first crops which had been planted, chiefly *kachiang*, had largely failed to come up from lack of rain. Just the day before we arrived the heavy rains had come, and every available man was hard at work in the fields, plowing and sowing later crops, especially millet. It was too much to expect them to give up any of this valuable time to wait around the village till their turn came to answer a lot of odd and even impertinent personal questions asked by a group of school boys when they were plainly told that there was no intention of granting them any poor relief. Nevertheless in about five hours' work we did actually get the record of every one of the 69 families which lived in the village at that time. During the rest of our six weeks of work our records were almost as complete as this, in spite of the fact that the planting season was followed by the still busier hoeing season, when wages were the highest of the whole year, 100 coppers or more a day besides food.

Although the hsien official plainly told us that under the circumstances he was not willing to command the farmers to leave their fields at this busiest season to answer questions, yet there were several circumstances which brought the people together. One of these was the very notice sent by the hsien official to the headmen that we were coming, coupled with the request which, coming through the mounted police, they may not have distinguished from a command, to receive us and give us the information which we required. The hope of some sort of relief was present in the minds of many of the villagers. This was clear from the appeals which they made from time to time and from the whole tenor of their replies. They knew that the organization which we represented had

helped them in famine times and they did not dare to refuse to answer us. They wanted to be sure to have their names on our lists in case of another famine, no doubt, even if they didn't get anything immediately. Curiosity was another strong motive. It is not often that foreigners are seen in these villages, and even when I was not present with the boys they were often taken for foreigners themselves. The whole population of the villages except the men who were actually in the fields, and including many who should have been at work, seemed to be gathered around our tables, just looking and listening and making comments on our appearance and talk. It was as much an event in the life of the town as a circus. No one wanted to miss it. In some cases when the man of the house was away for all day on a journey or at work in a very distant field, the wife or mother came to answer for the household. In other cases the man himself came back to the village for his mid-day meal, or if we had begun the investigation late in the day, we sometimes were kept writing by lamp-light late into the night surrounded by an attentive group of tired laborers who had returned from the fields only when it was too dark to work any longer. In the middle of the morning and the middle of the afternoon were our slack times when we took time to wander about the town to make a map of it and to notice any unusual or remarkable features of its life which should be noted in our report.

Another great help was the letter of introduction which we brought from some of our friends in the hsien city to the village headman or school teacher or some other intelligent and influential man in the villages at a distance from the city. Sometimes our party stayed at the house of one of these men or in the school. Our host was able to assure the villagers, if they were suspicious of us, that we were really trying to help the people.

One most valuable source of our information was the official village records of the number of "mouths" in each

family in the village (*Jen K'ou Ch'ai Tzu*) and the official records of the amount of land held by each family (*Ti Mu Ch'ai Tzu*). These were the basis of all our work by families, yet we could not rely on them absolutely. Some were a little out of date. We had to be careful of that, lest small children should be omitted or the death of some older member not noted.

Are Our Figures Reliable ?

It is very difficult to say just how reliable the figures which we obtained may be. We can be sure that some are estimates pure and simple. Take the hsien questionnaire first. Some of our information in answer to these questions was obtained from the *T'ang Hsien Chih*, or official history and description of the hsien published in eight or ten volumes perhaps forty years ago. In this we are told that the area of the hsien is 1,223 *li*, but we do not know how this figure was obtained, for the hsien is 145 *li* from north-west to south-east, and about eighty *li* broad. This is shown very clearly on the very good maps of the hsien divided into squares five *li* on a side. From this map we estimated that the hsien contained about 8,400 square *li*, instead of 1,223 which this book gives.

Other questions such as the percentage of best, medium, and poor land under cultivation in each *ch'u* or division of the hsien, the percentage of grain, root and other crops, the intelligence of the people, average age at marriage, and the effects of famines and floods, necessarily depend much on the answers given by the most intelligent men of the hsien, checked by the general observations and impressions made upon the investigators themselves. The official figures of the population by village and *ch'u* give an average of 7.44 persons per family, a figure much higher than we would get by a study of the village questionnaire. This may be due to the fact the official record on this point was furnished by the police, who may have had in mind the family as a social and political unit for purposes of re-

sponsibility in keeping order, while our questions were chiefly of an economic nature and discovered many families which had divided their property and were thus smaller as economic units than they were as social or political units.

Most of the information contained in the answers to the hsien questionnaire, however, was obtained from the hsien magistrate and the group of men of whom I have spoken above and may be regarded as fairly reliable.

The material in the general questionnaire on the village is mostly a matter of common knowledge in the village and was obtained from the village headmen or other intelligent men in the village. With the exception of the accuracy of the standards of weights and measures, and the number of animals of various sorts, the figures and statements are dependable.

It is in the answers to the questions asked of each individual family that the most uncertainty arises.

Even in the matter of the number of persons in the family classified by age and sex, there is some uncertainty. It is quite likely that in some cases persons have been forgotten, or in the case of infants, just not counted. The uncertainty as to this figure is indicated in the difference between the results of our survey and the figures furnished us by the police mentioned above.

In asking the number of births and deaths during the last twelve months it was always difficult to be sure that we were getting true answers. The question seemed to puzzle some of our village people who thought in terms of the last lunar year.

All the answers to questions designed to bring out the exact value of possessions or family income are subject to very grave doubts. In the mind of the villager there was no certainty that this survey was not a part of some new scheme of taxation. It came pretty closely tied up with government approval. Or, it might be used as a basis of famine relief in the future, in which case there would be

no advantage in having your land or income rated as high as it really should be. There was nothing to be gained by stating the full value of your property or income and there was a very good chance to lose something.

Probably the area of land possessed was generally understated. The figures show that many people sold land during the famine but nobody bought any. The annual value of farm products and the annual incomes from family industry, wages, interest or rentals were so small as to be unbelievable. Many families admitted that they owed money but none confessed to being creditors. The creditors all lived in the next village or in the hsien city. In fact, most of the answers seemed to be calculated to show that the family was very poor and in need of immediate relief.

Yet the sad part of it all is that while the individual figures are not reliable, the general impression is true. They are a people who live so near to the margin of existence that even in good years they are eating elm bark and gathering willow leaves for their winter rations. While this food may inure them to famine conditions and diet when the time comes and they have nothing else, their low standard of living and lack of any margin for saving and improvement precludes the possibility of progress. We cannot believe that they really do live on such a low standard as the figures show, but neither can we understand how they could live on an income twice or even five times as large as they report, and I do not believe that the figures are that far from the truth. It is at least clear that the work of surveying conditions in the communities should go on until we can get at the truth, and more important still, until we can find some remedy for the deplorable conditions of poverty which prevent all progress in this most numerous of China's social and economic groups.

Heat, Flood, Robbers and Other Difficulties.

I was able to spend the first week with the boys

helping them to get started, and to return for the last week while they were completing their work. On the second trip we also had the advice and company of Dr. Quigley of Tsing Hua College.

We had been planning to spend the last two weeks in the other hsien which had been assigned to our teams to study if possible. In this we were disappointed, however, for delays caused by circumstances over which we had no control made it advisable for us to limit our attention to the one hsien. In the first place the heat was terrific, the food poor, and the work monotonous, provoking, and often taxing. For myself I can truly say that I have never suffered more from the cold than I did during the famine relief work in this hsien the year before, nor have I ever suffered more from the heat and humidity than in the last week which I spent with our students there in our survey work. I did not wonder that one of our boys was taken sick and had to return to his home in Peking after four weeks of it.

Another difficulty which prevented our team from completing our original plans was a flood of the T'ang River which made it impossible for them to investigate all of the more distant mountain villages which we had on our list. In fact, they returned from one excursion across the T'ang River just half an hour before the river rose in a flood which made it impassable for a period of about two weeks.

The last difficulty which delayed them was a raid by a group of disbanded soldiers from Paotingfu who swept down through a part of T'ang Hsien, burning and robbing and carrying off well-to-do villagers for ransom, so that the hsien magistrate asked the boys not to leave the walls of the hsien city for several days.

The True China—New and Old.

Difficulties in this type of work are not hard to find, but the spirit which our boys, Mr. Yang, Mr. Hsiung, Mr.

Chang and Mr. Wang, showed in surmounting them was truly commendable. It is the kind of spirit which is needed in the rebuilding of New China, a spirit of service, a spirit of adventure which takes us away from our comfort and leisure to inquire into the actual living conditions of the toiling millions, a spirit of love which makes us desire to uplift our more unfortunate countrymen, and bring the best we know to the solution of the practical problems of the man with the hoe.

When one grows discouraged over the political and military outlook and is inclined to give up his efforts for the good of this great country, let him go out into the country, as far as he can get away from the artificialities of the treaty ports and capitals, out into the country districts where the real unspoiled farmers of forty centuries live and work. There he will still find the real China, ignorant and unprogressive, yes, but patient, kindly, a gentleman at heart, a workman who deserves a better lot than that is provided for him by the hungry officials and ambitious tuchuns who fatten on the profits of his toil. If one really gets to know him, as we did in T'ang Hsien, he will acquire a new respect for the common man, a new love for the true China, and a new desire that her worthy people may have the best opportunities of the new age without losing the sterling virtues of the old.

THE STUDY OF CHINESE RURAL ECONOMY

II.

The Results of the
Famine Commission's Investigations

BY J. B. TAYLER, M. Sc.

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The Study of Chinese Rural Economy

II

The Results of the Famine Commission's Investigations.

By Prof. J. B. Tayler, M. Sc.

In the summer of 1922 sixty-one students, from nine different colleges, went out into the country to make an investigation on the basis of questionnaires prepared by the Committee on Credit and Economic Improvement. The Committee had some difficulty in getting the questionnaires ready before the students separated for the long vacation, and it was unfortunate that there was little opportunity for carefully preparing the students for their work or for arranging for adequate supervision in the field. Professor Malone, whose account of the work of the Tsing Hua team forms the first part of this article, was the only teacher who found it possible to accompany the students into the field. Their work was, as a consequence, in many cases incomplete; occasionally questions were misunderstood. But much valuable material was gathered, which is here presented.

The investigation covered two hundred and forty villages, mainly in Chihli, with a number in Kiangsu, Shantung, Anhui, and a small group in Chekiang. Two methods were followed. In the majority of cases a county was chosen and a sufficient number of villages selected in it to form a fair sample of the whole country. To each such county a team of student investigators was sent, and

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an attempt was made to keep in touch with them during their work, which occupied several weeks. In other cases individual students were invited to make a careful study of villages to which they severally belonged. It was felt that they were in a better position to get accurate information in their own homes, and also that they would have more time to check the results obtained.

The purpose of the present article is to describe the results obtained in so far as they have already been tabulated. The work of tabulation has been carried on at the head offices of the Famine Commission under the superintendence of a man of considerable experience in statistical work, who has gone very carefully through the material. This has proved an immense task and it is not yet complete. There were three questionnaires: a general one for the county, a general one for the village (which largely duplicated the former), and a detailed one for the village in which information was collected for each family separately. Copies of the English translations of these documents form Appendix A. The volume of the work involved in tabulation will be realised when it is recalled that the family questionnaire was a small booklet with 112 columns for separate entries, and that each village usually contains scores, and sometimes hundreds, of families. It was possible by checking some of the entries against others to detect carelessness and inaccuracy. For instance, the totals of earners and non-earners should agree separately in each of the classes, men, women and children, with the total persons in these classes. After a close scrutiny of the data, the inaccurate were rejected unless the nature of the slip made was so clear that the mistake could be corrected.

As already stated, the results are not yet completely tabulated, but there are enough for our present purpose. This is to offer the main figures, in summary form, for the attention of those who are interested in these studies,

with a view to receiving their criticisms and suggestions. Along with the figures themselves, tentative conclusions are also put forward with a similar purpose. This particular investigation was undertaken with the object of supplying the general economic background of rural life in China, to learn in what respects conditions are most unsatisfactory, and in what direction help is most needed by the farmers. Incidentally much has been learnt as to the kind of information which can be obtained by general questionnaires and what can not. Quite a number of questions, among them some of the greatest importance for our purpose, were either unanswered or answered inadequately.

I. Population Data.

We give first those data that bear on the much discussed question of the density of the rural population in China, and on the composition of that population.

1. The Density of Population in Relation to the Area of Cultivated Land.

In considering the density of population, the initial difficulty is in determining the exact area of the land concerned. There is, as a rule, no accurate survey of the whole territory that may be reckoned as comprising one county or one village. In Tang Hsien Professor Malone estimated the area of the county from a carefully prepared map at 8,600 square *li*, while an official history of the county gave it as 1,223 square *li*. What is more accurately known, and what our own figures give us in detail, is the area of cultivated land. The relation of population to cultivated land is moreover a matter of considerable significance and enables comparison to be made between China and other countries. The chief difficulty here is that of measures. The Commission supplied each party of investigators with standard measures and emphasised the importance of giving the equivalents of the local measures in terms of the standard in the columns indicated

for this purpose. This was generally but not always done.

Some of the results are given in the accompanying table. They illustrate the difficulties involved. In one county three different measures for the *mu* are in use, in another two methods of reckoning are used, based upon two different feet. Although apparently taken as interchangeable, they differ by four per cent. The range of population densities found is very great. It seems to depend not only on the quality and character of the land, rich or poor, irrigated or not irrigated, but also on the size of the holdings. In the villages of Kiangyin the number of *mu* per person varies from less than one to over twenty-six largely from this cause. Two sets of figures are given for Chih sien (Kichownan), the one obtained in 1922 and the other from five larger villages in 1921. The great difference between the densities found illustrates the differences which exist even in one county. It is obvious that any method of obtaining an average density based upon samples will have to include a great number of the latter.

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TABLE 1. DENSITY OF POPULATION

Province and County	Villages investigated	Standard Chinese feet in one local foot	Size of <i>mu</i> in local feet	Size of <i>mu</i> in standard Chinese feet (approx.)	<i>Mu</i> per square English mile (approx.)	Population (mouths)	Area of cultivated land in local <i>mu</i>	Density per sq. English mile (approx.)
CHEKIANG Chinhsien 鄞縣	1	1.08	2,400	2,810	9,025	286	1,136.4	2,270
	4	1.05	1,600	1,780	14,260	970	2,971.6	4,650
	1	1.06	1,200	1,460	17,350	188	474	6,880
KIANGSU Icheng 儀徵 Kiangyin 江陰 Wukiang 吳江	5	1.1	6,020	7,250	3,500	2,084	4,120	1,770
	17	?	6,000			3,414	(5,900) ¹	(2,050)
	20	1.1	?			1,372	4,931	(980)
ANHUI Suchow 宿縣	12	{ 1.65 1.345	{ 4,000 6,000	{ 10,880 10,440	2,380	3,478	28,843	290
SHANTUNG Chanhua 霑化	20	1.7	1,440	4,180	6,070	5,859	11,867	3,000 ²
CHIHILI Tsunhua 遵化 Tanghsien 唐縣 Hantan 邯鄲 Chihhsien 冀縣(a) (Kichonan) (b)	18	.975	6,000	5,700	4,450	9,085	20,073	2,010
	24	1.08	6,000	7,020	3,610	6,177	24,369	915
	18	1.01	6,000	6,120	4,140	4,236	25,506	690
	20	1.08	6,000	7,020	3,610	3,363	22,060	550
	5	"	"	"	"	3,024	7,530	1,450

1 There is doubt as to exactly how great the area is, as part of the land listed seems to belong to another village though it is owned by wealthy men in this one.

2 This figure is so high that there is a question whether the *mu* have not been converted into the "official" *mu* of 6000 sq. ft. though the records do not show it. Inquiry is being made. This would reduce the figure to from 1,800 to 1,900.

While these do not enable us to give a summary figure for any large section of China, they confirm the great density of the population in the rice lands, and indicate a high density even for the dry lands of the North. In India, for instance, the most densely peopled area is Bengal, where the population per square mile of cultivated land averages 1162. The United Provinces come next with 816 for Oudh and 761 for Agra. Madras has 614 and Bombay 308. The figure for Japan is 2349, but this includes not only the rural areas, which we are considering, but the cities as well; and Japan is not now self-sufficing in the matter of food.

2. *Distribution of Population by Age and Sex.*

An attempt was made in collecting data by families to find out the number of persons of each sex at different ages. Mr. Malone has indicated the difficulties that were met with in this branch of the inquiry. The procedure differed in different villages, every house being visited in some cases, while in others the houses were taken in small groups, and again the people were called up to some central spot. The results, which are very interesting as being the first attempt, so far as is known, to determine the distribution of population by age and sex in China, are given graphically in Diagrams I to VII. A summary is given in Table II and the details in Tables B, I and II in the Appendix.

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POPULATION BY AGE AND SEX—SUMMARY.

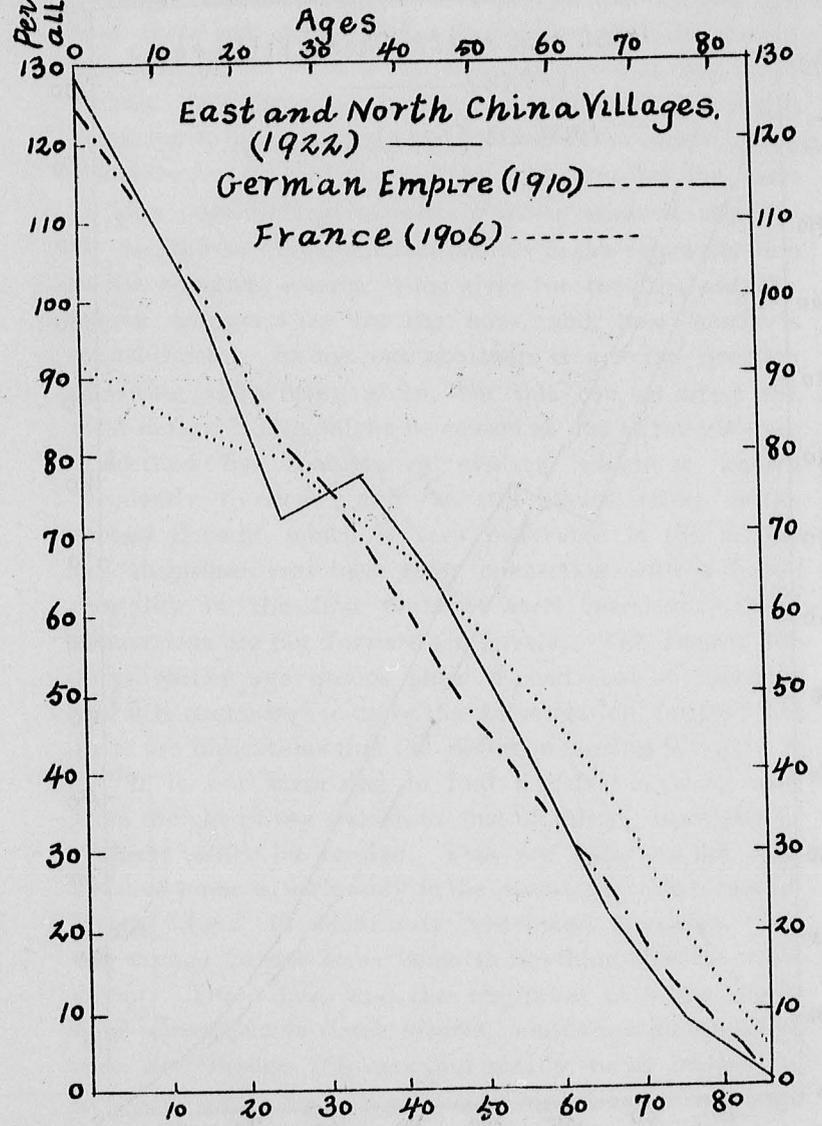
TABLE II. Males and Females in decennial age groups in 10,000 persons at all ages, and Persons in each age group per 5000 persons at all ages.

AGES (SUI)	EAST CHINA VILLAGES			NORTH CHINA VILLAGES			MEAN OF EAST AND NORTH		
	Males	Females	Persons	Males	Females	Persons	Males	Females	Persons
1—	1,194	1139	1167	1,165	1,035	1,100	1,179	1,087	1,134
11—	1,232	863	1048	1,055	822	939	1,144	843	993
21—	746	688	717	814	656	735	781	673	726
31—	794	791	792	804	706	755	798	748	773
41—	686	667	676	601	552	576	643	610	626
51—	361	394	378	479	451	465	420	422	421
61—	134	188	162	260	299	280	197	243	221
71—	31	72	51	105	146	125	68	109	88
81 and over	4	16	10	18	32	25	11	24	18
Total	5,182	4,818		5,301	4,699		5,241	4,759	

The villages included in East China comprise 7 in Chihhsien, Chekiang, 5 in Icheng, 17 in Kiangyin and 20 in Wukiang, Kiangsu; those for North China 20 in Cavahat, Santsung, 18 in Tsuhua, 24 in Tanghsien, and 18 in Hantan, Qihli.

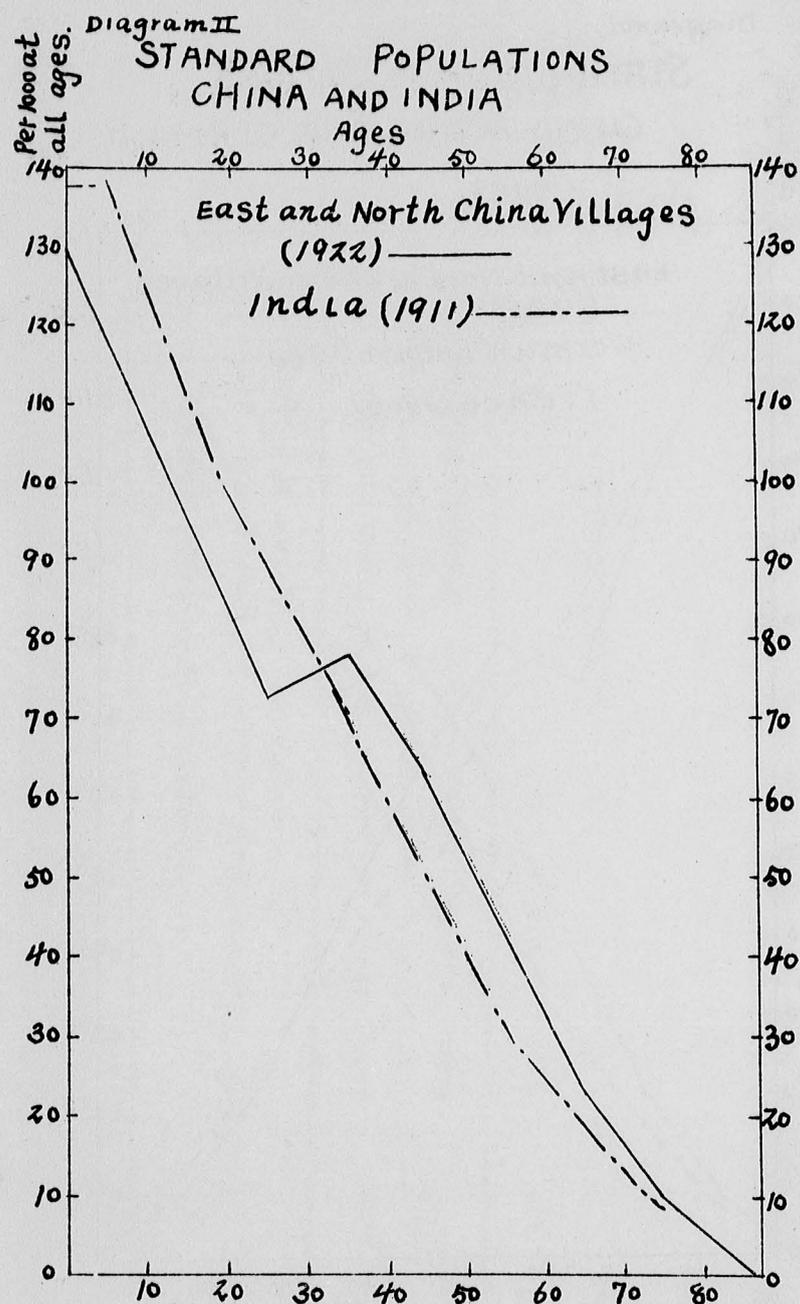
Diagram I

STANDARD POPULATIONS
CHINA FRANCE AND GERMANY



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the group aged 21 to 30. As we shall see when comparing different localities, this phenomenon is not confined to one locality or to one sex, but seems to be very general. Before discussing it further it may be well to consider the later diagrams. From III and IV we see that there is a serious defect in females at all the earlier age groups. It is only quite late in life that they are in excess. We have no evidence as to comparative birth rates, but it is natural to suppose that, as in other countries, the female births exceed the male, but that the male child is more difficult to rear. Further study is required to decide how far the defect shown in the figures is due to less complete returns being given for the girls and the young women than for the boys, and how much is actual defect. At any one age there is also the question of wrong ages being given, but this can not affect the total defect. This might be caused as far as the girls are concerned by comparative neglect, which is known frequently to occur; and the still graver defect in the second decade, which is very noticeable in the second quinquennium, may have some connection with a heavy mortality in the first years of early marriage. These suggestions are put forward tentatively. The figures for these earlier age groups show a good deal of variation and it is necessary to carry the investigation further; but there are indications that the defect in females is real.

It is not surprising to find a defect in young men from the age of say sixteen to that of thirty, especially in districts visited by famine. They are naturally the ones to leave home to seek work in the towns, or, in the case of North China, in Manchuria and Inner Mongolia. But the women do not leave home to anything like the same extent. The cities, with the exception of a few which have developed as textile centres, must show an excess of men even though this may not usually be so marked as in Peking which was the subject of Mr. Gamble's survey

("Peking: A Social Survey," pp. 105-8). Moreover a comparison of different districts seems to show that the defect is greatest where the famine has been most severe. A preliminary survey in 1921, when the famine effects were still being strongly felt, revealed a very great defect in some counties of South Chihli; and it is notable that nearby at Hantan there was a more or less open market for young women.¹ The present investigation gives the following figures for the defect of females in the total population: Chanhua 8.5%, Tsunhua 4.3%, Tanghsien 7.8%, Hantan 1.25%, Suchow 4.6%, Chihhsien 3.4%, Kiangyin 7.6%, Wukiang 1.9%, while Icheng has an excess of females to the extent of 1.5%, due to a large number of girls under ten. In North China Chanhua and Tanghsien, the counties with the greatest defect, have certainly suffered very severely from repeated famine.

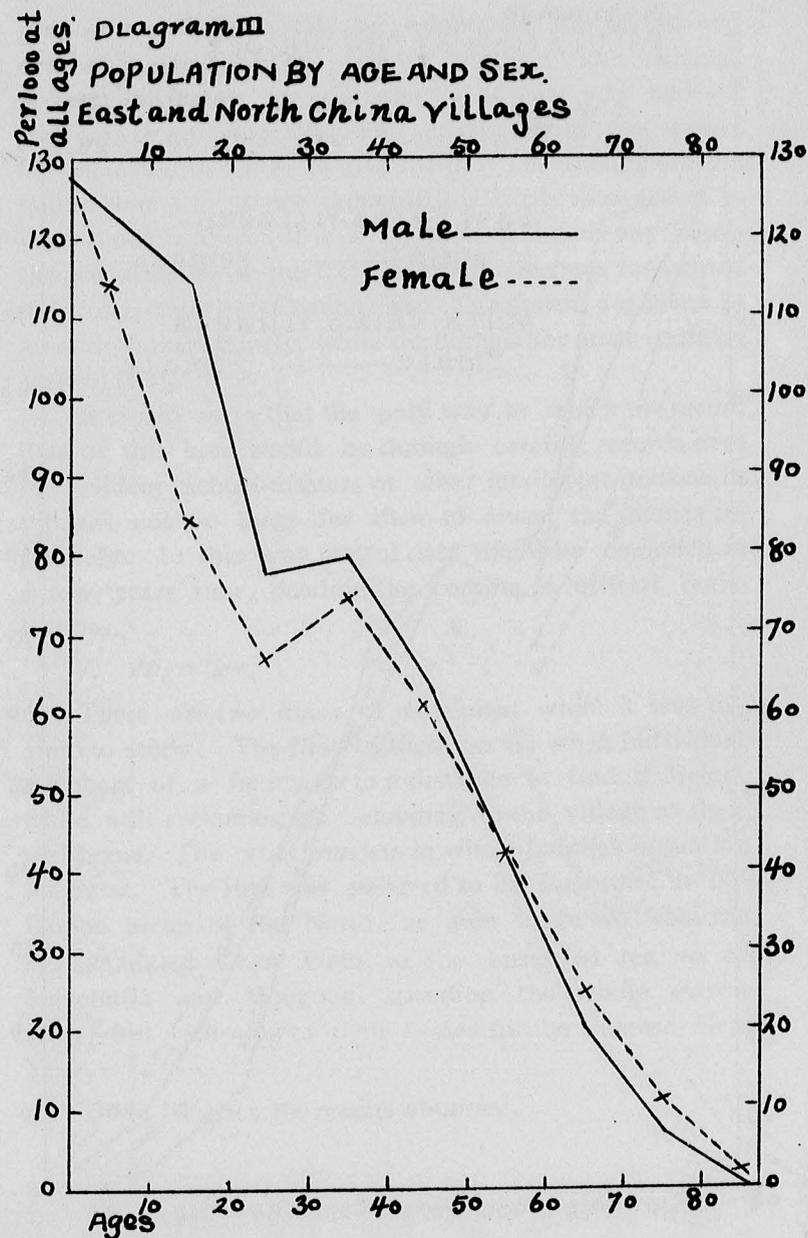
In Western countries, of course, there is an excess of females. In England it amounted, at the census of 1911, to 4.03%. In Eastern countries it is recognised that the social customs and the conditions of life bear more heavily on the females; and India shows an excess of males to the extent of 2.35% of the population. There is a difference between India and China in that in the former famine conditions result in a heavier male mortality. What mortality there is from famine in China would not seem to have this character.

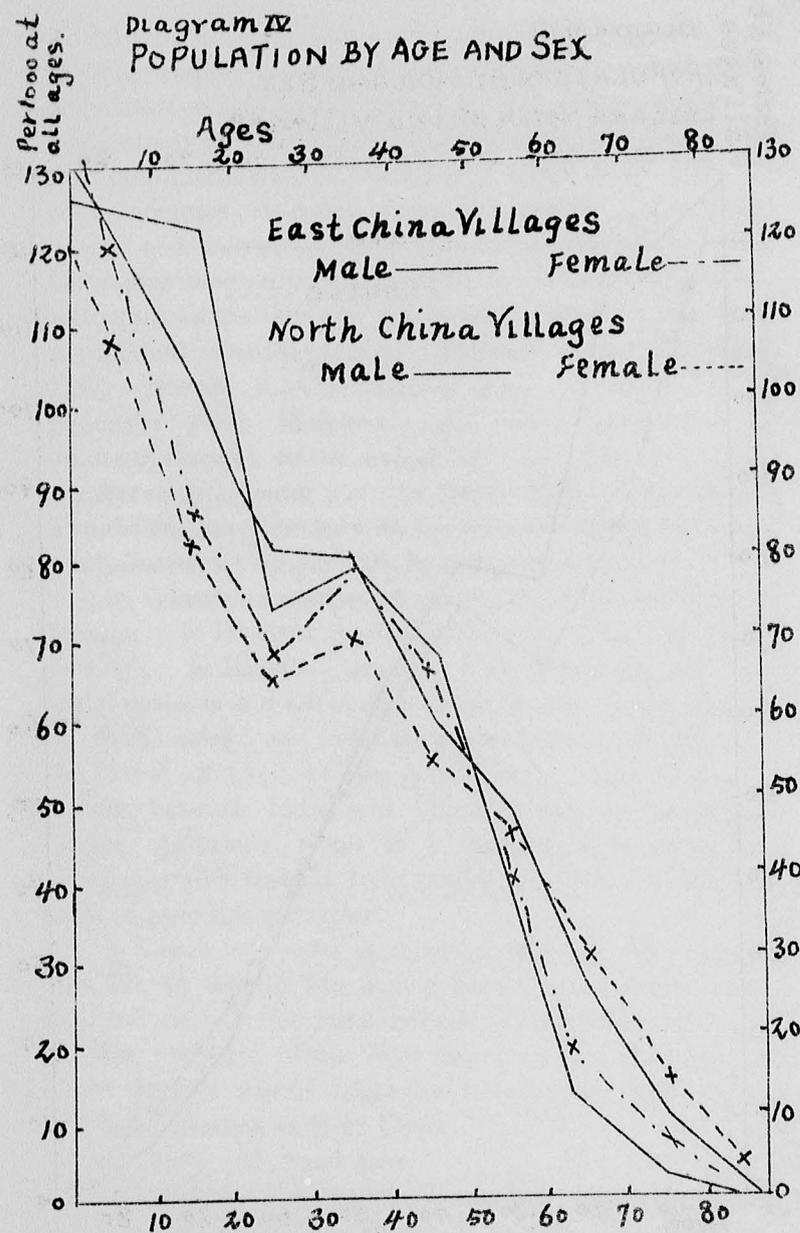
In China, however, it must be observed that women who live to middle life have a better expectation of life than the men at the same period. Presumably the latter find the exposure of the field begin to tell. According to our present results longevity is somewhat more common in North than in East China.

3. Birth and Death Rate.

An attempt was made, from which however not a great deal of success was expected, to gain some light on

¹ The figures for Hantan itself however do not show this defect.





the birth and death rate by asking for the births and deaths in the previous twelve months. The villagers showed difficulty in reckoning it in this way and the returns are so incomplete and unsatisfactory that it does not seem worth while to give them. The figures sent in range from 3 to 50 per thousand for birth rate and 7 to 36 for death rate. It is a question whether any significance attaches to the fact that the death rates for two of the worst counties, Chanhua and Tanghsien, are given as 30 and 36 respectively, while the highest for other counties (seven) is 15.

It would seem that the only way in which to secure data of this kind would be through careful records kept by resident school-masters or other intelligent persons in villages not too large for them to know the homes intimately. In this way useful data might be compiled in a few years' time, pending the coming of official registration.

4. Migration.

There are two kinds of movement which it was desired to study. The first of these occurs when individual members of a family go to a distance to find a living, while still reckoning as belonging to the village as their real home. The other consists in whole families migrating *en masse*. The first was believed to be important in the famine areas of the North, as men move out from the overpopulated Great Plain to the unsettled regions of Manchuria and Mongolia, spending the whole season away, but returning to their homes for the Chinese New Year.

Table III gives the results obtained.

TABLE III. ABSENTEE MEMBERS OF VILLAGE FAMILIES.

Province and County	Males 16 sui and upwards away from the village				Women and children away from the village
	In per- manent work	In tem- porary work	Without work or work un- known	Total adult male ab- sentees as percentage of total population	
CHEKIANG Chinhsien	0	0	0	0	1
KIANGSU					
Icheng	10	15	5	1.4	0
Kiangyin	24	22	12	1.7	22
Wukiang	52	6	3	4.4	16
ANHUI					
Suchow	74	2	7	2.4	22
SHANTUNG					
Chanhua	44	53	156	9.3	260
CHIHLI					
Tsunhua	131	72	31	3.8	7
Tanghsien	169	20	60	2.7	32
Hantan	49	0	27	1.8	1

It was the intention that absent members should be counted as part of the population and should be included in all statistics, their earnings, etcetera, being returned. The proportion actually included requires to be examined into.

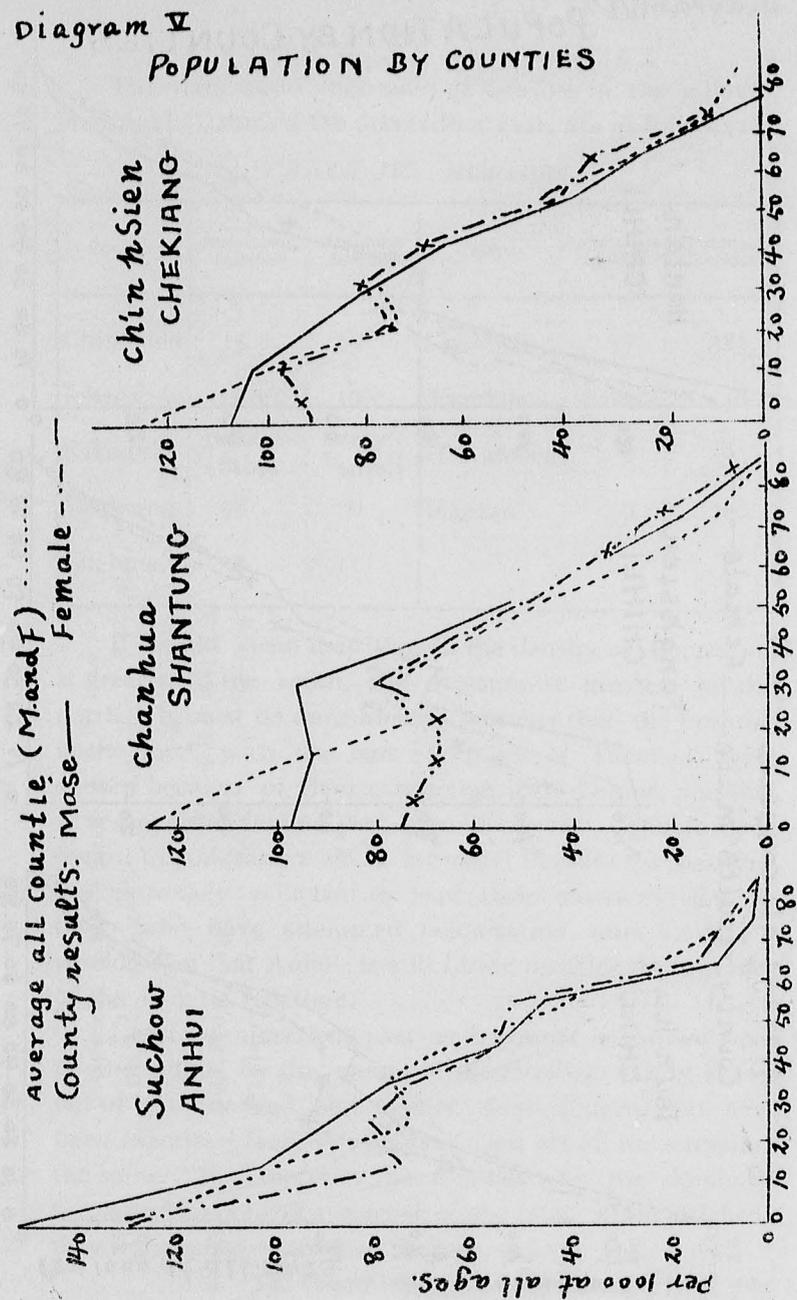
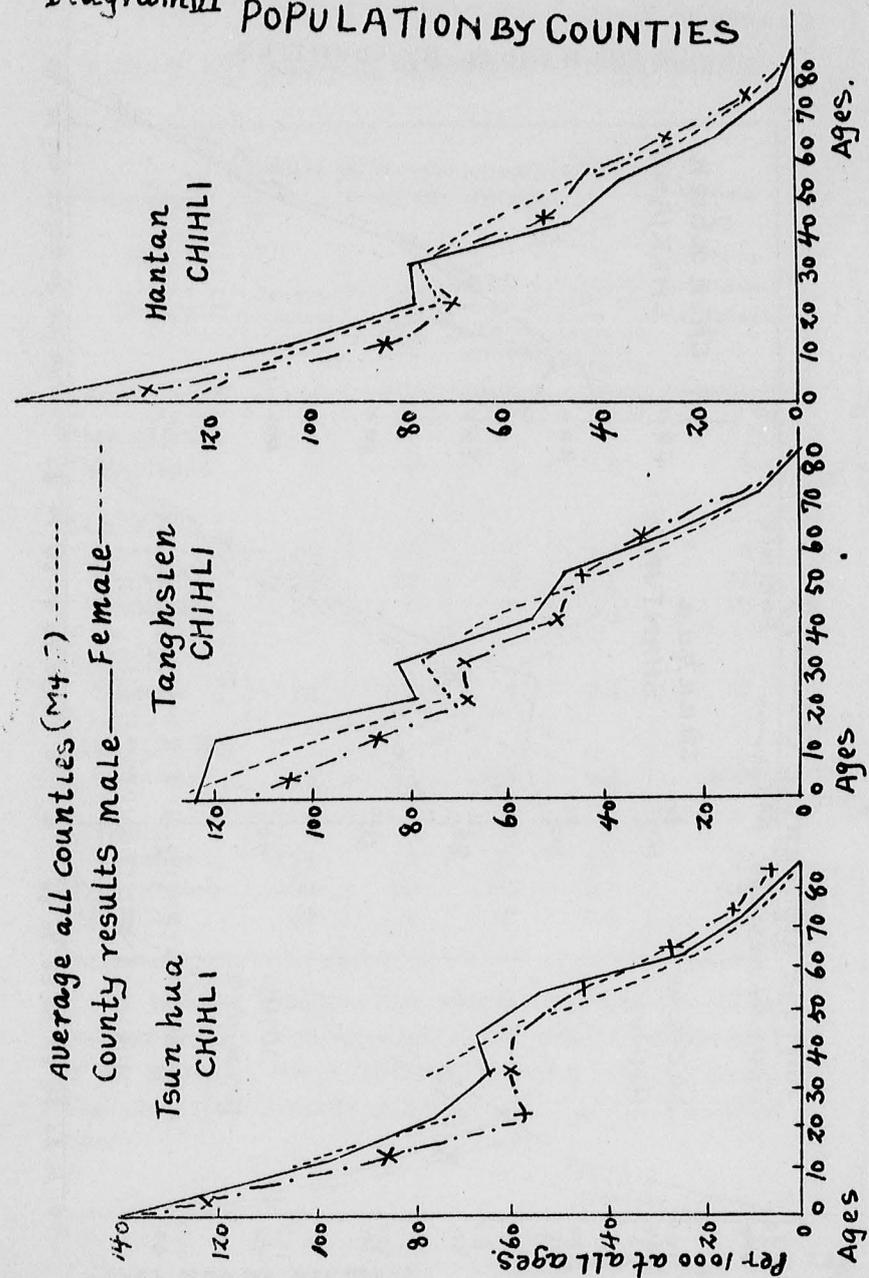
Diagram V
POPULATION BY COUNTIES

Diagram III POPULATION BY COUNTIES



The data as to migration of families in the villages investigated, during the preceeding year, are as follows :

TABLE IV. MIGRATION.

County	Immigrant families	Emigrant families	County	Immigrant families	Emigrant families
Chinhsien	15	10	Chanhua	33	383
Icheng	10+	10+	Tsunhua	19	18
Kiangyin	considerable	very small	Tanghsien	8	53
Wukiang	58	0	Hantan	0	200
Suchow	37	11			

It would seem that though the density of population is greater in the south, the pressure is greatest in the north. It must be remembered however that the counties in the north, with the one exception of Tsunhua, were chosen because of their connection with famine, and that in some cases famine has been recurrent. The facts in regard to emigration speak strongly, because the peasants are extremely reluctant to leave their native villages, as those who have attempted colonisation work know. It would seem that Anhui is still filling up after the ravages of the Taiping rebellion.

Light on migrations past and present is thrown from another angle by the names of the families. Only in two out of one hundred and twenty three villages that have been examined from this point of view are all the surnames the same. In Chinhsien the families with the dominant surname form seventy percent of the total, while in Icheng they only compose thirteen percent.

II. The Family : Size and Composition.

The light our investigation throws on the size of the

family will be seen from Diagram VIII and Table III, in Appendix B. There are 37,191 persons in 7097 families, giving an average of 5.24 or, say, five and a quarter persons per family.¹ The comparison of the families in East and North China afforded by the diagram shows that as far as these results are concerned, the families in the East are grouped more closely about the mode, larger families being somewhat more common in the north. In the East China villages 3.3% of the families consist of eleven or more people, while in the northern group the percentage rises to 6.9. Of the different counties Chihhsien shows fewest large families and Hantan most. The mode is 3 for one county, 4 for four counties and 5 for four counties; for the whole it is 4. The families of five persons, however, contain more people than those with four, namely 5950 as against 5000. 14.5% of the population live in families of eleven or more persons.

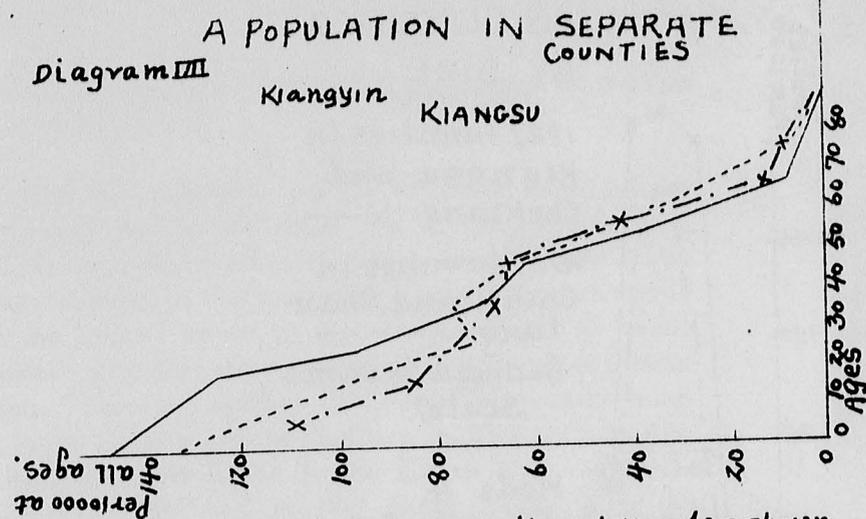
Our data did not include any statement of the relation of the individuals to the head of the family, but the following analysis of the proportions of men, women, boys and girls is interesting:—

Men	(16 sui and over)	34.7%
Women	" " " "	31.8%
Boys	(under 16 sui)	18.1%
Girls	" " " "	16.4%

There are thus approximately 12 men to 11 women and 6 boys to 5 girls. A family of six would contain most often two men two women one boy and one girl; and the family of five would more often drop a young woman than a man, and a girl than a boy.

We shall return later to the question of the size of

¹ This is probably near the truth if we set the fact that we have given more weight to the larger northern family over against the fact that probably there are more children than are shown by our returns. If any thing, I should judge it to be slightly low.



B Ratio of the Proportional Numbers shown in Diagram III for males and females to those for persons

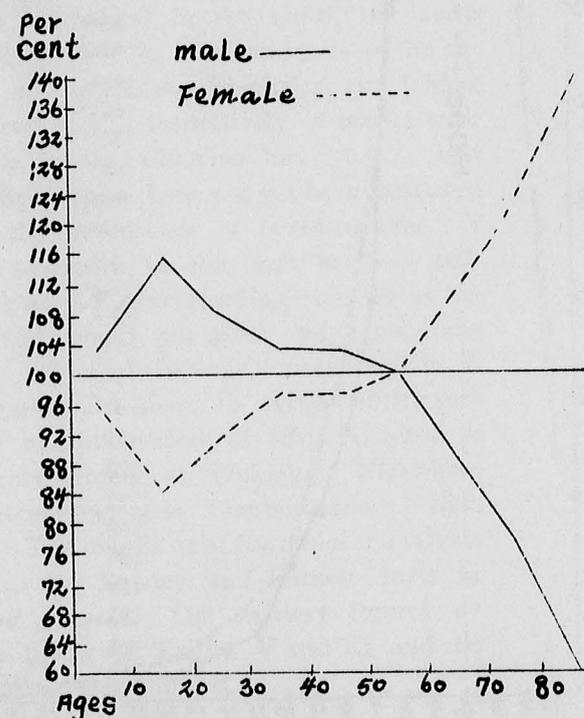
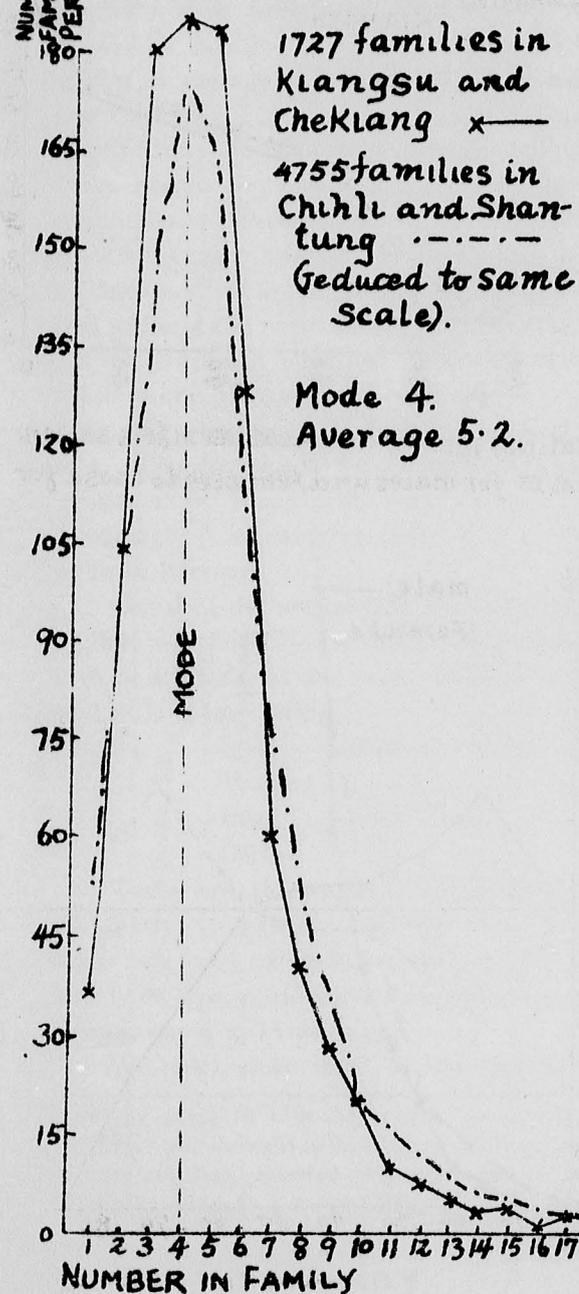


Diagram VIII

FAMILIES CLASSIFIED BY SIZE



the family in relation to the size of farm and of its position as an economic unit.

III. Housing.

Data were obtained as to the number of rooms belonging to each family, the usual size of the room or *chien*, and the materials of which the houses were usually made. It was intended to find the rooms occupied by each family but the returns seem to give those owned, as many families—including those owing land—are given as without rooms. There are marked differences between the housing in the Eastern and the Northern counties respectively. In Chihhsien the mode is the 1-room class, in all the Kiangsu counties and in the Anhui county it is the 2-room class, while in Shantung and Chihli it is the 3-room class. Whether this is because the adobe houses of the north are less expensive than the brick of the south, or whether space is begrudged in the south, the north gains in the amount if not in the amenities of the accommodation. At the extremes, Chihhsien and Icheng have only 7.9% and 5.5% respectively of houses with four or more rooms, while Chanhua has 51.5% and Hantan 68.1%. The results have not yet been tabulated in a way to show the percentage of overcrowding. If we take two persons per room as the limit between sufficient accommodation and overcrowding—though as the rooms are small this would not meet the regulations of some western municipalities—the overcrowding in Chihhsien and Icheng would seem to exceed ninety percent, to be in the neighbourhood of fifty percent in Kiangyin and of twenty percent at Wukiang. Elsewhere it is nearer to ten percent except in Tsunhua where it rises to about thirty-five. The details exist for a closer analysis on the lines followed by Bowley and Burnett-Hurst in their *Livelihood and Poverty*. The summary figures as tabulated are given below in Tables V and VI and the fuller data in Table III, in Appendix B.

TABLE VI. HOUSING: FAMILIES CLASSIFIED BY NUMBER OF ROOMS.

Province and County	PERCENTAGE OF FAMILIES						
	Without Rooms	With 1 Room	With 2 Rooms	With 3 Rooms	With 4-5 Rooms	With 6-10 Rooms	With 11-20 Rooms
CHEKIANG Chinhsien	4.4%	11.8	31.5	14.1	7.6	0.3	—
KIANGSU Icheng Kiangyin Wukiang	0.3 7.1 5.1	15.0 26.1 9.6	43.7 28.6 29.9	35.8 18.6 28.3	5.5 12.6 18.1	9.6 8.3	0.3 3.7
ANHUI Suchow	9.0	8.3	29.1	13.5	21.3	23.0	11.1
SHANTUNG Chanhua	14.0	2.1	6.5	16.5	21.0	22.2	7.5
CHIHLI Tsunhua Tanghsien Hantan	9.3 9.3 17.9	5.1 9.9 0.7	7.7 15.9 10.4	13.8 20.6 31.6	8.8 19.8 14.4	18.5 19.4 14.8	22.9 6.6 4.6

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TABLE V. HOUSING: PERSONS PER ROOM.

Province and County	Average number of persons per room							
	In families living in							Over 20 rooms
General average	1 room	2 rooms	3 rooms	4-5 rooms	6-10 rooms	11-20 rooms	Over 20 rooms	
CHEKIANG Chinhsien	2.2	3.0	2.3	1.8	1.4	1.3	—	—
KIANGSU Icheng Kiangyin Wukiang	2.4 1.6 1.2	5.5 3.9 3.0	2.7 2.3 1.9	2.1 1.7 1.4	2.1 1.4 1.1	— .92 .9	— .58 .3	— .44 .1
ANHUI Suchow	.9	3.0	1.8	1.4	1.2	.87	.63	.31
SHANTUNG Chanhua	1.0	2.5	1.6	1.3	1.1	.81	.59	.4
CHIHLI Tsunhua Tanghsien Hantan	1.5 .95 .5	4.1 1.9 3.7	2.0 1.7 1.8	1.8 1.3 1.4	1.5 1.0 1.0	1.2 .83 .79	.87 .63 .57	.62 .42 .33

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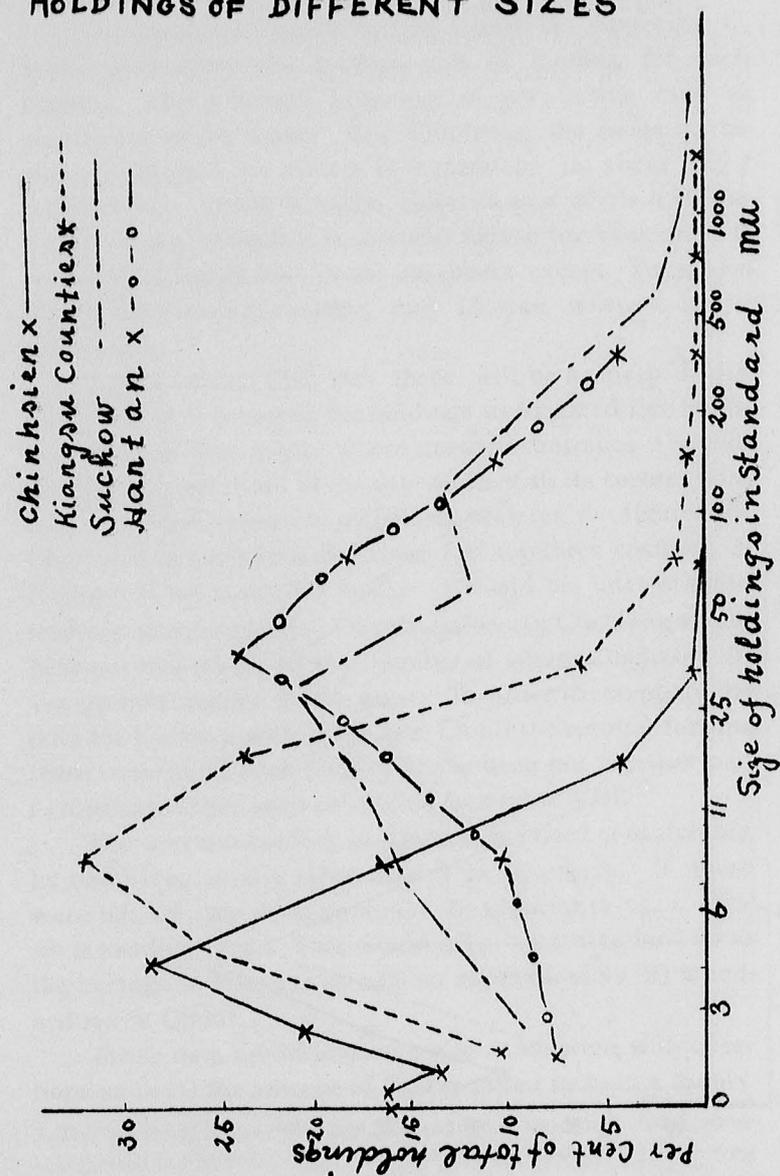
IV. Occupation of the Land.

1. The Size of Holdings.

Accurate data concerning the size of the individual farms are of great importance in connection with any discussion of the economics of farming in China. The data we have collected have been tabulated in classes as follows: under three *mu*; 3-5 *mu*; 6-10 *mu*; 11-25 *mu*; 26-50 *mu*; 51-100 *mu*; 101-200 *mu*; 201-500 *mu*; 501-1000 *mu*; over 1000 *mu*. The tabulation was unfortunately made in terms of the local *mu* before it was noticed how seriously these differ. Retabulation will have to be undertaken on the basis of our standard *mu*¹ in order to obtain comparable results. This will not entail the conversion of every single holding into standard *mu*; it will be sufficient to express the limits between the classes, that is the value of 3, 6, 11, etc. standard *mu* in terms of local *mu*, and group the local figures on this basis. The total area in each class can then be converted into standard *mu*. Meanwhile we have plotted some of the results on a common scale in Diagram X. The scale of *mu* is approximately logarithmic, each class being given an equal space. In order not to crowd the centre of the figure only a few sets of results have been given. The rest fall within the limits of those given. At one extreme we have the holdings in Chihhsien of which fifty percent are less than three standard *mu*, and 85.8% are between 0.8 and 6.3 standard *mu*. At the other extreme are Suchow and Hantan, which have only about 25 and 17% respectively of holdings of less than eleven *mu*. In these counties the holdings are much more evenly dis-

¹ As a standard is necessary, we have taken 6500 square standard Chinese feet as a "standard" *mu*. This has the advantage of giving almost exactly six *mu* to the acre (6.005 actually). This *mu* is 7202 square English feet. It lies near to the average of the Chinese *mu* which consist of 6000 square feet, local measure, but which differ among themselves because of variations in the foot.

DIAGRAM IX. PROPORTION OF HOLDINGS OF DIFFERENT SIZES



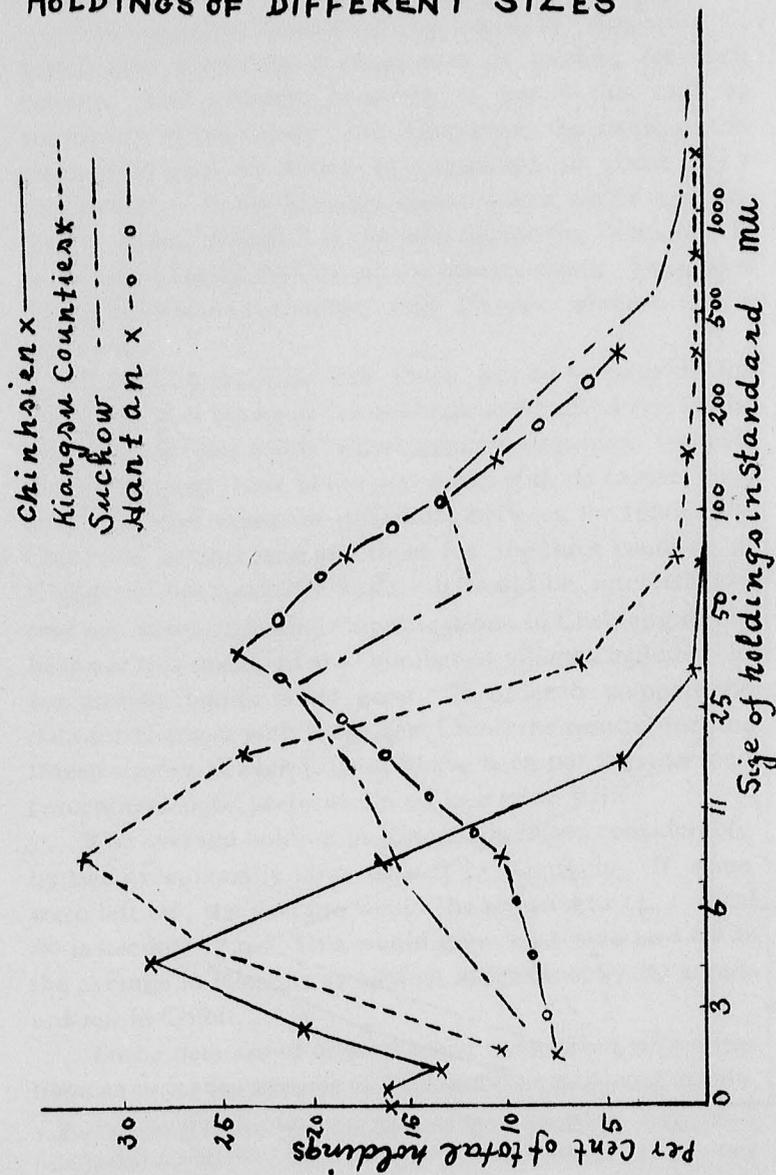
IV. Occupation of the Land.

1. The Size of Holdings.

Accurate data concerning the size of the individual farms are of great importance in connection with any discussion of the economics of farming in China. The data we have collected have been tabulated in classes as follows: under three *mu*; 3-5 *mu*; 6-10 *mu*; 11-25 *mu*; 26-50 *mu*; 51-100 *mu*; 101-200 *mu*; 201-500 *mu*; 501-1000 *mu*; over 1000 *mu*. The tabulation was unfortunately made in terms of the local *mu* before it was noticed how seriously these differ. Retabulation will have to be undertaken on the basis of our standard *mu*¹ in order to obtain comparable results. This will not entail the conversion of every single holding into standard *mu*; it will be sufficient to express the limits between the classes, that is the value of 3, 6, 11, etc. standard *mu* in terms of local *mu*, and group the local figures on this basis. The total area in each class can then be converted into standard *mu*. Meanwhile we have plotted some of the results on a common scale in Diagram X. The scale of *mu* is approximately logarithmic, each class being given an equal space. In order not to crowd the centre of the figure only a few sets of results have been given. The rest fall within the limits of those given. At one extreme we have the holdings in Chinghsien of which fifty percent are less than three standard *mu*, and 85.8% are between 0.8 and 6.3 standard *mu*. At the other extreme are Suchow and Hantan, which have only about 25 and 17% respectively of holdings of less than eleven *mu*. In these counties the holdings are much more evenly dis-

¹ As a standard is necessary, we have taken 6500 square standard Chinese feet as a "standard" *mu*. This has the advantage of giving almost exactly six *mu* to the acre (6.005 actually). This *mu* is 7202 square English feet. It lies near to the average of the Chinese *mu* which consist of 6000 square feet, local measure, but which differ among themselves because of variations in the foot.

DIAGRAM IX. PROPORTION OF HOLDINGS OF DIFFERENT SIZES



tributed among the different classes; and there are 12% in Suchow of more than 160 standard *mu*, while Hantan has some 15% of 100 *mu* or more.

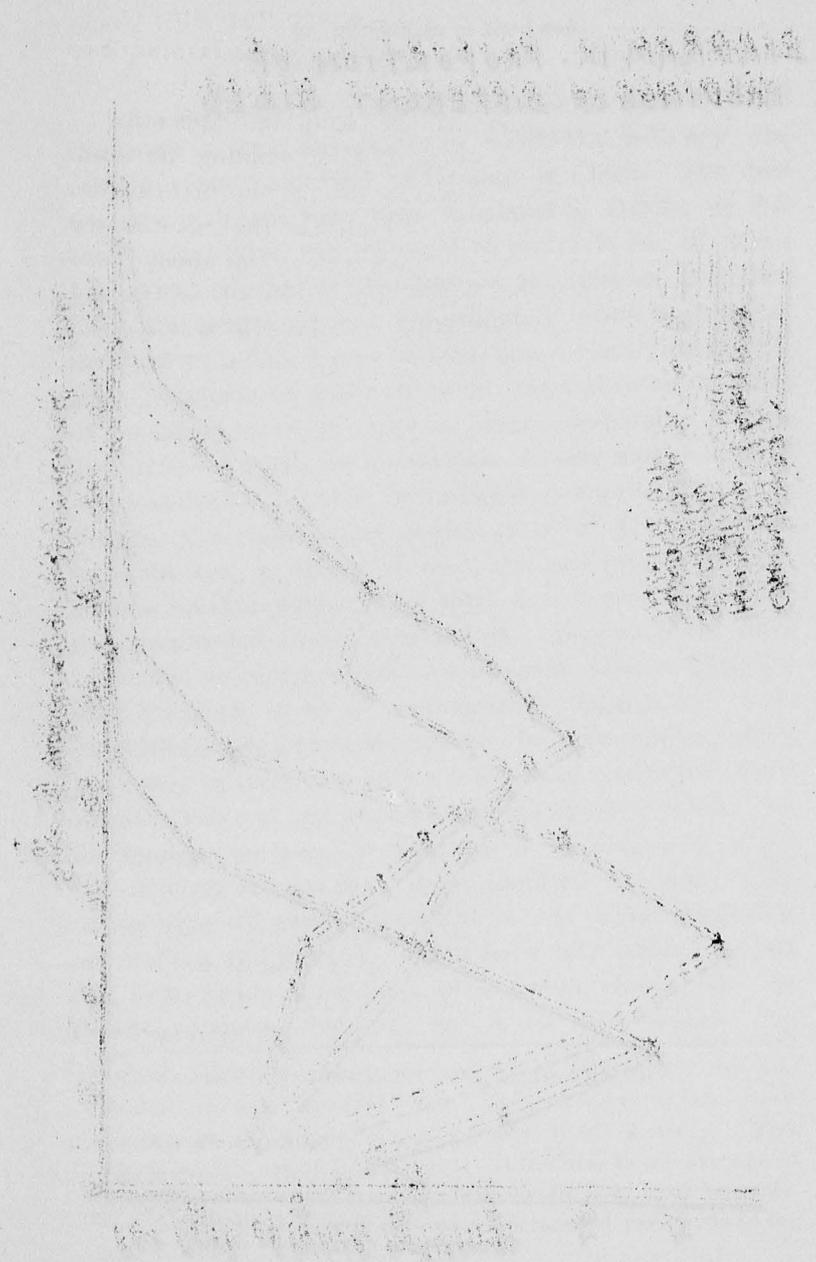
The detailed figures will be found in Appendix C, which also gives the average size of holding for each county. The average, however, is not in this case as significant as the mode. For Chihhsien the mode is the class 11-25 local *mu* which is equivalent to about $3\frac{1}{2}$ -7 standard *mu*. In the Kiangsu counties as a whole it is the 6-10 *mu* class, though it is the next higher for Wukiang. It is the latter (11-25 *mu*) for all the others except Tanghsien where it is the next smaller, and Hantan where it is the next larger.

It is to be expected that there will be a marked difference in size between the holdings in irrigated rice lands, especially further south where growth continues through the winter, and those in the dry north with its severe winters.¹ To the writer the difference between the figures for Chihhsien in Chekiang and those for the three counties in Kiangsu is unexpectedly large. It would be interesting to find out whether further investigations in Chekiang would bear out this result, as the number of villages included in the present inquiry is not great. In order to compare the data for Kiangsu with those for Chihli the results for the three counties in each province have been put together and percentages have been calculated (see table VII).

The average holding in Kiangsu is raised considerably by two exceptionally large estates in Kiangyin. If these were left out, the average would be reduced to 13.1 local *mu* instead of 17.9. This would give 14.2 standard *mu* as the average in Kiangsu as against approximately 23 standard *mu* in Chihli.

These data are of importance in connection with questions as to (1) the amount of land required to keep a family

¹ The present figures do not distinguish irrigated from non-irrigated lands.



of average size in comfort, and (2) the size of farm which makes an economical use of the labour of a farming family. We shall give later on some figures in connection with the income from farms. At this point we may consider the statistical evidence that there is for thinking that the division of land has gone too far and that many of the holdings are insufficient to support a family.

2. The Size of Holdings in Relation to the Size of the Family.

Table VIII presents the figures for the counties of Kiangsu and Chihli provinces. It will be noticed at once that the Chihli family is much more dependent on the size of the holding than is the Kiangsu. This may partly be because the size of the farm is a much less accurate measure of the family income in the latter, where 67.4% of the land is rented by tenants; while in Chihli only 10.7% is rented. For some reason, also, the large family is less common in Kiangsu than in Chihli. But in Chihli the falling off of the size of family on the small holdings is very marked. Thus on the holdings of less than three *mu* the family only averages 2.7 persons, which is half the normal size. It is less than the size of the families without land—some of whom of course are dependent on business of different kinds for a living. It would seem that the families with these extremely small holdings cling to their land, possibly because of sentiment and tradition, but more probably also from the dearth of anything to turn to, though with a little enterprise it should be possible for them to establish themselves in Manchuria or Inner Mongolia. At the same time there are more families without land in Chihli than in Kiangsu, despite the fact that in the latter more land is rented out. In Kiangsu the industrious small farmer rents from the large to increase his earnings, in Chihli the large farmer does not rent out so readily but occupies his land with his own family.

That in the case of the small holding the family is so

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TABLE VII. SIZE OF HOLDINGS.

Size of Holdings: Local <i>mu</i>	KIANGSU VILLAGES				CHIH LI VILLAGES			
	Number of holdings	Percentage of total holdings	Area in local <i>mu</i>	Percentage of total area	Number of holdings	Percentage of total holdings	Area in local <i>mu</i>	Percentage of total area
Under 3 <i>mu</i>	137	10.5%	232	0.9%	372	12.6%	644	0.9%
3—	332	25.4	1324	5.7	595	20.3	2393	3.4
6—	418	31.9	3398	14.5	658	22.3	5201	7.4
11—	303	23.2	4828	20.6	660	22.4	11038	15.8
26—	80	6.1	2758	11.7	335	11.4	12944	18.5
51—	19	1.5	1185	5.1	201	6.9	14917	21.3
101—	12	.9	1689	7.2	89	3.0	12690	18.1
201—	3	.2	907	3.9	29	1.0	8303	11.9
501	2	.15	1110	4.7	—	—	—	—
Over 1000	2	.15	6014	25.7	1	—	1820	2.6
Total	1,308		23,445		2,940		69,950	
Families without land	51				592			
Average size of holding	Local <i>mu</i> 17.9		Standard <i>mu</i> 19.5		Local <i>mu</i> Approx. 23.8		Standard <i>mu</i> Approx. 23.	

small would seem to be a clear indication of the economic pressure. This will be better seen when we have considered income. The conclusion that I come to is that on the large farm the traditional Joint Family is still a reality; that on the smaller holdings the various branches of the family are economically separate but often continue side by side and so are held together; but that the bond depends on propinquity and is likely to disappear when any branch of the family moves away to work in a town or to settle in another district. Thus economic pressure in the country is likely to co-operate with the growth of urban industry to disintegrate the family system for the industrial worker. In Kiangsu the large joint family seems to be quite rare as an economic entity.

The economic pressure in the north is further manifest in the considerable proportion of landless (11.11% in the north as against 2.3 in the east). It is, of course, recognised that some of these do not depend on the land, but we shall see later (Table XI) that the proportion of non-agriculturalists is small and not larger in the north than in the east.

The conclusion that large families are commoner in north may seem to conflict with the known greater strength of the clan System in the South. My suggestion would be that these figures given above distinguish the economic units. There do seem to be more of the large units in the north, even though these units may be less closely knit in clan affiliations, than in the south.

3. *Ownership and cultivation.*

Table IX gives the data for the proportion of land cultivated on the one hand by the owners and on the other by tenant farmers, distinguishing in the first class between that cultivated by the owner's own family and that worked by hired labour, and in the latter class separating the land rented out by residents from that belonging to absentee landlords. At the one extreme we have Chanhua whereonly a negligible 0.4% is rented to tenants, and at the other

Wukiang where a little less than a quarter is cultivated by the owners, 76. 2% being rented to tenants. It will be seen that there is a striking difference between the northern provinces of Shantung and Chihli and the eastern province of Kiangsu, while Anhui occupies a middle position. The ratios of land cultivated by owners to that rented are: East 1:2, North 9:1, Anhui 1:1. In the East from a quarter to a third of the land is owned by absentee landlords-a result of the development, presumably, of commerce and industry in the cities and consequently of capital seeking investment in land. There is also more than a third rented from the larger land holders by the smaller. As we have seen, in the North the large holding is fully occupied by a large joint family, while in the south this other policy is followed and the large family, in the economic sense at least, is not built up to the same extent.

It should, perhaps, be mentioned here that the tenants of most of the land in the two largest holdings are not included in the village figures, nor are the returns from the land included. Apparently the cultivators live in a neighbouring village.

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TABLE X. WORKERS AND NON-WORKERS.

Province and County	Percentage of children under 16 working	Percentage of males over 16 working	Percentage of men over 60 (of males over 16)	Percentage of females over 16 working	Percentage of women over 60 (of females over 16)
CHEKIANG					
Chinhsien	11.5	96.2	7.7	91.2	10.8
KIANGSU					
Icheng	22.1	87.3	4.0	67.5	4.7
Kiangyin	29.8	90.2	4.1	77.0	8.0
Wukiang	18.0	92.6	6.4	82.0	13.0
Average E. China	22.9	91.5	—	82.5	—
ANHUI					
Suchow	25.9	86.3	4.8	85.6	8.3
SHANTUNG					
Chanhua	45.0	83.7	12.9	80.0	17.2
CHIHLI					
Tsunhua	32.9	81.6	11.8	85.9	14.9
Tanghsien	10.6	88.5	14.0	86.4	14.5
Hantan	22.3	87.8	6.0	84.0	11.9
Average N. China	24.9	86.8	—	84.3	—

V. Workers and Non-Workers

The above Table X gives the proportion of men, women and children who are returned as working. In regard to the children there is no systematic difference between one region and another; but the individual result in Chanhua stands out. There seems to be a slightly larger percentage of men at work in East than in North China, and this corresponds with a somewhat smaller percentage over 60 *sui*. In the case of the women the percentages are much the same except for the effect of an unusually small proportion of women workers at Icheng.

This table may be taken in conjunction with the figures on page 209 (January 1924 Number of this Review), giving the composition of the family, to gain an idea of workers and non-workers in a typical home. The work included, however, probably does not include the light work done by boys and old men in raking up fuel and so forth.

Village Occupations.

There is comparatively little division of labour in the Chinese village, outside of that which takes place within the family. There are no recognised village artisans with a definite status corresponding to the village carpenter, blacksmith, potter, leather worker and so forth in India. Our investigators found villages, especially in Shantung, in which there were no workers other than pure agriculturalists—that is, no one who gave even part time to industry or trade for those, outside his own family, from whom he received any monetary return. This is occasionally true even of villages with more than a hundred adult male workers.

1. Proportion of workers in agriculture.

Table XI gives the distribution of male workers, of 16 *sui* or over, between agriculture and other occupations.

**TABLE XI. PROPORTION OF MALE WORKERS
IN AGRICULTURE.**

Province and County	Number of male wor- kers 16 <i>sui</i> or over	Percentage engaged whole time in agriculture	Percentage engaged part time in other work	Percentage engaged whole time in other work
CHEKIANG				
Chinhsien	493	75.7 %	1.8 %	22.5 %
KIANGSU				
Average of three counties	2,004	87.4	8.7	3.9
ANHUI				
Suchow	1,016	58.3	17.3	24.4
SHANTUNG				
Chanhua	1,943	97.2	1.3	1.5
CHIHILI				
Average of three counties	5,679	91.0	3.5	5.5
ALL RESULTS	11,135	87.8	5.2	7.0

The majority of those engaged for part time in some other employment will be giving the rest of their time to agriculture, and so it would appear that quite ninety percent of the population of these rural districts are actually engaged in agriculture. The percentage in Chanhua is very striking; under the conditions which these figures reveal, the farming families in such a county must still be very largely selfsufficing. It is a little surprising to find the percentage of agriculturalists in Suchow so low, in comparison. This district, as will be seen below, appears to engage extensively in trade.

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2. Occupational Census.

We may next consider the distribution among different occupations of those not engaged in agriculture.

TABLE XII. NUMBER OF MEN ENGAGED IN VARIOUS OCCUPATIONS.

	Chin hsien villages		Kiangsu villages		Suchow villages		Chanhua villages		Chihli villages ¹		All villages	
	Whole time	Part time	Whole time	Part time	Whole time	Part time	Whole time	Part time	Whole time	Part time	Whole time	Part time
Male workers over 16 sui	493		2004		1016		1743		5689		11135	
TOTAL IN OCCUPATIONS OTHER THAN AGRICULTURE	111	9	74	169	248	176	30	25	312	198	779	577
COMMERCE AND TRANSPORT Total	40	0	32	20	178	84	15	7	143	120	408	231
Merchants, shopkeepers, etc.	21	0	26	7	141	29	15	7	107	97	310	140
Peddlers	15	0	2	6	21	34	0	0	13	22	51	62
Carriers	3	0	1	0	6	14	0	0	19	0	29	14
Boatmen	1	0	3	7	8	4	0	0	0	0	12	11
Others	0	0	0	0	2	3	0	0	4	1	6	4
INDUSTRY Total	68	7	34	143	40	56	5	18	92	58	241	282
Carpenters and builders ²	27	1	8	73	13	6	3	11	48	11	100	102
Labourers	16	4	4	0	12	32	1	0	10	5	43	41
Stonemasons	19	2	8	7	1	2	1	7	2	2	31	20
Textile workers	0	0	0	0	1	13	0	0	11	29	12	42
Tailors	1	0	7	25	1	0	0	0	4	0	13	25
Fishermen	0	0	1	35	0	0	0	0	0	0	1	35
Metal workers	1	0	2	0	5	0	0	0	7	1	15	1
Others	4	0	4	3	7	3	1	0	10	10	26	16
PROFESSIONAL OFFICIAL AND MISCELLANEOUS Total	3	2	12	6	30	36	9	0	35	3	89	47
Teachers	2	2	6	1	5	7	0	0	21	2	34	12
Military	0	0	0	0	11	25	4	0	4	0	19	25
Officials and police	0	0	0	0	3	1	1	0	6	0	10	1
Doctors	0	0	2	0	3	2	1	0	2	0	7	2
Others	1	0	4	5	8	1	3	0	2	1	18	7
Unclassed									42	7	42	17

It is probable that these figures are not all arrived at by uniform methods, especially as to part time workers. One set of returns mentions five "tipao," or local village police, as giving part time to this service, but although the same custom obtains in other places no mention of these men is made. These figures have been omitted--the only case in which any omission has been made. I have no light to throw on the part time military men at Suchow.

It would seem from these figures that "industry" occupies a more important place than "commerce and transport" in the East China villages, while the opposite tends to be the case in the North, but the results do not perhaps cover sufficient cases to allow of such broad generalisations to be made.

¹ These include Tsunhua, Tanghsien and Kichowan, not Hantan.

² The Chinese term is workers in earth (土).

Among those grouped together as "others" are 2 whole and 3 part time butchers in Suchow, 1 innkeeper and 3 whole and one part time water carriers in Chihli; 3 wine makers, 1 bamboo worker, and one fortune-teller in Chihhsien; 2 whole and 1 part time varnish workers, 1 miner, 1 soapmaker, 1 part time poultry breeder, 1 part time leather worker, 1 whole and 5 part time priests or monks, 2 stewards and 1 barber in Kiangsu; 4 wine makers, 3 whole and 1 part time paper makers, 2 part time leather workers, 1 night watchman, 4 whole and 1 part time musicians 1 veterinary surgeon and 2 barbers in Suchow; 1 leather worker, 1 fortune teller, 1 monkeyman and 1 musician in Chanhua; 1 whole and 7 part time earthenware makers, 1 paper, 5 brick, and 2 shoe makers, a part time repairer of crockery, a part time basket weaver and part time fuel collector, a musician, a steward and a cook in Chihli.

3. *The Cotton Industry in parts of Chihli.*

In interpreting the above results it must be remembered that no district, in which any notable special industry is carried on, is included. And yet there is a good deal of such special industry in the aggregate. In none of the areas concerned in such village industry had investigations been completed when these notes were being prepared, though partial studies had been made. A short account may be given here of what has come to light in regard to the cotton industry in three or four areas in Chihli. These include: Nankung, near the Shantung border, Kaoyang south-east of Paoingfu, Paotih sien east of Peking, and a district known as the "48 Villages" south-west of Tientsin.

Paoti is a considerable distance from any railway or large city, but it is the centre of a cotton growing district, and an enterprising group has started a power spinning mill at a small town on the river. This spins the cotton that is collected from within a radius of about thirty-five miles, after which the yarn is distributed to the villages, where it is woven into cloth, which is collected and

marketed to the east of the province and outside the Wall in Manchuria. It is estimated that between five and six hundred thousand pieces of cloth are produced in Pao-tih sien per annum¹.

In Kaoyang the weaving industry owes its importance mainly to the enterprise of a group of jobbers or dealers who are closely organised in a guild. As the cotton production of the district is comparatively small, most of the yarn has to be imported from Tientsin or even Shanghai. The yarn is supplied to the villagers who receive so much a piece for weaving it. In some cases the looms belong to the jobbers. For instance there is a concern which has 208 looms. Eight of these are housed in one shop, but the rest are in the homes of the villagers. The cloth is partly shipped to Tientsin by a small river, and partly sold along the railways. A little time ago the production of the line known as "Patriotic cloth" amounted to 26,000 pieces valued at \$12 a piece.

Nankung is the centre of an excellent cotton growing area. The yields are large and the quality good—so much so that the price commanded is higher than in some other districts. In parts of the county more than half the land is under cotton. The Government Bureau of Economic Information puts the annual production at 28,350,000 catties. The ginning is done either by a local machine, worked by hand, which costs only from \$1 to \$2, or by a new type of Japanese machine worked by a treadle which has twenty times the output of the other. It is estimated that there are three of these new type gins per village in the best cotton area. In spinning, although there is a Japanese spindle which is fifteen times faster than the native (having several spindles on the one machine) which has been tried, the one in use is almost exclusively a local form. The mechanical knowledge of the farmer is very limited and he

¹ By the Government Bureau of Economic Information.

prefers a simpler machine, even if slower, which he understands and can keep in repair. Three types of loom are said to be employed. The older Chinese form is still the one used in their homes by the farmers. An improved type made of wood and an iron loom are used under the more immediate control of the dealers. The following are said to be the average output in eight hours of the three types—nine feet, fifteen feet and thirty to thirty-five feet, respectively. The Bureau of Economic Information reports six small organisations for weaving, the largest having a capital of only \$10,000. As elsewhere the majority of the weaving is done in the homes as a family industry. Most time is given to it in winter and spring.

It is estimated that 90% of the cotton crop is exported from the district. Of this about 65% is disposed of in the raw state and finds its way mainly into Shantung—chiefly to Tsinan, a little to Tientsin; while the other 35% is woven into cloth and sold mainly in Shansi but partly to the North, namely near Peking and beyond.

The "Forty-eight Villages" are a group so situated on low-lying land between rivers that they are flooded practically every summer.¹ They thus depend agriculturally on the June wheat harvest, and the farmers have long periods of idleness which they seek to fill in with industry. They rely mainly on weaving, and some 3000 looms are said to be in use there. The marketing centre lies just outside the group and is visited by buyers from a distance.

The Famine Relief Commission has recently been organising a number of Rural Cooperative Credit Societies in the province, and it has been interesting to notice that in the case of one of these societies the main use of the money loaned is not for agricultural purposes but for weaving. In view of the wide-spread character of this industry in the country districts, it is proposed to make a study of it on

¹ The villages themselves stand on high mounds; the fields around them are flooded.

both the technical and commercial sides. Some data as to family income from it in Kaoyang will be given in the section dealing with income.

4. *Paper Industry of Ch'ien-an.*

Adjoining the country of Tsunhua is Ch'ien-an. As illustrating what is happening to rural industry outside textiles, we may mention the paper industry of Ch'ien-an. Owing to the suitability of the water of a stream near the city and the existence of a supply of white earth, paper has long been made in the villages nearby. The paper shop of the old kind consisted of seven workers. Five of these prepared the raw materials (the paper is made from the mulberry) and dry the paper; one makes the paper and the head man finishes or smooths it. The owner of the plant usually has more than one such shop. He keeps the books and sees to the marketing besides supplying the capital. In some of the shops there is an interesting system of profit sharing. For instance, in one case, out of a profit of \$600 the owner takes \$200, one-half of this reckoning as due to him as manager and the other half as return on his capital; the foreman gets \$90; the paper maker \$80 and the others get \$50 or \$40 each.

One of these small capitalists proved to be an enterprising man. In 1914 he went to Korea and Japan to study paper-making in those countries and in 1916 started a "Korean paper mill". This was so successful that the next year he added another and in 1919 purchased some quite elaborate machinery. By this time others had become interested and a number of mills were started. These are of two types, a smaller with some thirty workers each and a larger with over fifty workers. The latter use water power and have an output ten times greater than the former. In 1920 there were four of these Korean mills. They are usually owned by a group of partners. 1920 was very successful and 200% profit was made by some. This led to \$10,000 on a capital of \$5,000.

to over expansion, 31 mills operating in 1921. The large output however seriously reduced prices (from \$32 to \$9.50) and the following year only 20 mills continued to operate.

VI. *Economic Conditions.*

It is hoped that the agricultural data collected by the Commission will be reported upon later by Professor Buck of the University of Nanking. We turned now to the figures that throw light upon the economic condition of the rural population. It is not claimed that these are at all exact. In some cases the information collected was so meagre that it is not worth reporting. This is true as a whole of the data concerning savings and indebtedness. The most important figures we have are those concerning family income.

1. *Family Income.*

In the questionnaire dealing with the individual families there were columns for the wages received, the value of farm products, the earnings from home industries, and "other income." The last named would include income from rent, interest on loans, and the profits of trading. It would be well in future to separate the profits of trade from rent and interest, partly because of the importance of trading and partly because rent does not add to the total income of the village—at least where tenant and landlord are both in the same village—while trading does. This distinction also applies to wages—these must be paid out of other income and represent a transfer of wealth within the community, not an addition to its total earnings. However, as the returns are by families, and the totals include all the items, we have left them for the present in this form. Our first impression was that the figures for the value of farm products were understated. This was partly due to the fact that Tanghsien and Tsunhua were among the first results to be tabulated, and the figures tended to corroborate Mr. Malone's feeling that income had been understated. A comparison of the figures with the area of

the land also confirmed this idea. The farmers usually state that they get about five dollars per *mu* from their land, while the average for these counties was about four dollars. But later results rather modify this impression. Still it seems likely that the figures are rather on the side of understatement and that to add the eleven per cent, which with wages constitute of the whole income, may not bring the total much too high.

Table XIII shows the division of income between the classes of income stated. Home industry does not include the value of all the work done at home, but only of such as is done for money. The spinning done by the women to supply the needs of the family would not be counted, nor the making of shoes, nor the collecting of fuel by the old men and children, nor repairs to the house, nor the grinding of meal or other operations undertaken for preparing the food of the family. The fact that so many things of this kind are done in the home makes the actual value of the farm products in the raw state inadequate as a measure of the money value of the farmer's real income. There has not been time however to estimate the allowance to be made for these items.

TABLE XIII. CLASSIFICATION OF INCOME.

	Money equiv- alent of total income	Percentage of total derived from			
		Home Industry	Wages	Farm Produce	Other Sources
CHEKIANG					
Chinhsien	\$68,540	7%	22.4%	62.5%	8.2%
KIANGSU					
Icheng	48,175	—	5.3	94.7	—
Kiangyin	156,752	—	3.6	76.1	20.3
Wukiang	62,956	12.2	9.0	76.0	2.8
Kiangsu villages	267,883	3.0	5.2	79.2	8.8
ANHUI					
Suchow	153,972	1.0	31.5	59.5	8.0
CHIHLI					
Tsunhua	116,142	—	8.0	88.7	3.3
Tanghsien	105,766	0.9	13.0	78.3	7.8
Kichownan	201,882	1.7	7.3	44.0	47.0
Kaoyang	135,826	12.0	4.3	82.9	0.9
Hantan	150,733	1.4	13.9	82.7	2.0
Chihli villages	710,349	3.2	9.1	72.0	15.7

The industry in Wukiang is silk. It is rather interesting to notice that this industry seems to influence the farming—there is no winter wheat crop in this district such as there is in the other two Kiangsu counties. In Kaoyang the industry is, of course, cotton weaving. One gathers from the returns that the usual earnings of a small loom are about \$36 a year, as this figure appears very frequently. There is another figure of \$63 which may represent a larger loom at which more work together, or perhaps two looms.

This table should be compared with Table IX if it is desired to trace the effect of tenancy and the use of agricultural labour on wages and rent. Icheng is almost entirely agricultural, and the 5.3% of wages in total income evidently have to do mainly with the labour on the 10.1% of the land which is worked with hired labour. That the figures are not complete is shown by the fact that no income is shown from "Other Sources," although 10% of the land is rented out by resident owners and must bring an appreciable income. The large item of 20.3% from "Other Sources" in Kiangyin is mainly rent from the two very large estates there. In the case of Kichownan the 47% in this class of income is due to an item of \$92,900 gained by one village partly by trade in silver ornaments worn in women's hair, but mainly by the trade enterprises of the branches of the leading family in Peking and Tientsin. Although they have such large city interests, the families remain in the village.

Table C. II. in the Appendix analyses the income of each of the groups, classified according to their holdings of land. The wages are of course relatively most important in the group without land, and their relative proportion usually falls off rapidly with growth in the size of holding. Suchow is, however, an exception, wages being an important item for all the groups. A point of interest in the Chinhsien figures, as in those also for the Chihli villages, is that, after reaching a minimum in the 11-25 *mu* groups, the

percentage under wages increases in the next two groups. This raises the question whether, in the larger joint families, some branches of the family are paid by the dominant member on a basis which reckons as wages in the returns.

In East China villages the income from Home Industry is greatest in the central groups—those with moderate sized holdings,—while in Hantan it is the landless who receive most from this source, and in Kichownan the larger landholders. The income from other sources tends, as one would expect, to be largest at the extremes—in the one case from traders who have no land and in the other from the rents of the large landowners and the profits of the well-to-do traders who have land also, such as the notable group of families already referred to in Kichownan.

The average total income of each of these groups as well as the size of the group is given in the following summary table:—

Group	Number of Families	Average Total Income
Landless	15	120
Small Holdings	25	180
Central Groups	35	240
Large Holdings	15	300
Traders	10	360

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The extraordinarily low income of very large numbers of families in Chihli is the outstanding feature of this table. In Anhui and Chihli the group with a little land is worse off than those without land, because the latter gain relatively more in wages and other income. There seem to be many who cling desperately to their little plot of ground long after it has been so subdivided that it cannot afford a reasonable living to even the smallest family, while those entirely without land find other means of support. In the eastern provinces this does not appear to be case. Not only does the larger use of irrigation increase the return from the land but the figures show that in Chihhsien and Icheng the small farmer gets a higher return from a *mu* than the large farmer—a condition which does not obtain appreciably in the north, where not only is the return per *mu* much smaller than in the Yangtse valley, but where the small farmer gets no more, if as much, per *mu* as the larger farmer.¹

¹ As already stated, the agricultural data are reserved for treatment by Professor J. L. Buck; but we may here mention that the return per *mu* gives the following results;—

Size of holding	1-2 <i>mu</i>	3-4 <i>mu</i>	6-10 <i>mu</i>	11-25 <i>mu</i>	26-50 <i>mu</i>	over 50 <i>mu</i>
Chihhsien	\$35.6	18.0	14.6	9.9	7.7	5.1
Icheng	27.0	19.1	13.2	9.8	7.4	—
Kiangyin	19.5	18.9	19.1	18.9	18.4	²
Wukiang	11.3	10.9	11.1	10.9	10.6	6.7
Suchow	5.6	5.0	5.8	5.2	3.2	3.7
Tsunhua	7.0	6.5	4.9	4.0	4.0	4.4
Tanghsien	3.8	3.8	3.9	4.1	4.5	5.1
Hantan	3.8	2.5	2.7	3.0	4.7	5.1

² The figure is \$2.0, but this is due to the fact that much of the land is rented out to formers whose produce is not reckoned.

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TABLE XV. PERCENTAGE OF FAMILIES AND OF INCOME IN EACH INCOME GROUP.

Income group.	Percentage of Families				Percentage of Income			
	Chin hsien	Kiangsu villages	Suchow	Chihli villages	Chin hsien	Kiangsu villages	Suchow	Chihli villages
up to \$50	19.4%	16.5%	16.9%	62.2%	3.7%	3.0%	2.0%	8.1%
\$51—	12.3	11.8	11.4	7.7	4.0	3.7	2.5	3.0
\$71—	12.0	10.4	11.8	5.1	5.1	4.4	3.4	2.7
\$91—	5.8	9.7	7.9	2.8	3.1	5.0	2.9	1.8
\$101—	8.8	7.4	8.4	2.7	5.6	4.6	3.7	2.2
\$131—	6.0	6.6	5.7	2.0	4.4	4.8	2.9	1.9
up to \$150	64.3	52.4	52.1	82.5	25.9	25.5	17.4	19.7
\$151—	9.9	11.8	9.5	3.5	9.0	10.6	5.9	4.0
\$201—	8.8	12.0	9.0	4.6	11.3	14.4	8.3	7.4
\$301—	9.9	7.9	9.9	4.3	19.8	15.6	14.0	11.2
\$501—	4.9	4.7	6.5	3.0	16.9	16.0	17.0	14.3
\$1001—	1.9	0.8	1.1	1.3	12.7	5.0	5.6	11.4
\$2001—	0.3	0.2	1.6	0.7	4.4	3.4	18.3	11.8
Over \$5000	—	0.2	0.4	0.2	—	9.4	13.6	20.3

The poverty of the small farmer in the north can be further studied in Table XV, which classifies the families not according to land holding but to total income. In view of the results shown in table XIV it might have been well to subdivide the group with less than \$50, but the result is so unexpected that this was not arranged for. The classification adopted was chosen to make comparison easy with Professor Dittmer's study published in the (Harvard) Quarterly Journal of Economics, XXXIII No. I. November 1918.

The more detailed figures are given in Table C. III in the Appendix.

The first point to draw attention to is that the largest group in every case is that with an income of less than \$50 a year. A little will be said in a moment about the poverty line; but, without going into that question now, it will be granted that this lowest group is well below any such line. The pressure of population is evidently a grim reality, and a considerable percentage of the families seem to go to pieces under the pressure. In the case of Chihli, the figures are almost unbelievable. It is not contended that they are exact. In a certain number of cases the income given may have been very far from the truth, in many cases it may have been appreciably below, perhaps as much as twenty or even thirty percent, but when allowance has been made for the utmost that can be conceded in this direction the results still have a comparative value and they are certainly sufficiently startling. This will appear more clearly when we attempt to arrive at a "poverty line".

2. The Poverty Line in North China.

To interpret these results we need some guidance as to a poverty line. This the writer has attempted to define for the conditions of a North China village which are the only ones known to him personally. The first and

main item is that for food. Professor Bernard E. Read of the Peking Union Medical College was good enough to supply a model diet for a poor farming family of five persons which is of sufficient interest to reproduce.¹

Diet of a North China Farming Family of Five Persons.

Food	Amount	Grams of protein	Proteins essential for growth			Salt	Vitamines			Roughage	Calories
			L.	C.	T.		I	II	III		
GRAINS											
Kaoliang	48 oz	104.4	Inadequate	Inadequate			Ad.			Ad.	4800
Millet	24 "	113.0	?	?	?					Ad.	2592
Wheat	32 "	213.6	Ad	Ad	Ad					Ad.	3268
VEGETABLES											
Turnips, etc	8 "	3.0					Ad.	Ad.			104
Beans (soy)	7 "	82.3					Ad.				819
FRUITS & GREENS											
Cabbage in winter	16 "	5.6					Ad.			Ad.	68
Oil (sesame)	8 "										1980
Salt											
Chiangyu Tea	2 "	4.5									52
<hr/>											
—		445.4	Adequate	Ad.	Ad.	Ad.	Ad.	Ad.	Ad.	Ad.	13,683

Prices, of course, vary from time to time and from one district to another. I have calculated the value of the grains, of the vegetable (supposing it to be only turnip), of the greens on the basis of cabbage (*pait's'ai*), and of oil, and have entirely neglected the salt, sauce and tea. The value works out at from \$150 to \$160 for the year. It should be noticed that there are no frills in this diet. There is no meat whatever, nor eggs, nor fish. It is interesting to remark that it is only one-third of the value of the diet required in England to yield an equal amount of protein and an equal calorific value, since the English diet contains a considerable proportion of animal products.

¹ Professor Read is not at present in China and this is printed without his authority. He may wish to modify it in the light of more recent knowledge.

A careful estimate of the clothes requirement brings a total of \$28 a year for the family. But we must suppose that the making of these is largely done at home under conditions that do not bring the values created into our income figures. I should propose, therefore, to reduce this item to \$20. As to fuel I am content to leave this out, supposing that the family secures its needs by labour that is not reckoned. It would of course be more satisfactory to enter these items on both sides, but we cannot at this stage take the time to so modify all our income figures. For housing the only expense we shall allow is a small item of \$5 to cover assistance the farmer may need from neighbours from time to time and for timber. Light would add say another \$5, and if we allow \$7 for all other expenses, social, medical, educational and recreational, we get—taking food at \$150—a grand total of \$187 of which food represents 80%.

Of course in doing this we are treating food more generally than the other items. The fact, of course, is that in North China, as we can see at a glance from our figures, the farmer does not consume this amount of food. In all except the most plentiful years he is systematically underfed. Indeed, during the winter months he may be said to hibernate, saving himself from all unnecessary exertion and reducing his food accordingly. The result is that when spring comes and work on the fields is resumed he has carefully to bring himself back into condition for real exertion.

It is generally believed that the cost of living is higher in East China than in North.¹ Consequently a poverty line that is fixed with northern conditions in mind will err on the side of being low elsewhere. In a quite rough and tentative way therefore the writer is inclined to take \$150 as the poverty line, setting the facts (1) that our income figures are probably rather on the low side and (2) that the

¹ See below for wages.

poor families are smaller than the rich¹, against the reduction of the food below the real requirements of an active life from \$150 to \$113, and ignoring the differences between north and south. Even so more than half the population of the Kiangsu villages and more than eighty percent of the Chihli villages are below the poverty line. It is this grinding poverty in the rural areas which it should be the ultimate aim of any comprehensive scheme for economic betterment of the people of China to remove.

3. General Economic Conditions.

Some data have been collected on such subjects as wages, indebtedness, interest, rent and so forth. It is not proposed to attempt any comprehensive presentation of these figures, however, at this time, partly because this preliminary discussion is meant only to elicit criticism on general methods and the main results as set forth above and partly because the figures are incomplete. A few illustrations only will be given.

The variation in standards between districts is seen from the difference in wages:—

	D a i l y		Monthly	Yearly
	Usual	Busy Season		
Chinhsien	\$0.20	\$0.30-0.40	—	\$40-50
Wukiang	0.16	0.20	\$3	\$30
Chanhua	0.08	0.15	—	\$6-12 & food
Tanghsien	0.07	0.20	—	\$10-13 & food

This bears out the general impression of the higher standards of the south.

¹ The tables should be re-calculated on the basis of persons instead of families.

The data as to indebtedness are very unsatisfactory. The chief causes of debt vary with the district; in some cases famine is the main cause, in others, where natural conditions are more favourable, the main reasons are social such as expenditure on funerals and weddings. A considerable proportion of the farmers' buying is done on credit, settlement being made at the end of the year. The rates of interest are, of course, usually very high, but they also vary greatly.

	Monthly Interest		
	High	Low	Average
Chinh sien	5-6% (occasionally 10%)	1%	2-3%
Wukiang	2%	1%	1.6-17%
Chanhua	5%	1.5%	3%
Tanghsien	3%	1%	2%

The borrowing is done either from local rich men or from the pawnshops and grain dealers of the nearest market. Variation is possible because the market is so local.¹

The facts in regard to the price and rental value of land reveal the same situation. The ratio of annual rental to purchase price of land shows little regularity, and the value of both corresponds very imperfectly with the income obtained from the farm. There seems to be little

¹ The official regulation of interest does not seem to be effective. During the famine an edict was issued that interest should not exceed 3% per month, but the writer was appealed to by a group of villagers in Chihli asking him to use his good offices in relieving them from promises to pay up to 100% per annum.

knowledge of conditions except in the immediate neighbourhood; the people do not move freely from place to place; and local circumstances and traditions rule as much as what we are accustomed to deem economic considerations.

On the effects of famine in breaking up homes, leading to the sale of land or the creation of debt, increasing sickness and the death rate etcetera, further inquiry is desirable. The general result of our investigations in 1922 would show that more training of the investigators is essential when comparisons of the present and the past are involved. It has proved possible to secure some figures for the changes in price of various commodities during famine. Those things which the small farmer has to dispose of, such as land and animals (because of the scarcity of fodder), fall in price, while food and other necessaries rise. The fall in the former class is often as much as fifty and occasionally even sixty or more percent, while the rise in food stuffs is more often some thirty percent.¹ It is not surprising that there is a Chinese saying that in famine time the poor grow poorer and the rich richer,—nor yet that the ranks of the bandits are swelled.

Conclusion.

The writer is anxious to hear from those interested in the study of rural economy, both by way of criticism of these results and methods and of suggestions for the future. There would seem to be opportunity for more co-ordination among those who are working in this field—and fortunately their number is increasing—and possibly for conference together. There appear to be three divisions into which future inquiries should fall: those which can best be carried out by educated residents in some of the

¹ In the recent famines it has undoubtedly been kept down by relief measure, providing grain either for distribution or on the p'ing t'iao system of controlled price.

villages, such as the better trained teachers; those which require trained workers; and those which can be prosecuted by students on vacation or others without special training. To decide upon the inquiries which would be most worth while and upon the means of pursuing them would seem to be the next step and one concerning which conference should, if possible, be held. Communications should be addressed to the China International Famine Relief Commission, 6 Ts'ai Ch'ang Hutung, Peking.

APPENDIX

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Appendix A.
CHINA INTERNATIONAL FAMINE RELIEF COM-
MISSION COMMITTEE ON CREDIT AND
ECONOMIC IMPROVEMENT

1. Questionnaire: "Study of the Hsien."

District	Investigator (s)
Province	Institution
Official rating of the Hsien	Address
Date investi- gation begun	Date investigation finished

1. Secure or prepare a map and indicate natural features, including hills, streams, lakes, marshy, sandy and alkaline patches; if any survey has been made, give data; also show railways, main roads, canals and irrigation works, location of towns and villages investigated, and division into "ch'u." If possible, make a production map, showing chief crops of different "ch'u" and centres of various industries, if any.
2. Land and soil.
3. Character and depth of soil.
4. Total area of all land (say how estimated or measured).
5. Area of taxable land.....mu.
6. Cultivated land.

	Total area	best %	medium %	poor %
Ch'u 1				
2				
3				
4				
5				
6				

7. Uncultivated land	Ch'u			Uses etc.
	1	2	3	
Mountainous				
Marshy				
Sandy				
Alkaline				

8. Proportion of land owned by government; by temples
9. Gravelands

District of graves (method of grouping)	Area of graveland	Use
--	----------------------	-----
10. Furnish any meteorological data available.
11. Date at which spring cultivation begins (average date of last killing frost).
12. Close of growing season in autumn (coming of killing frost).
13. Mineral resources, if any—nature, extent, and local use.
14. Drainage—cultivated land subject to floods, frequency and cause of floods, local drainage—good or bad. Effects of Silt.
15. Water table—character of underground water,—salt, bitter, etc.,
16. Number and character of surface wells.
17. " " " of deep wells.
18. Area irrigated by wells.
19. " " " canals.
20. Does irrigation produce injurious effects?
21. Population by villages and Ch'u.

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Ch'u

	1		2		3		4		5	
	No.	戶口								
Market towns										
Isolated										
Farmsteads										
Hamlets 2-10										
Villages 11-50										
51-100										
101-200										
201-500										
501-1000										
over 1000										

22. Changes in population in last 10 years.
Increasing, stationary, diminishing.
23. Reasons for changes, if any.
24. Number of families which have come in.
25. Where have they come from?
26. Why?
27. Number of families which have emigrated.
28. Where gone to?
29. Why?
30. How much land has changed hands in
last 5 years?
last year?
31. Is the size of holding changing? If so, why?
32. What holdings are there of over 1000 mu?
33. Who owns them?
34. How are they administered (managed)?
35. Forms of tenancy in common use:
- Terms of lease in common use
 - Method of payment money kind
 - Does the tenant or landlord supply seed and working capital?
 - Usual rent of medium land, purchase price of

medium land.

36. Agricultural practice :

a. Customary system of rotation of crops.

b. Green manuring

kind of crop used

proportion of farmers practising the system

frequency in the rotation

37. Grain root fibre fruit mulberry water special
crop crop crop crop crops Vegetable

% of

Total

38. List of factories or workshops with more than 10 people :

a. Number of men, women and children employed.

b. Wage paid (rate).

c. System of hiring laborer: direct, through contractor Apprenticeship

d. What guilds are there ?

39. Trade of the district :

a. Chief local centres.

b. Trade with what large outside centres.

c. Transport facilities—water transport : when available.

d. Chief imports.

e. Chief exports.

f. Trade organizations—branch chamber of commerce ? guilds or other.

40. Post office data, specially as to movement of money and savings.

41. Taxation and government regulations.

42. Names and amounts of any taxes besides land tax.

43. Are there regulations favouring or hindering trade or agriculture ?

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44. Are official licenses necessary for trading or exercising the function of broker?
45. Are there any local likin centres?
46. Education: particulars of schools and of literacy.
47. Intelligence of people.
48. Existence of public spirit.
49. Age at marriage: men, women.
50. Effects of famines or floods, if any:
- on independence of small farmers.
 - on forced sale of land and property.
 - on creation of indebtedness.
 - on credit.
 - on industry and trade.
 - on immigration.
 - on amount of help received from relations outside area and absentee earners.
 - how is seed obtained during famine?
 - on health; physique; mortality; marriage; and on the family (in breaking it up, etc.)
 - on morale, crime, brigandage, fatalism, dependency, superstition, infanticide, sale of women and children; attitude of the rich.
51. Has any independent study been made on economic or social conditions of the Hsien? If so, please report.
52. What are your suggestions for practical steps for improvement?

II. Questionnaire: Study of the Village Life
(General Information)

Name of village	Name of investigator (s)
Hsien Ch'u	School
Province	Mail address
Date investigation begun	Date investigation finished

- General geographical description of the village, location, hills, rivers, forestry, communication, wells, water tables, etc.
- General description of village administration.
- Measures and Weights.
 - 10 local feet = standard feet
 - 100 local catties = kilogram or lbs.
 - 100 tiao 錢 = dollars (national currency)
 - 1 斗 = 升 = cubic local inches
 - 1 石 or 担 = 斗
 - 1 mu = sq. feet *local*
 - Size of average rooms—1 Chien (間) height, area of floor.

Note. Answer questions relating area in mu (local)

“	“	“	length in feet (local)
“	“	“	weight in catties (local)
“	“	“	volume in 升, 斗 or 石 (local)

Express parts in decimals as far as possible.

4. What famines have visited the village in last 5 years? (e.g. flood, drought, insects, plant disease, hail, wind, etc.)
5. What have been the causes of the famines?
6. What epidemics have befallen this village in last 5 years?
7. How many died in each?
8. Effect of famines: prices of land and commodities in normal time and during famines compared
 - a. of land for ordinary farming.
 - b. of cattle, oxen, cows, donkeys, mules.
 - c. of grains, rice, wheat, millet, corn, kaoliang.
 - d. of implements.
 - e. of oils for burning and for cooking.
 - f. of wood for building and burning.
 - g. of cloth.

Population

9. How many families came to this village during last year?
10. Where from?
11. How many families left this village during last year?
12. Why? (e.g. because of famine, of debt, of family getting too big, etc.)
13. About how many of the heads of families were born in this village?
14. Average age at marriage for men? for women?

Education

15. What schools are there in the village?
16. Number of pupils in each: (a) boys.....(b) girls.....
17. How many graduates of village schools attend higher education?
18. About how many in the village have received good, modern education?
19. What are the occupations of people who have received primary education? (e.g. farmers, merchants, teachers, etc.)

20. What are the occupations of people who received higher education?

Housing.

21. Are the walls of majority of houses made of brick? mud? or what?
22. Are the roofs of tile? thatch?
23. Are the floors of earth? brick?

Land.

24. Area of waste land.
Alkaline, marsh, sand, idle, mountainous and others.
Area of irrigated land.
25. Area of cultivated land.
Best Medium Poor
26. Average size of field.
27. Shape of field. Irregular, rectangular, or both.

Agriculture.

28. How much land is required to support family of five?
29. Rotation of crops.
30. Implements.
Name three most used implements, diagram their outline, state their sources of supply and price.
Others.
31. Is agricultural labor sufficient, scarce or very scarce, at harvest time?
32. How much land can be cultivated by 1 man, 2 men, for general crops and for vegetable farming?
33. Number of animals in village.
Horses, mules, donkeys, oxen, pigs, sheep, goats, others.
34. How many families are stock-raising farmers? (including poultry)
35. What animal?
36. What industries are there in the village carried on with hired laborers?
(e.g. spinning, weaving, etc.)

- | | |
|-----------------|--------------------|
| a. for men ? | aa. Number engaged |
| b. " women ? | bb. " " |
| c. " children ? | cc. " " |
37. Do any villagers belong to agricultural or other associations?
38. Nature of organizations. (State purpose, effectiveness, etc.)
39. Number of farmers who belong to these organizations.
- Trade.*
40. Is the village a market town?
41. What stores are there in the village ?
42. If not a market, distance of nearest market.
43. What markets are there ?
(exchange (chi), grain market, animal market, or what)
44. What native products are sold there ?
45. What outside products are bought there ?
46. Do many villagers go to distant markets (such as treaty ports) for trade ?
47. Is there any co-operative trade ?
48. Is there any branch of Chamber of Commerce ?
49. Do any farms belong to such organization ?
50. What forms of monies are current in the village ?
51. Is there any pawn shop in the village ?
52. Is there any pawn shop in near by village town (Chen Tien)?
53. Rate of daily and monthly wages in normal times.
54. Payment in cash or products or both ?
55. Rate of daily wages in harvest time.
56. How much does a regular hand get (a.) yearly?.....
(b.) monthly ?.....
57. Total savings.....Total debts.....
58. Why owed (a) For social reasons ? (b) For economical reasons ?
59. Where borrowed ? (e.g. from banks, landlords etc.)

60. Rate of interest (state if rates are monthly or annual)
a. Highest b. Average c. Lowest.
61. Do farmers buy on credit ?
62. Is there any mutual guarantee in money borrowing or mortgaging?
63. What social practices economically injurious are prevalent among the villagers ? (e. g. gambling, extravagance for marriage, for funeral etc.)
64. How do farmers spend their winter, especially when field work impossible ?
65. In what months are farmers partly idle ?
66. In what months are farmers almost entirely idle ?
67. Can you suggest occupations that might be introduced?
- History and Prospects*
68. Economic conditions today as compared with ten years ago, better or worse ?
69. What can be done to improve the present conditions
a. In Agriculture ? b. In Industry ?
c. In Commerce d. In Credit ?
e. In Social ? f. In Education ?
g. In Civil administration ? h. In Others ?

III. Questionnaire: Study of the village life
(Statistical Information by Families)

(Numerals in brackets refer to columns in
corresponding Chinese form)

Population

(1) Farmer's surname (Hsing 姓).

Members of the family :

1-10 Sui 歲 :	(2) males	(3) females.
11-15 ,,	(4) m.	(5) f.
16-20 ,,	(6) m.	(7) f.
21-30 ,,	(8) m.	(9) f.
31-40 ,,	(10) m.	(11) f.
41-50 ,,	(12) m.	(13) f.
51-60 ,,	(14) m.	(15) f.
61-70 ,,	(16) m.	(17) f.
71-80 ,,	(18) m.	(19) f.
Over 80 ,,	(20) m.	(21) f.

Earners & non-earners :

Males : earners (22) working in home (23) for others
(24) non-earners

Females : earners (25) working in home (26) for others
(27) non-earners

Children: earners (28) working in home (29) for others
(30) non-earners

Absentees : (Members of family now away from home)

Males over 16 Sui : (31) in permanent work ;
(32) in temporary work ;
(33) unknown.

(34) women & children.

(35) Births & (36) deaths in the family during last 12
months.

Education : Number of persons who can (37) read, (38)
write.

House : (39) Number of rooms (Chien 間) occupied by
the family.

Land : (40) Area of land possessed.
(41) Area of land cultivated by labor of
family.

Area of land cultivated by hired labor. (42)

Area (43) No. of laborers.

Area of land rented to others. (44) Area (45)
No. of tenants.

(46) Area of land leased from others.

Area of land (47) bought during the famine
(48) sold.

Crops : Rice : (49) Area ; Yields—(50) Average ;
(51) best. (catties per mu)

Wheat : (52/4) Millet : (55/7) Maize : (58/60)
Kaoliang : (60/3)

Cotton, flax & hemp : (64/6) Beans : (67/9)
Vegetables, roots : (70/2)

Fruits : (73/5) Mulberry : (76/8) Others :
(79/81)

Industries : Artisans in Village :

Carpenter-masons—(82) part time (83) whole time

Metal workers —(84) ,, (85) ,,

Stone workers —(86) ,, (87) ,,

Carters, Drivers —(88) ,, (89) ,,

Others —(90) ,, (91) ,,

(92) Are silkworms reared ? (93) Catties of silk pro-
duced yearly.

Home industries. Are the following made at home ?

Thread. (94) for own use (95) for the market.

Cloth. (96) ,, (97) ,,

Clothes. (98) ,, (99) ,,

Footwear (100) ,, (101) ,,

Implements (102) ,, (103) ,,

Special local

industries (104) ,, (105) ,,

(e. g. strawbraid, hair nets, lace, pongee, etc.)

Economic Condition :

Family annual incomes. (106) Value of farm pro-
ducts.

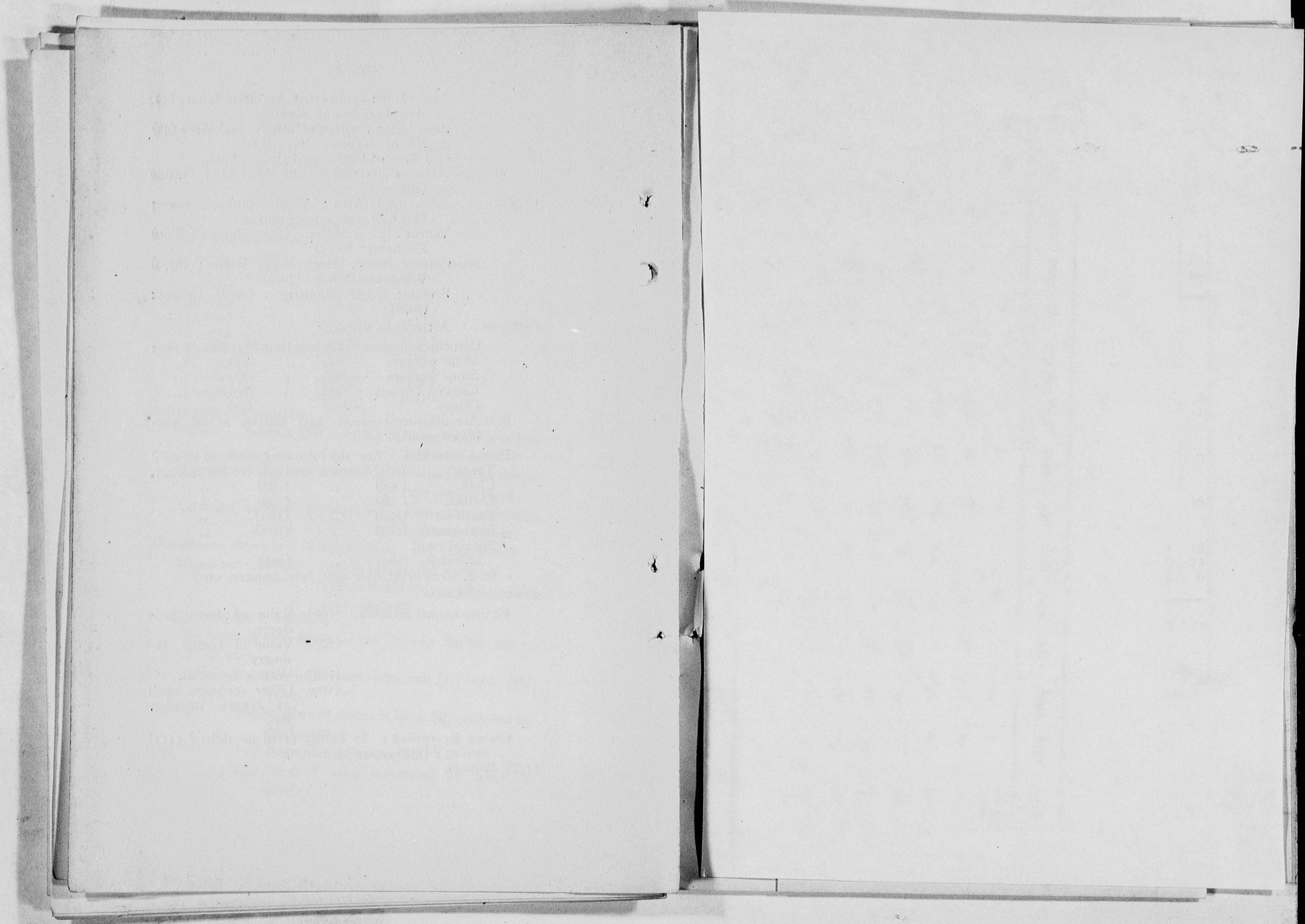
(107) Value of family in-
dustry.

(108) Wages received.

(109) Other incomes, such
as rental, interest,
etc.

Owing & owning : Is family (110) in debt ? (111)
saving ? (112) repaying debts ?

(113) Remarks.



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APPENDIX B.

POPULATION BY AGE AND SEX

TABLE B. I

AGE (Sui)	CHEKIANG			K I A N G S U								
	Chinhsien			Icheng			Kiangyin			Wukiang		
	Male	Female	Total	M.	F.	T.	M.	F.	T.	M.	F.	T.
1-10	164	130	294	229	351	580	465	354	819	140	117	257
11-20	172	143	315	270	162	432	440	290	730	148	126	274
21-30	132	110	242	61	97	158	326	262	588	104	106	210
31-40	115	119	234	186	211	297	237	230	467	125	101	226
41-50	92	99	191	178	148	326	208	221	429	95	89	184
51-60	53	57	110	78	62	140	114	140	254	57	70	127
61-70	34	47	81	23	25	48	29	42	71	26	44	70
71-80	6	13	19	1	1	2	16	29	45	3	17	29
81 and over	0	0	0	0	1	1	2	9	11	1	3	4
Total	768	718	1486	1026	1058	2084	1837	1577	3414	699	673	1372

TABLE B. II

AGE (Sui)	ANHUI			C H I H L I									SHANTUNG		
	Suchow			Tsunhua			Tanghsien			Hantan			Chanhua		
	M.	F.	T.	M.	F.	T.	M.	F.	T.	M.	F.	T.	M.	F.	T.
1-10	475	388	863	750	738	1488	1065	902	1967	605	562	1167	535	422	957
11-20	356	262	618	596	547	1143	1088	788	1876	446	354	800	545	395	940
21-30	316	282	598	470	360	830	717	618	1335	327	297	624	551	388	939
31-40	272	252	524	404	373	777	745	627	1372	335	328	663	555	463	1018
41-50	187	198	385	420	363	783	504	449	953	191	212	403	408	377	785
51-60	156	182	338	333	287	620	440	393	833	151	180	331	290	287	577
61-70	39	52	91	153	190	343	251	288	539	69	112	181	188	190	378
71-80	12	32	44	75	119	194	81	118	199	17	44	61	93	119	212
81 and over	6	10	14	20	35	55	5	6	11	3	3	6	18	35	53
Total	1819	1659	3478	3221	2956	6177	4896	4189	9085	2144	2092	4236	3183	2676	5859

TABLE B. III HOUSING.

Province and County	Without houses		With 1 room		With 2 rooms		With 3 rooms		With 4 or 5 rooms			With 6-10 rooms			With 11-20 rooms			With over 20 rooms		
	Fam- ilies	Per- sons	Fam- ilies	Per- sons	Fam- ilies	Per- sons	Fam- ilies	Per- sons	Fam- ilies	Per- sons	Rooms	Fam- ilies	Per- sons	Rooms	Fam- ilies	Per- sons	Rooms	Fam- ilies	Per- sons	Rooms
CHEKIANG Chinhsien	16	34	154	458	116	540	53	279	28	166	120	1	9	7						
KIANGSU Icheng	1	1	55	223	160	855	131	823	20	182	84									
Kiangyin	11	41	174	708	191	891	124	638	84	511	376	64	449	488	17	148	254	2	28	48
Wukiang	5	16	31	97	97	363	92	381	60	289	267	27	166	178	12	55	160	1	5	45
ANHUI Suchow	4	9	51	155	118	429	83	356	131	726	583	141	934	1072	70	635	1002	17	234	745
SHANTUNG Chanhua	172	632	26	66	194	608	201	819	256	1242	1168	271	1642	2011	93	747	1269	10	103	255
CHIH LI Tsunhua	66	265	173	705	106	436	321	1713	146	1029	700	151	1333	1130	47	591	679	7	105	170
Tanghsien	181	532	127	370	308	1028	402	1555	382	1796	1725	376	2293	2770	128	1118	1772	31	393	924
Hantan	54	210	9	37	43	159	79	342	51	235	249	107	665	486½	133	1208	2113	104	1380	4230
Totals	10	1740	800	2819	1333	5309	1486	6906	1158	6176	5263	1138	7491	8142½	500	4502	7249	172	2288	6435
Average size of Family		3.4		3.5		4.0		4.6		5.3			6.6		9.0				13.1	

51 (To be Continued)

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TABLE B. IIIA. FAMILIES CLASSIFIED BY SIZE.

County	NUMBER OF FAMILIES CONTAINING																				Total Families		
	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons	9 persons	10 persons	11 persons	12 persons	13 persons	14 persons	15 persons	16 persons	17 persons	18 persons	19 persons	20 persons		over 20 persons	
Chinhsien	24	68	82	63	55	39	11	10	6	7	2			1								368	
Icheng	5	18	58	56	75	55	27	21	22	8	7	3	1	2	2	1	5				1	367	
Kiangyin	17	62	107	115	128	93	57	30	15	15	7	8	5	3	2		1					2	667
Wukiang	16	39	64	86	57	35	7	8	5	4	1	1	2										325
East China Villages	62	187	311	320	315	222	102	69	48	34	17	12	8	6	4		6				1	2	1727
<i>Proportion per 1000</i>	<i>36</i>	<i>104</i>	<i>180</i>	<i>185</i>	<i>183</i>	<i>128</i>	<i>60</i>	<i>40</i>	<i>28</i>	<i>20</i>	<i>10</i>	<i>7</i>	<i>5</i>	<i>3</i>	<i>2</i>	<i>1</i>	<i>3</i>				<i>1</i>	<i>1</i>	
Suchow	18	58	82	106	102	80	44	28	23	21	14	10	7	9	1	1	2	4	3	1	1	615	
Chanhua	85	126	209	224	185	130	100	64	39	19	15	10	9	2	1	1	2		1		1	1223	
Tsunhua	17	72	116	172	175	138	85	72	42	33	26	17	13	5	7	8	3	1	2	3	10	1017	
Tanghsien	140	249	320	362	326	193	127	68	41	25	23	14	6	13	9	4	2	2	2	3	6	1937	
Hantan	9	51	62	66	87	56	54	30	43	17	14	14	11	9	9	5	5	10	6	4	18	580	
North China Villages	251	498	707	824	773	517	366	234	165	94	78	55	39	29	26	18	12	13	11	10	35	4755	
<i>Proportion per 1000</i>	<i>53</i>	<i>103</i>	<i>149</i>	<i>174</i>	<i>163</i>	<i>109</i>	<i>75</i>	<i>49</i>	<i>35</i>	<i>20</i>	<i>16</i>	<i>12</i>	<i>8</i>	<i>6</i>	<i>5</i>	<i>4</i>	<i>3</i>	<i>3</i>	<i>2</i>	<i>2</i>	<i>7</i>		
All Villages	331	743	1100	1250	1190	819	512	331	236	149	109	77	54	44	31	20	20	17	14	12	38	7097	
Number of persons in each group	331	1486	3300	5000	5950	4914	3584	2648	2124	1490	1199	924	702	616	465	320	340	306	266	240	988		

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APPENDIX C.
TABLE C. 1. SIZE OF HOLDINGS.

Size of Holdings: Local <i>Mu</i>	KIANGSU COUNTIES												CHEKIANG				ANHUI				SHANUNG				CHIHLI COUNTIES												
	ICHENG				KIANGYIN				WUKIANG				CHINHSIEN				SUCHOW				CHANHUA				TSUNHUA				TANGHSIEN				HANTAN				
	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	Holdings	% of total	Area: local <i>mu</i>	% of total area	
Under 3 <i>mu</i>	27	7.4	54	1.3	82	12.9	136	.9	28	9.1	42	.9	42	16.0	64	1.4	46	9.1	83	.3	123	11.5	210	1.8	56	6.5	104	.4	281	17.2	484	2.4	35	7.7	56	.2	
3-5 "	100	27.2	396	9.6	177	28.0	713	5.0	55	17.8	215	4.4	35	13.3	139	2.9	76	15.1	302	1.0	244	22.9	987	8.3	158	18.4	662	2.7	397	24.4	1573	7.8	40	8.8	157	.7	
6-10 "	129	35.3	1076	26.0	212	33.5	1695	11.8	77	25.0	527	12.7	54	20.5	445	9.4	87	17.3	710	2.5	316	29.7	2445	20.6	184	21.4	1521	6.2	427	26.2	3300	16.4	47	10.2	380	1.5	
11-25 "	87	23.3	1391	33.7	105	16.6	1703	11.9	110	35.7	1734	35.0	75	28.5	1247	26.1	107	21.1	1826	6.3	323	30.3	5495	46.3	227	26.6	3956	16.4	360	22.2	5858	29.2	73	16.2	1224	4.9	
26-50 "	19	5.4	645	15.7	36	5.7	1203	8.4	25	8.2	910	18.3	43	16.3	1577	33.1	61	12.1	2332	8.1	55	5.2	2176	18.4	123	14.3	4729	19.4	106	6.5	3818	19.0	106	23.5	4397	17.3	
51-100 "	1	.3	60	1.5	9	1.5	541	3.8	9	2.9	584	11.9	11	4.2	734	15.4	66	13.1	5256	18.2	3	.3	195	1.6	73	8.3	5400	22.2	45	2.8	3119	5.6	83	18.4	6398	24.5	
101-200 "	3	.8	500	12.2	6	.9	769	5.3	3	1.0	420	8.5	2	.8	238	5.0	42	8.3	5913	20.6	....	....	....	....	32	3.7	4257	17.4	8	.5	1161	5.8	49	10.8	7272	28.7
201-500 "	....	....	....	....	2	.3	507	3.5	1	.3	400	8.3	1	.4	320	6.7	12	2.4	3642	12.6	1	.1	351	3.0	6	.7	1921	7.9	3	.2	760	3.8	20	4.4	5622	22.2
501-1000 "	2	.3	1110	7.7	5	1.0	3880	13.4
over-1000 "	2	.3	6014	41.8	2	.4	4900	17.0	1	.1	1820	7.4
Total	366		4,121		634		14,391		308		4,931		263		4,764		504		28,844		1065		11,867		860		24,369		1627		20,073		453		25,507		
Families without land	1				33				17				105				111				158				157				308					127			
Average size of holdings	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	local <i>mu</i>	standard <i>mu</i>	
	11.3	12.5	22.7	25.1	16.0	17.4	18.1	4.9	57.2	92.4	11.14		28.3	24.8	12.3	13.08	56.3	52.2																			

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TABLE C. II. FAMILY INCOME IN RELATION TO SIZE OF HOLDING.

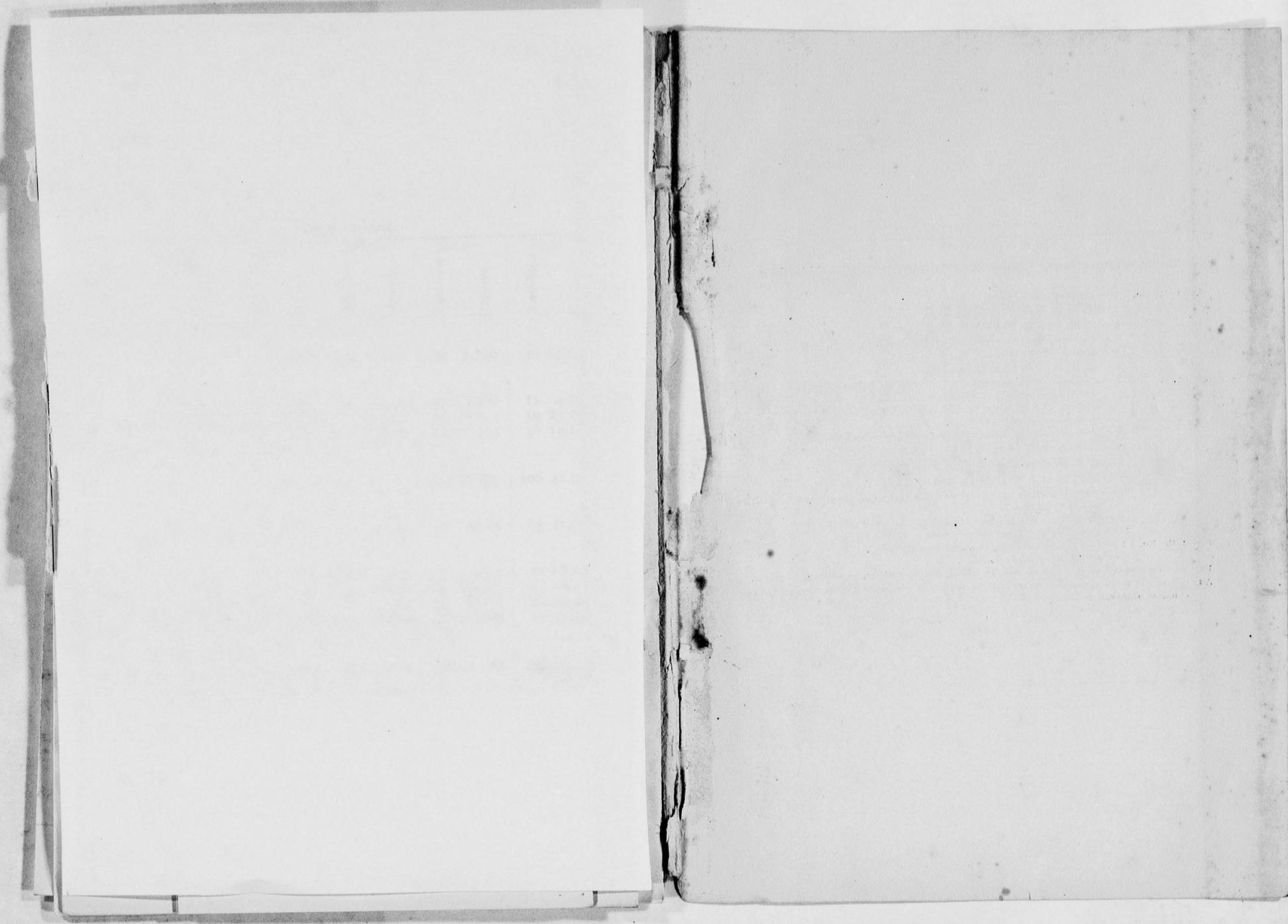
	Income of families without land from			Income of families with less than 3 mu from				Income of families with 3-5 mu from				Income of families with 6-10 mu from				Income of families with 11-25 mu from				Income of families with 26-50 mu from				Income of families with over 50 mu from			
	Home Industries	Wages	Other Sources	Home Industries	Farm Products	Wages	Other Sources	Home Industries	Farm Products	Wages	Other Sources	Home Industries	Farm Products	Wages	Other Sources	Home Industries	Farm Products	Wages	Other Sources	Home Industries	Farm Products	Wages	Other Sources	Home Industries	Farm Products	Wages	Other Sources
CHEKIANG Chinhsien.....	\$466	4,930	1,259	679	2,271	1,098	....	412	2,507	928	....	519	6,500	1,021	141	1,368	12,645	1,714	664	885	12,139	2,812	646	471	6,674	2,885	2,903
KIANGSU																											
Icheng .....	....	....	....	....	1,445	164	....	....	7,650	625	....	....	14,163	791	....	....	13,549	659	....	....	8,912	297	....	....	....	....	....
Kiangyin .....	....	795	300	61	2,647	616	....	117	13,481	1,017	....	111	32,367	1,272	130	17	32,181	811	70	40	22,131	140	440	....	16,230	1,000	30,778
Wukiang	11	320	30	271	474	514	10	637	2,347	890	33	2,230	6,983	875	56	4,324	18,890	2,117	480	....	9,661	930	560	224	9,439	30	620
Kiangsu villages	11	1,115	330	332	4,576	1,294	10	754	23,478	2,534	33	2,341	53,513	2,938	186	4,341	54,620	3,587	550	40	40,704	1,367	1000	224	25,669	1,030	31,398
ANHUI Suchow.....	310	11,835	214	113	464	2,125	40	39	1,573	3,788	183	103	4,147	3,444	136	250	9,420	4,233	124	100	7,486	2,118	141	713	68,313	20,970	11,591
CHIHLI																											
Tsunhua .....	....	3,436	104	....	726	728	....	....	4,314	1,424	6	....	7,437	1,152	57	....	15,749	923	135	....	18,680	587	100	....	56,117	1,011	3,406
Tanghsien	132	2,023	1,464	38	1,845	1,223	374	163	5,978	1,576	679	85	12,908	1,633	419	350	24,269	985	910	152	17,221	1,109	459	....	20,695	5,120	3,958
Hantan	1,465	2,707	529	2	209	100	87	....	391	173	123	....	1,015	471	213	40	3,629	936	292	435	20,714	2,116	195	210	38,715	14,384	1,592
Kichownan .....	....	350	10	....	308	331	....	....	408	527	....	5	275	185	....	....	511	52	....	30	6,457	1,370	600	3,500	80,778	11,965	94,200
Chihli villages	1,597	8,516	2,107	40	1,088	2,382	461	163	11,091	3,700	801	90	21,635	3,441	689	390	44,158	2,896	1,337	617	63,072	5,182	1,345	3,710	256,305	32,530	103,165

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TABLE C. III. FAMILIES CLASSIFIED BY TOTAL INCOME.

	Families included in return	Families not included	Total income	Under \$50		\$50—		\$70—		\$90—		\$110—		\$130—		\$150—		\$200—		\$300—		\$500—		\$1000—		\$2000—		over \$5000	
				Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income	Families	Income
CHEKIHNG Chinh sien	365	3	\$68,540	71	2,532	45	2,718	44	3,515	21	2,114	32	3,839	22	3,081	36	6,136	32	7,749	36	13,610	18	11,555	7	8,710	1	2,980		....
KIANGSU																													
Icheng	366	1	48,175	71	2,729	64	3,975	50	4,163	28	2,821	27	3,289	25	3,535	48	8,970	36	9,266	11	4,295	5	3,932	1	1,200		....		....
Kiangyin	648	19	156,782	106	3,926	59	3,773	61	5,354	67	7,022	42	5,461	44	6,422	82	14,569	79	18,204	59	23,239	37	25,218	7	8,458	3	9,176	2	24,960
Wukiang	319	7	62,856	43	1,278	34	2,056	28	2,312	34	3,407	29	3,475	19	2,700	27	4,846	45	11,024	36	14,186	21	13,748	3	3,824		....		....
Kiangsu villages	1333	27	267,813	220	8,033	157	9,804	139	11,829	129	13,250	98	12,225	88	12,657	157	28,385	160	38,494	106	41,720	63	42,898	11	13,482	3	9,176	2	24,960
ANHUI Suchow	558	57	153,972	94	3,030	64	3,911	66	5,299	44	4,401	47	5,630	32	4,530	53	9,100	50	12,802	55	21,594	36	26,036	6	8,700	9	28,118	2	20,822
CHIH LI																													
Tsunhua	951	66	116,142	547	12,958	91	5,553	60	4,933	29	2,920	32	3,973	20	2,852	31	5,460	55	14,073	44	18,131	30	19,769	8	10,610	3	8,450	1	6,460
Tanghsien	1866	69	106,289	1,375	26,916	149	8,905	86	7,056	52	5,205	48	5,796	28	4,035	44	7,681	44	10,921	24	9,436	11	9,035	4	5,909		....		....
Hantan	519	61	150,733	220	4,364	34	2,076	34	2,774	14	1,416	15	1,759	18	2,550	30	5,404	27	6,959	47	19,447	43	30,153	23	33,844	14	39,984	1	5,400
Kichownan	337	85	201,882	135	2,567	8	482	8	648	6	595	5	627	9	1,305	24	4,380	42	10,720	43	17,545	34	23,503	11	14,930	7	19,540	5	105,040
Chihli villages	3673	281	575,046	2,277	46,805	282	17,016	188	15,411	101	10,139	100	12,155	75	10,742	129	22,925	168	42,673	158	64,559	118	82,460	46	65,393	24	67,974	7	116,900

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“PHILANTHROPY WITHOUT TEARS!”

Buy Anti-Famine Stamps

FAMINES are of such frequent occurrence in China that they are regarded by the inhabitants of the thickly settled district as the natural consequence of flood or drought. Scarcely a year passes in which there is not a serious food shortage in some portion of the country due to the uncontrolled forces of nature. Once every few decades these conditions obtain in such a wide territory as to result in famines of almost unbelievable severity. There are still many in China who can recall the drought famine in 1876-8, when the death toll was estimated at from 9 to 11 millions.

The famine of 1920-21 is of too recent date to make a lengthy report of its causes and results necessary. It will be recalled, however, that the conditions throughout northern China were almost analagous to those of 1876-8. But the presence of the railway, together with the prompt and adequate relief which was given, held the death toll down to something like a half million.

The China International Famine Relief Commission was organized at the close of this famine. Those individuals who are responsible for its program, after careful consideration, have come to feel that the time is now ripe to attack the problem of famines at its core and to devote its main energies toward prevention. Information as to the methods employed will be gladly furnished to all who will apply to the Head Office of the Commission, Peking, China.

The Anti-Famine Stamp is being sold by the Commission to provide additional funds for the prosecution of its famine prevention work. We are assured by engineers and economists that the problem can be solved. We have the organization and the confidence of the people necessary to lead the way to a better era for China's suffering millions. Our progress will depend on the measure of public support which we receive. *Buy and use Anti-Famine Stamps.*

Issued by the

CHINA INTERNATIONAL FAMINE

RELIEF COMMISSION

6 TEAI CH'ANG HUTUNG, PEKING, CHINA.

(L.C.L.)

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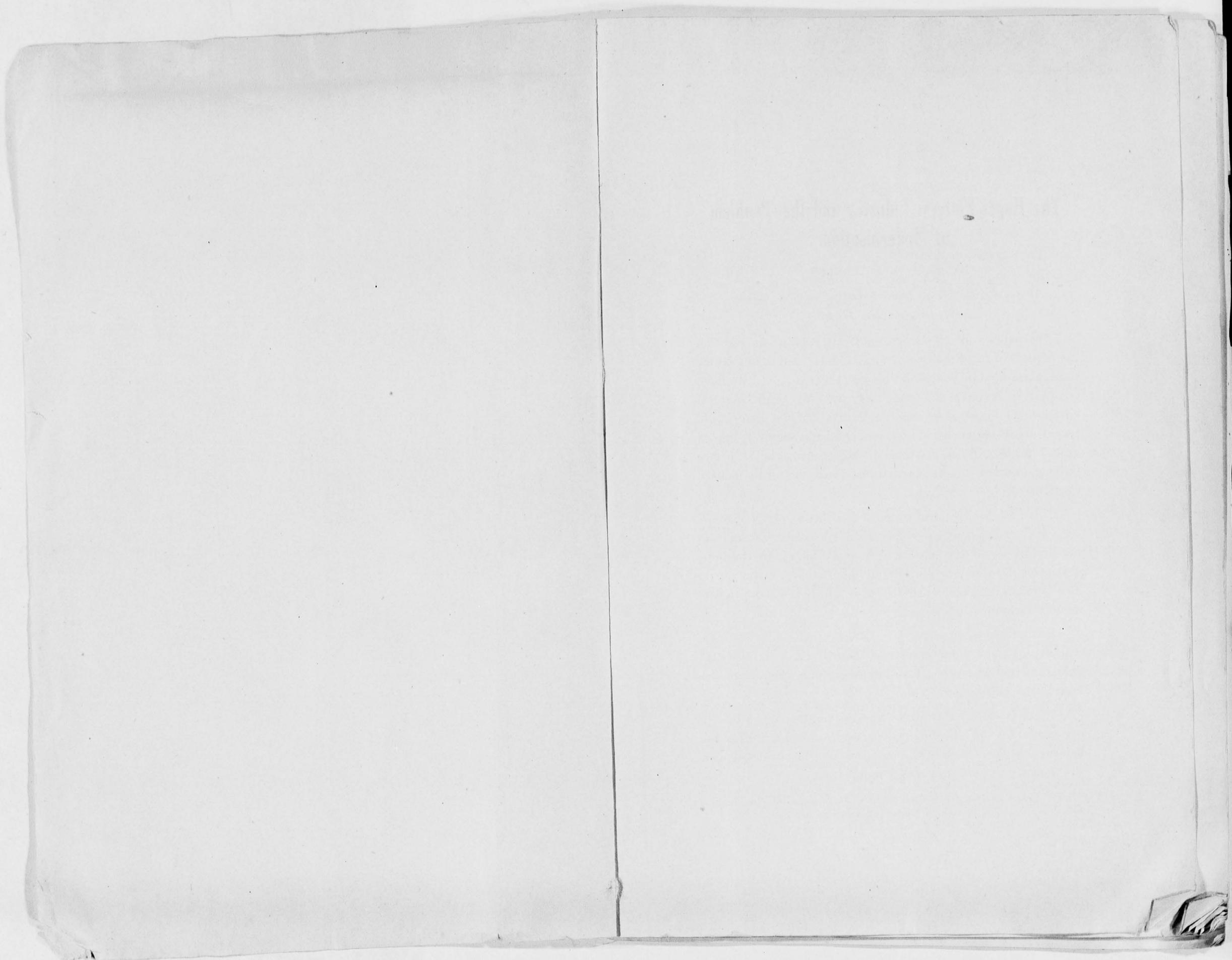
The
HOPEI POTTERY INDUSTRY
and the
PROBLEM OF MODERNIZATION.

By
Prof. J.B. Tayler
Yenching University, Peiping.

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April, 1930
Peiping.

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The Hopei Pottery Industry and the Problem of Modernisation

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The paper which I am to read this evening is based on the earliest of some studies of local Chinese industries which were commenced in Yenching University a year ago.¹ We have felt that an intimate knowledge of different traditional industries and forms of economic organization in China would reveal many phases of interest and perhaps some of importance, and that it was desirable to make such studies before Chinese economic life has been transformed too far by modern contacts.

It has also been our purpose to study as closely as possible the changes which these economic organizations are undergoing under the impact of modern forces, in the hope that some light may be thrown on the changes in industrial structure and psychological attitudes which the adoption of modern technique entails.

Behind these enquiries has also been the desire to see whether in these older industries there is the possibility of modernisation without necessarily absorbing them into one large scale corporation.

The material of this study has been gathered by one of our graduates, Mr. Li Shan-chen, whose home was near the chief pottery centre, and who first revealed his knowledge of the industry in his senior thesis in 1925.

1. It is hoped shortly to publish a full account of this research as No. 1 of a Yenching Series on Chinese Industry and Trade.

The province of Hopei does not occupy a very commanding place in pottery production in China, as is shown by the following table:

Table I. *Annual Value of Porcelain and Pottery Production in China. (Geological Survey, 1925.)*

Kiangsi	.....	\$6.5 Millions
Kwantung	.....	5.0 "
Fukien	.....	2.0 "
Kiangsu	.....	1.2 "
Manchuria including Dairen	.....	1.5 "
Hopei	.....	1.0 "
Hunan	.....	.2 "
Other provinces	.....	.4 "

It will be seen that it comes sixth in the list. While there are many isolated kilns producing coarser forms of earthenware, the industry, so far as this province is concerned, is largely located in two centres which present a very interesting contrast. On the one hand there is P'eng Ch'eng, on the other hand T'ang Shan. P'eng Ch'eng is a few miles to the west of the Peking-Hankow railway in the extreme southwest of the province, close to the border of Honan, in the county of Tz'u Hsien, literally the "pottery county". The manufacture existed in this locality as early as the Sui Dynasty (587-617 A. D.) and was famous during the Sung Dynasty.

T'ang Shan is in the northeast of the province on the Peking-Mukden railway, and has only become important in recent years. It is true that there was some manufacture at the beginning of the Ming Dynasty when it was carried on by Koreans, but the market was purely local until the coming of the railway, and it was later influenced by the opening of the pottery section of the Chee Hsin Cement Works.¹

1. T'ang Shan is now the centre of an important coal mining industry and the site of the large railway works of the Peking-Mukden railway, and in addition has a large modern cement works and textile factory.

I. CHARACTERISTICS OF THE TRADITIONAL INDUSTRY,
AS SEEN MAINLY AT P'ENG CH'ENG.

The two centres both exhibit several of the features common to these local industries. Thus it is characteristic of them both that they are based almost exclusively on the materials available within a short distance of the works, and that the manufacture, while highly skilful, is based on a purely empirical technique. In the case of T'ang Shan for instance, the clay belongs to the same geological horizon as that of P'eng Ch'eng, and has lately been shown to be of the right chemical composition for the manufacture of porcelain, but at one time only the ordinary jars or water *kangs* were produced here, the reason being that no local materials suitable for producing any but a common brown glaze were known. In P'eng Ch'eng appear various grades of clay suitable for (a) table and other household wares, (b) jars and water *kangs*, and (c) a cheap ware known locally as "sandy" ware. It also has other materials for a white opaque glaze, a colourless glaze, a brown glaze, as well as an abundant supply of cheap coal.

The second characteristic of these industries is the way in which they dovetail in with agriculture and the general economic life of the district. In T'ang Shan the industry was for long carried on by farmers who took to it as a winter occupation, only firing the kilns twice in the season. They were left idle for the rest of the year, as is the case with many of the brick kilns one sees dotted over the Great Plain. In P'eng Ch'eng the method by which the clay for making the finer ware of the district is worked is another example of the same dovetailing. It is worth describing.

The clay for making the bowls is a soft grey material occurring at a depth of sixty to one hundred feet, and is extracted from localities within one or at most two miles of P'eng Ch'eng. This is done by local farmers during the enforced idleness of the winter season. A group of six or seven will join together to sink a shaft. The latter is approximately five feet in diameter. Occasionally blasting is practised, to get through

the harder rock. A similar shaft some three feet in diameter is sunk for ventilation purposes. The workers and the materials are raised and lowered by a windlass turned by two men. The regular team consists of two men hewing the materials, two men pushing it to the foot of the shaft, one man to see to the hoisting at the bottom, and two men on the surface.

The landlord on whose ground the shaft is sunk is paid \$5 for permission to do this, and receives in addition 3% of the output. The clay seams which are frequently six feet thick are followed for considerable distances, frequently, it is said, for a quarter of a mile, and sometimes for as much as a mile. Nothing, however, is paid to landlords under whose land the galleries run. It is the one in whose field the shaft is situated who draws all the royalty.

It is characteristic of these simple arrangements that the workers are paid on a share basis. The two diggers or hewers of clay, as being in charge of the more important part of the work, receive slightly more than the others, namely 15% each of the total net takings, as against 13.4% each for the other five men. The clay is carried by wheel-barrow or mule-cart to the potteries. A gang of this kind will, it is said, excavate nearly seven tons of clay in a day, and will then require two days to deliver that amount at the potteries where it sells for one cent per ten catties. This works out at an average of about 55 cents per day per man. The whole cost of such a well or mine is only about \$127.

Table II.

Sinking the well, including the blasting of the rock		\$70
Windlass	.....	15
Other gear for hoisting.	.....	17
Labour and materials.	.....	13
Implements.	.....	11
Baskets (4)	.....	1
Total		<u>\$127</u>

6. All money is given in silver dollars, whose value in terms of gold is constantly changing.

The third characteristic of these industries is that, while the aggregate production is large, the individual business units are small. In the case of pottery the unit is determined by the kiln. In Hopei the usual kiln for making bowls is capable of firing 60,000 bowls of a medium size at one operation, and the kilns for jars are larger still because of the greater size of the articles produced.

In P'eng Ch'eng there are 211 kilns in 81 separate potteries for the manufacture of bowls, and 32 kilns in 31 potteries for jar making, in addition to 6 small kilns which are a recent innovation, and of which something will be said later. A pottery is not always operated by one firm. There are 95 separate business firms operating the 81 potteries engaged in the bowl making, the largest holding 8 kilns. Some of them are leased by the present occupiers at an annual rental of \$150 per kiln.

Table III.—Potteries Grouped According to Number of Kilns.

Kind of kiln.	One Kiln	Two Kilns	Three Kilns	Four Kilns	Five Kilns	Six Kilns	Eight Kilns	Total of Potteries	Total of Kilns
Bowl making	12	33	19	13	2	1	1	81	211
Jar making	30	1						31	32
New types of small kiln	6							6	6
TOTALS	48	34	19	13	2	1	1	118	249

Table IV.—Number of Separate Owners or Operators.

Kind of kiln	One Kiln	Two Kilns	Three Kilns	Four Kilns	Five Kilns	Six Kilns	Eight Kilns	Total No. of Owners
Bowl making	29	40	11	10	3	1	1	95
Jar making	30	1						31
New Types of small kilns	6							6
Total	65	41	11	10	3	1	1	132

The kilns for bowl making are all concentrated in one side of the town, while those for making jars are found in a suburb on the other side of the town.

The plant connected with each kiln is also of a very simple description. The kiln with its accessories including the land on which it is built is estimated to cost in round figures \$4,000, and of this amount less than \$600 are for equipment other than land or buildings. The detailed figures are given in Table V.

Table V.—Land, Buildings, and Equipment.
Bowl Kiln in P'eng Ch'eng.

General.			
Land - 5 mu at \$50		\$250	
Office - 2 chien		60	
Walls		1050	
Gates (2)		40	
			\$1,400
Specific.			
13. Blunging			
Blunger		30	
Well (water)		50	
Windlass (for the well)		12	92
4. Settling.			
Tanks (3)		30	30
5. Caves (3)		1,050	1,050
6. Wheels (4)		20	
Boards (4)		8	28
7. Shelves (200)		50	50
8. Wheels for Hollowing		20	20
9. Roller		50	
Pit		30	
Jars		50	130
10. Iron Wheels (3)		4.50	
Knives (3)		.15	4.65
14. Bowls and Pens		.19	.19
16. Saggars (3,900)		152	
Wheels (2)		10	
Axles (2)		3	165.

1. These numbers refer to the order of the process as given in table describing the process of manufacture.

17. Kiln (1)	900	
Shelves (5)	15	
Poles (6)	8	923
20. Pokers (5)		
Shovels	2.50	2.50
21. Wheelbarrows (3)	24	24
25. Storerooms (2)	60	60
		Total
		\$ 3,979.34

It will be seen that there is no grinding machinery in these potteries; the glaze is ground at a water wheel on a small river a mile away. The clay is simply broken by corrugated rollers and mixed with water in circular pits by a kind of rake operated by a team of mules. Thus the process of manufacture is also of the simplest character.

Process of Manufacture. The clay is allowed to weather, and is then mixed with water as described. In this mixing, grains of heavier materials separate at the bottom and are removed by women who dispose of them for other industries for which they are suitable. After thorough admixture the liquid is run into a settling tank in which it is allowed slowly to evaporate until it has attained the right consistency. When it is ready for use, the clay is kneaded and is then thrown on to a wheel made of flat stone and rotated by hand. Another wheel of a different type, consisting of a revolving disk, is used for hollowing out the bottoms of bowls. It is usual to have four wheels of each type. These are placed in long low rooms with circular arched roofs known locally as "caves", about 60 to 80 feet long, which are also used for storage purposes and as living quarters.

A skilful potter is able to make about 500 bowls per day at the wheel. As made they are set out to dry for two or three days, after which the bottom is hollowed out, and then the bowls are dipped in the material that forms the slip, and when

that is dry enough, in the white glaze. Next comes the painting which, if no instructions have been given, means the application of a conventional design by hand.

After drying in the "caves," the bowls are ready for burning. For this purpose they are loaded into saggars, that is fire-clay containers, and charged into the kiln by the members of the "wheel." A kiln for burning bowls of a medium size will take a charge of 60,000 and will burn 40,000 catties of coal. It takes three or four days to burn. The temperature is judged by the melting of small pieces of clay shaped like chickens at intervals in the narrow passages between the saggars, which serve the purpose of seager cones. After the requisite heat has been obtained the fires are stopped, and the kiln is allowed to cool, being partly opened for the purpose. The discharge of the kiln does not require any special skill, and is done by casual labour. The spoilt goods are rejected; the remainder are bound in straw ropes which serve as packing, and taken to the store room on the market street.

Personnel of a pottery. Each of the firms has an individual owner. A manager is in charge who receives the incredibly small salary of \$70 a year in money, together with board and lodging valued at about \$60—a total of \$130 a year. The salesman, who is independent of the manager, receives slightly less, the total being approximately \$110 a year. No other paid clerical help apparently is maintained. When assistance is required, younger members of the families concerned seem to furnish it.

The workers most closely associated with the potteries are the men who form the "wheel". They are paid by shares in the product, receiving one-half of the cheaper kinds of ware, and one-third of the finer. Their position seems to indicate that originally they were regarded as partners in the concern. This may perhaps be a heritage of the great days when, under Imperial patronage, pottery was becoming a fine art, and the craftsman occupied the centre of the picture.

Even to this day they have a voice in the things which are to be made, and are responsible for breakages, and they cannot be dismissed at will. This status, however, seems to be weakening. It is irksome to the manager who cannot easily deal with careless workers. In some lines of manufacture they are obliged to sell their share of the product at fixed prices distinctly below the market price of the goods, and in other cases they are being relieved of responsibility for breakages but with the loss of some of their privileges.

From the side of the worker this system of sharing has its disadvantages. If they are unable to wait for several weeks for their share, they must secure advances. These involve disputes over interest rates. And the temptation is great to draw too heavily in advance and create a situation which leads to more or less permanent indebtedness. The result is that the system leads to frequent friction and much ill-feeling. It is interesting to notice that in the bowl section 90% of these men are Honanese, coming from the county from which this industry moved to P'eng Ch'eng four or five hundred years ago, while in the jar industry the majority come from Shansi.

The painters are paid piece rates, and are accustomed to move from one pottery to another in search of work.

The team of four men who fire the kiln are experts who are hired by the job.

The mixing of the clay in the blunger and of the material for the slip and glaze is done by mule teams hired by the day. It is customary for all but the best paid of the permanent workers to live on the premises. The single men live in the large sized store rooms or "caves", while the smaller store rooms are divided by partitions for the families of the married workers. When it is remembered how long these caves are and that they are lighted mainly at one end and are provided with only 4 small ventilators along their whole length, it will be realised that light and ventilation are not good.

Table VI. *Personnel of One Kiln. Bowl Pottery.*

	<i>Men</i>	<i>Method of Engagement and Remuneration.</i>
Proprietor	1	
Manager	1	{ Engagement by the year, salary paid monthly, board and lodging provided.
Salesman	1	
4 "Wheels" each consisting of clay-worker, potter and glazier.	12	Engaged yearly. Paid by share of the product.
Yard Coolie	1	{ Monthly wage and keep.
Cook	1	
Painters	3	Paid by piece—sometimes divide their time between different potteries.
Mule-teams	2	Hired by day.
Team of burners	4	Paid by job and serving several potteries.
Unloaders Carriers and Packers		{ Casual—paid by the piece.

As we shall see later, the disturbed condition of the country has seriously interfered with the working of the potteries in the last few years, and the earnings of the workers are correspondingly depressed. Where formerly the more skilled men made 60 cents to 70 cents a day, they now on an average make only 40 cents to 50 cents. The burners and the clay workers average 30 cents to 40 cents a day. In prosperous times the skilled potters, after working for a number of days accumulating a little money, break off work and in their best gowns frequent the tea shops, returning to the pottery only when their money is exhausted.

Labour Relations and Strikes. It is sometimes thought that the cause of unrest in modern industry is due to the impersonal relations between master and men, but the smallness of the group attached to each pottery in P'eng Ch'eng has not resulted in harmonious working. A monument still stands in Tz'u Hsien to commemorate the settlement of a strike by the local magistrate. The men had been induced to down tools by

one of their number, the reluctant majority being intimidated by the more aggressive minority. Later some of the majority members appealed to the district magistrate who flogged the ringleaders, and formulated rules which were to be observed in the future under very severe penalties in case of infringement.

In 1919 the workers organised to secure higher wages. A proposal to strike was defeated by the owners who bribed the weaker members and attempted to break up the union. Ill-feeling continued for two years which were marked by minor troubles. This state of affairs culminated in 1922 with a strike by the firemen, which was answered by a general lockout of the owners. The less determined strikers went back under the compulsion of hunger, and their ranks were increased by new men drawn in from outside. On this occasion also the magistrate intervened. He attempted to create a board to deal with the industrial disputes. This was to consist of three representatives of the workers, three of the employers, and two of the local gentry, with the chief of police as convener. However, this plan proved abortive; masters and men continued to go their own way, and no use was made of this board of conciliation.

Last year the situation took on a new phase. In the spring the local Kuomintang party agents organised the workers into a union, and created a joint board known as the Pottery Association. In this board the director of the employees' union was chairman, and the director of the employers' union secretary. Arrangements were made which meant increases for all classes of workers, the increases in some cases amounting to as much as 60%, and pressure was brought to bear on various firms to continue production, even though it was at a loss. Another drastic step taken by the Party was to abolish the systems of apprenticeship which had previously obtained, and no firm was allowed to take any more apprentices.

1. There were formerly two main forms. Under one system the apprentices were self-supporting. After working in the pottery for two years without pay, they were free to go where they pleased. In the other case they lived in the master's home, ate his food and wore his clothes, serving for seven years. At the end of that time the master was responsible for finding work for them

With regard to the engagement and discharge of workers, it was decided:

(1) That dismissals should normally only be made in the fortnight between the 15th of the 3rd moon and the 1st of the 4th moon.

(2) That if an employer wished to dismiss a worker, he must issue a statement through the masters' union setting forth his reason. Unless this is accepted by the labour union, the dismissal shall not take place.

(3) That if any worker wishes to leave his employer he must similarly ask the labour union to prepare a statement, and without the agreement of the masters' union the worker shall not leave.

The engagement of labour is to be from the 10th of the 4th moon 1929 to the 15th of the 3rd moon, 1930.

As already stated, the disturbances of recent years have reacted very unfavourably upon this inland industry. This has been due not primarily to the interruption of communications or the imposition of irregular taxes, although these of course, have been a real difficulty, but still more to the very serious difficulty in securing credit.

MARKETING

The various firms keep stores on Market Street for their bowls and finer ware; but jars are not brought into the city but are marketed at the potteries. The market for the jars is a local one; that for the bowls is a much wider, interprovincial one. The bowls are disposed of through commission houses, which are called in Chinese "pottery inns." They are houses which are run by brokers who combine the business of entertaining merchants from the big cities with their business as brokers. Originally only a nominal charge was made for entertainment, but now small fees are demanded. The visiting merchants come from Peiping (Peking) and Tientsin in the north, and from as far as Hankow in the south, and the marketing area includes,

of course, a large section of intervening country. One of the houses is run by the chief of the Tientsin merchants who also supplies the potters with some of their needs, particularly an imported colouring matter. Some of these are run by the leading pottery firms, others are run by local people, not directly connected with the potters. The commission they charge is 3%.

The goods are carried by wheelbarrow or mulecart to the railway, a distance of twelve miles or more, or if they are destined for Tientsin, to a market town on the Fu-yang River, twenty miles away. At the present time the cost of bowls in Peking, on account of irregular railway charges and taxation en route, is two-and-a-half times the price in P'eng Ch'eng. The details are given in the following table:

Table VII. *Cost of Transport & Marketing.*
P'eng Ch'eng to Peiping (Peking) (based on a charge of 60,000 bowls.)

Commission at inn in P'eng Ch'eng	\$18.00	Value of 60,000 bowls to manufacturer	\$582.
Repacking (wages and packing ropes)	9.70		
Tax at P'eng Ch'eng	.... 6.00		
Freight to Kuanglu	.... 40.00		
Charges at Kuanglu	.... 17.86		
Tax at Kuanglu	.... 15.00		
Freight to Peiping	.... 251.67		
Railway charges at siding	.... 33.00		
Handling	.... 4.00		
Tax at Peiping	.... 53.57		
Merchants' overhead and profits at Peiping (Allowing for 10% breakage)	320.20	Value of 54,000 bowls to wholesale dealer	\$1,350.
Cartage to store	.... 20.00		
Retailers at Peiping	.... 170.00	Value of 54,000 bowls to retailer	\$1,540.

Finance. Ten or twenty years ago the owners of the potteries, when necessary, borrowed money from the rich men of the neighbourhood, pledging their lands, houses and so forth as security. The rich men comprised chiefly landowners and the owners of oil presses situated to the west of P'eng Ch'eng. As time went on, conditions changed and the merchants took the place of the local gentry as the chief money lenders. When one of the pottery owners wished to borrow money from a merchant, he would approach the master of the commission house who acted as middleman. The price was fixed at which the merchant could secure the goods in consideration of an immediate advance. The goods were delivered at stated intervals, the price usually being seven-tenths of the regular market price. The local gentry charged 3% per month for their loans, but the merchants exacted in effect a much higher rate. This depended on the length of time allowed for the repayment, which might be three, six, or twelve months. They were repaid in goods, at the discount mentioned, in one, two, or four instalments respectively. This is equivalent to an interest rate per annum of 172% for the short periods, and approximately 137% and 89% for the longer periods, the exact figure depending on the dates of delivery of the chinaware. The longer periods are only granted to the more reliable firms. The whole situation is truly an illuminating commentary on the commercial capacity of the pottery owners.

In recent times the disturbed conditions and the presence of local bandits has made it quite impossible to secure loans from the local gentry, and the owners have been thrown back entirely on the merchants. In July 1929 it was estimated that seventy firms were operating kilns, in the case of twenty-five of them the kilns being rented. Of these seventy, forty were borrowers. Among the latter were ten firms in comparatively easy circumstances who borrowed money to cover the storage of their goods at times of low prices while waiting for a better market. The other thirty were compelled to borrow for the sake of working capital. It was believed that the richer firms operating thirty kilns had borrowed from \$5,000 to \$6,000, while the thirty poorer firms

operating forty kilns had between them borrowed from \$8,000 to \$10,000.

The effect of this excessive charge may be illustrated by the case of one of the thirty poorer firms borrowing \$300 repayable in three months. As already explained, the repayment is made by supplying goods at 70% of their value. In three months the kiln will usually be fired twice. The merchant will receive \$429 worth of bowls for \$300. If we distribute this between the two firings, it means a charge of \$65 per charge, equivalent to an increase of 11% in expenses. It must be remembered that \$300 represents only a portion of the working capital required. How out of proportion this charge of \$65 is to other costs can be seen from the summary statement of costs in Table VIII of the next section. Taking \$500 as the working capital required and 12% per annum as an ample rate of interest, the interest charge would work out at only \$7.50 per firing.

It is a very striking fact that, in a town with so considerable an industry representing an output of nearly a million dollars per year, there are no financial institutions offering credit to a trade as long established and closely organised as the pottery industry. The various firms concerned are thus obliged to make such private arrangements with individual merchants or landowners as they are able. It is estimated that a firm requires a floating capital of about \$500 per kiln.

Costs and Prices.

An attempt has been made to analyse the costs of production in this industry and the results are summarised in the following table:¹

Table VIII. *Cost of Making a Charge of 60,000 Bowls.*

Raw Materials	....	\$234.30
Labour	....	282.85
Repair and Renewals (including \$12 for the sagers)		26.00

¹ For a fuller analysis see appendix, Table XIII.

Overhead (Manager and salesman)	31.25	
Charge for Fixed Capital	18.75	
Total	593.15	593.15
Interest at 12% per annum on \$500 working capital	7.50	
Charges for loan of \$300 from merchants payable in goods in three months		65.00
	\$600.65	\$658.15

The bowls were valued at the same time as selling wholesale at \$582.

In this table the interest charges on working capital are exhibited in two alternative forms. One is the allowance that would have to be made on \$500 working capital at 12% per annum, and the other the enhanced cost would result from loaning on the basis already described to the extent of \$300 repayable in three months time. This represents a common case at the present time, but of course it applies to some firms and not to others. As will be seen from a comparison of the various figures, it is out of all proportion to the cost of renting a kiln¹ and exceeds the combined charges for repairs, renewals and over-head. The details on which these estimates are based are exhibited in the table in the appendix.

The prices of different raw materials exhibit very different increases in the ten year period for which we have been able to secure figures, as will be seen from the following table:

Table IX.

Increase of 1929 prices over 1919 prices.

Coal	.....	16%
Clay	.....	18%
White glaze	.....	35%
Slip	.....	42%
Cobalt (imported)	.....	93%
Sagger Clay	.....	300%
Fireclay	.....	800%

¹ Kilns and their accessories are being rented today at \$150 per annum, which represents a return of 3½% on capital cost.

It is interesting to notice how little the cost of clay and coal have increased. Evidently the general increase of prices in the larger centres has not yet produced its full effect in these remoter districts. The very large increase in the clay for saggars and fire clay has not been enquired into. It may be presumed, however, that it is due to the exhaustion of local materials and would indicate the necessity of looking for new sources of supply.

The study of prices of different lines of pottery has not been carried as far as we hope to go with it but it shows some remarkable divergences as will be seen from the following table:

Table X. *Table of Price Changes.*

Articles	1919	1929	Percentage Increase or decrease.
A. "Old age" pot	.308cts.	.125cts.	-60%
Big Duster Vase	.181cts.	.10cts.	-44.7%
B. Rice Bowl	.0067cts.	.01cts.	49%
Big Wine Pot.	.015cts.	.02cts.	33%
C. Five inch Plate	.0094cts.	.015cts.	59.9%
Large Tea Pot.	.018cts.	.03cts.	66%
D. Night Chamber	.026cts.	.072cts.	177%
Hanging Lamp.	.003cts.	.01cts.	223%

An examination of these separate groups partially explains these differences. Those goods which show a decline in price are mostly luxury goods not used by the poorer families. There has been a tendency for these to be displaced by the superior Kiangsi goods. In one case the fall in demand from which the decline in price has resulted seems to be due to changing habits, largely brought about by the dying out of an old superstition.

The large increases have only occurred in one or two cases, and seem to be explained by an increasing demand. An increase of from 50% to 100% in price might seem to be the normal thing for goods for which the demand has not altered very considerably. Where the increase is less than 50% it can

be explained by a limitation of the market. Cheap local wares will in a particular region displace the P'eng Ch'eng goods. We find in the case of a commodity formerly marketed in Tientsin, Peiping, and Kalgan, that it is still as popular as formerly in Tientsin, but that the Peiping and Kalgan market has almost ceased on account of replacement by glass ware. This whole subject of price movements, however, requires further study.

Modern Changes

Modern influences have begun to penetrate even to P'eng Ch'eng. Until quite recently the attitude of the owners has been one of the most intense conservatism. To follow the customs of their ancestors has been almost a religious duty. This attitude, however, is changing, and the time is probably ripe for real improvements. For some years an imported cobalt colour has been brought in from Tientsin by one of the merchants dealing regularly in the P'eng Ch'eng ware. Another innovation has been the use of the system of printing designs by the system of transfers. Men who have been trained in the Provincial Experiment station in Tientsin have come back to P'eng Ch'eng and have set up small kilns for themselves. They have been willing to make pottery to order, and to use new designs, and they make use of moulds. One of the six kilns built is an improved type which is much more economical in the use of coal than the older forms.

At the suggestion of the merchants visiting P'eng Ch'eng, the Chamber of Commerce invited a group of workmen up from Ching Teh Chen to try and introduce procelain manufacture such as they were accustomed to in Kiangsi. It is not to be expected, however, that men who have worked empirically all their lives with one set of materials could readily adapt themselves to different materials, and it is not surprising that this effort was practically fruitless.

II. MODERNISATION IN T'ANG SHAN

The industry in T'ang Shan is about three miles outside the modern town. Thirty years ago there were only twenty or

thirty kilns, but the number has grown until now there are one hundred operated by forty firms. The expansion of the industry in P'eng has been hindered by the unsettled condition of the surrounding country, but in T'ang Shan it is expanding steadily. The expansion began with the coming of the railway which extended the market for its wares very considerably. A large amount of business is done in Manchuria even as far north as Harbin. The wares also find their way to the northwest through Kalgan, on the Tientsin-Pukow railway as far south as Techow, and on the Peking-Hankow railway to Pao-tingfu.

During the last ten years the manufacture of bowls has become important, and workers have been imported from Shantung and from P'eng Ch'eng for this branch of the industry, which has come to form more than half of the total trade.

There are thus at present three rather sharply distinguished groups of workers: the local T'ang Shan people who are of a very thrifty, saving character; the Shantung potters, known as the "drinkers" from their addiction to alcohol; and the P'eng Ch'eng potters who spend a good deal of money on display, being very particular about their clothes and fond of frequenting the theatres. They are said to be apprehensive of losing their places in the future because of lessening need for their skill with the growing use of mechanical power and moulds.

The industry has not suffered so seriously as P'eng Ch'eng's from the unsettled conditions in the country, and is still expanding. There is a spirit of enterprise abroad, new machinery and new methods are beginning to be used as the result of the example of the pottery branch of the Chee Hsin Cement Company. This is a modern pottery works which was established with the help of a German expert. It uses up-to-date grinding and milling machinery. Its wheels are driven by electric motors. Most of its kilns are of modern design effecting a considerable saving of fuel (in some cases up to 50%) and allowing of more frequent firing. Materials are imported from abroad to blend with the local materials, making possible the manufacture of porcelain

ware, and entirely new types of ware are being produced; foreign style table and kitchen crockery, sanitary ware and electro-porcelain.

It is only proposed to say enough about the T'ang Shan industry to make possible a comparison of the new methods adopted there with those of P'eng Ch'eng.

Despite its primitive methods of extraction P'eng Ch'eng secures a cheaper supply of most of the essential raw materials.

The clay used at T'ang Shan comes from Ma Chia K'ou, and costs \$8 a ton compared with \$1.68 a ton in P'eng Ch'eng. Coal is also dearer, being \$6.50 against \$4.20. The white glaze material is much more expensive, being \$50 a ton as against \$22.40 in P'eng Ch'eng. Before the Chee Hsin Cement Works took up the pottery industry the glaze was even dearer, being brought from Fang Shan in Shantung at a cost of \$65 a ton. It is only the material for the slip or opaque glaze which is cheaper in T'ang Shan, being \$11 a ton as against \$20.36 in P'eng Ch'eng. The gypsum for the moulds comes from Hupei, and its present price is about \$70.56 a ton in T'ang Shan.

Modern Changes. Of the forty firms in T'ang Shan some five or six are installing modern machinery for some parts of the industry. Rolling machines are being used for preparing the clay. These are of two kinds and are driven with 10 h.p. or 12 h.p. oil engines. The material is not sieved. Wheels driven by motors have also been installed by some firms. These are driven by 2 h.p. engines. It has been found that the introduction of this improved plant has reduced the cost of the operations performed by the potter and his assistants by almost 50%. This is excluding the work done by the mule-teams and by the painters, and also the cost of firing, but includes all the other operations connected with preparing the goods for firing. The figures are given below. They do not include the cost of materials or any general overhead, but the figure for the new method in T'ang Shan includes an allowance of 10% for depreciation on the machinery, and for 30% interest on its capital cost.

Table XI.

Cost of this part of the operations by the old methods at T'ang Shan	\$440.
Cost of the corresponding operations in P'eng Ch'eng	\$290.
Cost by the new methods in T'ang Shan	\$222.

The use of the modern plant has been accompanied by an improvement in labour conditions. In the earlier T'ang Shan industry the workers lived, ate, and worked in the same rooms, and these living conditions were inferior to those in P'eng Ch'eng. Under the new conditions, however, light and ventilation are considerably improved. The floors are made of cement and the rooms are warmed. A separate room is provided for each type of operation.

The third technical improvement that has been introduced is the use of gypsum moulds in connection with the manufacture of several classes of ware.

One of the businesses in T'ang Shan has organised its labour force on a different principle from that previously obtaining. In P'eng Ch'eng and in the old-fashioned T'ang Shan firms as we have seen, the men who compose the group known as a "wheel" were rather independent and difficult to control. The firm in question desiring to change this has engaged a foreman and put him in charge of a group of workers and apprentices. The owner himself acts as manager, and sees to all buying and selling and represents the firm in all relations with other firms. The men who compose the group under the one foreman and their wages are set out in the following statement.

Table XII

1 Foreman	....	\$36 per month.
2 glaziers	....	13 " " each.
1 clay worker	....	12 " "

Apprentices:

(a) in the first year	30 per year.
(b) in the second year	60 " "
(c) in the third year	100 " "

They all receive free food in addition. These wages represent a considerable advance on the wages in P'eng Ch'eng and indeed on other wages in the pottery industry in T'ang Shan, and can only be justified economically if this organisation is more efficient than the old.

Probably as the consequence of a considerable period of prosperity the pottery owners are for the most part able to finance their own operations. This is fortunate, because the interest rate is as high as 30% per year. There is not borrowing from the merchants of the kind found in P'eng Ch'eng; indeed the boot is on the other foot. The merchants from Tientsin and Manchuria, for example, come to T'ang Shan and deal directly with the potteries. So far from making advances to the latter, the merchants themselves frequently receive credit from them. The Manchurian dealers are grain merchants who come down from Manchuria with grain and return with pottery. They arrange to pay in three to six months' time, being guaranteed by shops of T'ang Shan or the Guild of Grain Dealers. The Tientsin merchants pay in cheques on certain Tientsin banks, the cheques being payable at three days' sight. The potters cash them through the goods offices of the T'ang Shan dealers who frequently go to Tientsin, and who render this service without commission.

III. CONCLUSIONS.

The above has been a rather hasty survey of the conditions revealed by our investigator's study of these two centres of the pottery industry. In view of the situation described, it is natural to enquire what promise to be the best means of putting an industry of this kind on to a satisfactory and progressive basis.

(a) From the national point of view the first step would be the securing through the Geological Survey, with such backing as might be necessary from the Government offices concerned, a thorough study of the occurrence of the raw materials of the industry, together with analyses of tests of their chemical and physical properties. There is reason to think that China is relatively well supplied with resources of this kind. It is very desirable that sufficiently full and detailed study should be made of the available resources of all the clays, glazes and colours required by this industry. The knowledge obtained from such a survey is a necessary preliminary to lifting the industry out of its present empiric state. This would make it scientific, and free it from relying so exclusively on entirely local materials.

(b) The second important step for the improvement of the industry would consist in engaging technical experts of high standing to carry on experimental work and to run one or more model potteries in connection with which systematic instruction should be given. The function of these experts would be to solve the problems that occur in trying to put the industry on a scientific basis, and to find out more adequately what can be done with Chinese materials. The comparatively small model potteries would be run on a commercial basis supplying the regular market, but with subsidies for experimental work. The history of development in T'ang Shan indicates that the potters are quick to learn from those who are actually engaged in the trade, though as a rule unwilling to take advice from outsiders. The experience of T'ang Shan in this respect is re-enforced by that of others. In Peiping for example, Mr. S. M. Dean, whilst a teacher in a trade school, found it quite impossible to persuade the local workshops to adopt improved practices, but as soon as he ran a workshop commercially and sold his wares in competition with theirs, they immediately set to work to copy his products, and prided themselves on their success in stealing his ideas.

In other words, it is necessary to treat the small industrialist as one treats the farmer, and to *demonstrate* the practices which it is desired to have him follow.

In connection with the model pottery, practical training could be given and such general education as might be deemed advisable by the educational authorities, or the friends of the potters. It is interesting to note that in T'ang Shan the new industrial life of the city is causing the potters to appreciate the value of education and to see that their children receive at least a middle school education.

I do not pretend to have any expert knowledge of the pottery industry, but it would seem desirable that the technical training should have in mind two purposes, namely, to encourage artistic production—China's special gift—such production to be both for Chinese and world markets; and secondly, the efficient production of articles of common use in China for the domestic market. At the training centre study should be made of the new needs that are developing in the country. One of the most important of these lies in the field of sanitary ware. Owing to the farmers' use of nightsoil, Chinese needs in these matters differ somewhat from those in other countries, and a good deal of experimental work is necessary if the needs of agriculture and of health are to be reconciled.

In proposing a service of this kind which would preferably be subsidised by the Government, we are actuated by the belief that it is desirable to encourage the re-organisation and improvement of some of these local industries on the basis of independent small-scale units. There are, of course, industries which can only be carried on as large-scale enterprises, industries such as ship-building, blast furnace smelting, railways and so forth, but in other industries in which technical consideration do not necessitate a large productive unit, if the size is to be increased at all it should be quite gradually, and for improving the present business. Most, if not all of the economies of large-scale production can be secured in such cases if these small units are grouped together and supply their own needs, and

market their own products in some co-ordinated way. The improvement of groups of small-scale units does not involve so great a disturbance of Chinese social customs as does their replacement by one large factory. It can begin at once without waiting for the necessarily slow appearance of men with the outlook and capacity for large-scale enterprises. Moreover there is a distinct social gain in preserving the wider spirit of responsibility and initiative which is necessary in continuing on the basis of small units. Such a system consorts better with greater openness and democracy. Inasmuch as it calls for a large measure of co-operation and combination for purposes of common interest, it is distinctly educative and would have a high social value in these days of reconstruction in China. We have seen the need that exists in P'eng Ch'eng for a new spirit in industrial relations. This could be secured if the industry were revitalised by technical improvements achieved by a measure of co-operation. If the potters of P'eng Ch'eng united in securing the supply of their needs for materials and credit, and possibly also for power, and in establishing collective marketing arrangements, a high degree of economic efficiency could be obtained. Conditions would then approximate to those in which, we are told, the cartel has been thoroughly successful in the case of certain German industries for which the unit of production is small but the aggregate output considerable. It also would approximate to the better known case of agriculture, the small industry *par excellence*.

Meanwhile, without waiting for the realisation of any of these larger plans, and perhaps as a first step in making them possible, it is obvious that many improvements can be introduced, such as power plant for crushing and grinding materials, electrically driven wheels, improved kilns economising coal, and the use of new processes like the moulds, together with other improvements we have noticed in the detailed description of either P'eng Ch'eng or T'ang Shan. Later on will come the scientific blending of materials and, it is to

be hoped, the improvement of transport and transport organisation.

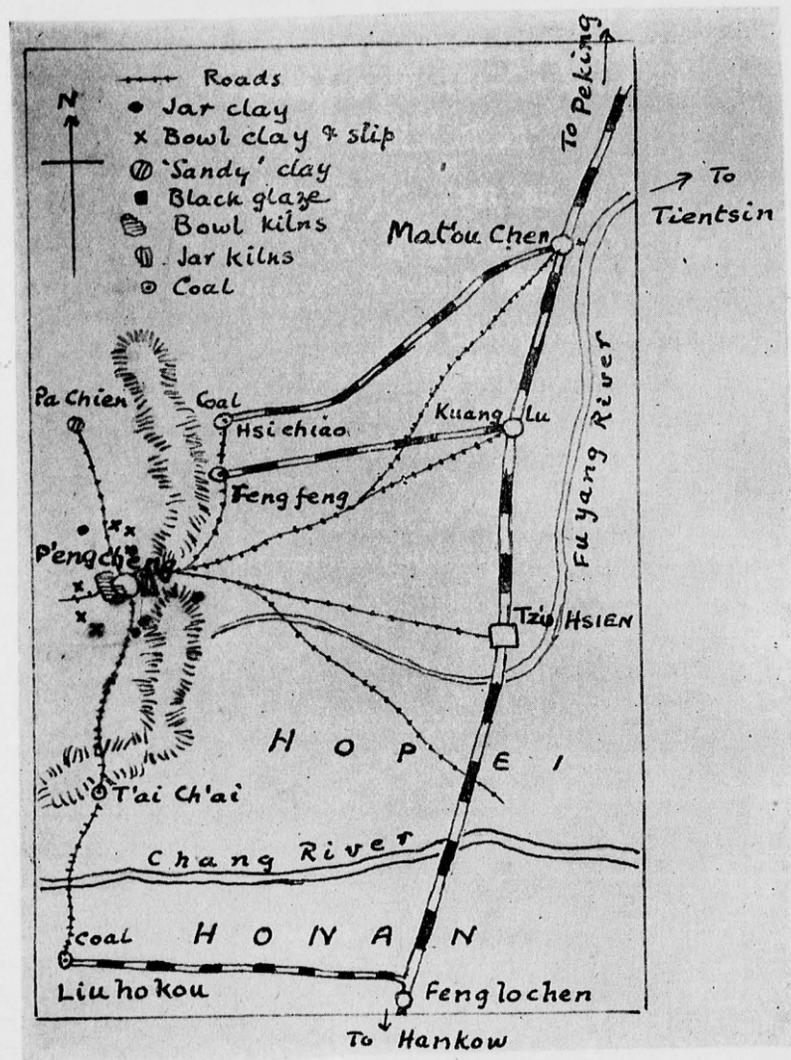
The example of T'ang Shan shows that an expert creating a modernised local industry, by his example and active assistance exercises a wide influence in improving the undertakings in his neighbourhood,¹ but undoubtedly greater results could be achieved by an expert giving his time in the way indicated to the general improvement.

(c) It is further clear that immense assistance could be given immediately by better facilities on the side of finance. Some modern institution for credit is essential; probably the most suitable would be a bank on the lines of the Schultz-De-litzsche banks of Germany, that is to say a co-operative bank in which the various firms would be members and which secure funds from provincial or other modern institutions. It is understood indeed that the Hopei Provincial authorities already have in mind a People's Bank (Min Sheng Yin Hang) which should be available for precisely such purposes as these. Although the need for credit in T'ang Shan is not so great as in P'eng Ch'eng, it is clear that the facilities are not adequate, since a 30% rate of interest is still being charged when borrowing is resorted to. A bank of the type indicated should be able to supply potters with the credit they require at not more than 12% per annum.

In presenting this incomplete sketch of the pottery industry in this province it is our desire to call attention to the need that exists for improving the industry with which above all China's name is associated. It would be a great pity if China allowed the most famous of her manufactures for the production of which nature has provided abundant resources, to suffer a fate similar to that of the tea industry, which has declined relatively to other countries, because of the lack of scientific measures.

¹ Not a little is probably due in this particular instance to the sympathetic and helpful attitude of Dr. Hans Gunther.

P'ENG CH'ENG AND ITS COMMUNICATIONS.



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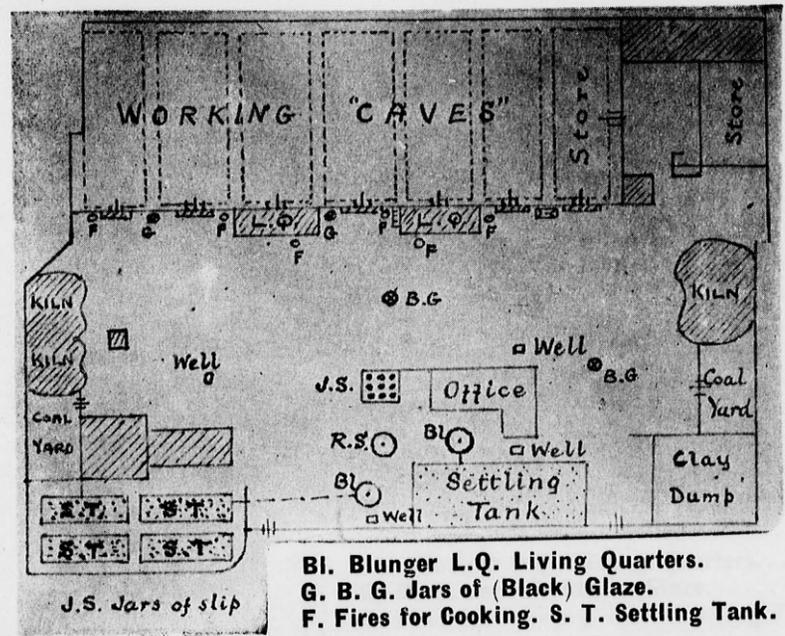
APPENDIX—TABLE XIII.
Analytical Table of the Manufacture of Bowls.

Raw material used	Quantity	Cost	Process.	Persons Employed.	Wage Rate.	Time	Cost.	Remarks.
Clay	35 000 cattles	\$35	1. Weathering of clay					
Water			2. Rolling.					
			3. Blunging in pit	3 mules 1 muleteer.	\$1.10 per day	17.5 day	\$19.25 #	
			4. Settling in tank		*	In winter 20 days; in summer 10 days.		
			5. Working		*	8 days.		
			6. Throwing on wheel	12 persons i. e. 4 wheels.	*	25 days.		
			7. Drying		*	1.5 to 3 hours per batch		*Work marked* is done by the wheelmen who are paid by shares in the product. This totals \$147.50 for the "wheel" at present prices.
			8. Hollowing of bottom		*			#discrepancy between these two.
White Slip or opaque glaze.	3,000 cattles	\$36.35	9. Rolling of slip	2 mules 1 muleteer	.60 per day	6.3 days	\$3.75 #	
			10. Coating with slip	Wheel men	*	10 days		
White glaze	3,000 cattles	\$40	11. Coating with glaze.	"	*	10 days		
			12. Removal of circle of glaze	"	*	12½ days		
			13. Storage					
Blue colour	8 cattles	\$60	14. Painting	3 painters	piece rate, equivalent to	20 days	\$30	
			15. Inspection.	Wheelmen	* 50 cts. a day			
			16. Loading in saggars.	"	* or 50 cts. a day for substitute.	3 days		
			17. Charging in kiln.		*			
Kindling Coal		\$1.50	18. Firing.		Paid by job. rate equivalent to			
	40,000 cattles	100.00	19. Laying fire.	Team of 4: 2 firemen 1 stoker 1 ashman	.80 cts.	3 days and nights	\$7.20	
			20. Stoking.		.67 cts.		2.00	
			21. Removal of ashes.		.67 cts.		2.00	
			22. Cooling		during the job. but employment is irregular	7 days		
			23. Discharging	12 labourers	.30 cts.	1 day	\$3.60	
Packing rope		\$10	24. Packing	5 men	.40 cts.	1 day	2.00	
			25. Storage	10 hired carriers	.50	1 day	5.00	
			26. Selling	1 salesman 1 vard coolie			12	
		\$282.85					\$234.30	

* These items are all performed by the 4 "wheels" who are paid by shares in the product.

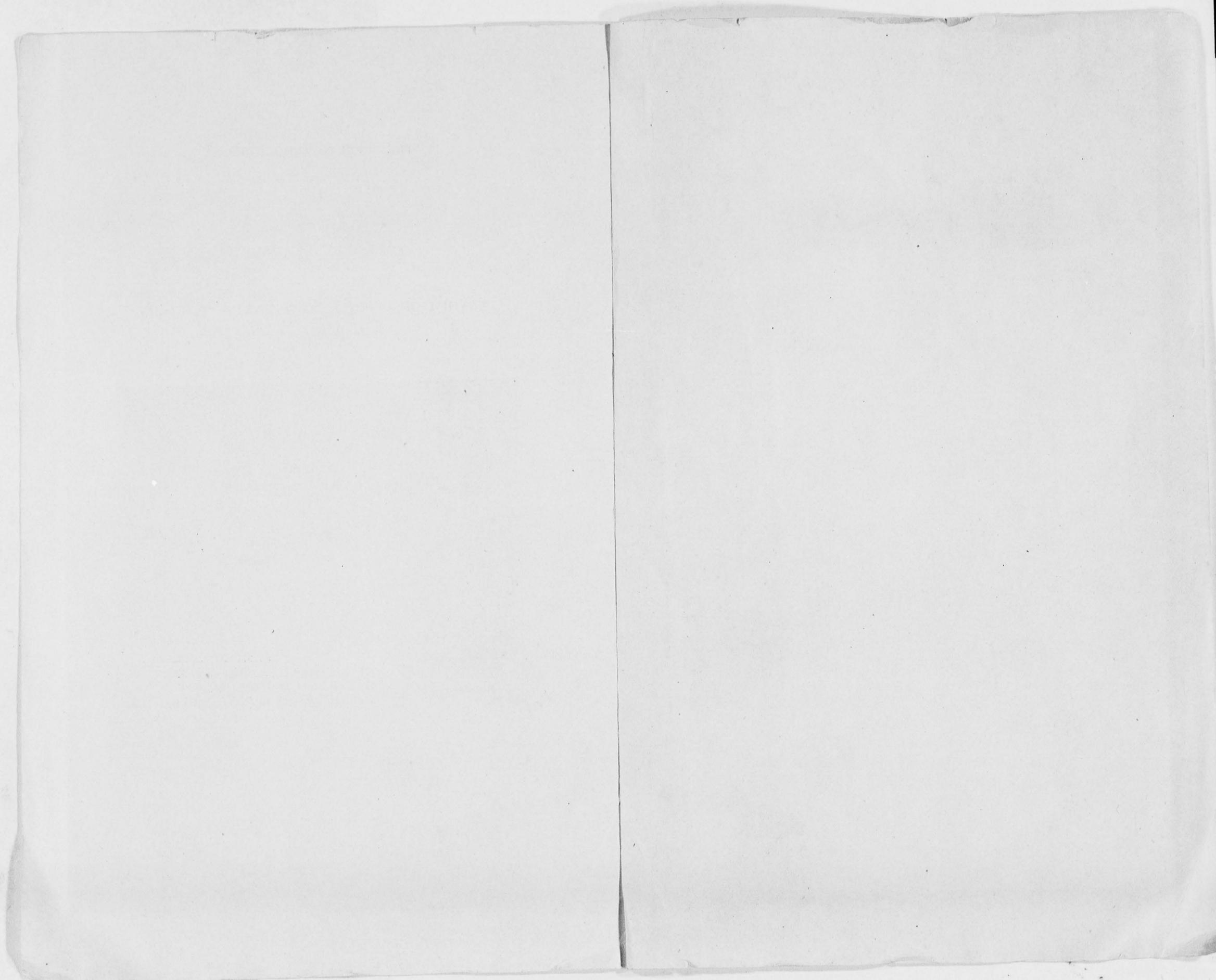
LAYOUT OF TYPICAL BOWL-MAKING POTTERY.

Scale $\frac{1}{8}$ inch = 1 Foot.



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Yenching Series of Economic Organisation, No. 2.

**POTENTIALITIES OF THE CO-OPERATIVE
MOVEMENT IN CHINA**

By

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Yenching University*

Reprinted from

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Peiping, China.

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FOREWORD

The earlier series of Yenching economic studies, that on Chinese Industries and Trade, revealed the existence of numerous problems relating to the structure or organisation of industry in this country. Since the earlier studies were made the co-operative movement has made immense strides in China and with its future development are bound up many problems of organisation and the contribution co-operatives can make to national reconstruction as a planned movement implementing the policy of the People's livelihood.

These developments in China are of course strongly influenced by the world-wide economic movements. The scope of the new series, of which this is the second number, is therefore not limited to the study of the co-operative movement alone, but embraces all phases of organisation and planning, especially as they concern development in China, but with co-operative problems as the central core.

Gideon Ch'en
Chairman
Department of Economics

Yenching University
April, 1937.

POTENTIALITIES OF THE CO-OPERATIVE MOVEMENT IN CHINA,¹

Co-operation in China is so young, it is growing at so alarming a rate, outstripping the supply of trained personnel to guide it, that it is natural to raise the question: Whither is it tending? What guidance can be given it? It is to the consideration of these large problems that I invite your attention this evening. Let us, to begin with, remind ourselves very briefly of what the world-wide co-operative movement has come to be and then turn, first, to the immediate steps required to consolidate the work already begun and, secondly, to indicate lines of future advance.

I

The present extent and range of the movement is in striking contrast to its insignificant beginnings. In few cases has the metaphor of the mustard seed been more applicable. It is usual to date the movement from its firm establishment by the Rochdale Pioneers in 1844, for it was from that centre that continuous growth first began. The idea had indeed been widely promulgated by that "noble if weird prophet", Robert Owen, the most successful manufacturer of his generation; and the enthusiasm which he created led to the establishment of many hundreds of societies and the holding of great conferences. That movement, however, collapsed in 1834, and almost all the societies perished. It seemed as though complete extinction would take place until the heroic efforts of that little group of weavers caused it to rise from its ashes with new vitality. Never surely have the shillings and pence of a few workmen been saved to better purpose than the twenty-eight pounds accumulated by the group of as many people. Since then co-operation has never looked back. Every decade has seen some new

¹ Based on a paper read before the Chinese Social and Political Science Association, December 18, 1936.

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development, and the movement has spread until it embraces fully one hundred million co-operators engaged in an enormous variety of undertakings.

From Rochdale and its sister societies has since grown the whole consumers' movement, with its wholesale societies, its wide range of manufactures, its banking and insurance system, making it an economic system in itself, and accounting for 60% of the total world membership. Within ten years, however, a quite different branch of the movement had started in Germany through the creation of urban and rural credit societies, the former by Schultze-Delitzsch, and the latter by Raiffeisen. It was in the following decade that the co-operative wholesale was started, and both the consumers and the credit movement spread to other lands, including Russia. In the '70s the Co-operative Wholesale Society of England took up manufacturing, a step which the French economist, Charles Gide, said was the most important economic event of the nineteenth century. In the '80s Denmark carried agricultural co-operation (which had previously begun in Germany) to new success, and created what has since been regarded as a model rural civilisation. In the following decade the International Co-operative Alliance brought a large number of national movements together, and in the last years of that decade modern co-operative enterprise spread to the ancient civilisations of Asia. This occurred without any slackening of the progress in Europe. The twentieth century has not only witnessed a steady development in numbers of members and in the variety of enterprises, but in some of the smaller nations, particularly Sweden and Finland, recent successes have been most heartening.

For many years it was supposed that consumers' co-operation was a matter only for the industrial populations, but in Finland² agriculture and industry have been united in a remarkably all round development. In

² See *Finland: A Nation of Co-operators*, by Thorstein Odhe. Williams & Norgate, 1931.

THE CO-OPERATIVE MOVEMENT IN CHINA 3

these recent years of strife when national spirit has been so warped by the lust of power, it has become almost an advantage to belong to a small country. Sweden which began late has attained signal success. All classes, industrial and agricultural, the middle classes and even a prince of the royal house, are united in the movement. Twenty per cent of all the trade, retail and wholesale, and ten per cent of all manufacturing is now on a co-operative basis. Led by a group of exceptionally able business men the Swedish movement has waged successful war against first one monopoly and then another; flour, sugar, soap, rubber are among the lines in which notable victories have been won. When the Co-operative Wholesale in Stockholm first entered the field of milling flour following an enquiry which showed that monopoly profits had reached 33% in 1919, the whole country watched the fight with "wrapt attention". It was entirely successful, and within two years the flour combine was hard put to it to meet the low prices set by the co-operative mills.

The four Scandinavian countries, Denmark, Norway, Sweden, and Finland with their five wholesale societies created an International Wholesale with headquarters at Copenhagen. The most striking success of this body has been the creation of the Luma Electric Bulb Factory in face of the determined opposition of a great international trust backed by the General Electric. This trust was charging in the countries of Europe whatever the local situation made possible. Hungary with its low purchasing power was getting its lamps at 18 cents; in Sweden the price was 37 cents; 30 cents in Holland and Germany; 27 cents in Denmark, while in England the purchasing power of the British householder was flattered by giving him the privilege of paying 52 cents per bulb. Taking advantage of the dismissal of an able manager in Stockholm, who being a Swede refused to be transferred to Berlin, the Swedish movement built its own factory. In the first year its output was nearly three million lamps which it sold at a good profit for 22 cents. The mere interest of

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the British co-operative movement in this achievement was instrumental in reducing the price of lamps in England by 10 cents.³

It is interesting that some of the Scandinavian settlers in America have played a part in the consumer movement which has gained so greatly in strength during the recent depression. In the northern lumber towns and hamlets it has been the dogged determination of the Finns with their deep conviction of the value of co-operative method which has given a lead to the northern states of the Union.

Without speaking of such special forms as the co-operative workshop, the Russian artel, the Italian labour and building gangs (the muratori and braccianti), the European movement has taken the two main forms of consumers' co-operation and agricultural co-operation. In the agricultural movement, which is based on the needs of the small producer, - the peasant farmer, - the great purpose is to supply his needs and to process and market his produce through co-operative channels of his own making. In the marketing societies the desire is always to reach the wholesale distributive market, or else the final consumer. The co-ordinating centre in the consumers' movement has been the co-operative wholesale society, which as we have seen, carries on a great volume of manufacturing and of other economic services. The two movements, though composed of people with a different outlook on life, are coming together through the mutual relations of these wholesale societies. When the Rochdale Pioneers began to make history, the object of the little store they opened was not primarily to secure cheaper oat-meal and candles, but to accumulate through the profits of the store capital wherewith to become masters of their own industry, and to put an end to insecurity and unemployment. We cannot say that the co-operative movement has achieved all that these far-seeing men were aiming at, but it has moved a long way, and by paths they did not foresee towards

³ See *Sweden: The Middle Way*, by M. W. Childs, pub. by the Yale University Press, 1936.

this goal. MacIver in expounding the principle that "community is economy,"⁴ spoke of associations based upon the joint pursuit of a common purpose, and of the harmonising of divergent and conflicting purposes. In the various separate forms of co-operation we see at work the first principle that of uniting to secure more effectively some interest common to the group. In the relations between the different branches of the movement there is beginning this process of relating the divergent interest to one another in such a way as to secure the principles of democracy and equal treatment, which are essential features of the movement.

To understand the character of this movement we must realise that the social ideals and the economic means taken to achieve them are simply aspects of the same activity. The principle of the distribution of surplus in accordance with the purchases of each member, what is commonly known as "the divi", suggest a just division of the profits, because those profits arise from the loyalty and patronage of the members of the societies. When Raffeisen brought the farmers together in the village credit societies with their unlimited liability, he at once reduced the administrative expenses connected with the loaning of money to them in proportion to the number of members, and at the same time made the whole property of the group the security for the loan. In doing this the foundation was a mutual knowledge of, and confidence in one another,—which confidence alone made possible the acceptance of unlimited liability. The result was not simply to secure cheaper money for the villager, but to put a premium upon character in a way that revolutionised the whole atmosphere and life of the peasant communities in Germany. We may say that for co-operation there is needed always a disinterested leadership which is satisfied in sharing the benefits that accrue to the whole group. It requires also the loyalty and intelligent co-operation of the members of the society. It rests upon the appro-

⁴ See his book *Community*, and compare Motze's famous couplet, 'chien hsiang ai, chiao hsiang li' 'mutual love for mutual profit' for an illustration of the Chinese philosophy of co-operation.

priate economic device, and at its first introduction it usually calls for some economic pressure to move the mass of men to the adjustments and exertions necessary to enter upon this new way of living and working. The consumers' movement was born in the hardships created by the Industrial Revolution. The credit movement came at least in part as a result of the Hungry Forties with their years of drought. Danish agricultural improvement was born of the necessity for a radical change in the whole agricultural system because of the importation of cheap grain from the New World. Once however there has come a clear conception of the meaning of standards of living, and a desire to better existing standards, there is probably less need for external pressure of the kinds referred to, and the movement may perhaps enter upon a path of steady progress. Such in brief is the character of the movement which grew up in Europe, in the truest sense a popular movement, even in the face of difficulties through the indifference or hostility of government and the active opposition of commercial interests. The movement, it is sometimes claimed, is only successful where there is some vigorous social working class or agrarian political movement, but it is doubtful whether co-operation itself may not, as it is better understood, become a social movement supplying the requisite energy for social accomplishment.

Alfred Marshall, for a generation the foremost British economist, wrote in his chief book:

'Enough has been said to show that the world is only just beginning to be ready for the higher work of the co-operative movement and that its many different forms may therefore be reasonably expected to attain a larger success in the future than in the past'⁵

This 'higher work' of co-operation will only be performed if the movement can command intellectual leadership of a very high order.

⁵ *Principles of Economics*, Book IV, Ch. XII, Sect. 11.

Hitherto it has not failed to create its own. I have touched upon this problem elsewhere⁶ and shall be referring to certain aspects of the question as it affects China later in this paper. The more technical types of co-operation call for competent experts to handle them. This applies to marketing and manufacture, to economic organisation and finance. It requires no less a conviction of co-operative principle and an insight into its possibilities. Even the European movement has shown that there is a part which government can play; but a government may find the co-operative forms convenient for the organisation of agriculture and small industries and seek to create the forms without regard to the democratic spirit of mutual helpfulness, without which co-operation is lifeless. This is only too obvious in the fate which has befallen the co-operative movements in fascist countries, and it is a danger in Asiatic countries where organisation from above, either by government or by social agencies is a *sine qua non*. Japan, for example, has failed to enlist the immense idealistic force of the Hotokusha movement founded by the disciples of Ninomya Sontoku,⁷ and it remains to be seen how far the strictly controlled official system will be influenced by such non-official co-operators as Toyohiko Kagawa, who has recently stimulated the co-operative movement in America. A leader like Raiffeisen, who identifies himself with the movement and works from within, can accomplish great things. It would be interesting to know how far the enlisting of high business talent in the Swedish movement is due to the appeal of the movement to all classes in that country and the thoroughly democratic spirit of the country.

II.

What is the situation in China? The story of co-operation in this country has been well told and here attention need only be drawn to a few salient points.⁸

⁶ "Co-operative Organisation", *Nankai Social and Economic Quarterly*, Vol. IX, No 4, pp. 917-918.

⁷ Ogata, *The Co-operative Movement in Japan*.

⁸ For a general account of the rise and progress of the movement see H. D.

It was Professor S. Y. Hsieh who first created an interest in co-operation on the part of the National People's Party (the Kuomintang). Out of his work has come a considerable volume of official propaganda; the starting of consumers' societies among government employees, in schools, and so on; and the establishment of the China Co-operators' Union in Nanking with its library and publications.

The practical promotion of the rural section of the movement, which is the phase most urgently needed in China and most readily adapted to her conditions, was however, as we know so well in Peiping, been sponsored in the first place by the China International Famine Relief Commission, with some assistance from agricultural and other colleges. Its credit societies developed steadily from 1923 in Western Hopei and were nurtured by a program of co-operative education, supplemented by its monthly *Co-operative News*. This organisation profited in its early years from literature obtained from India, and later by the example of Japan in which country the present head of its Rural Improvement Department Mr. Yü Yungtse, obtained his knowledge of co-operation. It took a notable step forward in the finance of co-operation by the arrangements it made with some of the leading banks. Professor Hsieh's efforts began to bear more direct fruit in 1928, after the National Government had become established in Nanking; and development under the auspices of the respective provincial governments took place in Kiangsu and Chekiang.

From that time the number of societies increased more rapidly and the pace quickened again in 1933. This was due to three principal

Fong's article in the *Monthly Bulletin of Economic China*, Vol. VII, No. 5, Nankai, May 1934. The expansion since that was written has been enormously rapid. Of 26,224 societies and unions reported in 1936 no less than 12,517 had only been formed in 1935. For the work of the China International Famine Relief Commission see its publications, especially Series B, No. 61 *Herr Ratfelsen Among Chinese Farmers*. For critical estimates C. F. Strickland's *Co-operative Movement in China*, published by the Sino-British Cultural Association, Nanking, and W. K. H. Campbell's *Report on Co-operative Work in China*, League of Nations Information Office, Nanking, are valuable.

reasons. The National Flood Commission called upon the China International Famine Relief Commission to administer Farm Rehabilitation funds in the four Yangtse provinces most affected by the great flood of 1931, and the following year as these loans were repaid, the National Economic Council set aside the money for the financing of co-operative societies which were developed from the Mutual Aid Societies through which the rehabilitation had been effected. In this way large numbers of societies were created in Kiangsi, Anhui, Hupeh and Hunan.

About the same time, several of the commercial banks began to take an interest in rural co-operation and funds for the movement were relatively plentiful. Their participation introduced a third new factor, since the banks were particularly concerned with the marketing of cotton and grain. These banks included some of the strongest in the country, among the pioneers being the Shanghai Commercial and Savings Bank, the Bank of China, the Kincheng Bank and the Bank of Communications. They were all anxious to find in rural fields an outlet for funds which the unsettled state of the country kept idle.

This over-rapid expansion has not occurred without mistakes being made and weaknesses being revealed. The entrance of the provincial and local authorities into the organising and financing of societies was often undertaken before they were really prepared. Although the organisers were given short courses of training, sometimes the teachers themselves were not sufficiently experienced and the resulting personnel was consequently all too poorly equipped.

The participation of the commercial banks is a unique phenomena, which as far as I know has not occurred in any other country. If conditions do not change, it augurs an adequate supply of loan funds. But methods have frequently been followed which have been co-operative only in name, a mere channel for the lending of the bank's money or, worse, a means of securing some degree of monopoly for a subsidiary

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marketing company in a particular area. The rivalry between banks (and even, alas, between co-operative agencies) has led to faulty organisation and even to unsound finance. But there is reason to believe that the banks will in future confine themselves to their legitimate function of finance and leave the organisation of the co-operatives to the proper agencies. It is not difficult to point to weaknesses in the present system: the lack of audit, inadequate supervision by insufficiently trained organisers, registration by busy and untrained local officials instead of an *ad hoc* provincial official, societies which have come together without real knowledge of co-operation simply to get cheap credit, and many others. The commonest defects of the village societies are said to be the paucity of their savings, the lack of interest and consequently infrequent meetings and stagnation, lack of genuine knowledge, credit resources insufficient for the members' needs, the misuse of funds by members, as for example, lending out to non-members at a higher rate. Rural credit predominates, but that is not a bad sign if the societies are live ones, for the credit society fits uniquely into village life. It is so simple that it is easily managed by the villagers themselves. It is intimate, local, at its best a school of co-operative training, the foundation of other types calling for more technical experience, to be introduced later on.

But there are many signs of progress and of strength. The farmer himself is one of the great assets of co-operation in China. The testimony of C.F. Strickland, than whom no one has a wider experience, is worth quoting:

'The three outstanding qualities of the Chinese farmer are (1) his honesty, (2) his common sense, his fitness for under standing simple business, and (3) his community spirit. I have seen few countries in Europe and none in Asia, in which a sum of money, lent to a handful of peasants with so little prior training or subsequent guidance in its management, would be divided so fairly, repaid so punctually, and so seldom mis-appropriated, as by the co-operative farmers of Hopei province. Hopei has longer ex-

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perience of Co-operation than the rest of China, but elsewhere too, the societies, where allowed a reasonable discretion by the officials or the banks, have shown themselves worthy of trust. The failures appear to me to be due either to excessive interference in details from above, or to inadequate teaching of co-operative principles and methods; and usually to both these causes.

'Still rarer and more precious than honesty or sound sense is the community spirit. The village spirit in China is not only the family or clan (which may include 100 houses or more); the two groups become identical. The same understanding of a common village interest, the same capacity to compromise and work together for a common end, will be found in villages which contain several families or clans: not, of course, everywhere; but often enough to create an entirely different foundation for a co-operative structure from that of countries in which the community spirit has been obliterated by laws and strong administration or at least lingers only in the sphere of caste or domestic business. In India, for instance, though the community spirit in the village is by no means dead and is now being recalled to activity, the *spontaneity*, with which a Chinese village agrees to carry on an economic enterprise or observe a social rule, is only too often absent. Chinese peasants have not to be persuaded, as Indian peasants will ordinarily have to be, that it is a wise policy to work together; but only that the specific proposal made to them is advantageous. Further argument will, in a large percentage of cases, be then superfluous.

'Thanks to this sense of communal unity, the Chinese farmer behaves fairly towards his co-operative societies and gives them, as a rule, his loyal support, even when their plans are ill-advised, their proceedings unscientific, and the economic results very dubious. If he could obtain better advice before-hand, more continuous advice (without removing all authority from the hands of his elected Directors) for his current business, and a clear audit to show him the results of his action at the end of the year or season, he would learn to manage his own affairs and to become daily more efficient. His natural business capacity is excellent, but needs gradual development. In only too many cases at present, he is either given orders and allowed no discretion, or is left to his own resources and given no advice.'⁹

Similarly W.K.H Campbell in his reports on co-operation in the

⁹ *The Co-operative Movement in China*, pp. 21-23.

various provinces frequently quotes instances of unwise practices which only fail to work ruin because of the high standard of repayment maintained by the farmer.

Mr. Strickland left China in the summer of 1935 and several of the steps which he urged have already been carried out. The Co-operative Law had been promulgated before he arrived, and the Central Government organ for which he pled has since been established. The Bureau of Co-operation is attached to the Ministry of Industries and is in the capable hands of our old friend, Mr Y.S. Djang.

The same Ministry is also promoting other enterprises which have a relation to co-operative development. Once co-operation leaves the relatively simple field of credit, it requires the services of technical experts. These obviously cannot be commanded by the immature movement. Government alone can supply them on any considerable scale. For the guidance of agricultural societies there is an ever growing body of knowledge of tested improvements, obtainable not only from agricultural colleges but also from the National Agricultural Research Bureau and other experimental institutions. My travels this year have taken me as far south as Kwangsi, as far north as Suiyuan and as far west as Chinghai and in every region visited there is either agricultural experimentation in progress or planned, both in field crops, animal husbandry and horticulture. The recommendations of Professor Thorpe as to dry farming and the prevention of soil erosion, and the progress being made with irrigation and so forth are examples of another phase of work which is bringing new possibilities within the reach of many districts.

One of the most difficult fields is that of the marketing of agricultural produce. Western experience has shown the value of co-operative organisation to teach the farmer the importance of grading and of high standards at the same time that it has enabled him to reap

the benefit of such improvements; and it has done much to eliminate unnecessary middlemen and reduce the spread between farm and retail prices. The fostering by the Ministry of a National Organisation for the Marketing of Domestic Produce (though this is not itself a co-operative organisation), may, one may hope, prepare the way for something better in their future. On the other hand the schemes of provincial governments for centralised marketing have an unfortunate tendency to develop as means of revenue and to result in lower prices to the farmer.

The Ministry, moreover, is seriously considering what may be done for light industries, especially under the conditions obtaining in the interior and this touches on a field of which I hope to say more a little later.

The government has also taken a very significant step in the creation of the Agricultural Capital Organisation (the Nung Pen Chü) to which it is contributing 6 million dollars as a beginning, and the banks an equal sum. This sum if wisely administered may do much to ensure that the participation of the banks shall be on a sound co-operative basis, on the lines originally worked out by the C.I.F.R.C.

It is true that the staffing of the movement is still imperfect, but it is constantly gaining in experience and it is being strengthened by better trained recruits from Nankai University, the University of Nanking, the Central Political Institute, and Yenching University, to mention only those best known to me; while the work of short-course training and of co-operative education in general is constantly increasing in volume and improving in quality.

What may we hope that a movement with this nearer and more remote background may accomplish in China?

III.

1. *Mr. Campbell's Suggestions.*

The steps required to consolidate the existing movement and to correct such weaknesses as are found in it have been recently outlined by W. K. H. Campbell, after an inspection of the movement in all the provinces in which it has attained any considerable development. The following is his own summary of his recommendations:

'When facilities are available for foreign study (for inspectors) let it be in countries where conditions and problems are similar to those of China, e.g., India, Ceylon, Palestine, Malaya, etc. *not* Denmark, England, U.S.A., etc.

'Amend the present regulations, Article 2, to make the competent authority under the law (for registration, etc.) a provincial authority (and not the *hsien* magistrate).

'Encourage the growth of secondary societies (unions).

'Instruct the existing staff to enlighten societies on the following points which are at present imperfectly appreciated

- (a) The basis of self-help in increased share capital, and better development of thrift.
- (b) The security for a co-operative loan is character, not material possessions. Non-landowners should not be excluded if otherwise fit for membership.
- (c) Encourage repayment of loans by instalments.
- (d) Societies should finance the whole of the legitimate needs of their members.
- (e) Adapt the period of loans to the purpose for which they are intended, and prevent fictitious transactions.

'Concurrently with the improvement of the training of official staff and society members, try to induce the banks to finance at least selected societies more adequately, to remove the present ban on unproductive but necessary loans, and to cease to demand from societies lists of the loans to be issued to individual members.

'Revise the existing model constitutions for supply or stores societies by inserting a provision specifically forbidding the division of the profits made out of trade with non-members between members.

'See that every society has in its possession a duly authenticated

copy of its constitution, and that all amendments are similarly authenticated.

'Instruct all registering authorities to refuse registration of any more societies of the integrated type.

'Now that the universal suitability of the national law has been proved and admitted, stop the future application of any other system of law to the administration of co-operative affairs. . .

'Take early and decisive action to bring the administration of co-operative affairs under a single authority in every province.

'Improve and standardise classification.

'Frame suitable sets of accounts for all societies and render them available wherever societies are being formed. As soon as this has been done a proper system of audit can be inaugurated.

'Examine all forms at present in use with a view to simplification and reduction of clerical work for unpaid society officers.

'Insert a provision in the new co-operative law explicitly validating marketing agreements, and circulate a suitable form for use in all provinces.'¹⁰

To such advice from a co-operative administrator with a distinguished record I have nothing to add, except to say how much I rejoice that in the last few years China has been able to draw on the world's accumulated experience in ways such as this.

2. *Rural Reconstruction through Co-operation.*

Mr. Campbell's suggestions refer mainly to the improvement of the existing co-operative movement in the country. In view of the far reaching importance of co-operation for rural reconstruction I propose to spend a little time in discussing the wider aspects of this section of the movement which come more directly in my field as an economist. To say that co-operation is the chief instrument of rural reconstruction is not to ignore education. Indeed, membership in a healthy and developing co-operative movement is in itself a liberal education of a high order. It

¹⁰ *Report on Co-operative Work in China*, pp. 36-38.

opens the farmer's mind to the realisation that there is much knowledge in existence which is capable of helping him with his farming, and in his home and village life. So co-operation creates a new and vigorous demand for both literacy and knowledge generally. Thereby it gives a new opportunity to the educator and at the same time gives education a closer relation to his life and needs, thus ensuring a continuance of the interest created. Experience in India and in some of the countries of southern Europe has shown that co-operative organisations can be as effective for promoting health or 'better life' as they are for economic ends; and the Chinese societies have frequently been used for anti-opium, anti-gambling and similar activities, though without organising special societies for these purposes.

The counterpart of this fact is that co-operation, for its healthy development, demands constant educational effort. The character of this need and the method of meeting it will be considered later.

I do not here deal with organisational problems, since those were the subject of another article of mine recently published,¹¹ but I should like to refer to two matters with which Mr. Campbell deals. The first of these is thrift. The majority of societies in China are for credit, but it is important that they should be thought of as serving a two-fold purpose: that of thrift as well as credit. As Mr. Campbell shows, the strength of the societies in appealing to the banks for loans depends to not a small extent on the measure in which the members are building up share and deposit capital. And this effect of thrift on the societies is part of a wider effect on the whole economic position of the farmers. The importance of this matter might well lead Chinese societies to follow the examples of the Punjab in including both terms in their names.¹²

¹¹ "The Organisation of Co-operation," the *Nanking Social and Economic Quarterly*, January 1937, reprinted by Yenching University in its Series on Economic Organisation.

¹² C.F. Strichland, in his *Rural Finance and Co-operation* speaks of the need of thrift societies even by those who do not require agricultural credit and are not members of such societies.

The second matter is the importance of the formation of unions by the credit societies. Each of the latter confines its membership, as a rule, to a single village. It is a great benefit to these separate societies to form a union at their common marketing centre. Apart from whatever business functions the union may undertake in the way of supervision or audit or even of banking,¹³ it has a value if it simply brings together members of the villager societies. As I explained in my pamphlet '*Aspects of Rural Reconstruction*',¹⁴ this natural economic unit is likely to become a new and enlarged rural community, the centre for those activities, whether economic or cultural, for which the village is too small. The village is too small for marketing or consumers' co-operatives, but unless the leading members of villages come to associate with one another in economic enterprises there will be no solid basis for the formation of the societies for which this, or a still larger area, is the smallest efficient unit.

Moreover, villages differ greatly in the quality of the co-operative leadership to be found within them. So long as village societies are isolated they 'live unto themselves'; in so far as they unite they all enjoy the inspiration and guidance of the abler and more public spirited members of each and every village in the area. This association is of primary importance in the creation of that more developed community, which I have ventured to call at the suggestion of a Chinese friend the 'rural municipality, (農市).

There is hardly any phase of rural reconstruction which is not, in some place and frequently in many, being carried out under the co-operative form of organisation. To take only those which are referred

¹³ W.K.H. Campbell in his *Note on Co-operative Banks*, League of Nations Office, Nanking, Dec., 1936, stresses the need for such banking activities.

¹⁴ Published by the Department of Economics, Yenching University, October, 1934. Part of the argument in regard to the development of rural community and the part which co-operation can play has been summarised in *The Organisation of Co-operation*, pp. 909-915.

to by Mr. Strickland¹⁵ we have: credit, supply (chiefly of farm requirements), sale of produce (frequently different societies for different commodities), retail stores; stock-breeding, insurance, irrigation, silt clearance, land reclamation, afforestation, consolidation of holdings, power supply, road improvement and transport services, joint use of machinery; health, 'better living', 'better farming,' education, recreation, radio, building, insurance. There is obviously neither time nor space to speak of all these. Some are simple and can be undertaken at an early stage in co-operative development; others are more difficult and can only be undertaken successfully in association with the services of the agricultural or other expert, or with the aid of some agency conducted on the farmers' behalf. Some again are such that the village is their natural home, in the intimacy of which they realise their full value; others demand a wider field for efficient operation. Some of the former are complete in themselves, but others require to be united in unions and federations to render their maximum service.

Thus I visualise the simpler forms of co-operation arising in the villages as the result of suitable promotional activities and under the fostering care of agencies created for the purpose. As a second step will come the larger undertakings demanding a municipal area for their development. As a result of associating the leading villagers in these enterprises the new municipal community, which will be novel in China, will be built up, and that upon a democratic, self-governing basis, for which this co-operative activity will have prepared them. Before long these municipal units will be federated into bodies of a higher structural order and linked with the great markets.

It was long thought that consumers' societies could only flourish in an industrial community with a large, relatively homogeneous population

¹⁵ *Rural Finance and Co-operation*, published by the Chung Hwa Book Company.

of workers. But first Denmark and later Finland and other agricultural countries have conclusively demonstrated that rural communities can support a vigorous consumers' movement. In seeking to introduce such into rural China, it would doubtless be well to follow Mr. Strickland's three steps:¹⁶ beginning with the supply of farm and some chosen domestic wants by collecting orders and filling them, then proceeding to buy for stock in addition, and finally organising stores on a co-operative basis, when the lines of goods which can successfully be dealt in have been thus demonstrated and the loyalty of the co-operators proved. In the first instance the store would often be in the market town, supplying, however, not only its residents but those of the neighbouring villages, until the trade was sufficiently developed to admit of village branches. The density of the rural population will prove a great asset in developing this phase of co-operation.

Meanwhile it is to be hoped that as part of this service, or as a separate enterprise, local transport facilities will be arranged. The day has not yet arrived for motor transport in local traffic; but a great deal can be done not only to improve cart roads but to introduce light vehicles on narrow well kept roads, - vehicles such as handcarts, tricycles, etc. with rubber tyres. It has been found in India that an ox can pull 50% more load if its cart is fitted with rubber tyres. The surfacing of these paths for light traffic presents interesting problems which cannot be entered upon here.

Moreover it will be at the market centre that for the most part the processing of agricultural crops will be carried on and that small power plants will be installed where the development in the district is not sufficient to justify the distribution of electricity.

Developments such as these, reinforced by the growth in rural industry on the lines referred to below, will create a considerable volume

¹⁶ *Ibid.* Chapters 30 and 31.

of traffic on the main roads. Problems of transport on these, however, are the concern, not of the local societies, but of the marketing federations.

This brief review of economic developments which can be foreseen at no great distance show that rural reconstruction calls not only for the agricultural expert but also for hydraulic and other engineers. It is the part of government to subsidise these phases as well as the agricultural phases of research and extension, and to link them in the same way with the co-operative movement.

For it is this use of the co-operative system for the development of both economic and social services on a popular basis that will lay the securest foundation for local self-government within the national democracy. That the people are of a quality to make possible such a development there is much evidence, a little of which we have seen this evening. That the strength and quality of the national structure depend upon the quality of these local units and the links which unite them, I am firmly convinced. We in the West have paid far too little attention to the local community. Our cities, into which so much of the energy of the national life has been directed, have become great aggregations of population, far too large and unorganised to make real community possible. Even our socialists have thought in national rather than truly social terms and so have failed to see the possibilities of small-scale and voluntary action. It is here that co-operation presents a philosophy of its own, - one which, it seems to me, fits the social organisation of China and the doctrines of the People's Rule and Livelihood.

3. *Industrial Reconstruction.*

While we look forward to a development of agricultural co-operation from beginnings already made, there are other lines of development for which the pioneering has not yet been done, but some of which are

undoubtedly important. In dealing with these it is necessary to have clearly in mind the varieties into which industrial co-operation are divided. (i) In Germany, where handicrafts are extensively practised and carefully organised, there are forms of co-operation which resemble those for agriculture, for in both cases the needs of numbers of small independent producers are involved. Such forms are also met with in India among village weavers and metal workers. (ii) Then there is the self-governing workshop of France and England, in which the workers are collectively the entrepreneur, performing the functions of management and securing the capital required. (iii) Quite different again is the industry carried on by consumers' societies, especially the Co-operative Wholesale Societies. (iv) Italy shows in a characteristic manner societies of men who undertake contracts, especially for building (*muratori*) and road and canal making or other forms of earth work (*braccianti*). (v) Finally there are the *artels* of Russia, the groups of peasants, who when agriculture is slack take up other forms of work. They play a large part in light and seasonal industry, and some of the groups concerned are very large, even up to thousands of members. These co-operatives are being used today by the U.S.S.R. for industries which are not easily centralised.

There is in the organisation of industry in China much that suggests several of these forms - perhaps all but the third and fourth. Thus in the older forms of coal mining in the Western Hills outside Peiping, much of the labour was and is provided by groups of peasants who spend the winter in the mines and are paid as groups in accordance with their collective output. The same thing is true on a large scale of both coal and iron mining in Shansi, which occupies the farmers, where it is available, for six months out of the twelve. It is also true of the winning of clay for the potteries in Pengcheng,¹⁷ and elsewhere in North China.

¹⁷ *The Hopei Pottery Industry and the Problem of Its Modernisation*, Yen-ching Series on Chinese Industry and Trade, No. 1, reprinted from *The Chinese Social and Political Science Review*, April 1930.

A similar condition of things is found in the more manufacturing types of industry. Thus the making of various kinds of paper, including the tough Korean paper, from the bast fibre of the mulberry, at Chien-An in Hopei, is largely carried on by groups of six peasants, one of whom is the actual paper maker while the others do the less skilled work, but who are all paid by definite shares in the value created. Sometimes even the merchant is brought into the group and receives a double share for providing the capital required and for marketing in Tientsin or elsewhere. In the potteries of Pengcheng we find distinct groups of workers, some of whom are paid, as groups, a certain proportion of the selling price of the wares they produce. This practice seems to be a relic of the days when the craftsman was the centre of the picture. The men who fire the kilns, again, are not employees but independent groups which specialise in this work and undertake it for a number of potteries.

Such conditions as these are widely met with in all parts of China and in a great many industries. Of course the textile industries are the most important. Dr. H. D. Fong has described some weaving centres in considerable detail.¹⁸ The trouble with these independent village craftsmen in the modern age, unless steps are taken to organise them, is that they have inadequate means of keeping informed of changing demand and continue making the things which used to be popular long after they are wanted. Thus in Wales, the rural weavers which had once had a good market for flannel among the miners and their wives continued to make flannel long after the whole mining community had changed its method of dressing. Moreover the weaver comes between the spinning mills from which he secures yarn and the merchant who sells his cloth. Unless he is organised he is the one on whom hard

¹⁸ See especially *Rural Weaving and the Merchant Employers in a North China District*, Nankai Institute of Economics, Industry Series, Bull, No. 7. In the last section, pp. 57-80 the 'future of rural weaving' is discussed with co-operative organisation in mind.

times fall most heavily. Before the Manchurian incident of September 1931, the weavers of Wehsien, had a prosperous time and a loom would bring in as much as \$2.10. With the loss of that market, prices fell so low that the weavers' earning dropped to sixty cents. This was proportionally a much greater fall than was borne by the spinners or the merchants.

Dr. Fong¹⁹ and myself²⁰ have indicated fairly clearly the lines on which such industries can be reorganised, technically and as business units. The plans which have been suggested could perhaps best be carried out by one of the more experienced co-operative agencies such as the China International Famine Relief Commission, which has, indeed, put this down as one line for future experiment. Not that this body alone should act. The national government can assist greatly by working out its plans for light industry in close touch with local situations throughout the country and especially those in areas in which the co-operative movement is vigorous. It may also arrange that the national organisation for the marketing of native products should do what is possible to put the local industrialists in touch with market demands and assist in the actual marketing of the co-operatively produced goods.

The co-operative agency, whether the one named or others, can consult with various technical men as to possible improvements in selected local situations. If they can interest the staffs of universities or technical colleges in the area of the selected situations, that will be all to the good. The types of industry to bear in mind are

the processing of agricultural products, such as cotton ginning, oil pressing, etc.,

¹⁹ *Op-cit.* and *The Growth and Decline of a Rural Industrial Enterprise in North China*, Nankai, Industrial Series, No. 8.

²⁰ *The Possibilities of Rural Industry in China*, *Monthly Bulletin on Economic China*, Nankai Institute of Economics, Vol. VII, No. 2, February, 1934.

home industries such as weaving, and workshop processes which may be associated with it such as dyeing, finishing etc., organised by the weavers as processing is organised by farmers,
 local machine shops for the supply of farm implements, industrial equipment, and repairs, etc.,
 small power plants adapted to the most readily obtainable fuel and the scale of operations possible.

On the other hand there is no need for the technical men to wait to be approached by the co-operator. There is every reason why they should themselves seek, to explore the directions in which they can best contribute to the development of China. It would be in keeping with the genesis of co-operation from small beginnings that a decisive part should be played by the pioneer work of small groups of engineers or chemists in the development of local situations with which they might get into touch through rural economists or co-operators. Place might well be given in the meetings of scientific societies and professional associations for the presentation of problems faced by rural workers and for the discussion of the technical factors involved.

But the intention is not to focus upon rural situations exclusively. Localised industries of considerable magnitude are susceptible to treatment on the lines suggested. This applies to the extraction of minerals as well as to manufacture. The reference to Pengcheng is simply by way of illustration of a large class of opportunities.

4. *Urban Credit*

(a) One factor in industrial development is the provision of credit of the Schulze-Delitzsch type. In our investigation of the Pengcheng pottery industry just referred to, it was found that in that town with an output in the one industry of some \$600,000 and an import trade of

about one and a half millions, there were no modern banking facilities. Even the local sources of credit have dried up during the disorders and calamities of recent years, and the potters have been obliged to turn to the merchants, who have been repaid in kind by price discounts which were equivalent to interest rates amounting in some cases to over 100% per annum.

Conscious of their need, the kiln owners endeavored to organise in such a way as would enable them to borrow from either a co-operative agency or a bank. Their action is sufficiently unusual and interesting to make an brief account of it worth while. Between four and five years ago 'An Unlimited Wholesale Co-operative' was organised and registered with the provincial government. The chief of their twenty-six regulations were as follows:

The purpose of this society is to improve the pottery manufacture, prevent irregular transportation charges, and finance the industry.

Any legal person above twenty years of age, who makes pottery in the town may be admitted as a member, if introduced by two members and passed by the members' meeting.

The stock of the society is in \$20 shares, and subscription shall be on the basis of one kiln one share.

There shall be an Executive Committee of five persons and a Supervising Committee of three.

The goods produced by the members shall all be sold through the Society.

Non-members wishing to sell through the Society shall be charged 3% commission.

The accounts shall be audited once a year. 10% of the net profit shall be used as a reserve, 10% used for the improvement

of the industry, 20% given as bonus to the staff, and 60% distributed as dividend on shares.²¹

The project failed in its primary objective of securing loans and after a good deal of discussion another plan was tried, that of a Control Committee of thirteen members, one appointed by the *Hsien* magistrate and the others chosen by the potters. This new body came into being in the autumn of 1935, but it was no more successful than its predecessor and leaders lost interest and allowed the affairs of the trade to revert to the hands of the local Chamber of Commerce.

Credit is required most urgently in spring and autumn. It is reported that the working capital needed fluctuates about \$30,000, distributed over seventy businesses. If some of the more reliable and efficient of these firms could unite in a genuine co-operative under competent direction, as a first step, it would be possible to introduce the Schulze-Delitzsch type of society, and when this took root allow of expansion to include the rest of the potters.²²

How far a similar need exists in other towns of the province such as Shih-chia-chuang, or in great cities such as Shanghai and Tientsin it is difficult to say. In Shanghai the metal trades, to take one example, are mainly carried on in small shops with from 2 or 3 up to 70 or 80 workers and apprentices. As many of them are close together there are several things they could do collectively, including better provision for their apprentices; but co-operative credit would be an important benefit.

²¹ It is not stated whether some potters subscribe more than the required number of shares. If they do the distribution of dividend departs from strict co-operative practice, where the basis is patronage. The example is quoted, not as a perfect example of co-operation, but as exhibiting the latent power of association which should receive guidance and encouragement.

²² These data are quoted from the senior thesis of Mr. Tai Ai-chen, presented last Summer, for his bachelor's degree in Economics.

Rural societies are increasing at so rapid a rate that nothing should be done which would divert attention from them, but since quite different people and situations are involved here, it is hoped that assistance might be given to inaugurating this new type without weakening the larger movement.

(b) I do not wish to leave the subject of urban societies without referring to another type which is greatly needed, I mean the Savings and Loan Society. In America these are known as Credit Unions. They are formed of wage or salary earners. It is a common thing for one to be run by employees in a large department store, or by the workers in a factory, for it is desirable that there should be some link such as common employment of close neighbourhood. Such men do not require credit for productive purposes but to save against a rainy day or for some special expenditure. It is surprising how much easier it is for men to save regularly if they belong to an organisation created for this purpose, so that it becomes a social and not purely an individual matter.

The well known Chinese *hui* is not an instrument of thrift, and it is not satisfactory as a means of credit, but it does illustrate the widespread faculty for co-operation. As an example I may cite the case of a *hui* now in progress among some of the household servants at Yenching. A servant in one of the houses being in immediate need of money formed a *hui* which included ten other servants scattered through the various compounds. They all agreed to subscribe \$3 a month each. The first month the organiser, or *hui'ou* took the amount, thus receiving thirty dollars. Next month the right to receive the subscriptions was given to the member who was prepared to allow the largest discount. This was determined by a ballot. The highest discount was 55 cents on the three dollars. The man who made this bid received \$3 from the *hui'ou* because each man after he has had his turn must give the full \$3 without discount, and \$2.45 from each of nine others. The *hui'ou* is paid in

full and given the first turn because the responsibility of collecting the sums each month is his. The number of men who benefit by the discount decreases by one each month and at the last drawing every one pays the full \$3 because everyone except the recipient has had his turn. To date the arrangement has worked as follows:—

Month	Discount allowed by successful bidder:	Number paying at this rate	Amount received	Total amount to be paid by recipient	Gain or loss	Equivalent rate of interest in per cent per annum
	Cents		Dollars	Dollars	Dollars	
First	—	—	30	30	—	—
Second	55	9	25.05	30	- 4.95	67.9%
Third	60	8	25.20	29.45	- 4.25	77.8
Fourth	57	7	26.01	28.85	- 2.84	71.4
Fifth	80	6	25.20	28.28	- 3.08	206.7
Sixth	36	5	28.20	27.48	0.72	91.1

The members of this *hut* are not all personally known to one another, the link being the *hut'ou*. (the organiser). They do not all meet together, only those assembling who wish to bid for the turn. It is of course normally those who are most in need of money who offer the largest discounts. The fifth month may have been exceptional for two reasons: it was the last month of the lunar calendar and someone's needs may have been very urgent; and again one of the members was obliged to drop out because he had lost his job and his place was taken by the *hut'ou* who made the lowest bid for him, refunded his post payments. The next month was *cheng yueh* and credit was not urgent.

The sums involved are not large but the interest rates which would make a member's receipts equal his payments at the date of the last payment are very large and irregular as will be seen from the last column.

though of course those who secure the benefit of an early turn pay for it and those who wait benefit in a return exceeding their outlay. It is a great pity that those who are capable of so much should not be taught to co-operate in more efficient ways and for larger ends. What is most desirable would seem to be a combination of the credit union and the English friendly society, with its provision for sickness and other disabilities. Those who are, or who might put themselves, in touch with particular groups would render a real service by promoting such societies. There are those connected with institutions, or with bodies, like the Y. M. C. A. who run clubs, or others who have particularly close touch with a small locality, who could help in this matter.

5. Consumers' Co-operation.

It is not at all easy to speak with confidence about consumers' co-operation in China. In no country in Asia has it attained any notable success though there are flourishing societies here and there. But this type of society is essential if co-operation is to achieve its most important results. The situation calls for cautious but vigorous action as suggested above; and it is desirable that special efforts should be made in the cities and in industrial communities. There are already societies connected with the railways and a few other institutions, and many schools have so-called societies. Attention should be given to improving these societies and making them truly co-operative. Societies are always more easy to establish in homogeneous communities; and in the cities, such as Peiping, the determination of such communities, of the best method of approach to them and of the commodities with which to commence joint supply, should all be studied as a first step. If for instance in this city those interested in the promotion of co-operation would inquire into these matters and consider how societies in one group - e.g. the schools, or clerical workers, or professional families, - might be helped by a central supply agency, the societies might be more firmly established. It will

be necessary to distinguish those elements in the population which have been but little affected by modern ways of living - the outdoor workers, the craftsmen, kungch'ang workers and so forth, - from the elements which have adopted many new ways imported from the West.

It may be true that margins between wholesale and retail price in China tend to be smaller than in the industrialised countries, but many methods of distribution now in use are relatively inefficient and the introduction of co-operation might be linked with technical improvements. Thus Mr. Tai Ai-chen,²³ in his study of the marketing of P'engch'eng pottery, found that while retailing by the stores added 29.4% to the wholesale price of bowls, marketing by peddlers added as much as 94%. In rural marketing there should be room for real economies through better transport and retailing.

IV.

The potentialities of co-operation, however, which I have so baldly sketched, cannot be realised without leadership and a many sided educational effort. I believe with Marshall that co-operation has possibilities unrealised as yet even in Europe. If it is to play its full part in China it must be presented to the youth of the country as at once a practical social ideal capable of progressively expanding application and the most potent instrument of national reconstruction. Both in ideal and in method it suits, as nothing else I know, Chinese philosophy and institutions. In its simpler manifestations, in which it unites men for the fuller attainment of some common purpose, co-operation puts no undue strain on average human nature, but fosters its development. It replaces the 'Invisible Hand' which Adam Smith believed over-ruled the self-interest of each for the good of all, - a belief which bitter experience has proved to be quite untrue in a system of each for himself, - by a rational method of harmonising the individual and the common interest. In the higher

²³ Yenching senior thesis, 1936.

parts of the co-operative structure are provided the machinery and, generally, the spirit for harmonising divergent and even conflicting interests and establishing a better and more socially directed economic order. In its attitudes and basic methods, co-operation is an application of the best both of Chinese and Christian philosophy, and it demonstrates the way to work these out by appropriate economic devices. A sounder 'economic interpretation of history' and a more realistic economic theory are possible through a study of the co-operative movement. I look forward to considerable progress in economics as a social science as that study proceeds; and, since Chinese social philosophy, especially perhaps that of Motze, leads naturally to these later scientific developments, I venture to hope that Chinese scholars will make notable contributions.

Because of this scientific and ethical interest, and because of the part co-operation is fitted to play over a large field of national reconstruction, there is every reason why, if properly presented, it should attract many of the best youth of China. As I have already pointed out, the organisation of agriculture is such that the research workers are playing their part in the technical improvement of the co-operative farm. There is no similar relationship on the industrial side except in a few European countries and in India where the governments, aid the craftsmen and their organisations. In China I think that government has a part to play here and that students in universities and technical colleges should be given instruction in the characteristics of co-operation as a form of economic organisation.²⁴

²⁴ Among the characteristics of co-operation as a form of economic organisation may be mentioned: its social character as a means of developing a rich community life; its democratic quality and power of evoking latent talent and of giving men an opportunity commensurate with their capacity; the fact that another and usually a more fundamental common interest is linked with that of income on investment as basis of association in the business unit, and the consequent greater stability and harmony of the economic system arising from it; the larger possibilities it offers of economic planning and the remedying of unemployment; the wholesome moral effects of the mutual responsibilities it lays on its members.

But it is not only the university student who should be considered; the general public must be reached through literature, lectures and classes. China needs her Pellervo, the society which under the leadership of Dr. Hannes Gebhard, awoke the Finnish nation to the possibility of raising the low standards of her agricultural population through co-operation. The society was founded in 1899, and today Finland is said to be the most co-operative nation in the world. Thorsten Odhe tells of Pellervo's work as follows:

'Pellervo got busy at once with propaganda, model rules, text-books, account-books, assisting and reconciling workers in the co-operative harvest field, advising inquirers and managements, auditing, compiling statistics, acting as public guardian to all co-operative interests, and custodian of the true co-operative ideals, the practical exploitation of which it left to other organisations. Thus from the very beginning much of the cause of internal conflict was cleverly evaded. No happy chance, but profound study of experience in other countries, underlay Gebhard's plans. During his sojourn abroad in the nineties, especially in Germany where he studied under the celebrated Professor Max Sering in Berlin, he had seized the opportunity of examining the various phases of co-operation systematically and in close detail.'²⁵

Some of these functions belong perhaps to government and other bodies, but it seems to me that here is a stimulating example which the China Co-operator's Union could follow in many particulars and some of which it could encourage provincial groups to follow also.

National attention is already being directed to providing a good graduate course for the training of the higher inspectorate necessary in the co-operative movement in China, but I believe that there should be organised one or two first rate institutions for the special purpose of training the organisers to work under the inspectors, the officers and members of unions and societies, and others who can play some definite part in the movement, in view of the very rapid growth of the movement

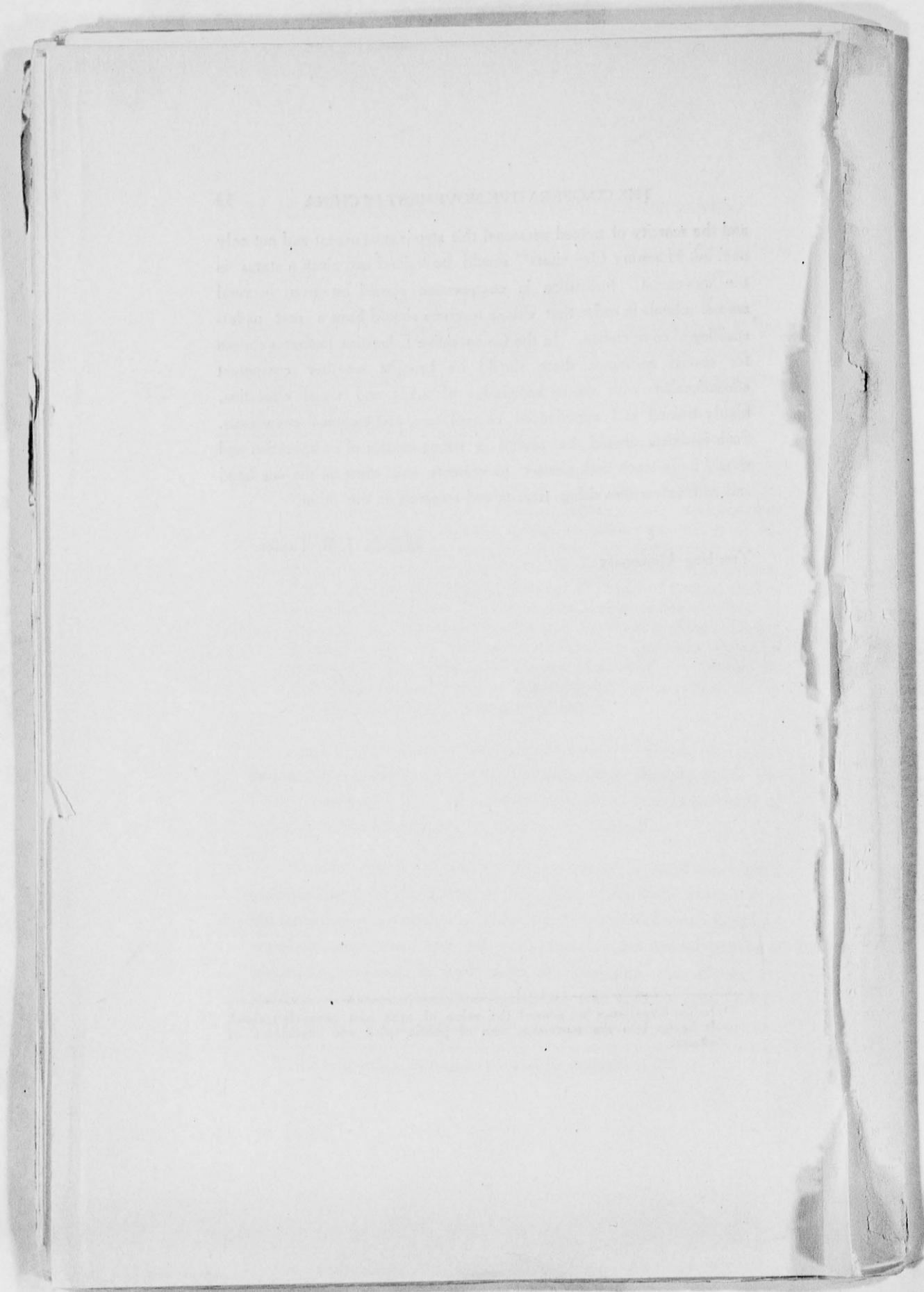
²⁵ Thorsten Odhe, *Finland: a Nation of Co-operators*, p. 29.

and the scarcity of trained personnel this step is most urgent and not only paid but Honorary Organisers²⁶ should be trained and given a status in the movement. Instruction in co-operation should be given in rural normal schools in order that village teachers should have a real understanding of co-operation. In the Co-operative Education Institutes chosen for special assistance there should be brought together competent educationalists with special knowledge of adult and visual education, highly trained and experienced co-operators, and technical consultants. Such institutes should be placed in strong centres of co-operation and should be in touch with pioneer movements and effort on the one hand and with universities doing training and research on the other.

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²⁶ Indian Experience has proved the value of such men properly trained. It brings into the movement men of public spirit and experience of affairs.



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