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MONOPOLY AND CIVIL WAR IN CHINA

BY CHEN HAN-SENG

ALTHOUGH GOVERNMENT MONOPOLY in China has materially altered, it cannot be compared with modern state capitalism. It is far more commercial than industrial in nature, and is concentrated in the hands of highly placed military and civil bureaucrats, politicians, and provincial warlords. They rely on political dictatorship at home and foreign support for existence, stifling free economic growth in China.

From the tenth to the sixth century B.C., when the pattern of Chinese society was very different from what it is today, the aristocrats in the walled cities organized and maintained a kind of government monopoly in the form of handicraft manufacture of certain utensils. Products were, however, for the exclusive use of the aristocrats; plebeians, allowed to live only in rural places, were forbidden to use them. As these products were directly distributed by the government, the phenomenon of profit was totally absent.³⁰⁵

Later, from the second century B.C., with the beginning of a long epoch of imperial dynasties, salt and iron were produced and sold by government monopoly. But even these government monopolies were not primarily for business profit. The object was to meet the needs of the state treasury, and therefore the prices of salt and iron did not go beyond the treasury's demand.³⁰⁵

From the middle of the sixteenth century to the beginning of the present century, under the ever increasing influence of external trade and modern money economy, government monopoly in China tended to be more and more a source of private profit. This was the origin of bureaucratic control. During the Ming and Ching Dynasties there were three Imperial textile factories situated in the silk producing areas at Nanking, Soochow and Hangchow, their function being to supply the government and the Imperial Household with silk fabrics. In the Ming period such establishments were supervised by eunuchs but in the Ching period by the bond servants of the Imperial Household. The salt controllership and the superintendency of every one of these factories were among the most profitable posts in the Empire.³⁰⁵

中国的政府垄断事业不同于现代国家资本主义

它的商业性质多于工业性质，^{集中}是高级文武官吏、政客、地方军阀^{手里}把持的。他们内靠独揽政权，外靠外国援助，阻碍中国自由经济发展。

公元前10-6世纪。

公元前2世纪以来

公元16世纪中叶到20世纪初。

Modern industry as embodied in factories operating with machines was initiated in China by the government. The first steamship was built in China in 1868, the first railway was constructed in 1876, the first modern cotton mill was erected in 1889, the arsenal in Canton was set up in 1887, and the Hanyang Foundry began its work in 1890. All was done by state capital and government management. The top bureaucrats who had much to do with these modern industrial enterprises made private fortunes. Li Hung-chang, Tuan Fang, Chang Chien and Sheng Hsuan-huai were notable examples in this connection. From this time there was a period of revolution, followed by civil wars, when the situation did not alter materially. 306

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Character of Monopoly Changed

Since 1938, however, the character of government monopoly in China has undergone a fundamental change. It is no longer a matter of implementing a policy of modern industrial development, as was the case in 1870-1910. Nor is it primarily for helping government finance as during 1927-1937, when the opium monopoly and the monopolistic tendency of financing the so-called credit cooperatives by the government bank became vital sources for waging the anti-Communist civil war. 306

New York Times correspondent Henry R. Lieberman reported on August 15, 1946, from Nanking: "The Chinese State, acting through various public agencies and corporations, has become the country's leading economic entrepreneur and now dominates mining, power, heavy industry, silk, cotton, and sugar production." (1) This does not mean that there is some kind of state capitalism in China nor that the postwar economic pattern is similar to that in western and central Europe, where there is an apparent trend toward nationalization of key points in the economy. Whereas there is state capitalism in Britain, France, and Czechoslovakia, there is as yet, strictly speaking, no capitalism in China. 306

"The trend toward state capitalism now appears in Asia for different reasons than in Europe," said Harry F. Ward, professor emeritus of Christian ethics at Union Theological Seminary. He did not indicate that there was already state capitalism in China. For, as he explained, "there it plays a different role because of the feudal and colonial status of the Asiatic people." (2) 306

Feudalism and capitalism are incompatible, as are state capitalism and colonial status. When capitalism reaches the stage of state monopoly, production becomes largely social, although ownership remains private. State capitalism as now existing in western Europe stands for preservation of private ownership and centralization of control by the State, which is controlled by an economic group. 306

Government monopoly in China, however, is quite different. It benefits only those bureaucrats who manage the state business, and only preserves private ownership to the extent that the private fortunes of government officials and their families are involved. The control rests exclusively with a few influential government functionaries. Rather than a greater socialization of production, government monopoly here inevitably intensifies the bureaucratization of so-called state owned businesses, scattering and impairing the forces of production. 306

Whereas state capitalism in the Occident represents the pinnacle of capitalistic economy, government monopoly or state business in China is historically speaking a mere capital accumulation in the hands of high bureaucrats, a process that is still pre-capitalistic. Whatever surplus value is obtained under the Chinese government monopoly, it does not come from regular commodity circulation. On the contrary, excessive profits are derived by purely political pressure. Political dictatorship backs up economic monopoly. A brief review of the state business in China, both during and after the war, illustrates this point. 306

(1) New York Times, August 16, 1946.

(2) The Protestant, New York, February 1946, p. 34.

现代工厂是政府创办的

第一只汽船 1868
第一条铁路 1876
第一兵工厂(广州) 1887
汉阳铁厂 1896
李鸿章
张之洞
盛宣怀

1938年起, 中国实行新实业政策:

- ① 不再实行发展现代工业政策 (1870-1910)
- ② 不是开发财源 (1927-1937) (荣宗敬)

不同于国家资本主义

中国不是资本主义

封建主义和资本主义是不能兼容并存的, 国家资本主义与殖民地也是如此。当资本主义发展到国家垄断阶段, 尽管生产大部分社会化, 但所有制还是私有的。现在而谈的国家资本主义是维护私有制, 实行国家集中管制, 这还是一个经济集团来管制的。

但中国的政府垄断却完全不同。它只利于管理国家企业的官僚, 它维护私有财产直到官僚及其家族私利有关的权利。管制权完全掌握在少数有权势的政府人员手里。政府垄断不是扩大生产社会化, 而是不可避免地强化所谓国有企业的官僚化, 分散、破坏生产力。

西方国家资本主义表现资本主义经济的顶峰, 而在中国, 从历史性质来讲, 只是高级官僚手中的资本积累, 是前资本主义的过程。中国政府垄断事业无论取得任何剩余价值, 都不是来自正常的商品流通。

恰恰相反, 超额利润(暴利)完全来自政治压力。政治压力就支持经济垄断。

稍为观察一下战时战后的中国的国营企业, 就能证实这一点。

Examples of Control

Government control of tea marketing has been a typical monopoly by Chinese bureaucracy. In the tea producing region of Anhwei and Kiangsi provinces the wholesale and export tea merchants, the *Cha Chuan*, used to finance practically all the gathering of tea. But by 1936, when government banks had acquired the sole authority to issue notes and accumulated a huge deposit and when the government had built a highway system in the tea region, high bureaucrats in Nanking decided to create a tea monopoly at the expense of the *Cha Chuan*. In February of that year, the National Economic Council, a government planning body, proposed a state tea monopoly. In April, accordingly, the Anhwei-Kiangsi Joint Tea Marketing Committee was organized by the government. The *Cha Chuan* vigorously protested against this, threatening to cancel all promissory notes of the previous annual tea collection. But the political pressure was too great, and it had to accept a compromise by which, continuing to handle green tea, it let the government deal in red tea, which is chiefly for export.

The National Economic Council was succeeded by the National Resources Commission which was given the authority to control and manage many important mines and factories in China, including textile mills. Raw cotton was practically monopolized by the government as, in 1943, like rice and wheat, cotton was exacted in payment of land tax in kind. In addition, a definite quota for government purchase of cotton was fixed. The cotton price established by the gov-

ernment was low, often below the total cost of production, and furthermore the price fixing by the government controlling organs was never effected on schedule. The cotton growers could hardly foresee the ceiling price to be set by the government. }07

The gap between the ceiling price and the black-market price was very wide. In January 1945, in Shensi Province, China's best cotton-producing area, when the official price was Ch.\$13,000 per picul,⁽³⁾ the black-market price was at least Ch.\$17,500 per picul. In May 1945 the situation became worse. While the ceiling price was Ch.\$33,000, the black-market price was as much as Ch.\$100,000 per picul. The ceiling price barely covered the cost of cotton production exclusive of labor and fertilizers. As a result cotton acreage in Shensi and northern Honan decreased drastically, dropping in many places as much as fifty percent in one year. }07

Furthermore, the government considered cotton stored up by peasant families as hoarded. As such it was subject to confiscation. In these circumstances, of course, cotton production further declined. The Agricultural Promotion Commission of the Ministry of Agriculture and Forestry planned to extend a considerable loan to cotton peasants in 1945, because by 1944 the so-called Free China had an annual cotton production of only 1,500,000 piculs, or only nine percent of the 1936 total. This did not seem to worry the government, which was apparently more interested in profit than production. In fact, during the three and a half years from 1942 to the middle of 1945, the Chungking government imported so much American and Indian cloth by air, over the Himalayas, that there was, on one hand, an apparent cotton surplus in China and, on the other, the 464,000 spindles then available in the five provinces of Hupeh, Hunan, Kiangsi, Kwangtung, and Shensi had to stand idle most of the time. The government enjoyed a monopoly of cloth transportation, trade and distribution, entirely ignoring cotton production and mill manufacture. }07

(3) One picul equals approximately 134 pounds.

Throughout the past decade, government monopoly has developed in China under the name of government control. "Government control" has been set up in the name of a socialistic policy of regulating private capital. Although, according to the "General Principles for Economic Reconstruction" adopted at the 148th Meeting of the Supreme Council of National Defense on November 6, 1944, the industrial development of China should be carried out along two lines: by private enterprises and by state enterprises (Article I); and although the same resolution stipulated that private capital may engage in any enterprise other than state monopolies (Article II, Clause 2), the present government monopoly policies in China tend to crush private, individual modern business. There are developing several powerful bureaucratic groups who are profiteering fabulously in the name of government monopoly. They utilize political and military power to fortify and extend their own business interests, are more interested in trade than in industry, and favor arbitrary methods rather than democratic procedure.

Domination of Industry

In addition to maintaining government monopolies of transportation by rail, motor and air, of foreign trade, and foreign exchange, the government began by 1944 to dominate modern production in China. In that year, although private factories numbered 4,764 (90.47 percent) and government factories only 502 (9.53 percent), the total government capital was Ch.\$189,183,000 (38.81 percent) and the total number of workers in government factories was 105,066 (29.21 percent), while the total private capital amounted to Ch.\$298,297,000 (61.19 percent) and the total number of workers in private factories was 254,597 (70.79 percent). Obviously when the government concerns were larger and better capitalized, they were able to outbid private industries.

Furthermore, government concerns have not been confined to heavy industry. Of the 502 government factories in 1944, 167 were small chemical works, 146 were cotton textile mills, and thirteen were engaged in the production of beverages. The distribution of both government and private capital in modern industries in that year, as listed below, shows lack of a clearly defined industrial policy.

DISTRIBUTION OF INDUSTRIAL CAPITAL IN CHINA, 1944			
Categories	Government (percent)	Categories	Private (percent)
Metallurgical	30.99	Chemical	35.03
Chemical	25.01	Textiles	18.63
Machine works	15.42	Machine works	10.24
Textiles	13.36	Beverages	9.85
Electrical		Metallurgical	5.74
apparatus	12.27	Electrical	
Printing and		apparatus	5.15
educational		Printing and	
apparatus	0.89	educational	
Beverages	0.80	apparatus	5.14
Metals	0.72	Other industries	4.82
Other industries	0.44	Metals	3.76
Clothing	0.10	Clothing	1.64
Total	100.00	Total	(307) 100.00

C. Y. W. Meng, in the Kuomintang sponsored publication, *China Monthly*, stated: "China is probably one of the very few countries in the world where controlled economy and free economy are operating side by side with each other to their mutual advantage." He said that "beginning from 1943 currency inflation began to take place, and a large part of our idle capital no longer flowed to the industrial channel but to other illegal commercial activities, such as hoarding and speculation. With the sudden cessation of the war, and as a result of the cancellation of many war contracts, the situation has become much worse than before. Nearly all heavy industries have come to a standstill. Depression is sweeping everywhere, and is playing havoc with us." As monopoly tends to extend its own influence and power, government monopoly of foreign exchange, of transportation and of banking quickly deteriorated into government hoarding, speculation and smuggling. This state of things, which Mr. Meng calls controlled economy, is certainly incompatible with that which he describes as free economy.

摧残私营企业

管制工业

缺乏一个明确规定的工业政策

(4) C. Y. W. Meng, "A Survey of China's Industrial Development," *The China Monthly*, Vol. 7, No. 7, New York, July 1946, pp. 244-45.
(5) *Ibid.*, p. 244.
(6) *Ibid.*, p. 245.

Relief Goods Diverted

挪用救济物资

The leading editorial of the *New York Times* of August 15, under the title "Chiang Kai-shek's Program," comments that Chiang "calls upon his own Government officials to review their own mistakes and shortcomings, of which, unfortunately, there are only too many in the Chinese bureaucracy." Recently much has been published regarding UNRRA in China. Whereas in the past public bodies in China always administered relief, today the Government tends to monopolize it.⁽⁷⁾ Monopoly in relief encourages corruption. In many cases relief goods have been turned to private use. This, together with other governmental monopolies in industry, trade, banking and communication, has swelled the ever-expanding pockets of the high bureaucrats. 308

It may be emphasized that the present large scale government monopoly in industry and trade has been largely accomplished through currency note issue and the control of properties which used to belong to the Japanese and their puppet regimes. In fact this is the crux of the entire government finance. In August 1936 the total note circulation in Nanking government currency was Ch.\$1,400,000,000. It went up to Ch.\$1,000,000,000,000 by August 1945. In May this year it reached Ch.\$2,200,000,000,000; but according to Finance Minister Yu's statement at the last session of the People's Political Council, the total circulation will be about Ch.\$1,395,000,000,000,000 by the end of 1946, or some 995,993 times as much as in 1936. This means that at least 200,000 million dollars worth of bank notes are being issued every month. The total government expenditure for 1945 was about Ch.\$1,000,000 million and the total for this year will, most likely, be around Ch.\$5,000,000 million. As the total value of the properties in the form of factories, mines, real estate, transport means, and the like, taken over from the Japanese and their puppets, amount to approximately Ch.\$10,000,000 million, the government obviously desires to redeem some of the current notes by selling many of these properties. 308

通过货币发行和接管敌产

Inflation alone would have caused, as it did, industrial stagnation, but in reality the sale of property and partial note withdrawal have been very slow. What has already been sold to private concerns is very little in comparison to what has been retained by the government. The major part, perhaps more than seventy percent, is under government monopoly management. Each of the powerful cliques of the government has a share in it. 308

单靠通货膨胀就会造成工业生产下降

敌产出售，法币回收都很缓慢

70%的敌产都归政府管理。

(7) More than half of the funds contributed in America to the United China Relief has passed into the hands of Chinese government institutions; less than one-third has gone to Christian mission and educational establishments; and less than one-fifth has gone to popularly-organized war relief bodies. At least half of UNRRA's heavy equipment has been sold by the Nanking government to the government-directed CNRRA on advances from the government-controlled Central Bank of China, according to John G. Dowling, China correspondent of the *Chicago Sun*. The other half, as has been admitted by the CNRRA director himself, was sold to "private" or joint government-private interests, many of which carry the names of prominent government officials on their boards of directors.

Cliques Within the Government

官僚集团

CC派

First, there is the C. C. Clique, a group composed of Kuomintang party leaders and headed by Chen Li-fu and Chen Kuo-fu, which controls the Farmers' Bank, holding a major share in the credit cooperatives and linked up with seventeen big grain speculators, the Industrial and Mining Bank, which though private in ownership, is managed by political and bureaucratic influences, and the newly established China Silk Corporation, which has been taken over from Japanese management in east central China. This corporation engages in the production of silk-worms and operates ten silk filatures and weaving factories, with a total of 2,384 silk filature basins. It dominates the industry in Kiangsu, Chekiang and Anhwei, and twenty-five private groups market silk through the corporation. It can export about 1,000 piculs of silk annually. 308

The second group is the so-called Political Science Clique. It controls the Kincheng Bank which, though private in ownership, is operated under political and bureaucratic influences; the Ta Kung Pao newspaper corporation, which is heavily subsidized by the gov- (308)

政系

ernment in various indirect ways; and partly the China Marine Products Corporation and the Taiwan Sugar Corporation. The last two mentioned have been taken over recently from the Japanese. The China Marine Products Corporation has over 100 fishing craft, with about ten Diesel engine boats in addition. It also controls seven cold storage plants, one net-making factory, one cannery, one fish oil factory and a small dockyard and repair shop. The main assets of the Taiwan Sugar Corporation in Formosa — where General Chen Yi, a prominent member of the clique, is governor — are forty-two sugar mills which were taken over from the Japanese. 309

One old financial group under the leadership of H. H. Kung, who was Minister of Finance for seven of the eight years of the Sino-Japanese war, may be considered as the third clique. This group has reportedly been involved in bond and gold speculations, foreign exchange manipulations, and smuggling. More recently it has been reported that his son, David Kung, will be financial backer in organizing a trading corporation to handle Sino-American business transactions. 309

孔家财政集团

The fourth is the T. V. Soong group which, as compared with the C. C. and Kung groups, has a strong tendency to develop modern enterprises. It controls the Nanyang Tobacco Corporation, the Kimsan Trading Corporation, the Li Ta Corporation, and most recently the China Textile Reconstruction Corporation. The last now operates fifty-two factories taken over from Japanese management in Shanghai, Tientsin, Tsingtao, and other cities, with a total of 1,760,000 spindles, or about two-fifths of all the spindles in China. In spite of poor management, it makes a net profit of thirty-four percent, equivalent to US \$4,000,000 per month. This can be attributed only to the special privileges enjoyed by the corporation: priorities for raw materials, transport, fuel, and so forth. 309

宋子文财政集团

The Generalissimo's Group

蒋家集团

The fifth group is under the leadership of the Generalissimo. It controls the Ministry of Communications which, at least nominally, operates the national network of railways. It controls the China Merchants Steamship Navigation Company, which is bigger than any private competitor in China. This company operates ships having a total tonnage of about 800,000 gross, mostly taken over from the Japanese. Its 100 vessels range from small river and coastal boats to American Liberty ships. Even bigger ships are now being ordered for the service of this company. Directly under the Generalissimo also is the National Resources Commission, which has flourished during the war period and controls 116 industrial, thirty-seven mining, and thirty-three power projects. About sixty of the factories under the Commission are in operation. The Commission now produces more than fifty percent of China's iron and steel and all petroleum and non-ferrous metals. It will soon lead also in the chemical industries. Because of this towering development of central government monopoly, the erstwhile provincial monopolies, such as in Shansi under General Yen Hsi-shan, in Kwangsi under Generals Li Tsun-jen and Pai Chung-hsi, and in Yunnan under General Lung Yun, are rapidly disappearing. Big monopoly has swallowed small monopoly, and the abnormal conditions of war have greatly accelerated this process in China. 309

Monopoly in Textiles

Government monopoly in China stifles free economic development. The textile industry gives sufficient proof of this. Before the war, in 1936, China had 143 cotton textile mills. These modern mills were located largely in the lower Yangtze region. The total of their spindles was 5,647,000. Of these, 3,047,000 spindles were under Chinese ownership and management and 2,600,000 spindles under foreign ownership and management. Of the foreign spindles about 1,900,000 were Japanese. }09

China was practically self-sufficient in cotton production in 1936. The total need of the mills was 11,000,000 piculs of raw cotton and the total Chinese cotton production in that year was at least 16,300,000 piculs. China's cotton import had been greatly reduced after 1931. Whereas in 1931 the total import was 4,700,000 piculs, the total import for 1936 was only 800,000 piculs of the best cotton from abroad. The total Chinese cotton production was approximately doubled between 1931 and 1936. The prospects were so good that it was estimated that by the end of 1937 the total number of spindles in China would reach 6,800,000, equally divided between the foreign and the Chinese. }09

Even during the war years, in 1939 particularly, there were 1,700,000 spindles in modern mills in the interior provinces which could yield enough yarn for weaving, both by machine and by hand, a total of 40,000,000 *pi* of cloth, a *pi* being about forty yards. On the estimate that the population of the interior provinces is about 200,000,000, each person could have had on the average eight yards of cloth per year. In India during the war only five or six yards were figured for the average annual per capita consumption. Eight yards per capita per year for the Chinese would have been quite sufficient. But the government monopoly and control in Chungking gave no chance to encourage either textile manufacture or cotton production. This situation culminated in a cotton "famine," cloth scarcity, and the closing down of many textile mills. }10

The giant government textile monopoly, the China Textile Reconstruction Corporation, was created from the former Japanese owned and managed mills solely for the purpose of affording financial aid to the government and enriching the bureaucrat-managers connected with it. Its management at present, therefore, is by no means efficient. It has taken over from the Japanese some 1,760,000 spindles, yet so far only 750,000 spindles or forty-two percent are in operation. It produces only 700 bales of twenty counts yarn every day, which represent not more than eighteen percent of the total producing capacity. The quality of production is also poor. Whereas each spindle prior to the war yielded about one pound of yarn per day, the present production per spindle is only four-tenths of a pound. Furthermore, the government corporation deliberately abandoned the production of forty counts yarn for which most of the spindles were fit, and engages instead in making twenty counts and sixteen counts yarns for a temporary profiteering market. Such competition against private mills which can manufacture only sixteen and twenty counts yarns is entirely unjustified, from any sound economic viewpoint. }10

纺织工业

Bureaucracy dominates the entire management of the corporation. The fifty-two factory managers are under the head of the engineering department of the government corporation. Above him are the Vice-Director and Director of the Corporation. Actually all power is centered in the hands of the Director. The fifty-two factory managers have to obey the Corporation Director in all matters pertaining to personnel, machinery, raw materials, budget, and marketing. One man cannot be expected to cope with the diversified business of fifty-two factories with 1,760,000 spindles. 310

In fact nepotism, corruption, and frequently fatal delays have become all too common. In one of its Shanghai factories the Japanese used to employ thirty-two technicians and five administrators to run 50,000 spindles and 800 looms. Now, under Chinese government management, this same factory employs forty-four administrators and only twenty technicians. This is an increase in the total number employed, but the proportion of technicians has been reversed. Out of its huge profits the Corporation is able to pay higher wages and salaries than the private textile mills. Such competition tends to stifle the development of any free economy. 310

Even the spokesman of the Political Science Clique has criticized the government monopoly severely, pre-310

sumably because this group has been permitted only slight participation. An editorial of the Shanghai *Ta Kung Pao* on May 30, 1946 protested against the present financial and economic policies of the Nanking government. "The government," according to this editorial, "has one consistent policy: namely, to enrich the rich and to impoverish the poor. This policy is based on the theory that it will appeal to the poor as 'regulating the power of capital' so as to prevent the growth of capitalism, and will also appeal to the rich as 'developing national capital' whose real masters are the rich and the bureaucrats." 310

The entire government monopoly in China is assuming a compradore character. "Compradore" was originally a Portuguese word applied to Eastern Asiatics who acted as agents between the Westerner and the Oriental in trade. Because of the backing of political and military power, the government enjoys all the transport and banking priorities, collecting products at a fixed low price and selling them to the world market at an exorbitant profit. Production is stifled and industry discouraged. The manager of the Wan Tsiang Textile Factory in Shanghai recently declared: "Even if the workers took no wages and ate nothing, even if there were no labor cost involved, factories in China would have to close down." (8) 310

Government monopoly in China exploits not only the workers but also private entrepreneurs and consumers. Under a military dictatorship, freedom to strike is out of the question. Private enterprises which have no connection with powerful bureaucrats, military or civil, are easily crushed by heavy taxation, and suffer extreme difficulties in transport and marketing. When government hoarding and speculation are strong, not only small and medium merchants go bankrupt, but no consumer can escape paying excessive prices. 310

Opposing Principles

Today there are two distinct tendencies of economic development in China. Whereas a pre-socialistic co-operative economy has made its beginning in the Communist-Democrat areas, the strongest and most obvious tendency in the Kuomintang areas is government monopoly of a pre-capitalistic compradore nature, dominated by military dictatorship. Thus, government monopoly, one-party rule, and foreign military and financial aid have virtually become the three principles of the present Nanking government. These principles are just as inseparable as are the Three People's Principles advocated by Sun Yat-sen: nationalism, democracy, and the people's livelihood. The present civil war in China is fundamentally a struggle between two groups each defending its own set of principles. (310)

(8) *Ta Kung Pao*, Shanghai, June 2, 1946.

官僚统治经营管理

中国整个的政府垄断具有买办性

中国的政府垄断非但剥削工人,而且也剥削私营业主和大众消费者。
在军事独裁统治下,罢工自由是不存在的。

文武大吏没有关系的私营企业,很容易被苛税所摧毁,饱受运输和销售的困难。

在政府囤积和投机抬价的时候,非但中小商人纷纷破产,由于物价高昂,消费者也无一倖免。

现在,中国有两个完全不同的经济发展趋势。

共产党领导的民主地区的前社会党的合作经济已经开始。
而国民党地区是由集中独裁所统治的前资本主义买办性质的

政府垄断的趋势最强烈,最明显的发展趋势。
当前,南京政府的三个主义:政府垄断,一党专政,外国军事援助和财政援助。这三个主义犹如孙中山的民族、民权、民生三个主义不可分割一样。

中国现在的国内战争根本是两派或两个集团维护自己现政的战事

GOVERNMENT MONOPOLY IN CHINA

EDITORIAL NOTE: Following the publication in the issue of October 9, 1946 of "Monopoly and Civil War in China" by Dr. Chen Han-seng, the Editor received comments from Mr. C. Yun, Director of the Office in the U.S.A. of the National Resources Commission of China. These comments are published below and are followed by Dr. Chen's reply. 46

REFERENCE is made to your October ninth issue of *Far Eastern Survey* wherein there appears an article by Mr. Chen Han-seng entitled "Monopoly and Civil War in China." Mr. Chen's viewpoints are mostly preconceived, and unfortunately for the reading public, they are not based on sound, authentic facts which will bear the weight of investigation. 46

For instance, Mr. Chen states, to my surprise, that the National Resources Commission, an agency of the Chinese Government, has control over textile mills in China. This is positively not so. Mr. Chen uses this industry as a basis for trying to prove that a government monopoly of textiles has stifled this industry. In order to inform the public of the correct facts behind the scene, it is necessary to point out first that the N.R.C. was created for the explicit purpose of hastening the industrialization of China. The industrial advancement of other leading nations is so great that time does not permit China to follow the usual pattern of advancement by the trial and error method. This would probably take fifty or 100 years as in the case of the United States. Also, the lack of private capital would seriously curtail activity, but by using government capital under definite plans and in the form of public enterprises, we have the means to purchase the most modern equipment, use the best managerial and technical personnel, and employ the most experienced managers and engineers from foreign nations to bring us the nuclei of their tried and proven methods of management and manufacturing. Thus, in a comparatively few years China will be economically stable, whereas the trial and error method carried on in 100 percent privately owned enterprises using private capital only would tend to narrow China's expansion program as well as keep her in a chaotic state for decades to come. This does not, however, preclude private enterprise. As a matter of fact, quite a number of N.R.C. sponsored enterprises have joint ownership — i.e., part of the stock is held by private interests. 46

The textile industry has never been listed among the industries under the jurisdiction of N.R.C. This always has been, and for all intents probably will continue to be, a private enterprise carried on by private capital. The China Cotton Reconstruction Corporation has a charter for only two to three years, and at the end of this period it will be reorganized into many smaller companies whose shares will be sold to the public. Cotton has long been one of China's backbone crops and with the exception of long fibre cotton, China was well able to supply her own cotton needs before the war. During the war it was necessary as an inflationary preventive to establish a set price for cotton, and this was not done by a group of profiteering politicians, as Mr. Chen indicates, but it was established by a Price Control Board in 46

the best interests of all, to which Mr. Leon Henderson contributed a great deal. Mr. Chen's statement, that during the three and one half years from 1942 to the middle of 1945 there was an apparent cotton surplus in China at a time when 464,000 spindles had to stand idle, is incorrect. During this period, referred to in Mr. Chen's article, all operable spindles were actively engaged in making cotton yarn. Nevertheless, the supply of cotton during the war period was insufficient to meet the unusually heavy demands of military and civilian requirements, and hence it was expedient in connection with the war effort to import some cotton cloth by air over the Himalayas. 46

Furthermore, Mr. Chen declares that "government concerns have not been confined to heavy industry," and that in 1944 there were approximately thirteen government plants engaged in the production of beverages. In this connection it must be made clear that there were no government concerns engaged in the production of beverages before or during the war. There may have been some taken over from the Japanese, but they will be turned over to private operation at the earliest possible time. 46

次原委员会不管制棉纺织业。

Existence of Cliques Questioned

Mr. Chen indicates that there are certain important cliques or groups within the government. I wish to point out that this is not a fundamental truth. Specifically, your readers should be informed that the newly established China Silk Corporation, which Mr. Chen claims comes under the C. C. Clique, is actually headed by Mr. Keh Kintsoon, who has been schooled in France and is known throughout China as a firm exponent of private enterprise. This company (similar to the China Textile Reconstruction Corporation) has been granted only a temporary charter as a government concern, and it has been declared publicly by the government that after a period of two or three years this concern will be turned over to private operation. 46

金特松主持新成立的丝绸公司
暂时属于国营

Another group, according to Mr. Chen, is the Political Science Clique, but Mr. Chen missed the point that this group is only a historical name now and has nothing to do with the industrial development of China. Furthermore, the *Ta Kung Pao* newspaper is known the world over as a free-thinking paper independent of governmental influence. 46

政学系只是一个历史名词

Mr. Chen listed still another group as the Generalissimo's Group. The Generalissimo is the head of the Chinese Government and not the head of a separate clique within the government. The Generalissimo himself does not directly control the Ministry of Communications, but instead the Ministry is but one branch of the President's Cabinet whose function is to handle for the welfare of the country those matters pertaining to internal transport and communications. One point of which the public should be aware is that not all government officials are party members of the Kuomintang. 46

It is not my intention to defend the Nationalist Government for all its economic activities because only a prejudiced partisan would make such a senseless attempt. The Chinese Government is far from being perfect and has committed many blunders in economic affairs, notwithstanding a number of successes, ever since the war started. 46

Professor G. D. H. Cole of Oxford University said in his (46)

article "Molding Three Worlds Into One" in the *New York Times* of October 13, 1946, "that Great Britain is now neither capitalistic, nor communistic, but takes a form of social planning under democratic control which will find room for public and private enterprise to live side by side within the general structure of a democratic production plan." I believe that China is pursuing the same goal and will take the same form as Great Britain, except that we have not arrived at a democratic form of government as yet which is bound to come in the near future. 47

It is most regrettable that the American people are drawing conclusions on this important subject from incorrect figures and facts. The New York office of the National Resources Commission is willing to supply all interested parties whatever facts and figures we may have available. 47

C. YUN, Director, Office in U. S. A.
National Resources Commission of China

Mr. Yun's statement that trial and error method "carried on in one hundred per cent privately owned enterprises using private capital only would tend to narrow China's expansion program as well as keep her in a chaotic state for decades to come" is quite correct. Successful government industry, however, awaits a sound and efficient administration. The present administration, which General George C. Marshall recently described as corrupt, inflexible and greedy, has already made all important industries in China a practical monopoly. 47

马歇尔：现政权是个腐化、僵化、贪婪的政权，已经使得所有重要工业成为垄断事业。

From 1939 to 1944 I was in China, and on my visits to the textile mills in Szechuan and Hunan during 1940 and again in 1943 I found many operable spindles idle. Political Science Clique is not "only a historical name" as Mr. Yun asserts. As late as May 1945, the C. C. Clique distributed a handbill entitled *A Brief Survey of the Intrigues of Political Science Clique—the Parasites of Kuomintang*, at the Sixth Plenary Session of their party. The newspaper *Ta Kung Pao* is owned by an active and leading member of the Political Science Group who also has a prevailing influence in a group of four big private banks. The present head of the Formosan administration, which is well known for its policy of monopoly, is another active and leading member of this clique. 47

政学系不是一个历史名词：1945年5月国民党六中全会，CC散发传单

金特松是CC派的人：

Mr. Keh Kintsoon is a well known C. C. Clique man. If he is really "a firm exponent of private enterprise," he would not be willing to head the China Silk Corporation, which now represents a government monopoly. This corporation, like the China Textile Reconstruction Corporation and factories for beverages, has been granted a temporary charter as a government concern. It is governmental and monopolistic, however temporary it may be. Furthermore, even when it will be turned over to private operation, it will remain a monopoly, unless an entirely new policy is installed. 47

Last spring, immediately after Mr. Wang Yun-wu had assumed his post of Minister of Economics, he negotiated with the National Resources Commission for division of work, with the result that the Commission was to control and supervise all government corporations while his Ministry was to control and supervise all private concerns. The potential of the cotton mills as of May 1946 has been given in an official statement. According to this statement, the thirty-six government controlled cotton mills had a total of 1,586,892 single spindles and 316,946 double spindles and 32,995 looms, whereas 134 private cotton mills had a total of only 1,844,287 single spindles and 123,703 double spindles and 15,391 looms. That there is a strong tendency of government monopoly in industrial enterprise and industrial loans was not denied even by the editorial of December 9, 1946 of the *Shang Pao*, which is generally regarded as one of the C. C. Clique newspapers in Shanghai. CHEN HAN-SENG. (47)

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