

Economic Effect of the Shanghai Strikes

(From the Chinese Economic Monthly)

As yet it is an impossible task to give a comprehensive survey of the economic effect of the labor and other troubles in Shanghai beginning on June 1; hence, the following is simply an attempt at a preliminary survey.

THE general strike of banks, factories and shops in the Foreign Settlement of Shanghai began on June 1, came to an end officially on June 25, and has since degenerated into spasmodic disturbances, leaving Shanghai still in a state of economic disruption. It is very difficult to assess the actual loss caused by these troubles. Some estimate that Shanghai lost approximately \$10,000,000 a day during a certain period of the general strike, but this estimate can hardly be proved, although a Manchester report says that the Lancashire piece goods trade alone is losing £1,000,000 sterling a month of its normal trade with China.

Shanghai is the commercial metropolis of China, and the total of Shanghai's export and import trade forms almost two-fifths of the total trade of the whole country. The fact that Shanghai's direct export trade in 1924 totalled Hk. Tls. 276,454,921 and its direct import trade Hk. Tls. 483,469,942, making a grand total of Hk. Tls. 759,924,863, shows clearly what almost a month's general strike meant to Shanghai and to the country at large.

All Chinese shops which carried on the strike had to pay for rent, tax, water, salaries to staff, etc., just as though conditions were normal. Business was brought to a standstill and not only did shops have to sacrifice trade, but could not make anything to cover overhead expenses. Foreign firms, though they remained open during the strike, suffered the same loss, as little business could be done in that time.

Foreign factories, such as cotton mills etc., have probably suffered the greatest losses, because at one time, owing to the strike of transportation and wharf coolies, they could not maintain free movement of their goods. Further, many laborers working in foreign factories went on strike, and production was brought to a standstill. Over 145,000 laborers in Shanghai, a greater number being employees of foreign factories and firms, were on strike at one time. The following shows the number of striking laborers classified according to occupation:

Cotton Mill	68,105
Wharf Coolies	31,573
Tobacco Companies	11,653
Electric Companies and Municipal Electricity Department	3,170
Seamen	3,000
Silk Spinning	2,800
Clerks, junior staff, etc., in foreign firms	2,500
Iron Works	1,909
Newspapermen and printers	1,752
Tramway Service (including street laborers)	1,700
Glass Factories	1,500
Transportation coolies	1,326
Furniture makers	1,300
Lumber company laborers	1,130
Laundrymen to foreign customers	1,100
Steamship transportation coolies	1,000
Inland Steamship laborers	800
Telephone Company operators, etc.	800
Transportation Junkmen	650
Candle and soap factories	650
Waterworks laborers and piping coolies	300
Coolies and boys in foreign employ	300
Tanneries	290
Petroleum Company laborers	284
Shipbuilding works	268
Sugar refining companies	250
Hosiery factory	200
Musical instrument makers	116
Cotton towel laborers	107
Silver and gold smiths	50
Rubber factories	23
Bobbin factory	9
Miscellaneous factory hands and laborers	4,435
Total	145,050

The strike of laborers working in foreign cotton mills caused approximately 770,000 spindles owned by Japanese mills and 205,000 spindles owned by British mills to be idle.

The Chinese mills carried on production during the strike in order to meet the demand of outports for cotton yarn and cloth. But they had also to close down when the Municipal Electricity Department discontinued the supply of bulk electric power on July 6. Many Chinese mills were thus forced to let approximately 450,000 spindles remain idle, although 246,000 spindles owned by Chinese mills were operated as usual because they did not use Municipal electric power. Those Chinese mills which were forced to suspend operations suffered a double loss in that they had to pay subsidies to their laborers, although they were not working.

The cotton mills had also to face the fact that since the strike in Shanghai many other Chinese ports have placed their orders for yarn in Japan. The following figures giving the export of yarns from Japan to China show the increase in trade with China ports as compared with the figures in 1924 (figures in bales):

	1-6-24 to 20-7-24	1-6-25 to 20-7-25
Shanghai	4,280	2,180
Tientsin	2,400	9,400
Tsingtau	2,140	4,780
Newchwang	860	670
Dairen	1,570	1,080
Antung	430	670
Hankow	340	4,170
Other ports	3,850	6,510
Totals	15,870	30,460

Flour mills have also suffered. Apart from the labor troubles, they have not been able to obtain wheat from the interior, and the Japanese in consequence are now making great strides in supplying the port with flour from Japanese mills. The following is a summary of the flour situation as reported by the "China Press":

"Of wheat flour from Japan to China, this year has seen a record since the Great War, during which Japan profited heavily. The shipment to China was started in March by Japanese flour mill companies to recover the market price then falling rapidly. Cargo was consigned more heavily to Dairen and Tientsin.

"It is reported so far 2,000,000 bags have been forwarded to China since March up to the end of July, as shown below:

January	620
February	4,328
March	64,812
April	404,022
May	187,600
June	243,134
July	237,000
Total	1,141,516

"In addition to the above, 300,000 bags were to be delivered within August, 200,000 bags within September and 150,000 bags within October, making an aggregate of 650,000 bags. The entire amount will reach 2,000,000 bags.

"The export price was Yen 4 per bag at first and was cheaper than the home market price, but in June it rose to Yen 4.20 and at the end of August was Yen 4.40. Flour mill companies which forwarded their cargo at sacrifice prices at first are now profiting largely. The chief causes of this rise are ascribed first to the shortage of wheat held by Shanghai flour mills."

The economic disruption has also reacted adversely on the Chinese banks and so-called "native" banks. It is true the banks still pay interest and receive interest for deposits and loans, but the reduction in volume of business is considerable. However, their direct loss is not so much as the indirect loss suffered by other business firms owing to the banks' participation in the general strike.

Like the silk merchants, cocoon merchants found that they could not take advantage of the cocoon season in Chekiang and Kiangsu provinces. The strike of the banks forced the merchants to stop collecting cocoons because of the unavailability of cash. This again gave a chance to the Japanese merchants. The silk trade of Japan has increased by almost 30 per cent during the strike, it is said.

Shanghai cotton piecegoods merchants have suffered the same losses as cotton yarn dealers. Other ports in China, which were not able to place orders with Shanghai merchants, gave them to Japan. This may be a permanent loss to Shanghai. Stocks of cotton piecegoods in Japan are now almost cleared by the demand from other Chinese ports.

Another group of merchants to suffer losses have been department stores, grocers, silk piecegoods retailers, and such other shops which depend upon business done with local consumers. Expenses had to be paid, but nothing was received in return. Shops dealing in goods which could not be stored for a long period, like fruit and provision shops, etc., have suffered even more because of the loss of a certain amount of capital.

Customs revenue in Shanghai, with the exception of transit dues, has shown considerable decreases in import and export trade, tonnage dues and coast trade. The following gives the revenue for Shanghai in June and July, with comparative figures for the same months in 1924:

		June	
		1925	1924
		Hk. Tls.	Hk. Tls.
Import	1,010,867.996	1,735,916.855	— 725,048.859
Export	248,204.036	361,030.797	— 112,826.761
Tonnage Dues	120,284.700	146,862.800	— 26,578.100
Coast Trade	14,588.935	60,689.451	— 46,100.516
Transit Dues	188,380.988	155,553.208	+ 32,827.780
Total for month	1,582,326,655	2,460,053.111	— 877,726.456

		July	
		1925	1924
		Hk. Tls.	Hk. Tls.
Import	895,940.602	1,871,494.719	— 975,554.117
Export	344,573.432	394,332.164	— 49,758.732
Tonnage Dues	84,520.600	152,849.400	— 68,328.800
Coast Trade	62,213.642	66,126.862	— 3,913.220
Transit Dues	62,793.994	55,714.238	+ 7,079,756
Total for month	1,450,042.270	2,540,517.383	1,090,475.113

From the above statistics, it can be seen that the decrease in revenue in July was greater than in June, the month of the general strike. Due to the strike, merchants placed fewer orders for goods from foreign countries. The goods arriving in June were ordered months ahead and therefore did not afford positive proof of the reduction of business transactions with foreign countries. Many merchants are, however, of opinion that the months to come will see even more reduction in the volume of foreign trade, and therefore in Customs revenue, because many merchants have restricted their forward buying in consequence of the trouble.

Another survey of the effect on Shanghai of the trouble is contained in the "North China Herald," dated August 22. The following are extracts from this survey:

"An estimate has been made that the strike in Shanghai has lost to China about ten million working days already. In a non-statistical country like this there can be no exactitude in the case. As a matter of fact, no cast-iron statement of the number of workers on strike at any one time can be obtained; but taking an average of the numbers given the figure of ten millions seems easily to be covered.

"A certain portion of the strike started on June 1 the date on which the whole of Nanking Road decided to stop work—and its fullest effect was seen on July 6, when the supply of electricity to Chinese mills could no longer be maintained. There are various estimates of the number of men thrown out of work by the strike or its effects, and these have to be considered. A Chinese estimate puts the number as low as 130,000, while a Japanese makes it just above 200,000. A well known British industrial leader suggests 150,000 as the maximum of people out of work at any time, and on a basis of this we make our calculation that already ten million working days have been lost to the country.

"Until July 6, when the Chinese mills had to cease work, there would not be the total just mentioned, so for purposes of calculation we may take the figure of 100,000 as the daily average of those on strike up to that point. From June 1 to July 5 on this basis we get a total of 3,500,000 working days lost. Then, taking the total daily average as 150,000 from July 6, we get over six and a half million working days, and thus reach the ten million mark from the start of the strike. This of course is no more than an estimate, but even should it prove to be a million or two days out, it shows how serious a blow has been struck at local prosperity.

"Leaving the labor side of the question, and turning to the merchandising of goods, we learn that a Chinese statement puts the daily losses of Chinese merchants at \$3,000,000. In most circles this is regarded as a very considerable exaggeration, but there is no doubt at all that Chinese merchants have been severely hit by the strike. Take the case

of the piece goods dealers. Because ships could not be unloaded here cargo consigned to Shanghai on account of Chinese dealers had to be left off at Singapore, and only recently arrived, in some instances several weeks after the anticipated date. At the same time, owing to student activities and the shipping strike, the merchants who had cargo were unable to get it away, and naturally expenses have been piling up against them. It is true that matters are better now, and where dealers can get their cargo away, they are obtaining high prices for it, but the general movement is still small and not in any way sufficient to offset the heavy expenses we have mentioned. This is the sort of thing to go on the debit side of the balance sheet not alone as regards piece goods but many other branches of trade.

"While all such losses as above noted have been incurred, it would be giving an unfair picture of the situation if the benefits accruing to particular sections of Chinese business were not also mentioned. Chinese shipping is coining money as it has never done before, and has never been so busy, and the problem before the shipowners is how to get their ships loaded and unloaded in as short a time as possible so as to get them to sea again. As an example of how they are pushing matters it may be mentioned that one Chinese steamer arriving with 3,500 tons of coal was discharged within 30 hours, whereas the average speed of discharging such cargo here is only 750 tons per working day. Naturally, Chinese shipping companies display no anxiety for a conclusion of affairs, even though a levy is made on their profits by way of strike contributions. Their present earnings can well stand that.

"In exactly the same way Chinese manufacturers of cigarettes seem to be making hay while the sun shines, full advantage of the boycott being taken. On the whole, however, the number of businesses which are able to secure any substantial benefit is limited.

"In one respect the Chinese have been rather lucky. The mills in Shanghai normally consume about 116,000 piculs of cotton weekly, of which at the present time about 60 per cent would be Chinese the remainder being Indian. Normally, in view of the strike one would expect this to accumulate and create a big carry-over to next season, but this year there has been somewhat of a shortage, and so no accumulation of stock likely to affect the market should take. In any event Japan, which is now busy supplying China with the yarn which would ordinarily come from the Shanghai mills, seems prepared to take up any surplus."