

SHANGHAI NEWS (continued)

Industrial Section Report

Four Main Phases Outlined in Part 1 of Document; Destruction and Revival

IN its opening paragraphs the 1938 annual report of the Industrial Section of the Shanghai Municipal Council draws attention to the four phases which constitute its main interest.

First, the year under review has seen a remarkable transition from a situation, at its opening, when employment in industrial enterprises was at a very low ebb, and when the hope of re-employment, as then seen, seemed slight, to one, at its close, when recovery movement had set in. This report aims to indicate the extent of destruction in classified industries, and then to present the picture of revival and to show the directions in which recovery has moved.

Second, for the first time since the establishment of the Industrial Section, it is possible to present vital information on matters closely related to workers' livelihood. The index of the cost of living of workers, retail price indices, wage information, and facts about the hours of labour in industrial enterprises are included. Collaboration with the Chinese Statistical Society in carrying on this section of the work of the former City Government of Shanghai makes this important information available in this annual report.

Third, the Industrial Section has functioned to the degree to which this was possible, in mediating in industrial disputes. Here again the withdrawal of the Shanghai City Government left unattended the functions previously performed by this authority in the settlement of disputes; where the assistance of the Industrial Section has been sought it has been gladly given.

The report deals with the cases handled.

Lastly, a report to Council on "Pei Nu (Mui Tsai)"—or young girls in domestic employment and control of others not near relatives—and some related problems has led the Council to set up a Child Protection Section of which the Chief of the Industrial Section is concurrently chief. Girls in the control of middlemen who receive their earnings from work in textile undertakings are one type of "transferred girl," and the instructions of the Council "to offer protection to them" opens a new and important field of endeavour.

Destruction and Recovery

The report summarizes in classified categories losses which occurred throughout the whole Shanghai area as the result of hostilities. Information concerning these losses was obtained in the early part of the year from trade associations and other interested parties, supplemented by inspection of members of staff checked with office records. Local publicity was given to this information early in May.

Details of recovery are shown by two tables. These indicate the numbers of factories and their employees classified by industries and by districts. Expressed in round figures, it is shown that employment in the area under hostilities is now four-fifths of that at the end of 1935 when the last factory survey was made—82,000, as against 106,000. The numbers of workers in the Western district has risen from 49,000 to 74,000. There were 7,000 more workers employed in the Settlement at the end of 1938 than at the end of 1935; and probably 37,000 more between the British Defence lines and the Point than at the end of the latter year.

The report analyzes the significant recovery industries. It reports 36 new larger and medium sized plants in cotton textile operations employing some 12,000 workers—spinning, weaving and dyeing and the invasion of hundreds of small scale cotton textile plants of a type previously prevalent in outlying towns and villages. These also employ approximately 12,000 workers. Forty-three silk filatures are known, employing more than 20,000 workers. Four new paper mills, thirteen new enamelling plants, and about 60 tanneries are reported. The small cigarette plant which the large scale plant drove out a decade ago has reappeared. More than 20 are known.

Industrial Accidents

Table III indicates that a total of 1,513 industrial and occupational accidents were reported during the year 1938. This number compares with 1,976 reported in 1937 and 2,200 in 1936. The lower number for the year is due in part to the fact that employment during the early months of the year was of smaller volume than in normal years; but the increased employment during the latter part of the year should have induced a great number of accidents, if the frequency rate of former years may be taken as a guide. It has probably to be admitted that reporting is less faithfully done, and indicates that a renewed effort must be undertaken in 1939. Reports reach

the Section from hospitals, some regularly carrying out this task on request, others co-operating much less usefully; but in 1938 only 38 per cent. of reports came from hospitals as against 63 per cent. in 1937. Police and Emergency Ambulance services, and a few factory owners also report. The goal of routine reporting by responsible factory authorities is as yet a long way off.

The number of fatalities was relatively greater than the number in preceding years. 88 workers out of 1,513 injured were killed in the performance of their duty, as compared with 58 in 1937 and 95 in 1936. Thus in 1938, 6.1 per cent. of the accidents had fatal consequences, as against 3 per cent. in 1937 and 4.5 per cent. in 1936. While less complete reporting lessening the total number of cases would produce a high percentage relation, the number of fatally injured workers in 1938—88, almost reached the 95 of 1936, a time of more general employment throughout the year.

The greatest number of fatalities took place in construction operations—buildings, roads, etc. where 21 workers lost their lives, eleven of them through falling. Transport operations accounted for 16 fatalities, there were 13 in the machinery and metal products trades, and eleven in textile undertakings. There were 14 fatalities associated with machinery moved by mechanical power, and 12 deaths from electrical causes. Eleven persons lost their lives in factory fires, 29 through falls, and eight through being struck by a falling body. It would thus appear that falls of workers constitute the largest single cause of fatalities, there being twice as many killed by falling as lost their lives due to machinery.

By far the largest number of accidents—fatal and non-fatal—occurred in occupations connected with transport operations. No fewer than 325 workers were injured, 21 of them fatally, in performing these duties. Table IV, which shows the time of occurrence of accidents analysed according to occupational groups shows that 76 workers were injured in transport operations between 9 a.m. and 12 noon and 56 between 2 p.m. and 6 n.m. indicating that the congestion of streets at these hours is a contributing factor.

Younger Workers Injured

The year 1938, as did the three preceding years, showed that workers in the 15-19 age category receive frequent injuries. 21.1 per cent. of those injured were in this age range, as compared with 26.6 in 1937, 26.8 in 1936, and 33.3 in 1935. The next highest age grouping is also subject to injury. It may be deduced from these figures that Shanghai's working force is a young force, since it can be argued that the proportion of injuries is likely to be higher in the groups where larger numbers are employed. Equally, however, it can be argued that young workers, fresh from the country, unskilled and inexperienced, are likely to be the victims of accidents.

Accident Compensation

The 1937 report quoted in full the opinion of the U.S. Court for China in a case in which damages were sought by an employee who had sustained an injury on a floor in a common law action based on the theory of negligence, wherein it was argued that the defendant company, not having complied with the Workmen's Compensation Act of the District of Columbia, was barred in the action from maintaining the defences of contributory negligence and assumption of risk. The opinion stated that the Court believed that the principle of the Workmen's Compensation Act of the District of Columbia of the United States should be upheld. It further stated that "The Court believes that it may award remedies to injured employees consistent with the spirit and objectives of federal legislation." The opinion was rendered on December 10, 1937, entering judgment for the plaintiff in the sum of U.S.\$1,200.

On January 11, 1938, the plaintiff's attorney filed a motion requesting an increase in the amount of damages allowed by the Court and setting forth reasons therefor. On June 22 the Court filed another memorandum withdrawing the opinion previously handed down in December, 1937. The memorandum indicates that the Court will give the case further study. The Court regrets the delay involved but feels delay is better than an appeal of a more convincing conclusion can be reached one way or another by further consideration.

There is coming a realization that the death of the wage earner in the family deprives the family of its means of livelihood, and accompanying this understanding is payment of greater compensation.

Boilers and Pressure Vessels

Recovery in industry has centred their process, and in consequence in trades which require steam for there has been a large number of boilers and other pressure vessels installed in the new premises. In silk filatures, in dyeing works, in cotton spinning, and in paper mills, which have formed the majority of the new plants, steam is essential.

The Council's Boiler Rules have been in force a little over two years, during which time application for identification numbers for 454 boilers and 45 other pressure vessels have been received. 76 of these boilers in locations "North of the Creek" in 1938 have not been in operation, leaving 378 effective registrations. Of these, 139 applications for registration of boilers and 20 other pressure vessels have been received in 1938. 106 boilers are known for which application for identification numbers has not yet been made, many of these being in plants not yet in operation. Of the 106, 30 are in the Western Extra-Settlement Area.

The goal of the effort of the Industrial Section is to ensure that all factory boilers are covered by valid certificates at all times. Out of the 356 effective registered boilers, 193 were under supervision during 1938 at the end of the year 107 were covered by a valid inspection certificate, the requirements of the engineers in the other 86 cases not having yet been completed to their satisfaction. Of this 193, 33 were in the Western Extra-Settlement areas. Progress, though not achieved at the rate desired, is substantial, and it may be claimed that the majority of the boilers now under the attention of approved boiler engineers would not have been thus inspected had the Council's Rules not existed.

The successful development of a corps of technical men registered with the Council for one type of specialist service raises the question as to whether a register of approved mechanical engineers could be developed. Occupiers of factories and workshops would under such an arrangement be required to retain the services of an approved mechanical engineer who would be required to give an undertaking, prior to registration, that he would install and maintain machinery mechanically operated in a satisfactory and safe condition. In this way the long process of achieving machine safety may be expedited by better practice, and industrial accidents reduced by the attention given in advance to the causes of machine accidents.

During 1938, four classes of boiler attendants were conducted by the Industrial Section, the fourth, of 45 members, being in session at the end of the year. 153 attendants were enrolled in 1938 for twelve lectures of two hours each in the principles of construction and operation of pressure vessels.

Part II

Deals with Worker's Livelihood

Here follows Part II of the S.M.C. annual report of the Industrial Section for 1938. For the first time since the establishment of the Industrial Section at the beginning of 1933 it is possible to publish in an annual report information of a vital nature in relation to the livelihood of workers. Figures of the cost of living, of retail prices movements, of wage rates are now available, being the work of Mr. T. Y. Tsha, formerly Chief of the Statistical Division of the Bureau of Social Affairs of the City Government of Shanghai, operating now under the Chinese Statistical Society to continue uninterrupted the excellent information which has been continuously available since 1926.

Mr. Tsha has been accorded office space in the Industrial Section, which has, in turn, authenticated his investigators to industrial enterprises. This mutual arrangement is greatly to the advantage of the Section. The figures covering Wages and Hours of Labour are obtained from Chinese industrial enterprises only.

The most significant fact which emerges from the study of Cost of Living of the Shanghai Chinese community is that it costs today \$1.47 to buy what was able to be bought for

\$1 in July 1937, or, expressed in other words, the July 1937 dollar is now only worth 68 cents. The statement which follows particularises the situation in 1937 and 1938.

Cost of Living and Retail Prices

The index of the cost of living of Shanghai workers begins from 1926 and is on a 1926 base. The general index is composed of five group indices, namely: food, rent, clothing, fuel and light, and miscellaneous groups. The relative importance of the various groups in the general index is best shown by their percentage expenditure in an average worker's family. Of the total expenditure of a family, food constitutes 53.2 per cent., of which rice is the heaviest item; rent, 8.3 per cent.; clothing, 7.15 per cent.; fuel and light, 6.4 per cent.; and miscellaneous, 24.6 per cent.

For the year 1937, the general index stands at 124.11; the increase is only 18.15 per cent., when compared with 1936, the year preceding the hostilities. The increase is, however, much greater, when the monthly indices of the five months period from August to December, 1937, are compared with July, the pre-war month. During the five months, the index is highest in November (159.08). The increase is 45 per cent., when compared with July (109.51). In other words, living costs were increased nearly by one half during the hostilities in 1937.

1938

For 1938, comparison is made with July, 1937. Among the group indices the rise is highest in the rent index; second, fuel and light; third, miscellaneous; fourth, food; and fifth, clothing. The extent of the monthly fluctuations given below shows the maximum and minimum indices during the year. The rent index for the year stands at 289.14, an increase of 156.9 per cent. over July, 1937 (112.56). Monthly indices fluctuate between 276.72 (January-June) and 301.56 (July-December). The yearly fuel and light index is 242.59, an increase of 62.5 per cent. (July, 1937=149.25). Monthly indices fluctuate between 214.48 (May) and 291.22 (January). The yearly miscellaneous index is 164.20, an increase of 27.5 per cent. (July, 1937=128.83). Monthly indices fluctuate between 157.07 (January) and 169.28 (October). The food index for the year stands at 129.47, an increase of 27.3 per cent. when compared with July, 1937 (101.72). Monthly indices fluctuate between 118.43 (November) and 138.33 (February). The yearly clothing index is 126.54, an increase of 12.4 per cent. (July, 1937=112.56). Monthly indices fluctuate between 117.18 (June) and 139.45 (November). Finally, for the general index, the monthly indices fluctuate between 154.49 (May) and 167.12 (August), and the yearly index is at 160.60, an increase of 46.7 per cent. as compared with July, 1937 (109.51). In other words, one needs now to pay \$1.47 for what one paid only \$1 just prior to the War.

Dollar Purchasing Power

The values of commodities may be judged from two angles. From the point of view of any commodity, it is indicated by the price; from the point of view of the dollar, it is represented by the purchasing power of money. Thus, when the purchasing power is high, the cost of living is low, and conversely, when the purchasing power is low, living cost is high. The purchasing power of money and commodity prices are reciprocals of each other, the two moving exactly in opposite directions. For instance, taking the July, 1937, general index, which is 109.51, as the base, both the general index for the month and its reciprocal will be represented by 100. The yearly general index for 1938, which is 160.60, will then be represented by 146.65, reciprocal of which is 68.19. This figure, therefore, represents the purchasing power of a dollar for 1938. In other words, the purchasing power, or the real value, of a July, 1937, dollar is worth only \$0.68 in 1939.

Retail Prices in 1938

When the retail prices of the individual commodities for 1938 are compared with July, 1937, the pre-war month, the most radical increase is shown in the rent group, e.g., the rent for one-story house is increased by 163.4 per cent., for two-story house with no courtyard, 158.1 per cent., and for two-story house with courtyard, 143.3 per cent. In the fuel and light group, the price of charcoal shows a rise of 117.6 per cent., useless timber 100 per cent., firewood 95.7 per cent., and coal briquettes 77 per cent. In the food group, the price of vegetables shows the greatest soaring tendency. Spinach is increased by 247.6 per cent., salted hshueh-li-hung 173.6 per cent., ching tsai 123.3 per cent., sweet potatoes 106.3 per cent., allium odorum 145.5 per cent. The increase is less exorbitant in the case of meats and eggs. The price of beef shows an increase of 92.7 per cent., of chicken 91.2 per cent., and of fresh ducks eggs 66.7 per cent. In the case of bean products, both bean curd and dried bean curd show an increase of 47.8 per cent. As for rice, "sien" rice is increased by 25.8 per cent., and non-glutinous rice 9.4 per cent. Among the miscellaneous group, toilet paper shows an increase of 88.4 per

cent., Shao-shing wine 58.4 per cent., and soap 35.1 per cent. In the clothing group, native sheetings show an increase of 38.6 per cent., striped cotton shirts 31.4 per cent., and fancy twills 18.8 per cent.

Wage Rates Earnings

A classified table in the report shows industries arranged in their respective rates of wages per hour in nine years from 1930 to 1938. Of these industries, the shipbuilding, printing, and machinery industries, are among the high wage groups. An hourly rate of approximately ten cents was paid in these industries. At the bottom of the list, the silk reeling and cotton spinning workers were paid a rate of as low as from three to four cents an hour. Of the various industries, the cotton spinning employs the greatest number of workers but is one of the most poorly paid industries in the city. In the last two years of the period, that is in 1937 and 1938, two industries, shipbuilding and match making, have been dropped from the investigation due to difficulties arising out of the present hostilities.

A similar table of earnings is included in the report as distinct from wage rates, expressed in monthly terms rather than in hourly earnings. The shipbuilding, printing, and machinery industries occupy the same position as in the case of wage rates. Workers in these industries earned from \$23.08 to \$47.63 per month. Earnings for workers in the silk reeling and match making industries were the lowest ranging from \$6.31 to \$11.39. Even at normal times, it is hardly possible to live on such a meagre income.

Wages Before and After Hostilities

Comparing the wages after the outbreak of the War with the pre-war level, a decline was shown in most of the industries. The decline was particularly keen in the under-wear knitting, enamelling, and hosiery industries. This might be attributed partly to the difficulties of outport sales and partly to the fact that after the War, most of the large scale factories were either destroyed or forced to suspend operation, and that those under investigation were largely of smaller scale and paid a lower level of wages. Some of the industries, however, showed increase in wages. The cotton spinning, for example, showed an increase in wage rates from \$0.039 in 1936 to \$0.051 in 1938, and in earning from \$10.05 to \$13.30. The increase was due to the increased demand for cotton yarn as a result of the influx of population to this city, which necessitated an increase of skilled workers in that industry, and also to the indirect effect of manipulations in the cotton yarn market. The silk weaving and cotton weaving industries likewise showed an increase, but in this case, the increase was more the result of business prosperity before the War than of any factor consequent upon the War. After the outbreak of the War, these two industries did suffer serious losses in business, but owing to the increased consumption of wearing apparel, they were able to keep the wage level well above the pre-war scale. The effect of the War upon the silk reeling industry, immediately after the outbreak of hostilities, was most disastrous. Most of the plants were destroyed; operations in the existing plants were uncertain. But in the later period, there began to show an increased demand in the over-sea markets, and consequently the wage level returned gradually to its pre-war margin. The wages in the flour industry were paid on a monthly basis, hence no serious changes were shown in the level of pay. Again in the oil pressing and the paper making industries, only one or two plants were under operation after the outbreak of War. The limited scope of investigation in these two industries might affect comparability with the pre-war level.

Working Hours Per Day

In another table, the industries are arranged in order of their respective lengths of working hours per day. The longest working days are shown in the cotton spinning, flour, cotton weaving, oil pressing, and paper making industries, where workers labour from 11 to 12 hours per day. Comparatively fewer hours were worked in the tobacco and match making industries, ranging from 6½ to 8½ hours a day. It is striking to note that the industries such as cotton spinning, flour, cotton weaving and silk reeling, where long working hours prevailed, were at the same time those where low wage rates were paid. Long hours and low wages seem to be the fate of these groups of industrial workers. The changes in the length of working time among the different industries and through different periods follow chiefly the cyclical movement of business conditions. Effect is particularly severe on the piece workers who are paid on the basis of the amount of output rendered rather than on the time workers who are paid according to a stipulated rate irrespective of output. Hence, the hours of work of piece workers were more liable to changes than those for time workers, and short working days were often found

(Continued on page 193)

Industrial Section Report

(Continued from page 192)

in those industries where piece workers predominated.

Working Days Per Month

With regard to the number of days worked per month, workers in the flour industry worked as many as 29 days and those in the oil pressing, 28 days to the month. They had practically no time to rest. The number of days worked in the silk reeling, hosiery knitting, machinery, tobacco and printing industries was much less, varying from 18 to 26 days. In a number of industries, production is rather uneven, particularly is this true in the match making, tobacco, and silk reeling industries. Weather conditions and shortage of raw materials, among other things, are the chief causes of irregularity. Uneven production causes uncertain income to workers. It is the view of experts that the rate of production in Chinese undertakings could be regularised and that the question is one of sound administration, which management can in part control. In 1938, the number of days worked greatly exceeded those of 1937, which shows a general recovery of business, partly as a result of the abnormal influx of population to this city during recent months. The small number of working days in the silk reeling industry in 1937 explains the extremely low earnings in that industry during the same year.

Trend of Real Wages

Money wage index does not take into account the cost of living of the workers. A true measure of their relative well-being is therefore to be found in the index of real wages. In 1937, a sharp decline in the index of earnings was accompanied by an equally sharp up-turn of the living cost index. Under such circumstances, the real wage index showed a sudden drop from 103.96 to 81.27. The condition was not better in 1938, when earnings improved slightly but living cost jumped further from 106.27 to 137.51. Consequently, the real wage index further dropped to 62.81. A reading of the real wage index would supply a vivid picture of the financial pressure that the working class in this "isolated island" had to face during the period of hostilities and after.