The world economic crisis has, since 1929, accelerated the process of expansionism in colonial and semi-colonial countries. How far has it affected China, which is already a semi-colony? Economic disintegration sums up the answer completely.

Up to 1931 about half of the income of the Chinese National Government was taken from the customs revenue. For 1932, however, the Chinese Maritime Customs revenue amounted in round figures to Hk. Tls. 200,239,000. In comparison with Hk. Tls. 246,089,000 collected in 1931, this represents a decrease of Hk. Tls. 45,848,000. The seizure of the Customs at Harbin, Lungchingtsun, Antung, Dairen, and Newchwang by the so-called Manchukuo régime, since the month of June 1932, alone reduced the 1932 collections by about Hk. Tls. 15,000,000.

During the five years previous to 1932, the National Government issued twenty-five kinds of internal loans, amounting to more than Mex. $1,000,000,000. In accordance with the terms of the Government’s mandate of February 24, 1932, a fixed annual payment of Mex. $103,200,000 from customs revenue is to be delivered to the National Loans Sinking Fund Administrative Commission. Thus, about one-third of the customs revenue is for debt payment.

From 1927 to 1932, nearly one-third of the total expenses of the National Government was secured from internal loans, of which more than seventy per cent was guaranteed by customs revenue. Inasmuch as less than one per cent of these internal loans has been applied to productive enterprises and nearly all has been spent in military and civil administration, one can easily see the precarious state of Chinese finance. The decline of the customs collections only aggravates the situation.

If we should analyze the customs revenue for 1932 according to the different categories of duties, we may find that of the total revenue, 1.37% is tonnage dues, 6.59% interport duties, 9.49% export duties, and 82.55% import duties. Such a large percentage for import duties not only shows the important relation between imports and governmental finance, but also indicates the big unfavorable balance of trade for China. In fact the excess of imports for 1931 was Hk. Tls. 540,000,000, and that for 1932 more than Hk. Tls. 600,000,000. Of the total value of imports, fully fifty per
cent belong to articles of food and clothing. Imports of arms and ammunition are of course not recorded here.

Customs revenue and government finance are clear reflections of the present Chinese economic situation, which, for the sake of brevity, may be summarized in three phrases: the decline of handicraft industry, the retrogression of agriculture, and the infanticide of modern forms of industry. Trade capital in China began its development even in the Fourth Century B.C. Natural economy disappeared from China long ago. What foreign industrial expansionism affected, therefore, was not Chinese natural economy, but Chinese market relationships. Expansionism has never created new trade organs in China. It has, instead, only helped to develop original trade organs, and has strengthened the power of trade capital in Chinese agrarian economy. Already before expansionism began, the union of agriculture and family handicraft industry was not at all natural economy in its simple form; it was rather an insurance against poverty and bankruptcy on the part of the peasants. In the face of trade capital, family handicraft has remained a subsidiary means of maintaining a living. So long as there is no rapid development of new industry, the decline of handicrafts signifies the increasing impoverishment of the Chinese peasants, and consequently, the retrogression of Chinese agriculture.

In Fushan, a region in the District of Changshu, Kiangsu Province, there used to be forty cloth stores which furnished yarn to the village women for weaving. This region exported annually four to five million dollars’ (Mex.) worth of cloth to other districts and provinces. Almost ninety per cent of the women in the nearby villages are engaged in some capacity with work on wooden looms. At present, however, there are only five such cloth stores remaining; and they are all very small ones. Similar conditions of decline are prevailing in other cloth centers such as Nantung and Sungkiang.

The famous linen exports from Kiangsi and Kwangtung provinces used to find their way to Formosa, Korea, and the South Sea Islands. From these places Chinese linen is now practically banned. This alone throws about a million people into the ranks of the unemployed. Also, scanty statistics would be sufficient to show the decline of hand weaving in silk. In Chinkiang, Kiangsu, there were 2,700 looms and 6,000 workers for silk weaving in 1920; now there are less than 200 looms and less than 800 workers. In 1930 there were still 910 looms in Hangchow, but now there are 700 or even less. The oldest silk-weaving establishment in Kaifeng, Honan, with a history of almost three hundred years, had more than eighty looms in 1913, but now maintains only six. A few years ago, in the district of Chengping, near Nanyang, also in Honan Province, the wages for silk weaving amounted to Mex. $850,000 every year. At present, however, practically no silk weaving is being carried on there. In Nanhai and Shengteh, two districts of Kwangtung, the export of silk scarfs and handkerchiefs has dropped from more than eight million to less than two million Mex. About 100,000 village women thus lost their livelihood.

Take the statistics for hand-made straw hats in Ningpo; in 1927, 4,900,000 hats were produced; in 1929, 3,100,000; and in 1931, 1,500,000. In Shanghai this production also declined rapidly, as is shown by the following: in 1930, 80,000 hats; in 1931, 65,000; and in 1932, only 30,000. Italian, instead of Chinese, straw hats are capturing the market.

A tremendous quantity of foreign paper is also being imported into China. Eight-tenths of this import is from Japan; but Canada alone is exporting to China $305,000