

Depressions in Chinese History: Their Causes and Cures

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Depressions are nothing new in history. They have been recorded periodically in the official history of China. Since the conditions in old China and those in the modern West are vastly different, the causes and cures of their respective depressions must, of course, differ accordingly. A very brief account of depressions occurring in China, together with an analytic study of their causes and cures may, however, serve as an interesting comparison with, if not also an instructive suggestion for, the present world crisis. This article is written on request with this aim in view.

The nearest Chinese word for depression is Huang (荒), which means desolation. A depression of want is called Chi Huang (饥荒), while a depression of fear is Kong Huang(恐慌). The latter word is the same character, bearing the radical of “mind”(Xin, 心), and has the same pronunciation as the former. There is a classical term Huang Zheng(荒政), which means “Political Measures to deal with Desolations”. The oldest record of these measures can be found in the Zhou Li(周礼), or the Book of Governmental Rites of the Zhou Dynasty. The Zhou Li is one of the Thirteen Confucian Classics, the authorship of which is generally attributed to the Duke of Zhou of the 12th Century B.C. (No English translation, French translation by Edward Biot, Paris, 1851). Since then, the Huang Zheng has always been one division of the important functions of both the official and the local self-governments in China. Many special works of numerous volumes devoted to this subject have been compiled and published. One entitled Jiu Huang Huo Min Shu(救荒活民书)by Dong Wei(董煟), of the Southern Song Dynasty, and another entitled Huang Zheng Cong Shu (荒政丛书), by Yu Sen (俞森), of the early Qing Dynasty, are outstanding and better known.

The prime cause of depressions in China is natural disasters. The earliest one recorded in written history is the Great Deluge in the Emperor Yao's(尧) time. This devastating inundation began in 2337 B.C., and from 2297 to 2203 B.C. were the worst years in the ancient Empire. Another recorded early disaster is the drought

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during King Tang 's(汤) reign, which continued for seven years from 1766 to 1760 B.C. These two seem to be the most universal depressions in China before the Zhou Dynasty. Earthquakes plagues and locusts are recorded as other causes of famine and depression. Thanks to the completeness of Chinese dynastic histories, we can now recall natural disasters of every form which happened in China throughout all ages since the Qin Dynasty (3rd century B.C.). Because the Huang Zheng measures were early established and permanently maintained in every city, town or village, all depressions resulting from natural disasters were either only partially effective, or were quickly remedied, except those which concurred with other destructive causes.

The other causes of depressions are: (1) banditry and rebellions; (2) wars and civil wars; and (3) bad government. These causes were often interrelated and all intensified whatever natural disasters occurred at that time. Depression was usually the cause and also the result of a change of dynasty. We see how (1) after an exhaustive military unification of the empire and the construction of the Great Wall, a depression broke out which led to the first peasant revolution in Chinese history, and abruptly ended the Qin Dynasty (207 B.C.). (2) In the latter part of the Western Han when Emperor Wu(武帝) drained the national resources for foreign expeditions, depression was manifest and continued till the first communist experiment (6 A.D.), which overthrew the dynasty. (3) In the latter part of the Eastern Han, the Yellow-Turban Bandits were directly responsible for an empire-wide famine. This caused the downfall of the dynasty and the division of the empire into Three Kingdoms(219 A.D.). (4) Foreign invasions in the Western Jin were responsible for many wars and civil wars, which brought another division of China in this case into Southern and Northern empires (420 A.D.) and caused a depression. (5) The Great Tang Dynasty enjoyed a long period of prosperity till an uncontrolled famine occurred which produced rebels, such as Wang Xianzhi(王仙芝), and Huang Chao(黄巢), who devastated the once rice regions of the empire and massacred many millions of people(875-884 A.D.), and by these means over-population and under-production were overcome. This resulted in an even greater depression, during which period China was dissected into many independent states, each of which had a number of short dynasties. (6) The Northern Song was rendered helpless by the Riverside Bandits (1121 A.D.) who were the products of continued bad years and a bad official government. In addition to these the Tartar conquest ended the Chinese rule in the Yellow River Valley(1126 A.D.). (7) The Southern Song was never safe from outside attacks. The annual tributes and “gifts” to the northern and western neighbors, together with the periodical raids by them, combined to present an unsurpassed depression in the country. Even the ironhanded policy of the Mongols, in control of China for a century (1279-1367 A.D.) could not

fully restore prosperity. In the last decades of the Yuan Dynasty, between the struggle of the conquering Mongols and the revolting Chinese, the depression reached its maximum. (8) Towards the end of a long period of prosperity, during the Ming Dynasty, both the eunuch ascendancy and the foreign inroads necessitated the government levying heavy and increasing taxes and surtaxes, which caused many local uprisings and culminated in the revolution under the two super-bandits, Zhang Xianzhong(张献忠), and Li Zicheng(李自成). After the capture of the then national capital, Beijing, by Li Zicheng, he was overcome by the Manchus, who came in and ruled China. (9) The Late Qing Dynasty gave China a period of great prosperity which lasted almost 200 years. Then the Tai Ping Rebellion(太平天国), which attempted a social and economic reorganization as an answer to a prolonged depression, found its way throughout the empire(1850 A.D.). The result was that conditions went from bad to worse, and even the modern Republican Revolution of 1911 A.D. did not achieve the desired end. (10) This depression, viewed historically, has continued during the entire period of the Republic. The floods and famines of recent years are strong proofs of the mixed causes of natural disasters and governmental deficiency. While all old methods with which the Chinese successively combated the depressions of the past have been gradually discarded, the methods adopted from the West on recent occasions have been either insufficiently adapted, or unsuccessfully operated, or else they are unsuitable of the country. The Chinese are at present living in a generation of suffering and depression.

The cures or methods of dealing with depression in ancient China are recorded in the Zhou Li under the section of the "Minister of Earth", in twelve items. First, the distribution of surplus treasures. The government will provide not only funds for the relief work, but will also open up all storages of accumulated grains and other necessities of life for direct distribution. Second, the lowering of taxation, which will relieve people from public burdens and thus enable them to be self-supporting. The average land tax was less than ten per cent of its productive value and there were very few other taxes besides. During the time of depression the land tax was usually halved or totally exempted from the famine stricken regions. Third, the repeal of criminal punishment. This is because people are more easily driven to crime when in distress, and therefore they deserve special mercy. Fourth, the withholding of labor conscription. In ancient times all male citizens, excepting officials and scholars were subject to government conscription for public works between the harvesting and planting seasons in the winter. This conscription would be withheld in times of depression, so that the people might work more profitably. Fifth, the lifting of legal prohibition against the use of state property. According to the law of the Zhou

Dynasty, all mountains, rivers, forests and mines were publicly owned and are prohibited from private exploitation. This prohibition would be lifted and the people would be allowed to enjoy the products of the state property. Sixth, the abandonment of custom restriction. Although there were no customs duties in the Zhou period, inspections and restrictions were in force on both imports and exports between states. These would be abandoned in times of depression to facilitate free transportation and quick exchange. Seventh, the elimination of social ceremonials. This is a measure of social economy and thereby unnecessary expense would be saved for necessary purposes. Eighth, the simplification of funeral rites. The Chinese often overdo funeral and burial services, and this would rule out all superfluous expenditures for the dead. Ninth, the prohibition of musical performance and amusement of any form. Aside from sacrificial and educational purposes, theatricals and musical performances for amusement would be banned in times of depression, much in the same way as it would be in mourning. Tenth, the encouragement of simple and easy marriage. As marriage in old China was expensive and difficult, this would be a great relief for poor people in hard times. Eleventh, the holding of prayer services. When the emperor led the officials and the people to pray to Heaven and to the national patron gods for the speedy return of prosperity, it would certainly have a psychological effect on the populace. Twelfth, a check on thieving and banditry. Since depressions always brew more unrest and uprisings, an effective check of these from the very beginning would save the country from revolutions and wars. These twelve items form the important measures of the Huang Zheng, since the time of ancient China.

The fundamental and permanent remedy for depression from famine is the public granary system, which is as old as Chinese civilization. According to the *Li Ji* (礼记), or the *Records of Rites*, one of the five Confucius' Canons, in the book of Wang Zhi(王制) or *Imperial Sway*, it is stated that "If in a state there was not accumulated a surplus sufficient for nine years, its condition was called one of insufficiency; if there was not enough for six years, one of urgency. If there was not a surplus sufficient for three years, the state could not hold its own. The husbandry of three years was held to give a surplus of food sufficient for one year; that of nine years, a surplus sufficient for three years. Going through thirty years in this way, although there might be bad years, drought and inundations, the people would have no lack of food or be reduced to eating merely vegetables, and then the Son of Heaven would every day have full meals and music at them." (James Legge's translation with revisions; see *Sacred Books of the East*, Vol. XXVIII, page 222.) This practice was much interrupted towards the latter part of the Zhou Dynasty. Li Kui(李悝) of Wei State(魏国), and Shang Yang(商鞅) of Qin(秦) State owed their periodical prosperities in their

respective states largely to the restoration of this old system with modifications and improvements. Li Kui was particularly famous for his Ping Tiao(平糶) policy, which was first introduced in 412 B.C. The general idea of this policy was a state management of buying grains when abundant, and selling them when scarce at a level price. This policy, together with the establishment of public granaries, has been maintained throughout all dynasties, although it has gone through many changes under different names with various regulations in its operation. It has always been maintained under management by local self-government and supervised by the official government. Every community, large or small, must provide a public granary for home relief, sufficient for three years. This is why famine was never beyond control and outside help was never depended upon in old China.

It has been a traditional belief in China that agriculture is the most important function in life and the farmer the only direct producer of wealth and therefore he stands high in social position, second only to the scholar. Whenever a depression occurred, the government would repeatedly urge the people to return to the land and arbitrarily discourage merchants either by imposing upon them special taxes or by depriving them of certain rights, honors, and luxuries, -such as the wearing of silk and chariot-riding-as a sign of humiliation. The government would also place great importance on grains, the contribution of which could redeem penalty and secure nobility (first in practice in 168 B.C. by the edict of Emperor Wen(文帝) of the Western Han Dynasty), while all other commodities, including gold, silver, pearls and precious stones, would be condemned and so depreciate in value. Simple and thrifty living is highly desirable in accord with the teachings of all Chinese schools of philosophy; economy is the watchword for individual, domestic, social and official lives. It is a common practice to save not only money but also all useful materials, especially food and clothes. Anti-waste is taught from childhood as a means of protection and preservation of both natural and human products. Many religious and even superstitious tales are centered in this subject. Strict laws and minute regulations to this effect are enforced. All these afore-mentioned measures for normal times are especially emphasized in the periods of depression.

The more radical measure for emergency is government control, to a large degree, or food production and distribution, and of money. Every student of history knows that the Jing Tian(井田), or Community Land System, in ancient China(till the 3rd cent. B.C.) was socialistic and even communistic in theory and in practice. After its abolition, together with feudalism, whenever a depression occurred, there were always some statesmen attempting its restoration, and many a time they were partially

successful. Wang Mang's(王莽) communist experiment (6-23 A.D.) and Wang Anshi's(王安石) introduction of state socialism(1068-1076) are two outstanding events in Chinese political economy. Mild attempts of this kind are more frequent in Chinese history. Government monopoly of iron, salt and liquor was firmly established in the second century B.C. Chao Cuo(晁错) of the Jing Di (景帝) period(156-141 B.C.), Sang Hongyang(桑弘羊) of the Wu Di(武帝) period(140-87B.C.) of the Han Dynasty, Liu Yan(刘晏)of the Tai Zong(太宗) period (713-755A.D.) of the Tang Dynasty, Cai Jing(蔡京) of the Hui Zong(徽宗) period (1101-1125 A.D.) of the Song Dynasty, and Zhang Juzheng(张居正) of the Mu Zong(穆宗) and Shen Zong(神宗) period(1567-1582) of the Ming Dynasty were all reputed as Ji Chen(计臣), or politico-economic experts. The common tendency of their policy was the state control of national wealth. Unfortunately, Chinese political philosophy is generally in favor of the spirit of laissez-faire or non-interference. Besides, among these experts, in some cases, their personal conduct and the application of their plans aroused much suspicion and opposition, which caused their final failure after many short-lived successes. As late as the beginning of the Tai Ping Rebellion some form of military communism was in force, but it was ended with unsatisfactory results. Only as an emergency measure, the government control of food, money and public works has served its purpose. This may be compared with the same policy adopted in the European and American countries during the World War. To deal with depression requires the same rigid measure as to deal with war.

Viewing the depressions in Chinese history and comparing them with the present one, it is easy to see some fundamental differences as to their causes. The depressions in Chinese history were all natural results of general want, while the present depression is a very unnatural phenomenon amidst a general plenty. It was either the natural disaster or the political and social disorder, or both, that brought about a country-wide famine; the lack of food and other life necessities was the first and last cause of all Chinese depressions. This want was, as a rule, very general and universal; the rich and the poor, the propertied and the proletariat suffered practically alike, for the former had an advantage over the latter only in possession of land and money, which are, after all, not direct necessities of life; they are better off only in normal times, but not in times of depression. Again, the depressions in Chinese history were caused chiefly by under-production and over-consumption while the present one is just the reverse. All life necessities, luxuries, and money are stored away, fertile lands, rich resources and productive labors are unused and wasted. This reminds us of Mencius' saying, "In the kitchen there is fat meat; in the stable there are fat horses, but the people have the look of hunger, and on the wilds there are those who have

died in starvation”(The Work of Mencius, Book I, Chapter III; James Legge’s translation with revision). This contradictory fact is seen at the present time on a larger scale and to a higher degree. All the required elements for a great prosperity are close at hand, but they are unconnected and are left in idleness to cause self-destruction. It is indeed most unnecessary and not unreasonable. Owing to these differences in the causes of depression, there must be a difference in the cure. The Chinese, in the positive phase, always encouraged hard work and greater production, and in the negative phase, they warned against waste and extravagance. As Confucius saying, “There is a great course for increasing wealth. Let the producers be many and the consumers few. Let exertion be swift and expenditure slow. Then the wealth will always be sufficient”(The Great Learning, Chapter X; James Legge’s translation with revision). These are just opposite to the modern principles of economics! The people of today believe that in order to keep up a profitable price they must cut production, either by closing down factories or by reducing the working capacity, or even by destroying products. On the other hand, they maintain that only by speeding consumption and encouraging extravagance can sale be quickened and money forced into circulation. So new models replace the old with a slight improvement but a big advertisement. A very large percentage of the usefulness of the old model is thus discarded and is wasted; a very large percentage of the price of the new model is spent on advertisement and agency, and it is also wasted in so far as actual production of wealth is concerned.

The underlying difference between the old China and the modern West is in their conceptions of life and living. Their difference is so vast that an old Chinese can never understand the modern Western meaning of business. In China there must first be a demand, and then a supply is made to satisfy that demand. Sufficient merchandise is produced to answer their respective requisitions. It is the buyer who is grateful to the salesman for supplying his needs, and not the seller who is grateful for getting rid of what he has. Modern business in the West is first to create through speculation certain demands which never existed before, then to gather a large quantity of supplies for these demands. If the speculation be an over-estimation, it necessitates the creation of more demands by arbitrary and sometimes dishonest means. “Money back trial”, “no cash down”, sale, “installment plan”, etc. are all false representation of prosperity, a telltale indication of hard times and the forerunner of, if not also the propelling force towards, depression. Furthermore, the Chinese always holds that a low cost of living is a sign of prosperity, while the people of the West teach that a high standard of living is the sign of civilization, and the measurement of standard is dependent on market price! It has been a very strenuous task for the

producers and the business men to hold up the price in market in order to maintain the standard of living and to assure the average rate of their profit. After three years of continued depression, their upholding strength has given way, and the artificial barrier has fallen and crumbled. The workers and the general public are certainly thankful for the lower cost of living. The workers and the general public are certainly thankful for the lower cost of living at the present, notwithstanding the loss to producers and business men. Water forever seeks its level; river-opening is decidedly safer than dyke-building in a flooded region. The flood of depression is now running over the formerly prosperous class and opening its own course to the sea.

It is the industrial revolution, the capitalist system and the machine age that have made the modern world so unlike old China. The causes and cures of Chinese depressions may be of no importance in the present crisis. It will, however, give us food for thought. First, we will see that scientific inventions and mechanical devices, which were originally meant to save human labor and to promote comfort and happiness, are dangerous without proper control. Second, the existence of two opposite and antagonistic classes, the capitalist and the laborer, is harmful and there can be no final settlement as long as their interests are in conflict. Third, artificial means to boom prosperity by stimulating material desires and encouraging the money-making and money-spending process are poisonous to social progress and their reactions and after-effects are dreadful. Fourth, the Wall Street speculation and stock market gambling are sinister and criminal and they must be severely banished and effectively stopped. The Chinese term for such dealings is “empty business”(买空卖空). This “business” menaces both the very life and property of individuals and the peace and order of society.

As to where the bedrock of this depression lies and when there will be a turning point, no one can prophesy. In the common and general law, the down curves will correspond with the up curves before and after it, in an average proportion. The depression will probably get out of the present grave conditions by one of the following ways: (1) A natural wearing out of the depression after much destruction and sacrifices may be a remedy in itself. As after a period of war or revolution, population will be reduced and all mischievous energy in mankind will be exhausted. A new era will once more start as dawn follows night. (2) Or, a radical change may be waged by bold leaders in a separate struggle. They will seize governmental power and dictate an economic reorganization on the basic principles of state socialism or international communism. This may put an end to capitalist system and result in permanent public control of land, capital and labor, or it may be just as an emergency

measure directed for a sweeping clearance and a temporary check of time-accumulated social evils. (3) Or, some great self-confident financiers or businessmen who are powerful enough and heroic enough may take the risk in initiating some gigantic “cooperation” plan that will at once stir up all branches of industry in a large capitalist country like the British Empire or the United States of America. Their influence will help to restore the lost confidence to other financiers and businessmen and to the mass of the people. The world economic order is a complicated all-evolving machine. Once the dynamic force is started all particles will follow in motion and operate each in its designed function. (4) Or, some timely remedy, some partial relief or even some superficial stimulation may also be able to make this start. It may be started most unexpectedly and most miraculously. We should not fear that this depression may not be ended, but we should much fear that after this one is ended we may soon forget the bitter lessons we have learned and may again foolishly and blindly follow the familiar path that led to this depression and will certainly lead to many another. As a Chinese, I still hold my traditional belief that hard working plus simple living, with direct production and free from “empty business”, is the best method of coping with any depression, ancient or modern, for a nation or for an individual. Aside from the emergency measures adopted by the government and the state or community control of production and distribution, as aforementioned, this seems to be the only slow but sure way out of depression and on to prosperity.