



Chang Chien's Thought on Economic Development

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Abstract

Chang Chien (1853-1926) was a native of Nantung, Kiangsu. In spite of various works on Chang Chien, which testify to the significance of his role in modern China, Chang Chien's thought on economic development is still not well researched. The purposes of this paper are firstly to analyze Chang Chien's thought on economic development systematically and clearly in the hope that it may become a useful reference for researchers in modern China, and secondly to stimulate scholars for further research. This paper depends more on basic source materials rather than second-hand data. Among various source materials, *Chang Chien's Diary*, *The Nine Records of Chang Chien* and *The Complete Work of Chang Chien* are the most important. Chang Chien's thought on economic development may be summarized as follows: 1) industry as basis of education and as a means of saving China; 2) well balance of the development of agriculture, industry and commerce; 3) return of profit from the foreigners; 4) self sufficiency of raw materials and full exploitation of natural resources; 5) establishment of modern banks for economic development; 6) utility of foreign loans in profiting enterprises without losing sovereignty; 7) extension of the gentry's function to new field of industry; 8) balance of superstructure of politics and basis of industry.

Keywords

Economic Development, Industry, Education, Politics

Subject Areas: History, Politics

1. Introduction

1.1. Review on the Research Outcome on Chang Chien and the Purposes of This Paper

So far lots of scholars have done research on this topic; however, the answers to this question have not been completely discovered yet. Chang Hsiao-Jo's *Biography of Mr. Chang Chien of Nantung* is a pioneer work which contains a great many source materials on this topic, however, this book suffers from loose organization

and superficial treatment of Chang Chien's thought on economic development [1]. Sung Hsi-Shang's *The Career of Chang Chien* is less a biography than an annotated collection of source materials, drawn largely from Chang Chien's works, supplemented by personal remembrances, but touches little on Chang Chien's thought on economic development [2]. Liu Hou-Sheng's *Biography of Chang Chien* concentrates on the political events of Chang Chien's time including Chang Chien's thought on economic development [3]. Samuel C. Chu's *Reformer in Modern China: Chang Chien, 1853-1926* emphasizes Chang Chien's role in industry, education, land reclamation, water conservancy and his involvement in national affairs including Chang Chien's thought on economic development [4]. Chang K'ai-Yuan's *Biography of Chang Chien* discuss Chang Chien's career, political activities and Chang Chien's thought on economic development [5]. Wang Tung-Ch'in's *Tradition and Perspective: A Research on Chang Chien's Economic Thought* discusses Chang Chien's economic thought in detail [6]. Other works by Wong King-Kong [7], Lee Mabel [8], Chang P'eng-Yuan [9], Koll Elisabeth [10], Sun Shun-Chih [11] [12] also give interpretation to Chang Chien's thought on economic development.

The 4th international symposium on Chang Chien held in Nantung on 25-28 of November 2006, in which 88 articles in relation to Chang Chien and modern Chinese society had been submitted to this symposium [13]; the 5th international symposium on Chang Chien held in Haimen on 17-19 of April 2009, in which 120 articles in relation to Chang Chien and Haimen, *The Thoughts and Practice in the Early Period of Modernization*, had been submitted to this symposium [14]. However, Chang Chien's thought on economic development still has not been fully explored yet. There are two purposes in this paper, namely, to analyze *Chang Chien's* thought on economic development systematically and clearly in the hope that it may become a useful reference for researchers in modern China, and to stimulate scholars for further research.

1.2. Basic Materials

This paper depends more on basic source materials rather than second-hand data. Among various source materials, Chang Chien's Diary [15] (hereafter cited as *Jih-chi*) is the most basic one, which covers almost 53 years from 24 October 1873, when he was twenty years three months and twenty three days, to 2 August 1926, twenty two days before his death.

This diary contains approximately 875,000 words by which we are able to understand the life of a typical Chinese intellectual, to check the exact dates of some writings of his, and to correct errors against related sources. The first part of Chang Chien's diary which covered approximately the period from 1873 to 1892 was published in Taipei in 1967; and the second part of Chang Chien's diary which covered approximately the period from 1892 to 1926 was later published in Taipei in 1969. These two parts of Chang Chien's diary were reprinted together in 1986 in Taipei covering the period from 1873 to 1926. The Nine Records of Chang Chien [16] (hereafter cited as *Chiu-lu*) is an indispensable source material for Chang Chien's thoughts and activities. This collection of his writings is divided topically into Cheng Wen Lu (On Politics), Shih Yeh Lu (On Industry), Chiao Yu Lu (On Education), Tzu Chih Lu (On Self-government), Tz'u Shang Lu (On Philanthropy), Wen Lu (Essays), Shih Lu (Poems), Chuan Lu (Special Section), and Wai Lu (On the Civil Service Examination). Within each topical section the sources are arranged in chronological order. *The Complete Work of Chang Chien* [17] [18] includes some new data not found in The Nine Records of Chang Chien, which is an invaluable source material to Chang Chien's thoughts and activities.

2. Early Life and the Development of Chang Chien's Thought on Economic Development

Chang Chien (1853-1926), *tzu* (courtesy title) Chi-chih, *hao* (alias) Se-an, and Se-Weng, was born the fourth of five sons, on 1 July 1853 in the village of Ch'ang-lo, Hai-men, Kiangsu, China, and died on 24 August 1926 in Nantung, Kiangsu, China. Chang Chien began his student days in 1856 at the age of only four. His first teacher was his father Chang, P'eng-nien, who taught him to read *Book of a Thousand Characters*. The following year, 1857, Chang Chien was sent to a village school. The teacher was Ch'iu, Ta-chang, under whom Chang Chien in a period of seven years (1857-1863), had finished the primers such as *Trimetric Classics*, and *Books of Family Names*; the basic poetic readers such as *Works of A Thousand Poets*, and *Poems of A Boy Prodigy*; and the Confucian Classics such as *The Great Learning*, *The Doctrine of Golden Means*, *The Analects of Confucius*, *Mencius*, *The Filial Piety Classic*, and *The Book of Odes*.

In 1864, his father employed Sung, Hsiao-ch'i as family teacher to help Chang Chien and his brothers in the

preparation for local examinations. The teacher asked Chang Chien to study again *The Great Learning*, *The Doctrine of Golden Means*, *The Analects of Confucius*, and *Mencius*, but from better editions. Then he proceeded to teach the boy *The Book of History*, *The Book of Change*, *The Book of Rites*, and *T'so's Commentary of the Spring and Autumn Annals*. Under his teacher's effective guidance, Chang Chien learned to write examination poems and examination essays which were required in the examinations. Unfortunately, this enthusiastic teacher died in the summer of 1866, and Chang Chien was sent to follow Sung Lin, the dead teacher's nephew, in a neighboring village, Hsi T'ing. Under the new teacher, Chang Chien advanced to study *The Rite of Chou* and *The Book of Ritual* [16] (*Chiu-lu*, Chuan Lu, chuan 6, 2a-4b).

Chang Chien's examination life was a long and toilsome history. In the first stage, Chang Chien spent only five years, 1864-1868, in preparation, successfully passed through the district, prefectural, and Yuan (one conducted by provincial literary examiners) examinations, placing twenty-sixth in the latter, and was classified a Fu-sheng (Licentiate) in 1868, at the age of sixteen [1].

The second stage Chang Chien spent seventeen more years, 1869-1885, failed five times in the provincial examinations. The degree of Chiu-jen continued to elude him until 1885, when he competed in the provincial examination and succeeded in placing second highest among who passed.

Chang Chien spent nine more years, 1886-1894, in preparation, failed repeatedly four times in the examinations for Chih-shih degree in Peking in 1886, 1889, 1890, and 1892. In 1894, at the age of 42, Chang Chien, at the insistence of his elder brother, Chang Ch'a, and the encouragement of his aged father, once more took the metropolitan examination. This time, his name was found in the sixtieth position. He improved on this in the re-examination by placing tenth, and when the palace examination was over, he was chosen to be Chuan-yuan, the highest of all.

He was duly appointed a Compiler of the First Class in the Hanlin Academy. Unfortunately, only six months after he had won the highest title of Chuan-yuan, he lost his father, who had played the most important role in his examination life. Four years later, in 1898, when he had decided to take no office in the government and when he was busy promoting local development in his home area, Chang Chien did not forget to come back to Peking for his last examination in Hanlin Academy.

Through the traditional training, Chang Chien had accepted the pragmatic and the reciprocal aspects of Confucianism which later functioned as his guiding spirit in promoting industry, education and self-government as the foundation of a constitutional monarchy, and then a republic.

The development of Chang Chien's thought on economic development can be divided into three periods as follows.

2.1. The Period of Saving China by Industry

Shih Yeh (industry), according to Chang Chien, incorporated agriculture, labor and commerce and it is roughly equivalent to the term of "economic development" in today. He said on 15 April 1904:

Shih Yeh, as the Westerners have defined it, incorporates agriculture, labor, and commerce. This definition which takes into consideration both agriculture and commerce as the base and end, is superior to emphasizing agriculture at the expense of commerce which has been the course followed by the Chinese Confucian scholars since the Han Dynasty [15] (*Jih-chi*, p. 2159).

The development of Chang Chien's views on industry can be traced back to 1886. In retrospective diary entry on 24 May 1903 he wrote:

Since 1886, I have indicated that it is indispensable for China to develop industry, and this responsibility should be carried out by the gentry... After the 1895 Sino-Japanese War, I developed my thoughts on the mutual assistance between industry and education [15] (*Jih-chi*, p. 1987).

Chang Chien hoped the intelligentsia could play a leading role in promoting industry. He devoted himself to the cause of the development of industry and education. To him, the purposes of industrial development were to earn funds to support education as well as to industrialize China.

2.2. The Period of Saving China by Industry and Education

The signing of Shimonoseki Treaty in 1895 was a big shock to Chang Chien. Why such a small island state

could defeat so huge a nation as China? The answers are complicated, however, Chang Chien saw the main reason as Japan's effort in industrialization, but not military preparation. Chang Chien considered the uplifting of the ordinary people's living standard as more urgent than military development.

In order to save China, Chang Chien thought, people should have ordinary knowledge, and ordinary knowledge must be obtained through adequate education. Chang Chien saw education as a means to save China and saw industry as a means to supply funds for education.

2.3. The Period of Saving China by Industry, Education and Local Self-Government under a Constitutional Monarchy or a Republic

Industry and education are the foundation of self-government since they are the essentials of self-government. Chang Chien regarded industry and education as the foundation of self-government, and also avenue to a strong nation [16] (*Chiu-lu*, Tzu Chih Lu, chuan 2, 9b).

Self-government is the basis of constitutional monarchy (or later, a republic) since constitutional monarchy or a republic cannot really be achieved without self-government. Self-government, according to Chang Chien, meant that everyone should devote himself to the development of industry, education, and other local affairs under the leadership of the intellectuals-the representatives of the people, and thus local councils were essential to self-government [11].

Constitutional monarchy, according to Chang Chien, was a separation of the three-power political system under an emperor. Chang Chien thought that self-government and constitutional monarchy were related and mutually influenced, and thus he was inclined to have a parliament to define the shape and size of taxation.

Although for a couple of years Chang Chien had been extraordinarily enthusiastic in the promotion of a constitutional monarchy, he changed from a constitutional monarchist to a republican within less than one month after the 1911 Revolution. Why did he change? The reasons leading to Chang Chien's change were complicated. However, the underlying reason could be attributed to his political thought with flexibility that industry, education and self-government which were able to be achieved under whether a constitutional monarchy or a republic [12].

3. The Principles of Chang Chien's Thought on Economic Development

There are eight principles in Chang Chien's thought on economic development as the following.

3.1. Industry as the Basis of Education and as a Means to Save China

Education needs money to support and money was to come from industry. He therefore made an effort to promote industry first as the basis of education. Industry is the basis of education, because educational expenditures are to be supported by industry. He said in 1902:

Definitely, agriculture, industry, and commerce should be developed so that it will be possible to popularize education [16] (*Chiu-lu*, Shih Yeh Lu, chuan 2, 9a).

And on 27 July 1903, he wrote in his diary:

Education is an indispensable means for a country to survive. However, without the development of industry, how can educational expenditures be supported [15] (p. 2099).

Education, also allows economic knowledge to be promoted so that industry can be developed, "Let industry and education help each other" [16] (*Chiu-lu*, Tzu Chih Lu, chuan 3, 15b) he mentioned, "Where there is industry, there is education" [16] (*Chiu-lu*, Chiao Yu Lu, chuan 6, 8b-9a).

Chang Chien also thought that industry was the prerequisite of a rich and strong nation. In an open letter to T'ung-chou merchants Chang Chien said in 1902:

No country can become strong without being rich first. No country can become rich without first developing industry [16] (*Chiu-lu*, Shih Yeh Lu, chuan 2, 9a).

3.2. The Gentry's Function in the Society Should Be Extended to the New Field of Industry

The traditional Chinese gentry was a social group with a leading position and special privileges whilst perform-

ing certain social functions. They undertook many tasks such as welfare activities, arbitration, public works, and at times the organization of local military corps or collection of taxes. Their cultural leadership encompassed all the value of Confucian society but was also materially expressed in such action as the preservation of village temples, schools, and examination halls [19].

However, Chang Chien believed that the most urgent reform to be adopted in China was industrialization. Since the rulers and officials failed to carry out necessary reforms as in the inadequate Self-Strengthening Movement, Chang Chien urged the gentry to take over the work of China's economic modernization. Confronting the deep-seated tradition among the gentry that economic careers were beneath their dignity, Chang Chien took the contrary position argument "Only through industry, the gaining of wealth is right and honorable" [16] (*Chiu-lu*, Chiao Yu Lu, chuan 3, 20a).

3.3. A Balanced Development of Agriculture, Industry and Commerce for China

Despite his emphasis on industry, Chang Chien stressed the importance of agriculture and commerce as well. He liked a balanced development of agriculture, industry and commerce for China. In a memorial to the emperor seeking assistance for the establishment of agriculture association in 1897, he underlined the importance of agriculture thus, "the foundation for supporting a nation is not only military, or commerce. It relies mostly upon industry and agriculture, especially agriculture" [16] (*Chiu-lu*, Shih Yeh Lu, chuan 1, 6a). He also saw great importance in commerce for, "We may protect our nation by commerce, and extend sovereignty by commercial power" [16] (*Chiu-lu*, Shih Yeh Lu, chuan 2, 22a).

Likewise there is no question that Chang Chien was deeply convinced by the necessity for China to develop industry. In his inaugural speech as chief manager of the Han Yeh-p'ing coal and iron company in 1913, Chang Chien indicated his general faith in industrialization, particular his conviction that cotton and steel production was essential to China's progress.

3.4. China Should Take Back Profits from the Foreigners

This was well exemplified by his thirty-year effort in promoting textile industry. He considered the sale of raw cotton to foreign countries and the purchase of cotton products from abroad as the major loss of profits to China and hence one of the basic causes of China's poverty. He thought that this national loss should be stopped through the establishment of Chinese owned textile mills. In 1900, he said:

The first thing to do for relieving China's poverty is to stop the leakage of profits to the foreigners [16] (*Chiu-lu*, Shih Yeh Lu, chuan 1, 18a).

Depressed by the fact that China's rights had been taken away by the various powers leaving the people poor and the nation weak, Chang Chien knew well that China had to enhance her ability in machine manufacturing in order to shake off foreign exploitation.

3.5. Basic Raw Materials for Industry Should Be Self-Sufficient and Nature Resources Should Be Fully Exploited

Chang Chien believed the most important raw materials for an industrial country were cotton for the consumer-goods light industry and iron for basic heavy industry. In 1913 when he served as Minister of Agriculture, Forestry, Industry and Commerce, Chang Chien announced his economic policy, the famous "Cotton and Iron Policy", and advocated the development of these two industries as the foundation of China's industrialization [16] (*Chiu-lu*, Cheng Wen Lu, chuan 7, 3a-3b).

He said, especially in 1911, 1923, 1924 that his purpose in promoting cotton planting was to attain self-help in supply and demand [16] (*Chiu-lu*, Shih Yeh Lu, chuan 4, 30b; chuan7, 4a; chuan8, 8a) and to exploit China's natural resources for economic use [16] (*Chiu-lu*, Shih Yeh Lu, chuan7, 7b).

3.6. Economic Development Should Be Financed by Modern Banks

He expressed this point of view in 1902:

No industry can be developed without abundant capital. The Europeans and Americans understand this

principle and established banks extensively. Under the cooperation of the officials and the people and after thirty years of imitation, Japan has grown from a small nation into a powerful kingdom... With the development of industry, modern banks are bound to flourish. With the flourishing of modern banks, native banks (Ch'ian-chung) are doomed to decline... Now, the only way to promote the interest of both is to urge the native banks to merge themselves into modern banks dealing with savings and other function [16] (*Chiu-lu*, Shih Yeh Lu, chuan 2, 9a-9b).

3.7. To Utilize Foreign Loans in Profitable Undertakings without Losing Sovereignty

In 1911, when Yuan Shih-kai sent a delegate, Yang Shih-ch'ih, to ask his opinion about foreign loans, Chang Chien expressed:

The utility of foreign loans depended on how to repay them, where and how to use them, and who would use them [16] (*Chiu-lu*, Chuan Lu, chuan 7, 18a-18b).

And in 1924, Chang Chien recalled this issue:

In 1911, when Yuan Shi-kai sent Yang Shih-ch'ih to ask my opinion about incurring foreign loans... I indicated that we could incur debts to foreign capital, but we should take into account how to repay them, and therefore they should be utilized in profitable undertakings. And for what, by whom, and how to use them especially should be taken into consideration... To incur foreign loans, we must neither forfeit our sovereignty nor get involved in international conflict [16] (*Chiu-lu*, Shih Yeh Lu, chuan 8, 26b-28b).

It is of interest to note that Sun Yat-sen shared similar views [20].

3.8. Taking Notice of Both Economic Basis (Industry) and Superstructure (Politics)

Chang Chien thought that political system and laws were related to the development of industry. Chang Chien had devoted himself to the cause of industry, education and self-government as the foundation of a constitutional monarchy, and later a republic. He recognized industry and politics were mutually related and thus pay equal attention to them. He said in 1903: "politics is the cause and industry as the result" [15] (*Jih-chi*, p. 2099). In a letter to the Revolutionary army in December 1911, Chang Chien expressed his opinion that a republic government will ensure the development of industry [17].

4. Conclusions

The development of Chang Chien's thought on economic development can be divided into three periods: the first period of saving China by industry around 1886; the second period of saving China by industry and education between 1895 and 1900; the third period of saving China by industry, education and local self-government under a Constitutional Monarchy from 1903 to 1911 or under a Republic from 1911 until his death in 1926.

Chang Chien's thought on economic development may be summarized as follows: industry as basis of education and as a meanings of saving China; well balance of the development of agriculture, industry and commerce; return of profit from the foreigners; self sufficiency of raw materials and full exploitation of natural resources; establishment of modern banks for economic development; utility of foreign loans in profiting enterprises without losing sovereignty; extension of the gentry's function to new field of industry; balance of superstructure of politics and basis of industry.

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