

## External Disturbance and Distress

### — On the Decline of Huaxin Yarn Factory in Tangshan (1919-1936)

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#### Abstract

**In the 1920s and 1930s, China fell into an eventful autumn. The domestic unstable political environment and foreign economic crisis, as well as Japan's military and economic aggression and other bad factors poured in. The long-standing crisis erupted like a volcano. The turbulent current situation catalysed the decline of the national textile industry. Multiple disasters squeezed Chinese mills from different sides. From Tangshan Huaxin mill Facing the external crisis, we can clearly see that Chinese mills are suffering from unprecedented operating pressure.**

#### Keywords

**External disturbance distress Huaxin yarn factory.**

#### 1. Introduction

Tangshan factory was built in 1919. The yarn frame was set up by hezhlington factory, the most advanced textile technology in Britain at that time. Due to four strikes in Britain after the European war, the yarn frame was postponed to the factory until 1922. In 1923, all the 24000 spindles of Tangshan Huaxin were opened, becoming the first modern machine textile factory in Hebei Province. In 1929, the cloth factory was planned to be built. In 1931, the bleaching and dyeing factory was built again. It became the second textile and dyeing comprehensive factory in North China after Qingdao Huaxin Textile factory. As of 1932, the company had 505 looms, with an annual output of 300000 yards of cotton cloth, 26800 spinning machines and 2000 joint stock machines. After the September 18th Incident in 1931, Japan occupied the northeast, and the market of Tangshan Huaxin in the Northeast was cut off. In addition, in 1933, Japan occupied the eastern Hebei area and began to destroy the national textile industry in China. In 1936, Tangshan Huaxin Textile Factory was unable to continue, and was seized 50% of the shares by Japanese businessmen. The enterprise was in the name of Sino Japanese joint venture, and in fact, the right of operation and management was controlled by Japanese businessmen.

During the period from the production of Huaxin in Tangshan to the joint venture with Japanese businessmen in 1936, when China's cotton textile industry was facing an extremely complex domestic and international environment, the Chinese mills were operating difficultly under the ups and downs of political and economic situation. According to Japanese scholar morishiyuan, the turning point of the golden age of modern China's cotton textile industry appeared in 1920, "the prosperity aroused by the European war was fleeting, followed by extreme depression". This situation continued until 1931. Due to the boycott of Japanese goods in the Northeast incident, the Chinese cotton textile industry "seems to be increasingly in favor of calculation, but the pain is huge, and the development of the Chinese funded cotton mills in China has not been What an important progress ". Then, the Chinese cotton textile industry fell into a depression again. By 1935, it almost fell to the bottom of the valley. The domestic Chinese cotton mills were shut down in a large scale. According to the survey of the Chinese Federation

of cotton mills," in Shanghai, there were Yongyu, longmao, Evergrande, Zhenhua, Tongchang, Shanghai Shenxin No.2 and No.5 factories, and Shenqi was auctioned, Wuxi has Guangqin, Yukang, Ningbo has Hefeng, Hubei has the first factory, Zhenhuan, Changsha has the first yarn factory in Hunan. " The reason why the Chinese cotton textile industry has encountered unprecedented difficulties and depression is that the author analyzes the difficult situation of Tangshan Huaxin Textile Factory in the 1920s and 1930s, so as to see the difficulties and depression of the Chinese cotton textile factory in this period.

## 2. External Disturbance

The political events such as war, civil strife, regime change, strike and uprising are the striking labels of China in the 1920s and 1930s. These political events interweave together to form the external environment of enterprises with political turmoil, social disorder and sharp contradictions. There is no doubt that the external cause that led to the collective decline and suffering of Chinese mills in this period was the current situation. As the people said, "influenced by natural disasters and man-made disasters, oppressed by external dumping, and with the simplicity of labor thought, every time I was instructed by the outside world, I was forced to reduce the work and stop the factory, etc." many factors combined to make Chinese mills The normal operation of the company is quite disturbed, and it has to suffer losses such as shutdown and production reduction, sluggish yarn sales, daily shrinking market, downward price of yarn, more stock, lower profits, and loss compensation, etc., which makes the Chinese yarn factories in an unprecedented desperate situation.

### 2.1. Frequent Natural Disasters and Wars

The interaction of natural disasters and man-made disasters has greatly affected the production and operation activities of Huaxin in Tangshan, and made the already bleak cotton textile market even more depressed.

Hebei Province was one of the provinces with the most serious disasters in the Republic of China. The disasters occurred frequently, with a wide range and many concurrent disasters. In 1929, for example, the disaster in Hebei Province spread all over the province. "In June, the drought in Hebei Province has become, locusts have been springing up, and locusts have occurred in more than 90 counties, lasting for as long as four months." after the drought locusts, following the flood, the southern counties focus on the drought locusts. "In July and August, the Northeast counties of Hebei province suffered from serious flood," several rainstorms, flash floods and flooding of rivers in Hebei Province, such as Yongding \* the river, the Daqing River, the Hutuo River, the north and south canal, the dragon river, the Ziya River, the Luanhe River, the Jianhe river, the Tanghe, the Arrow River and the Yellow River ". This flood brought great destruction to the Huaxin Textile Mill in Tangshan. Many factories in the factory area were destroyed, and the machinery and materials were seriously damaged." in July 29th, the heavy rain in Tangshan, and the torrential flood came to the ground at eight o'clock last night, and the situation was extremely turbulent, which was not for decades. The whole factory is flooded, the machinery and materials in the factory and the materials in the storehouse for storing fancy yarn are in great loss, the most important steel wire machines are all flooded, the parts to be filled and repaired can not be restored to the original state for more than two months, the terrain of the houses for workers and the houses for members outside the factory is slightly low, the disaster is especially serious, and the walls of the houses are often washed down and collapsed. The economic losses caused by the flood to Huaxin, Tangshan are as follows: "More than two hundred eighty-nine thousand yuan, and more than sixty-nine thousand yuan of work stoppage losses." In addition, the impact of high flower price caused by the reduction of raw cotton production caused by the disaster on Huaxin in Tangshan should not be underestimated. For example, in 1930, "water disaster happened in Tangshan near the turn of summer and

autumn, and the disaster area was wider than that in the 18th year. The flower vendors of Donghe cotton had been in a strange mood because of the poor harvest of water. Three factories and customers from Tianjin, Shanghai and Fengzhou repeatedly came to Tangshan to compete for purchase, leading to the high market price." As we all know, nearly 80% of the cost of spinning comes from raw cotton. The high cost of spinning will inevitably lead to the high cost of spinning, which will seriously squeeze the profit space of the count.

In the 1920s and 1930s, the invasion of the war on the national industry came from the civil strife caused by the warlords and the aggressive war launched by Japan against China. Tangshan is an important war zone for the warlords of all factions to fight for hegemony by force and Japan to launch the war of aggression against China. As Tangshan Huaxin said in the business report, "when the Beining road is a brief place, every military encounter will bear the brunt."

The frequent war and chaos caused the traffic jam and poor transportation, which seriously hindered the purchase and sale activities of Tangshan Huaxin yarn factory. If the raw cotton needed cannot be transported into the factory, the spun yarn cannot be transported out. In the Zhifeng war of 1925, "the war broke out suddenly and the traffic was cut off It's hard to avoid disturbing the transportation of flower yarn. "The military has not settled down in the four villages, and they have not been able to weave cloth and find a market." the army is very anxious, the transportation is not effective, and the cargo is even thinner. Therefore, the largest amount of yarn is kept between September and October, which is 4000 pieces. "The price of accumulated flower yarn is a few and 1.2 million yuan," and "the sale of yarn is not smooth." Another example is the war between the national army and the Zhilu army in 1928, "the army moved in and out, the traffic was blocked, and all industries were stopped", "the Tang factory had only a thousand loads of flowers, and the Xihe River was not easy to transport by car, so it was planned to use the ship to transport, and the merchants were always prosperous, unwilling to take the load, and the road was difficult and impossible to implement". In 1929, "since March, the current situation has been tense, the war disaster is pervasive, the whole world is turbulent, the trade has stopped, the yarn market is not strong, and the market is very tired."

Japan's war of aggression against China further led to changes in the domestic situation, the market shrank seriously, and the cotton yarn Market of Tangshan Huaxin yarn factory was almost cut off. In 1931, Japan launched the September 18th Incident to invade China, and the three northeastern provinces fell. In March 1932, Japan instigated the establishment of the puppet regime under its wing, the puppet Manchukuo state, in Changchun. After that, Japan changed the import tariff and imposed heavy taxes on the Chinese merchants who entered the Northeast. Since then, the Northeast sales of the Chinese merchants' yarn factories have almost been cut off. Tangshan Huaxin has lost a large part of China in the northeast In addition to the market, the sales along the Beining railway also stagnated. "Since the fall of four provinces in the northeast, the sales of hand woven fabrics along the Beining road have been cut off, and the sales of cotton yarn in our factory has been stagnated, which has a great impact." the market of yahongqiao was completely destroyed, and the trading of wologu was also stopped in the second half of 1934, so that the only sales place of sixteen yarns in our factory was completely cut off. ". After occupying the northeast, Japan took this as a springboard, then pushed northward to China, and created the North China incident. In December 1935, Japan in Tangshan instigated the second puppet regime of Chinese traitors, Jidong defense Communist autonomous government, after the puppet Manchukuo state. Tangshan Huaxin once again suffered heavy economic losses. "Unfortunately, our factory was in the Jidong incident, and the autonomous government was established to levy unified tax according to the law, which was not allowed by the central government Admittedly, in addition, the company was stopped in Tianjin, and ordered the merchants to pay taxes again, resulting in a situation of heavy levy. "As

a result, the goods of our factory could not be shipped and sold, and the direct and indirect losses suffered could not be counted."

The incessant fighting has also disturbed the production of Huaxin in Tangshan, and sometimes it has to stop production and reduce production. The Zhifeng war in 1924, the war between the Fengjun and the national army in 1926, the war between the Fengjun and the Zhilu army in 1928, and the war between the Zhilu army and the national army in the future all made Tangshan fall into the line of fire, traffic block, and the raw materials are not in danger, and Tangshan Huaxin gauze factory was forced to shut down for many times. In the autumn of 1924, during the Zhifeng war, "the market changed, and it was extremely depressed", the price of yarn "fell from more than 60 yuan to more than 40 yuan", and "by the time of autumn and winter, because of the war, people were panic stricken, and the workers scattered in three or four tenths, and the flowers were short of yarn, so the night work was stopped on September 21, and one work was done between two shifts every day". In September 1928, the national army and the Zhilu army fought. "At 5:00 p.m. on the ninth day, the national army suddenly entered Tangshan. At that time, the Zhilu remnant army stopped a armored car near the railway outside the south wall of the factory, opened machine gun and cannon to cover and retreat." when the day work is on duty and night work is on duty, most of the two shifts of workers stopped in the field. The day and night work can only be suspended. ". After Japan invaded Northeast China, it harassed North China frequently. In 1933, Japan began to plan to occupy the Rehe river. The war spread to Tangshan again, and Huaxin also fell into the situation of shutdown. In 1933, "at 10:00 a.m. on May 15, the plane came to Tang Dynasty, fell into the line of fire, the situation was in danger, and all the workers in the factory were scared away, and then they shut down completely." in total, since the luandong incident, they shut down totally Thirty days, seventy-three days and nights.

## 2.2. Financial Impact, Excessive Apportionment

In 1929, the economic crisis broke out in the United States and quickly swept the whole capitalist world. In order to get rid of the crisis and recover its own economy, from 1931, Britain, Japan, the United States and other countries successively cancelled the gold standard system. By the end of 1932, 17 countries including Canada, Australia and other countries had separated from the gold standard system. The collapse of the gold standard system brought multiple adverse effects to China's silver standard system, The international silver price began to rebound, and the foreign exchange index continued to soar. "The silver price in London and New York rose in a straight line. The silver price in May 1935 was far higher than that in January 1929 before the economic crisis. The exchange rate of China's silver currency against Britain, the United States, Japan and other countries also rose in a straight line." The rising exchange rate has seriously weakened the competitiveness of Chinese cotton textile products, resulting in the increase of the average export price of cotton textile and the decrease of the average import price. As a result, the trade volume of cotton yarn to foreign trade has been reduced, and it has been forced to transfer to China, while the domestic sales market has been shrinking, and the macroeconomic environment has not been booming, resulting in the low price of Chinese yarn hovering. The yarn industry is suffering a lot: "this year The price of Hua yarn is the lowest after the people's yuan, and the amount of yarn and cloth stored in different places has reached an unprecedented amount. "

Tangshan Huaxin is also hard to escape the bad luck. In its business report, it talked about the situation of unsalable yarn expenses, "financial impact, sluggish cloth sales, stop of weavers, depressed market, low yarn price day by day, insufficient cost, and more stock days of our factory in winter", "affected by the low price of gold and silver, all industries are in a state of depression, while our mill is particularly difficult. The market of yarn is sluggish, and the price of raw cotton is also with it The price of gold is high. Today's purchase of Huahua requires a

loss of 20 yuan per package. If Huasha market remains unchanged for a long time, no northern yarn factory will be able to support it in a few months.

Extravagant apportionment is also a stumbling block on the road of national industry and commerce. The huge military expenditure caused by the incessant war of Warlords was ultimately transferred to the people. The national industry and Commerce inevitably became the number one target of the warlords competing for extortion. "In order to meet the military expenditure from the central government to the local government, all kinds of exorbitant taxes and miscellaneous taxes were levied indiscriminately, which became a major obstacle to the development of industry and commerce." In 1928, Zhilujun imposed heavy taxes on Huaxin Textile Factory in Tangshan. The military pay was as high as 19000 yuan. In addition, the apportionment of local governments is endless. In June 1933, Tangshan special public security bureau set up a joint inspection office, "the fund needs 1000 yuan. After the meeting held by the gentry and merchants, it was decided that the fund should be apportioned according to thirty-four percent of the case, and our company should be apportioned forty-six yuan and sixty-six cents. We hereby submit the above fund as forty-six yuan and sixty-six cents of our company should be apportioned to you for investigation." In March 1934, "the case of the establishment of the Qingxiang bureau with the aid of funds needed was raised according to the amount of foreign photos donated by the police. Our company should share 12 yuan and 20.4 yuan, which should be paid according to the amount as ordered." In the same year, Tangshan Public Security Bureau set up a smoking cessation office. "The start-up fee is 600 yuan. After being invited to discuss with the heads of salt shops and gentry villages of the city's major companies, and after the plenary meeting, it was decided that the method of making a deposit was put on the table. Our company should make a deposit of 27 yuan and 70 Jiao, and the payment should be made according to the number." I hereby send the deposit of 27 yuan and 70 Jiao with the letter. In April 1936, Tangshan special public security bureau "issued an official letter to discuss the method of distribution of assessed contributions based on the expenditure of 3000 yuan needed for the construction of the road, asking that the road construction fund that should be shared by our company should be sent immediately, and that the road construction fund that should be shared by our company should be checked based on the emergency demand and other reasons. Our company should share 140 yuan only, and we hereby send it to you." In addition, Tangshan Huaxin will pay 60 yuan per month to police Jinyang of Tangshan special public security bureau, or 720 yuan per year. "Our company will pay 60 yuan per month to police Jinyang of your bureau, and send it to three in succession. I hereby send it with a letter in April."

### **2.3. Foreign Businessmen are Attacking and Smuggling is Rampant**

The main reason for the overstocking and unsalable of Chinese yarn is the rampant foreign squeezing and smuggling. "In recent years, the decline of our country's yarn industry has become more and more significant. It is not only one end, but also the biggest fatal injury caused by the dumping of foreign goods." "Looking back at the current situation at home, textile factories are more afraid of their own existence and struggle in difficulties. The price of finished products is very low, especially to the unexpected. This kind of contradiction phenomenon, first of all, belongs to the country, because of the international treaty, it can not stop the dumping of foreign goods, and play its role in protecting the domestic textile industry. Foreign factories are located in the country, and can not raise their taxes, so as to avoid the domestic textile industry being strongly attacked." A large number of foreign goods flooded the market, seizing the market share of the Chinese mills, which made the local national industry in a difficult situation worse. Huaxin in Tangshan was also doomed. In 1932, "although the yarn machine had been installed and tested for spinning once, because the market was flooded with foreign goods and the price was depressed, it could only be stopped". In 1933, "our factory suffered again from

the disaster of war, life and property were only exempt from the disaster, and even though the battlefield later reported Take back, the door has been completely withdrawn, foreign goods are full of potential than the river, so the situation is especially in other factories. "

In China, Japanese mills are in the process of crazy expansion. The number of spindles increased from 111936 in 1913 to 1291974 in 1927 and 1715792 in 1931, 15.3 times of that in 1913. Japanese merchants also used political and military super economic means to suppress Chinese mills with the huge capital of various consortiums as the backing. Japanese Ministry of Foreign Affairs Cultural Business Department assisted Japanese yarn industry in China In cooperation with Manchu railway, Beizhang power invests in Jidong Jiaodong and improves cotton production to increase raw materials. Japanese merchants are stepping up their despicable actions in China not only to occupy market share, but also to destroy Chinese mills. "Under the cooperation of Zhongfang, Japan Textile, jinteng textile, Dongyang textile and other societies, on the one hand, they actively expand yarn spindles around Qingjin, on the other hand, they buy six big ones in Tianjin Behind the Japanese aggressive attack, there is a conspiracy to make the Chinese textile industry disappear in North China. In order to crush the Chinese merchants, Japanese mills even "prefer to lose money" to compete with them. For example, the lowest price of a load of Chinese goods is 200 yuan, while the price of a load of Japanese yarn is only 110 yuan Because of this, China's yarn industry has never been able to recover. Although it is sold at a reduced price, no one cares about it. "

After the September 18th Incident in 1931, Huaxin's yarn marketing market in Tangshan was severely impacted. "Tangshan is the first entrance for Japanese goods dumping", "there are plenty of Japanese goods from east to West in Tangshan, the price is extremely cheap, the market is extremely wide, the inculcation is fierce, and the trend is like tide", "smuggling is rampant, and the private yarn market is increasingly wide. In the past, each package of yarn was compensated up to 10 yuan, but now it is increased to more than 20 yuan, while Ji All the sales in South Luxi are to be taken away ."

#### **2.4. Labor Disputes and Labor Tide**

Under the influence of the great wave of national revolution, the Huaxin labor union was established in Tangshan. Under the leadership of the labor union, the workers have many disputes with the management for higher salary and their own interests, and the tide of work is rising again and again. Labor disputes disturb the normal production order of Tangshan Huaxin, which will inevitably increase the operating cost of the enterprise and have a great impact on the production and operation of Huaxin.

For example, in 1928, the Huaxin work tide in Tangshan led to the production reduction of enterprises, "the voice of the people's movement was surging, and the workers' clamor could not be heard. The resumption of meetings, processions, speeches, etc. was not only endless, but also urgent to organize the labor union factories to deal with it, and the workers were not restrained gradually, resulting in the low number of workers.". In 1929, a large number of Huaxin's plant machinery and equipment were destroyed in Tangshan, and some workers "took the opportunity to destroy them for fun, as well as random thieves" to vent their discontent. "Zhushui Tui announced the suspension of work and repair, and day after day urged the factory to start work and all kinds of unreasonable requirements", which seriously disrupted the normal production order of the factory. In 1932, "there was a major work tide in June and July, which was held by a small number of workers, and unreasonable demands were put forward by the back forces." "during the work tide period, the total work hours lost due to slowdowns were more than two hundred hours, that is, ten days and nights were completely shut down, and the intangible work hours lost due to slowdowns were more than one hundred hours." in 1934, "the factory was hit by an unexpected work tide at the beginning of the year, which was very dangerous.", "At that time, although the total strike was only five days and the chaos lasted

for more than half a month, in addition to the direct loss of goods and so on, which has been compensated by the insured military insurance company according to the value, the intangible loss caused by the strike slowdown is estimated to be about 10000 yuan."

### 3. Conclusion

In a word, the external cause of the decline of the collective yarn industry in this period is the continuous deterioration of the external environment of the enterprise management. The bad environment of the enterprise is caused by many factors such as the loss of national status, the turbulence of the political situation, and the collapse of the privileges of foreign businessmen under the semi colonial and semi feudal social system. It is an irreversible and uncontrollable external factor for the national industry. As Liu Hongsheng, a famous industrialist in the period of the Republic of China, said: "I am ashamed of the domestic chaos I often think that accidents may happen, but we can't control them. "In the business report of Tangshan Huaxin yarn factory, we also expressed many times of sadness and helplessness:" when the military is in full swing, our factory will bear the brunt More difficult "," the whole year has been affected by the wave of work, and when the current situation is volatile and foreign goods are dumped, domestic and foreign troubles are forced to invade each other "," in an extremely bad environment "It's caused by the current situation. It's not remediable by human resources, but only by Qi."

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