

LIVELIHOOD

LECTURE I

LESSON I

LIVELIHOOD, though a common need of human beings from the very beginning of civilization, did not become an acute problem until more than a century ago. What caused this problem to be acute? It was the industrial revolution which introduced the machine to replace human labor. Many kinds of natural resources, such as the power in gas, fire, water, and electricity, have been utilized to replace the physical strength of men. Metals such as brass and iron are used instead of the muscles and the bones of human laborers. With the use of the machine, the productive power of labor has been greatly increased.

The difference of productive power between individuals cannot be much. The most capable worker may be able to produce at the most ten times more work than the most incapable; but with the use of the machine a worker can produce

work a hundred or a thousand times that of the most capable laborer. Take, for instance, the porters. The heaviest load one coolie can carry is two hundred catties. With this load he can walk fifty or sixty li a day. Compare him with a train at the Wongsha Station, which consists of a locomotive and twenty or more freight cars. Each car can carry several hundred piculs of freight. The total load of the train, therefore, will exceed ten thousand piculs. The locomotive is controlled by one or two persons. It can carry the whole train several hundred li a day. From Canton to Shiukwan, for instance, there is a distance of about five hundred li. If coolies were used to carry this load of ten thousand piculs, it would be necessary to employ ten thousand coolies. If each of them should walk fifty li a day, it would take ten days for them to complete the whole journey. But for the train it takes only eight hours. The total number of employees taking care of the whole train does not exceed ten; so these ten persons with the machine can do the work of ten thousand, and they work eight hours instead of ten days. From this we can see how one person can do the work that originally required many persons. Moreover, if each coolie is paid one dollar a day, the cost of transportation would be one hundred thousand dollars. When the same load is carried

by the train, the cost will be only a few thousand dollars.

The same difference may be found in farming, weaving, building construction, and various other kinds of work. Machine labor can always perform a hundred or a thousand times the work of physical labor. The industrial revolution has therefore greatly revolutionized the living conditions of men. Those who have machines can always earn more than those without them. Here is a good illustration. Before the Opium War, all things exported from China passed through Canton. The highways from various provinces to Kwangtung passed through Nansiung, Lochang, and Shiukwan. Along the section from Shiukwan to Canton, tea houses and restaurants were very prosperous and coolies were plenty. Since the construction of the Canton-Hankow Railway, the shop workers and the coolies were thrown entirely out of employment. Thus the industrial revolution has made livelihood an acute problem.

Socialism is the principle which has been tried to solve the problem. The word "socialism" has often been mixed up with "sociology," because the first part of these two words is the same. Socialism is derived from a Latin word that originally meant a companion. Sociology is a science devoted to the study of social phenomena, while socialism deals with the economic conditions

of society and the standards of living. In other words, socialism is devoted to the study of livelihood. The reason why I have chosen the word "livelihood" instead of "socialism" is because I want to avoid the common wrong conception of the word "socialism" and show the true nature of the problem, so that everybody who hears of the term will understand its meaning at once.

LESSON II

MANY students have devoted scores of years to the study of socialism and have produced hundreds of volumes on the subject. Their theories and arguments being so complicated, it has been said that socialism has "57 varieties." That is to say, there are so many kinds of socialism that one hardly knows which is true.

The European War gave a golden opportunity to the socialists; but nothing was accomplished because the opinions of the socialists greatly differed. Before the war, there were two classes of people: those who favored socialism and those who opposed it. The antisocialists were, as a rule, capitalists. The struggle thus distinctly existed between the capitalists and the socialists. After the European War the antisocialists seemed to have hidden their faces, but the socialists were unable to carry out their ideals for lack of

preparation. They made the situation much more complicated. The German socialists opposed the Russians; and the Russians, the French and the Americans. There has been no solution in socialism.

Among the students of socialism Marx is an exponent. He is to socialism what Rousseau is to democracy. Just as students of democracy all respect Rousseau as much as the Chinese respect Confucius, so do the students of socialism respect Marx. Before Marx the socialists were idealists. After Marx they may be divided into two classes: the Utopians and the scientific socialists.

The idealists try to improve society by theoretical methods with a view to making the earth a paradise. A Chinese proverb says, "When Heaven produces a worm, the earth brings forth a leaf; when Heaven produces a bird, the earth brings forth a worm." It means that nothing in the world is produced without being given natural provisions to live on. This condition, however, existed only in the primitive age. As civilization advanced, men had to hunt or fish before they could get meat, to till the ground before they could reap crops, and to keep herds before they could live on animals. As living conditions became more complicated, work became harder. During the industrial age, the introduction of the machine threw many a laborer out of employment. He had no food, no clothing, and no means of

living. Persons of high morals, seeing the piteous plight of society created by selfish capitalists, voiced their objections. Their ideals received a warm support from groaning society. Gradually more students joined their ranks and we have a class of socialists who are Utopians.

When Marx came, he applied his genius and education to the study of socialism. He based his theories on economic principles. He believed that economic problems could not be solved by morality or good will. He approached the subject, therefore, with a scientific mind. Most of his work was done in England when he was a refugee there. By that time England had the highest type of modern education and a library of millions of volumes. Marx spent twenty or thirty years in this library and made a thorough study of all books on socialism, both new and old. This exhaustive study enabled him to arrive at a conclusion. His conclusion was that history was based upon materialism. The changes in material conditions caused the progress of society. Even human behavior was influenced by a material environment. The history of human civilization, therefore, might be interpreted as a history of the changes of material conditions. His theory greatly influenced the socialists as Newton's law of gravity influenced the scientists.

LESSON III

THE theory of Marx has, to some extent, succeeded in reducing the number of anti-socialists, but not the many points of dispute. The disciples of Marx did not carry out the decisions of the First International. Even the Russians did not actually follow Marx. They said that the taking over of large industries by the Soviet government was merely a war policy. This policy was also adopted by England, Germany, and the United States during the War. Why, then, was the policy adopted by England believed by the world to be only a war measure, while that carried out in Russia Marxism? It was because the Russian revolutionists were all Marxists and they wanted to put Marxism into practice. According to what the Russians say the industrial and the economic conditions in Russia really are not yet ripe for the application of Marxism. It requires a stage of industrialization such as that of England and the United States before Marxism can successfully be carried out. German, French, and Russian socialists formerly all followed Marx and belonged to the First International. But they quarreled among themselves, hence Marxism lost much of its influence. It is now open to question. The question is, "Is materialism the central fact in history?" Experiments made

after the European War have caused many people to doubt the correctness of Marx's theory.

What, then, is the central fact of history? For over twenty years the Nationalist party has been holding up the Principle of Livelihood. Recently a student of socialism, Maurice William by name, after a thorough study of Marxism, has found that Marx's theory is unsound. He has asserted that the materialistic interpretation of history is incorrect. According to him, it is the social problem that is the center of history, and of all the social problems that of livelihood is the nucleus. His discovery coincides with our principle, since livelihood is the real cause of social progress and the latter the soul of history. The Principle of Livelihood agrees with the principle of social progress and is a better doctrine than either socialism or communism.

The first problem in a materialistic interpretation of history is production. Should there be no excessive production there would be no industrial revolution. Modern capitalists utilize machinery in order to increase production. The profit resulting from increased production goes largely to capitalists. Only a small part is given to laborers. Thus the benefits of capital and labor are in constant conflict. This conflict is the root of class struggle.

According to Marx, class struggle was not the result of the industrial revolution only, but a common phenomenon throughout history. In ancient times masters struggled with slaves; landlords, with serfs; nobles, with commoners. In short, the oppressed and the oppressors have always been struggling against each other. This struggle would not cease till social revolution was completed. From this we can see that Marx believed that class struggle was indispensable, and it was class struggle that has brought about social progress.

In order to know whether Marx's theory is correct or not, let us take the recent developments in Europe and America for an investigation. The economic progress of the West during recent years may be divided into four kinds: (1) the improvement of society and industry, (2) the government ownership of means of communication and transportation, (3) the introduction of direct taxation, and (4) the socialization of distribution. All this progress has been made through gradual reforms.

In relation to the first kind of progress, Western governments have exercised their influence in promoting the education of laborers, improving sanitary and working conditions in factories, and requiring safety devices to protect machine workers. Owing to these improvements, the productive power of laborers has increased.

The second kind of progress is the government ownership of electric and steam railroads, steamship companies, post offices, telegraph offices, and the like. This has made transportation and communication quick and cheap. Quick and cheap transportation has enabled factories to get raw materials from distant sources and sell their products to far-off markets. When transportation and communication were in the hands of private individuals, there were much competition and unnecessary waste. Even the government of the United States took over transportation and communication from private companies during the World War.

LESSON IV

DIRECT taxation is the newest method of government finance. The rate, as in the case of income and inheritance taxes, is usually graduated. Capitalists having larger incomes have to pay higher taxes than those whose incomes are smaller. The land tax and the customs duty are old methods of taxation. They are really borne by the poorer classes, while the capitalists enjoy all the privileges. This kind of taxation is therefore unfair. Germany and England reformed their methods of taxation long ago. The revenue of the German government from income and inheritance taxes has

been from sixty to eighty per cent of the gross revenue. The income of the British government from these resources amounted to fifty-eight per cent at the beginning of the European War. The United States adopted these taxes later, about ten years ago, but the revenue from these sources has been increasing every year. In 1918 the income tax alone yielded to the government four billion dollars gold. The other countries in the West have also introduced direct taxation and greatly increased their national revenue.

The fourth kind of social progress is the socialization of distribution. Goods for daily consumption are ordinarily bought from traders. These middlemen, going between the producer and the consumer, buy cheap and sell dear, thereby making a profit. This profit represents the loss of the consumer. The distribution need not be done by the middlemen but can be performed by social organizations or the government.

The consumers' coöperative society was started in England for distributing goods. Many new municipal governments in Europe and America supply water, electricity, gas, bread, milk, butter, and various kinds of foodstuff. This new method of distribution cuts out the commission of the middlemen, so that the consumers do not have to meet unnecessary expense. This is the socialization of distribution.

What has caused such reforms? If Marx's theories were correct, such reforms could not have been effected without class struggle, but the facts in Europe and America during the last few decades have proved that these reforms have enabled society to produce more and yield to the capitalists as well as the laborers greater profit. Labor and capital, instead of being in conflict, are working in harmony for mutual benefits. Thus social progress has come not through struggle but through the harmonization of economic elements. When the benefit of the majority of society increases, society progresses.

Class struggle is not the cause of social progress, but merely a symptom of disease. The disease lies in the difficulty of a part of human society in finding their means of living, hence struggles ensue. Marx saw only the disease but not the cause of social progress. He may, therefore, be called a pathologist but not a physiologist.

LESSON V

A GAIN, according to Marx, the surplus value of capital comes entirely from labor. He put all the merits of production on labor and forgot the usefulness of other elements. But is this correct? Take, for instance, the cotton mills in China. During the European War the cotton

mills in China made a great deal of money. Some earned a few hundred thousand dollars' profit, and some even as much as several millions. Was this surplus value due solely to the laborers of these mills ?

When we consider the raw material used by these mills, namely, cotton, we at once think of agricultural problems, such as selection and improvement of cotton seeds, machines and tools used on the farms, and fertilizers. When we think of machinery and fertilizers we cannot forget the inventors and the manufacturers of machinery and fertilizers. For the transportation of cotton to the mills and finished cotton goods to the markets, we cannot but think of steamships and railways. When we think of steamships and railways, we cannot forget the discoverers of steam and electricity. When we think of the materials for the construction of steamships and railways, we think of the miners and the growers of forests.

Furthermore, if no people beside the laborers wore cotton clothes, then the demand for cotton goods would be greatly reduced. If that should be the case, how could there be surplus value for capital ? Can we say, then, that the laborers are the sole factor for the production of the surplus value ? This situation is not only found in cotton mills but also in other industries. The laborers

are useful elements of society. Directly or indirectly, in production as well as in consumption, they are valuable to society; but they are not alone valuable.

Even in one of the most industrialized countries, such as the United States, the number of workmen does not exceed twenty million, or about one fifth of the whole American population. In a country less industrialized, such as China, the number of laborers must be still smaller. If the economic elements of a nation were not harmonized, conflicts would arise not only between labor and capital, but also among other useful members of society, because all useful members of society want to seek a means of living.

Instead of class struggles, however, the Western nations have resorted to social control of distribution, the taxation of the rich by income and inheritance taxes, the improvement of means of communication and transportation, and the amelioration of the living conditions of laborers and the working conditions in factories. This method of harmonization has caused the progress of society.

Marx, therefore, mistook effect for cause. He did not see the real cause of disease. His theories have been disproved by modern facts. His disciples were unable to agree. The propositions adopted by the First International in 1848

were greatly modified by the Second International. The First International aimed entirely at class struggles. There was to be no compromise with capital. But now the Communists in Germany have joined the Reichstag and the Labor party in England has organized a cabinet.

These things Marx could never have expected. He believed that large capitalists would try to destroy small capitalists and that finally there would be only two classes of people in society, millionaires and penniless laborers. His prediction has failed because, for more than seventy years since his time, all facts have proved to be contrary to his theories.

At the time of Marx, British laborers demanded an eight-hour working-day. Marx criticized it as an empty dream. He said that the demand could never be successful without revolution; but the demand of the British laborers was eventually realized and, moreover, laws have been promulgated limiting the time of the working-day to eight hours for all factories, banks, and railways.

When Bismarck applied state socialism in Germany, he used the power of the government to relieve the hardship of labor by limiting the time of the working-day to eight hours, fixing the conditions for treating child and woman labor,

and regulating insurances and retiring allowances. Many capitalists raised objections, but after the law was put into practice, it was found that these requirements were not only beneficial to labor but also to capital, because the productive power of labor in an eight-hour day was more than that of a sixteen-hour day. The reason was that when laborers had to do long hours of work their energy and strength were so exhausted and their health so impaired that they could not produce much. When their working hours were reduced, they had better spirits and health, which enabled them to do better work, and accordingly their production increased.

Seeing the fine results of Germany, England and the United States followed suit by cutting down working hours and offering better treatment to laborers. Marx could not foresee these possibilities, so he made a wrong conclusion.

LESSON VI

IN ORDER to get the surplus value for capital, according to Marx, three conditions were necessary: the reduction of wages, the prolongation of working hours, and the increase of prices. To prove whether these three conditions are necessary or not, let us take the Ford Motor Company for an example. This company produces

the largest number of automobiles in the world, and the profit earned every year has amounted to millions of dollars. The plant has the best equipment and machinery and provides the best sanitary conditions for its workers. The longest working time in a day is eight hours. Even the unskilled laborers are paid five dollars gold a day each, which equals ten dollars Chinese currency. Important officers are paid much higher. There are playgrounds for the recreation of employees, dispensaries for their diseases, schools for their children and for new employees. The company insures the lives of all its employees, who are also paid post-mortem allowances.

The prices of Ford cars are much lower than those of other cars. The most expensive Ford car does not exceed \$1,500 in price. The machine is strong and has a great climbing capacity. It can last for a long time. In a word, the Ford car is of high quality and low price, so it can sell in large quantities all over the world. Taking these facts and comparing them with the theories of Marx, we find that they directly contradict the three conditions mentioned by Marx. The Ford plant has shortened the working hours, increased the wages of its employees, and reduced the prices of its cars. All these call for no reduction of profit to the company, but on the

contrary increase its profit. This is what Marx could never have conceived.

The essence of Marx's surplus value theory is that the income of the capitalists is robbed from the laborers, because production depends upon labor. Labor uses materials, which are supplied by merchants, who also make a profit. Thus, both capitalists and merchants are harmful, because they take away the money earned by the sweat of the laborers. To eliminate merchants it is necessary, according to Marx, to abolish capitalism first.

This theory has also been proved to be incorrect. The consumers' coöperative society was organized by a large number of poor laborers. The laborers buy and sell their daily provisions at a store which is run like an ordinary store; but at the end of every year any profit earned is distributed according to the amount of purchases made by each member of the society. Many banks and factories are now owned by coöperative societies. The existence of the coöperative society has caused many old stores to disappear. Because of this improvement in distribution many large merchants have become producers. For instance, the Standard Oil Company in China is a store selling petroleum, but in the United States it is a producer, manufacturing petroleum. From this we can see that on account of the introduction of

the coöperative principle, merchants have gone before the capitalists. This again is contradictory to Marx's theory.

Furthermore, according to Marx, all large industries in the world depend upon production; and production, upon capital. That is to say, when there are good products and a large capital, industries will prosper. Now let us take the Han Yeh Ping Company for illustration. This company is a large factory manufacturing pig iron and steel. Its products ordinarily are shipped to Seattle, in the United States, or to Australia for sale. During the European War they were sent to Japan.

Now iron and steel constitute one of the principal imports of China. Since the Han Yeh Ping Company produces iron and steel, why should China buy them from foreign countries? The reason is because the iron and the steel needed in China are of high quality, while those produced by the Han Yeh Ping Company are of low quality and are unsuitable for the home market. Steel produced in the United States amounts to forty million tons annually; and iron, forty or fifty million tons. The Han Yeh Ping Company produces only two hundred thousand tons of pig iron and over one hundred thousand tons of steel. Since the United States produces so much steel and iron, why would her market absorb Han Yeh

Ping's steel and iron? The reason is that, although there are so many steel factories in the United States, yet these factories are always looking out for cheap iron. They do not care where the iron comes from.

During the European War the Han Yeh Ping Company was highly prosperous in spite of the reduction of working hours and the increase of wages. But now the company is losing money. Many laborers are out of employment. If Marx were correct, then since the Han Yeh Ping Company has good products and large capital, it ought to be prosperous and make money. The fact clearly indicates that the prosperity of an industry hinges on consumption. It does not depend entirely upon production and capital. As there is now a limited market for Han Yeh Ping's steel and iron, it can make no money.

What is the problem of consumption? It is the problem of solving the means of living of the people, or the problem of livelihood. Hence industry depends upon livelihood. Livelihood is the central fact of politics. It is also the center of economics and the center of social activities in history. In order to avoid complications of social problems, it is necessary first to correct wrong theories. We should not say that materialism is the central fact of history. It is livelihood that is the center of political,

sociological, and economical phenomena in history. In other words, livelihood is the center of social progress. When we understand this, we can find the solution of social problems.