

## Zhang Renjie and the Hangzhou Electric Plant

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### Abstract

When Zhang Renjie became the Chairman of the Government of Zhejiang Province, he took over the Dayouli Electric Power Company and renamed it the Hangzhou Electric plant. Roughly three years later, due to a shortage of funds, the Provincial Government of Zhejiang sold the plant to the Qixin Group of Bankers. This paper discusses the sequence of the events at that time and analyzes the causes and consequences of them. Zhang Renjie, an important figure in the Guomintang, had abundance of political resources. He believed in four ideologies of economic construction, the most significant of which was his promotion of privatization of great enterprises. He also believed that success or failure is ultimately determined by men's abilities and the efforts they put in. These beliefs show his personal characteristics.

Zhang did not promote privatization of enterprises unconditionally. Sometimes the situation forced him to do the opposite – taking over private electric companies for the benefit of society. His belief in ability and effort was not without challenge. When he was short in funds, he had to sell the Hangzhou Electric Plant to a group of bankers. The experience of taking over a private electric company paved the road for

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the success of taking over the Dayouli Electricity Company. And selling this plant later on also became a precedent for selling the Capital Electric Plant and the Qishu'an Electric Plant to the China Development Finance Corporation in 1936. This was consistent with his belief in privatization of enterprises. Zhang devoted himself to building up Zhejiang's infrastructure, hoping that electric power supplies would encourage economic development.

However, the demand for electricity increased more slowly than expected. Zhang's efforts did not show any great results right away. This was due to Zhejiang's geographic location. At that time Shanghai was China's economic center, and Zhejiang merely a periphery of Shanghai. According to the center-periphery theory, manpower, funds, and natural resources flowed from Zhejiang into Shanghai. Many famous merchants and entrepreneurs in Shanghai were Zhejiang natives. In the electricity market, the demand drives the supply, and so it would take a long time to form a new economic center. When the peripheral area becomes a new center or a subsidiary center, this would then create greater demand for electricity. In addition, better knowledge of electricity also helps the acceptance of it. Today's Hangzhou is a good example of this transition. Therefore, in retrospect, we can conclude that Zhang Renjie was a man of vision.

**Keywords: Zhang Renjie , Zhejiang Province, Hangzhou Electric Plant, Qixin Group of Bankers, Dayouli Electricity Company**