

THE INTERNATIONAL DEVELOPMENT OF CHINA

PROGRAM I.

The industrial development of China should be carried out along two lines: (1) by private enterprise and (2) by national undertaking. All matters that can be and are better carried out by private enterprise should be left to private hands which should be encouraged and fully protected by liberal laws. And in order to facilitate the industrial development by private enterprise in China, the hitherto suicidal internal taxes must be abolished, the cumbersome currency must be reformed, the various kinds of official obstacles must be removed, and transportation facilities must be provided. All matters that cannot be taken up by private concerns and those that possess monopolistic character should be taken up as national undertakings. It is for this latter line of development that we are here endeavoring to deal with. In this national undertaking, foreign capital have to be invited, foreign experts and organizers have to be enlisted, and gigantic methods have to be adopted. The property thus created will be state owned and will be managed for the benefit of the whole nation. During the construction and the operation of each of these national undertakings, before its capital and interest are fully repaid, it will be managed and supervised by foreign experts under Chinese employment. As one of their obligations, these foreign experts have to undertake the training of Chinese assistants to take their places in the future. When the capital and interest of each undertaking are paid off, the Chinese Government will have the option to employ either foreigners or Chinese to manage the concern as it thinks fit.

Before entering into the details of this International development scheme, four principles have to be considered:

- (1) The most remunerative field must be selected in order to attract foreign capital.
- (2) The most urgent needs of the nation must be met.
- (3) The lines of least resistance must be followed.
- (4) The most suitable positions must be chosen.

In conformity with the above principles, I formulate PROGRAM I as follows:

- I. The construction of a great Northern Port on the Gulf of Pechili.
- II. The building of a system of railways from the Great Northern Port to the Northwestern extremity of China.
- III. The Colonization of Mongolia and Sinkiang (Chinese Turkestan).
- IV. The construction of canals to connect the inland waterway systems of North and Central China with the Great Northern Port.
- V. The development of the Iron and Coal fields in Shansi and the construction of an Iron and Steel Works.

These five projects will be worked out as one program, for each of them will assist and accelerate the development of the others. The Great Northern Port will serve as a base of operation of this International Development Scheme, as well as a connecting link of transportation and communication between China and the outer world. The other four projects will be centered around it.

PART I.

The Great Northern Port

I propose that a great deep water and ice free port be constructed on the Gulf of Pechili. The need of such a port in that part of China has been keenly felt for a long time. Several

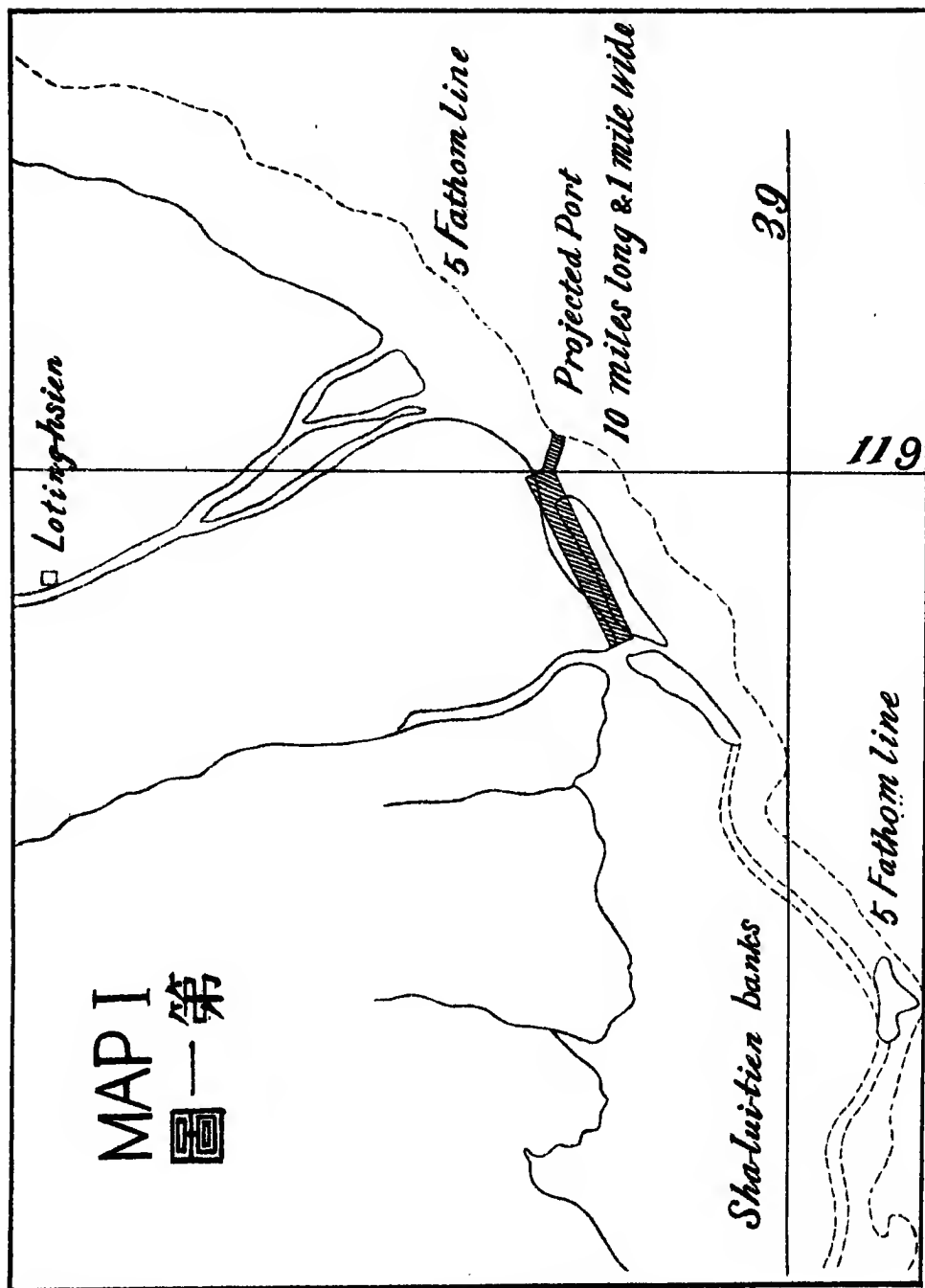
projects have been proposed such as the deepening of the Taku Bar, the construction of a harbor in the Chiho estuary, the Chinwangtao Harbor which has actually been carried out on a small scale and the Hulutao Harbor which is on the point of being constructed. But the site of my projected port is in none of these places for the first two are too far from the deep water line and too near to fresh water which freezes in winter. So it is impossible to make them into deep water and ice free ports, while the last two are too far away from the center of population and are unprofitable as commercial ports. The locality of my projected port is just at midway between Taku and Chinwangtao and at a point between the mouths of the Tsingho and Lwanho, on the cape of the coast line between Taku and Chinwangtao. This is one of the points nearest to deep water in this Gulf. With the fresh water of the Tsingho and Lwanho diverted away, it can be made a deep water and ice free port without much difficulty. Its distance to Tientsin is about seventy or eighty miles less than that of Chinwangtao to Tientsin. Moreover, this port can be connected with the inland waterway systems of North and Central China by canal, whereas in the case of Chinwangtao and Hulutao this could not be done. So this port is far superior as a commercial harbor than Hulutao or Chinwangtao which at present is the only ice free port in the Gulf of Pechili.

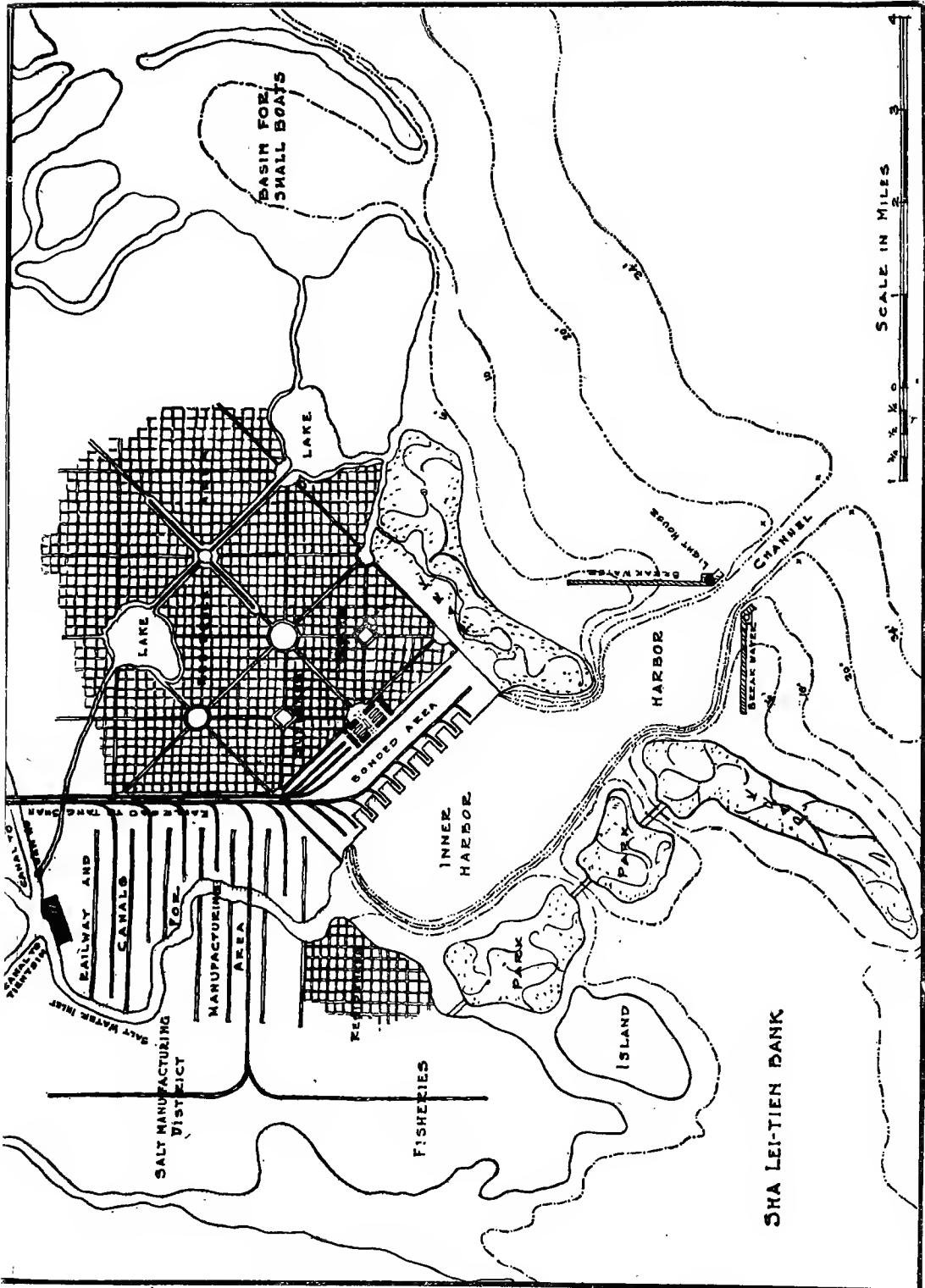
From a commercial standpoint this port will be a paying proposition from the very beginning of its construction, owing to the fact that it is situated at the center of the greatest salt industry in China. The cheapest salt is produced here by sun evaporation only. If modern methods could be added, also utilizing the cheap coal near by, the production could increase many times more and the cost could thus be made much cheaper. Then it can supply the whole of China with much cheaper salt. By this industry alone it is quite sufficient to support a moderate sized harbor which must be the first step of this great project. Besides, there is in the immediate neighborhood the greatest coal mine that has yet been developed in China, the Kailan Mining Co. The output

of its colliery is about four million tons a year. At present the company uses its own harbor, Chinwangtao, for shipping its exports. But our projected port is much nearer to its colliery than Chinwangtao. It can be connected with the mine by canal thus providing it with a much cheaper carriage than by rail to Chinwangtao. Furthermore, our projected port will in future consume much of the Kailan coal. Thus eventually the Company must use our port as a shipping stage for its exports. Tientsin the largest commercial center in North China, has no deep harbor and is ice bound several months a year in winter, and so has to use our projected port entirely as an outlet for its world trade. This is the local need only but for this alone it is quite sufficient to make our projected port a paying proposition.

But my idea is to develop this port as large as New York in a reasonable limit of time. Now, let us survey the hinterland to see whether the possibility justifies my ideal or not. To the southwest are the provinces of Chili and Shansi, and the Hoangho valley with a population of nearly a hundred millions. To the northwest are the undeveloped Jehol district and the vast Mongolian Prairie with their virgin soil waiting for development, Chili with its dense population and Shansi with its rich mineral resources have to depend upon this port as their only outlet to the sea. And if the future Dolon Nor and Urga Railway is completed with connection to the Siberian line then Central Siberia will also have to use this as its nearest sea-port. Thus its contributing or rather distributing area will be larger than that of New York. Finally, this port will become the true terminus of the future Eurasian Railway System, which will connect the two continents together. The land which we select to be the site of our projected port is now almost worth next to nothing. Let us say two or three hundred square miles be taken up as national property absolutely for our future city building. If within forty years we could develop a city as large as Philadelphia, not to say New York, the land value alone will be sufficient to pay off the capital invested in its development.

MAP I 圖一第





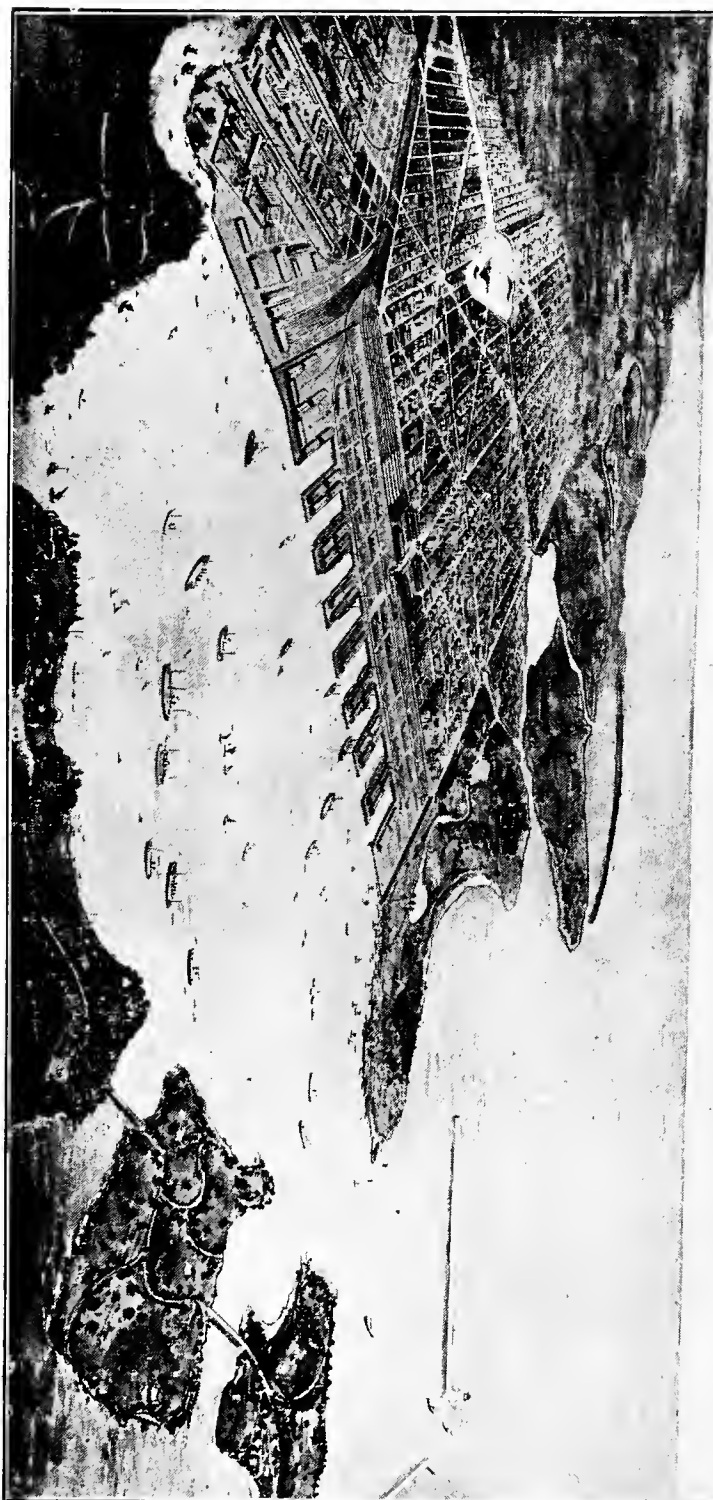
SCALE IN MILES

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The need of such a port in this part of China goes without saying. For the provinces of Chili, Shansi, Western Shantung, Northern Honan, a part of Fengtien and the greater part of Shensi and Kansu with a population of about 100 millions are lacking of a sea port of this kind. Mongolia and Sinkiang as well as the rich coal and iron fields of Shansi will also have to depend on the Chili coast as their only outlet to the sea. And the millions of congested population of the coast and the Yangtze valley need an entrance to the virgin soil of the Mongolian Prairie and the Tienshan Valley. The port will be the shortest doorway and the cheapest passage to these regions.

The locality of our projected port is nearest to deep water line, and far away from any large river which might carry silt to fill up the approach of the harbor like those of the Hoangho entrance and the Yangtze estuary which cause great trouble to conservancy work. So it has no great natural obstacle to be overcome. Moreover, it is situated in an arid plain with few people living on it, so it has no artificial hindrance to be overcome. We can do whatever we please in the process of construction.

As regards the planning and estimation of the work of the harbor construction and city building, I must leave them to experts who have to make extensive surveys and soundings before detailed plan and proper estimation could be made. Whereas for rough reference see Map I, and figures 1 and 2.*

PART II.

The Northwestern Railway System

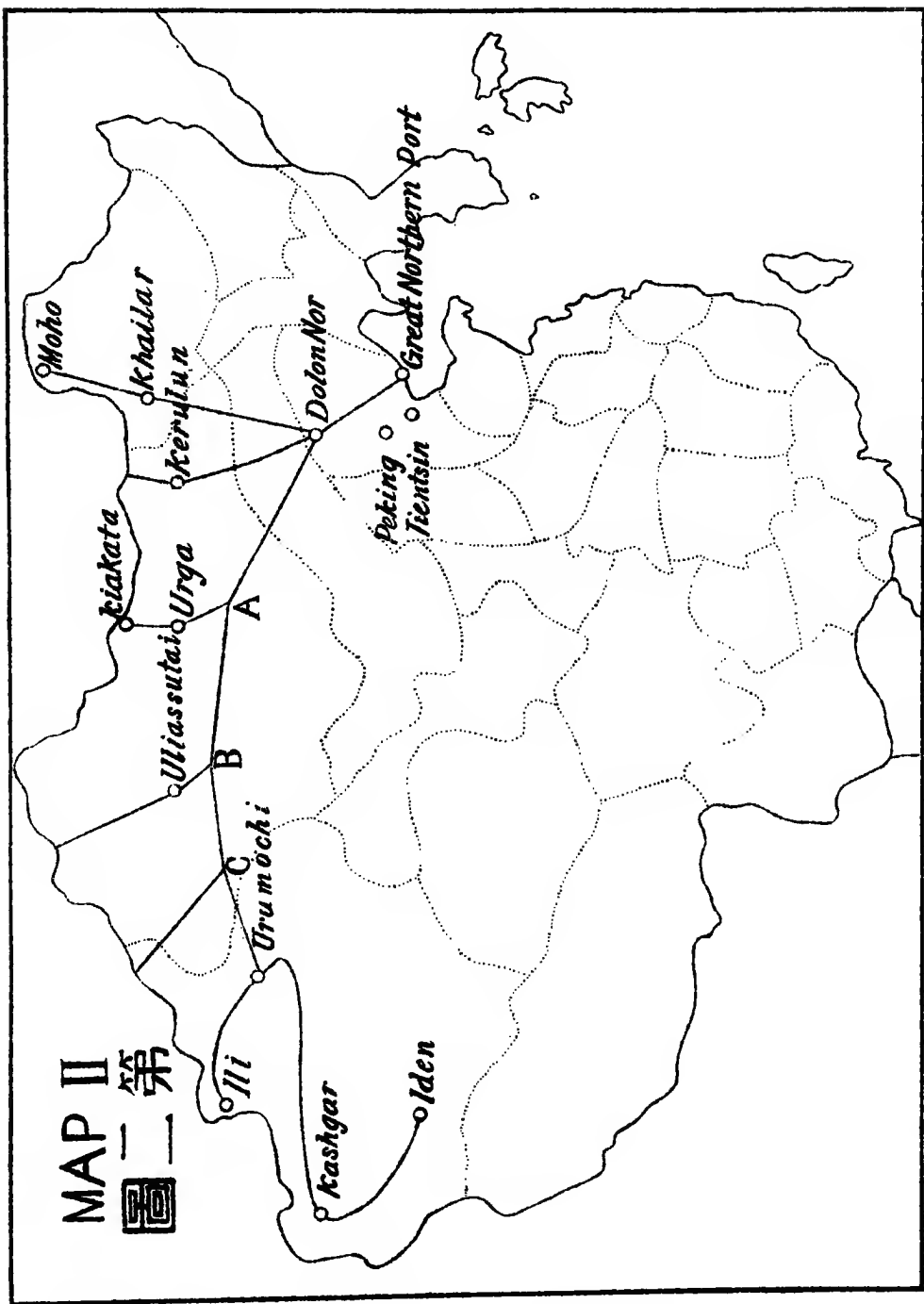
Our projected Railway will start at the Great Northern Port and follow the Lwan Valley to the prairie city of Dolon

*As soon as this first program reached the American Legation in Peking, the former Minister, Dr. Paul S. Reinsch, immediately sent an expert to survey the site which the writer indicated, and found that it is really the best site on the Chili Coast for a world harbor, excepting that the entrance of the port should be at the west side instead of the east side as the writer proposed. Detailed plans have been made as figures 1 and 2.

Nor, a distance of three hundred miles. This railway should be built in double tracks at the commencement. As our projected Port is a starting point to the sea, so Dolon Nor is a gate to the vast prairie which our projected Railway System is going to tap. It is from Dolon Nor our Northwestern Railway System is going to radiate. First, a line N. N. E. will run parallel to the Khingan Range to Khailar, and thence to Moho, the gold district on the right bank of the Amur River. This line is about eight hundred miles in length. Second, a line N.N.W. to Kurelun, and thence to the frontier to join the Siberian line near Chita. This line has a distance of about six hundred miles. Third, a trunk line northwest, west, and southwest, skirting off the northern edge of the desert proper, to Urumochi at the western end of China, a distance of about one thousand six hundred miles all on level land. Fourth, a line from Urumochi westward to Ili, a distance of about four hundred miles. Fifth, a line from Urumochi southeast across the Tienshan gap into the Darim basin, then turning southwest running along the fertile zone between the southern watershed of the Tienshan and the northern edge of the Darim Desert, to Kashgar, and thence turning southeast to another fertile zone between the eastern watershed of the Pamir, the northern watershed of the Kuenlun Mountain and the southern edge of the Darim Desert, to the city of Iden or Keria, a distance of about one thousand two hundred miles all on level land. Sixth, a branch from the Dolon Nor Urumochi Trunk Line, which I shall call Junction A, to Urga and thence to the frontier city Kiakata, a distance of about three hundred fifty miles. Seventh, a branch from Junction B to Uliassutai and beyond N. N. W. up to the frontier, a distance of about six hundred miles. And eighth, a branch from Junction C northwest to the frontier, a distance of about four hundred fifty miles. See Map 2.

Regarded from the principle of "following the line of least resistance" our projected railways in this program is the most ideal one. For most of the seven thousand miles of lines under

MAP II
圖二第



this project are on perfectly level land. For instance, the Trunk Line from Dolon Nor to Kashgar and beyond, about a distance of three thousand miles right along is on the most fertile plain and encounters no natural obstacles, neither high mountains nor great rivers.

Regarded from the principle of "the most suitable position," our projected railways will command the most dominating position of world importance. It will form a part of the trunk line of the Eurasian system which will connect the two populous centers, Europe and China, together. It will be the shortest line from the Pacific Coast to Europe. Its branch from Ili will connect with the future Indo-European line, and through Bagdad, Damascus and Cairo, will link up also with the future African system. Then there will be a through route from our projected port to Capetown. There is no existing railway commanding such a world important position as this.

Regarded from the principle of the "most urgent need of the Nation," this railway system becomes the first in importance, for the territories traversed by it are larger than the eighteen provinces of China Proper. Owing to the lack of means of transportation and communication at present these rich territories are left undeveloped and millions of laborers in the congested provinces along the Coast and in the Yangtse Valley are without work. What a great waste of natural and human energies. If there is a railway connecting these vast territories, the waste labor of the congested provinces can go and develop these rich soils for the good not only of China but also of the whole commercial world. So a system of railways to the northwestern part of the country is the most urgent need both politically and economically for China to-day.

I have intentionally left out the first principle—"the most remunerative field must be selected"—not because I want to neglect it but because I mean to call more attention to it and treat it more fully. It is commonly known to financiers and railway men that a railway in a densely populated country from end to

end is the best paying proposition, and a railway in a thinly settled country from end to end is the least paying one. And a railway in an almost un-populated country like our projected lines will take a long time to make it a paying business. That is why the United States Government had to grant large tracts of public lands to railway corporations to induce them to build the Transcontinental lines to the Pacific Coast, half a century ago. Whenever I talked with foreign railway men and financiers about the construction of railways to Mongolia and Sinkiang, they generally got very shy of the proposition. Undoubtedly they thought that it is for political and military reasons only that such a line as the Siberian Railway was built, which traversed through a thinly populated land. But they could not grasp the fact which might be entirely new to them, that a railway between a densely populated country and a sparsely settled country will pay far better than one that runs from end to end in a densely populated land. The reason is that in economic conditions the two ends of a well populated country are not so different as that between a thickly populated country and a newly opened country. At the two ends of a well populated country, in many respects, the local people are self-supplying, excepting a few special articles which they depend upon the other end of the road to supply. So the demand and supply between the two places are not very great, thus the trade between the two ends of the railway could not be very lucrative. While the difference of the economic condition between a well populated country and an un-populated country is very great. The workers of the new land have to depend upon the supplies of the thickly populated country almost in everything excepting foodstuffs and raw materials which they have in abundance and for disposal of which they have to depend upon the demand of the well populated district. Thus the trade between the two ends of the line will be extraordinarily great. Furthermore, a railway in a thickly populated place will not affect much the masses which consist of the majority of the population. It is only the few well-to-do and the merchants and tradesmen

that make use of it. While with a railway between a thickly populated country and a sparsely settled or unsettled country, as soon as it is opened to traffic for each mile, the masses of the congested country will use it and rush into the new land in a wholesale manner. Thus the railway will be employed to its utmost capacity in passenger traffic from the beginning. The comparison between the Peking-Hankow Railway and the Peking-Mukden Railway in China is a convincing proof.

The Peking-Hankow Railway is a line of over eight hundred miles running from the capital of the country to the commercial center in the heart of China right along in an extraordinarily densely settled country from end to end. While the Peking-Mukden line is barely six hundred miles in length running from a thickly populated country to thinly populated Manchuria. The former is a well paying line but the latter pays far better. The net profit of the shorter Peking-Mukden Line is sometimes three to four millions more yearly than that of the longer Peking-Hankow line.

Therefore, it is logically clear that a railway in a thickly populated country is much better than one that is in a thinly populated country in remuneration. But a railway between a very thickly populated and a very thinly populated or un-populated country is the best paying proposition. This is a law in Railway Economics which hitherto had not been discovered by railway men and financiers.

According to this new railway economic law, our projected railway will be the best remunerative project of its kind. For at the one end, we have our projected port which acts as a connecting link with the thickly populated coast of China and the Yangtse Valley and also the two existing lines, the Kinghan and the Tsinpu, as feeders to the projected port and the Dolon Nor line. And at the other end, we have a vast and rich territory, larger than China Proper, to be developed. There is no such vast fertile field so near to a center of a population of four hundred millions to be found in any other part of the world.

PART III.

The Colonization of Mongolia and Sinkiang

The Colonization of Mongolia and Sinkiang is a complement of the Railway scheme. Each is dependent upon the other for its prosperity. The colonization scheme, besides benefitting the railway, is in itself a greatly profitable undertaking. The results of the United States, Canada, Australia, and Argentina are ample proofs of this. In the case of our project, it is simply a matter of applying waste Chinese labor and foreign machinery to a fertile land for production for which its remuneration is sure. The present Colonization of Manchuria, notwithstanding its topsy turvy way which caused great waste of land and human energy, has been wonderfully prosperous. If we would adopt scientific methods in our colonization project we could certainly obtain better results than all the others. Therefore, I propose that the whole movement be directed in a systematic way by state organization with the help of foreign experts and war organizers, for the good of the colonists particularly and the nation generally.

The land should be bought up by the state in order to prevent the speculators from creating the dog-in-the-manger system, to the detriment of the public. The land should be prepared and divided into farmsteads, then leased to colonists on perpetual term. The initial capital, seeds, implements and houses should be furnished by the state at cost price on cash or on the instalment plan. For these services, big organizations should be formed and war work measures should be adopted in order to transport, to feed, to clothe and to house every colonist on credit in his first year.

As soon as a sufficient number of colonists is settled in a district, franchise should be given for self-government and the colonists should be trained to manage their own local affairs with perfect democratic spirit.

If within ten years we can transport, let us say, ten millions of the people, from the congested provinces of China, to the

Northwestern territory to develop its natural resources, the benefit to the commercial world at large will be enormous. No matter how big a capital that shall have been invested in the project it could be repaid within a very short time. So in regard to its bearing to "the principle of remuneration" there is no question about it.

Regarded from "the principle of the need of the Nation" colonization is the most urgent need of the first magnitude. At present China has more than a million soldiers to be disbanded. Besides, the dense population will need elbow room to move in. This Colonization project is the best thing for both purposes. The soldiers have to be disbanded at great expense and hundreds of millions of dollars may be needed for disbandment alone, in paying them off with a few months pay. If nothing more could be done for these soldiers' welfare, they will either be left to starve or to rob for a living. Then the consequences will be unimaginable. This calamity must be prevented and prevented effectively. The best way for this is the colonization scheme. I hope that the friendly foreign financiers, who have the welfare of China at heart, when requested to float a reorganization loan for the Chinese Government in the future, will persist on the point—that the money furnished must first be used to carry out the colonization scheme for the disbanded soldiers. Otherwise, their money will only work disasters to China.

For the million or more of the soldiers to be disbanded, the district between our projected port and Dolon Nor is quite enough to accomodate them. This district is quite rich in mineral resources and is very sparsely settled. If a railway is to start at once from the projected port to Dolon Nor these soldiers could be utilized as a pioneer party for the work of the port, of the railway, of the developing of the adjacent land beyond the Great Wall, and of preparing Dolon Nor as a jumping ground for further colonization development of the great northern plain.

PART IV.

The Construction of Canals to connect the Inland Waterway systems of North and Central China with the Great Northern Port.

This scheme will include the regulation of the Hoangho and its branches, the Weiho in Shensi, and the Fenho in Shansi and connecting canals. The Hoangho should be deepened at its mouth in order to give a good drawing to clear its bed of silt and carry the same to the sea. For this purpose, jetties should be built far out to the deep sea, as those at the mouths of the Mississippi in America. Its embankments should be parallel in order to make the width of the channel equal right along, so as to give equal velocity to the current which will prevent the deposit of silt at the bottom. By dams and locks, it could be made navigable right up to Lanchow, in the province of Kansu, and at the same time water power could be developed. The Weiho and the Fenho can also be treated in the same manner so as to make them navigable to a great extent in the provinces of Shensi and Shansi. Thus the provinces of Kansu, Shensi, and Shansi can be connected by waterway with our projected port on the Gulf of Pechili, so that cheap carriage can be provided for the rich mineral and other products from these three hitherto secluded provinces.

The expenses of regulating the Hoangho may be very great. As a paying project, it may not be very attractive but as a flood preventive measure, it is the most important task to the whole nation. This river is known as "China's Sorrow" for thousands of years. By its occasional overflow and bursting of its embankments, millions of lives and billions of money have been destroyed. It is a constant source of anxiety in the minds of all China's statesmen from time immemorial. A permanent safe-guard must be effected, once for all, despite the expenses that will be incurred. The whole nation must bear the burden of its expenses. To deepen its mouth, to regulate its embankments and to build extra

dykes are only but half of the work to prevent flood. The entire reforestation of its watershed to prevent the washing off of loess is another half of the work in the prevention of flood.

The Grand Canal, the former Great Waterway of China between the North and the South for centuries, and now being reconstructed in certain sections, should be wholly reconstructed from end to end, in order to restore the inland waterway traffic from the Yangtse Valley to the North. The reconstruction of this canal will be a great remunerative concern for it runs right along from Tientsin to Hangchow in an extremely rich and populous country.

Another new canal should be constructed from our projected port to Tientsin to link up all the inland waterway systems to the new port. This new canal should be built extra wide and deep, let us say, similar to the present size of the Peiho, for the use of the coasting and shallow-draft vessels which the Peiho now accomodates for other than the winter seasons. The banks of this canal should be prepared for factory sites so as to enable it to pay not only by its traffic but also from the land on both sides of its banks.

As for planning and estimating these river and canal works, the assistance of technical experts must be solicited.

PART V.

The Development of the Iron and Coal Fields in Chili and Shansi, and the Construction of Iron and Steel Works.

Since we have in hand in this program the work of the construction of the Great Northern Port, the work of the building of a system of railways from the Great Northern Port to the North Western Extremity of China, the work of the Colonization of Mongolia and Sinkiang, and the work of the construction of canals and improvement of rivers to connect with the Great Northern Port, the demand for materials will be very great. As the iron and coal resources of every industrial country are

decreasing rapidly every year, and as all of them are contemplating the conservation of their natural resources for the use of future generations, if all the materials for the great development of China were to be drawn from them, the draining of the natural resources of those countries will be detrimental for their future generations. Besides, the present need of the post-bellum reconstruction of Europe has already absorbed all the iron and coal that the industrial world could supply. Therefore, new resources must be opened up to meet the extraordinary demand of the development of China.

The unlimited iron and coal fields of Shansi and Chili should be developed on a large scale. Let us say a capital of from five hundred to a thousand million dollars Mex. should be invested in this project. For as soon as the general development of China is started we would have created a vast market for iron and steel which the present industrial world will be unable to supply. Think of our railway construction, city building, harbor works, and various kinds of machineries and implements that will be needed! In fact, the development of China means the creation of a new need of various kinds of goods, for which, we must undertake to create the supply also, by utilizing the raw materials near by. Thus a great iron and steel works is an urgent necessity as well as a greatly profitable project.

In this FIRST PROGRAM, we have followed the four principles set forth at the outset pretty closely. As needs create new needs and profits promote more profits, so our first program will be the fore-runner of the other great developments, which we will deal with shortly.

~~first, a reasonable price should be paid to the miner when the ore is collected. Afterwards, when the metal is sold, either at home or in foreign markets, the smelting works will take a share of the profit to cover the expenses, the interest, the sinking fund, etc. The surplus profit should be divided among the workers according to their wages, and among the capitalists according to the proportion of ore they contribute to the furnace. In this way we can encourage private mining enterprise which forms the root of other industries. All smelting works should be put up according to local needs and their scale should be determined by experts, and managed under a central control.~~

Conclusion

In this International Development Scheme, I venture to present a practical solution for the three great world questions which are the International War, the Commercial War and the Class War. As it has been discovered by post-Darwin philosophers that the primary force of human evolution is coöperation and not struggle as that of the animal world, so the fighting nature, a residue of the animal instinct in man, must be eliminated from man, the sooner the better.

International war is nothing more than pure and simple organized robbery on a grand scale, which all right-minded people deplore. When the United States of America turned the recent European conflict into a world war by taking part in it, the American people to a man determined to make this war end war forever. And the hope of the peace-loving nations in the world was raised so high that we Chinese thought that the "Tatung" or the Great Harmony Age was at hand. But unfortunately, the United States has completely failed in peace, inspite of her great success in war. Thus, the world has been thrown back to the pre-war condition again. The scrambling for territories, the struggle for food, and the fighting for raw materials will begin anew. So instead of disarmament there is going to be a greater increase in the armies and navies of the

once allied powers for the next war. China, the most rich and populous country in the world, will be the prize. Some years ago there was great inclination among the Powers to divide China and Imperial Russia actually took steps to colonize Manchuria. But the then chivalrous Japan went to war with Russia and thus saved China from partition. Now the militaristic policy of Japan is to swallow China alone. So long as China is left to the tender mercy of the militaristic powers she must either succumb to partition by several powers or be swallowed up by one power.

However, the tide of the world seems to be turning. After centuries of sound slumber, the Chinese people at last are waking up and realizing that we must get up and follow in the world's progress. Now we are at the parting of the way. Shall we organize for war or shall we organize for peace? Our militarists and reactionaries desire the former, and they are going to Japanize China, so that when the time comes they will start another Boxer Movement once more to defy the civilized world. But as the founder of the Chung Hwa Min Kuo—the Chinese Republic—I desire to have China organized for peace. I, therefore, begin to utilize my pen, which I hope would prove even mightier than the sword that I used to destroy the Manchu Dynasty, to write out these programs for organizing China for peace.

During the course of my writing, these programs have been published in various magazines and newspapers time after time and are being spread all over China. They are welcome everywhere and by everyone in the country. So far there is not a word expressed in disfavor of my proposition. The only anxiety ever expressed regarding my scheme is where we can obtain such huge sums of money to carry out even a small part of this comprehensive project. Fortunately, however, soon after the preliminary part of my programs has been sent out to the different governments and the Peace Conference, a new Consortium was formed in Paris for the purpose of assisting China in developing her natural resources. This was initiated by the

American Government. Thus we need not fear the lack of capital to start work in our industrial development. If the Powers are sincere in their motive to coöperate for mutual benefit, then the military struggle for material gain in China could eventually be averted. For by coöperation, they can secure more benefits and advantages than by struggle. The Japanese militarists still think that war is the most profitable national pursuit, and their General Staff keeps on planning a war once in a decade. This Japanese illusion was encouraged and strengthened by the campaign of 1894 against China, a cheap and short one but rich in remuneration for Japan; also by the campaign of 1904 against Russia which was a great success to the Japanese, and its fruit of victory was no less in value; finally by the campaign of 1914 against Germany which formed her part in the world war Japan took. Although Japan took the smallest part in the world war and expended the least in men and money, yet the fruit of her victory was Shantung, a territory as large as Roumania before the war, with a population as numerous as that of France. With such crowning results in every war during the last thirty years no wonder the Japanese militarists think that the most profitable business in this world is War.

The effect of the last war in Europe proves, however, just the contrary. An aggressive Germany lost entirely her capital and interest, plus something more, while victorious France gained practically nothing. Since China is awake now, the next aggression from Japan will surely be met by a resolute resistance from the Chinese people. Even granted that Japan could conquer China, it would be an impossibility for Japan to govern China profitably for any period of time. The Japanese financiers possess better foresight than their militarists as was proved during the dispute of the Manchurian and the Mongolian reservations when the former prevailed over the latter thus causing the Japanese Government to give up her monopoly of these territories to the new Consortium, in order to coöperate with the other powers. We, the Chinese people, who desire to

organize China for peace will welcome heartily this new Consortium provided it would carry out the principles which are outlined in these programs. Thus, coöperation of various nations can be secured and the military struggle for individual and national gain will cease forever.

Commercial war, or competition, is a struggle between the capitalists themselves. This war has no national distinction. It is fought just as furiously and mercilessly between countries as well as within the country. The method of fighting is to undersell each other, in order to exhaust the weaker rivals so that the victor may control the market alone and dictate terms to the consuming public as long as possible. The result of the commercial war is no less harmful and cruel to the vanquished foes than an armed conflict. This war has become more and more furious every day since the adoption of machinery for production. It was once thought by the economists of the Adam Smith school that competition was a benificent factor and a sound economic system, but modern economists discovered that it is a very wasteful and ruinous system. As a matter of fact, modern economic tendencies work in a contrary direction, that is, toward concentration instead of competition. That is the reason why the trusts in America flourish inspite of the anti-trust law and the public opinion which aim at suppressing them. For trusts, by eliminating waste and cutting down expenses can produce much cheaper than individual producers. Whenever a trust enters into a certain field of industry, it always sweeps that field clean of rivals, by supplying cheap articles to the public. This would prove a blessing to the public but for the unfortunate fact that the trust is a private concern, and its object is to make as much profit as possible. As soon as all rivals are swept clean from the field of competition, the trust would raise the price of its articles as high as possible. Thus the public is oppressed by it. The trust is a result of economic evolution, therefore it is out of human power to suppress it. The proper remedy is to have it owned by all the people of the country. In my International

Development scheme, I intend to make all the national industries of China into a Great Trust owned by the Chinese people, and financed with international capital for mutual benefit. Thus once for all, commercial war will be done away with in the largest market of the world.

Class war is a struggle between labor and capital. The war is at present raging at its full height in all the highly developed industrial countries. Labor feels sure of its final victory while capitalists are determined to resist to the bitter end. When will it end and what will be the decision no one dares to predict. China, however, owing to the backwardness of her industrial development, which is a blessing in disguise, in this respect, has not yet entered into the class war. Our laboring class, commonly known as coolies, are living from hand to mouth and will therefore only be too glad to welcome any capitalist who would even put up a sweat shop to exploit them. The capitalist is a rare specimen in China and is only beginning to make his appearance in the treaty ports.

However, China must develop her industries by all means. Shall we follow the old path of western civilization? This old path resembles the sea route of Columbus' first trip to America. He set out from Europe by a south-westerly direction through the Canary Islands to San Salvador, in the Bahama Group. But nowadays navigators take a different direction to America and find that the destination can be reached by a distance many times shorter. The path of western civilization was an unknown one and those who went before groped in the dark as Columbus did on his first voyage to America. As a late comer, China can greatly profit in covering the space by following the direction already charted by western pioneers. Thus we can foresee that the final goal of the westward-ho in the Atlantic is not India but the New World. So is the case in the economic ocean. The goal of material civilization is not private profit but public profit. And the shortest route to it is not competition but co-operation. In my International Development Scheme, I propose that the

profits of this industrial development should go first to pay the interest and principal of foreign capital invested in it; second to give high wages to labor; and third to improve or extend the machinery of production. Besides these provisions the rest of the profit should go to the public in the form of reduced prices in all commodities and public services. Thus, all will enjoy, in the same degree, the fruits of modern civilization. This industrial development scheme which is roughly sketched in the above six programs is a part of my general plan for constructing a New China. In a nutshell, it is my idea to make capitalism create socialism in China so that these two economic forces of human evolution will work side by side in future civilization.