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Yat-sen Sun

# The International Development of China

A Project to Assist the Readjustment  
of Post-Bellum Industries



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*This work is  
affectionately dedicated  
to  
SIR JAMES and LADY CANTLIE  
My revered teacher and devoted friends  
to whom I once owed my life.*

## Preface to Second Edition

During the eve of the Manchu Régime, the first spark of industrialization took place in China in the forms of various state and quasi-state enterprises; railways and steamship lines, iron and steel works and coal mines, arsenals and docks all began to bedeck the Empire but they were soon found toiling under a corrupt and decadent political system. Then came the 1911 Revolution with its almost immediate reverses in the hands of Yuan Shi-kai and his military satellites. It has taken the Kuomintang fully seventeen years to wipe out these reactionaries and establish its undisputed political authority over the whole country. Although much to the sacrifice of our economic progress, we have, in these long years of bitter struggles, achieved a great political revolution; and a new, healthy political order is necessary for proper economic development.

How would Nationalist China carry out her program of economic reconstruction and development? This is necessarily a question of world interest.

In 1921 my father, the late Dr. Sun Yat-sen, wrote this “International Development of China.” It was then his desire that international capital should come to China to develop railroads and highways, river conservancy and irrigation, new ports and modern cities, basic industries and public utilities.

The nature of the whole plan, in the words of my father, is a “rough sketch—from a layman’s thought with very limited materials at his disposal; alterations and changes will have to be made after scientific investigations and detailed survey.” It shows the stupendous requirements to modernize China. It will be the acme of economic rationalization when fully carried out. In its policies of reconstruction and economic development, the Nationalist Government will essentially follow this plan as its supreme guidance.

Naturally, working schedules will have to be carefully mapped out in order of the importance and urgency of these different projects. As means of communication are a prime mover to drag a country out of its economic stagnation, construction of sufficient trunk lines of railways with highways serving as their feeders should engage our serious attention at present. In my father’s plan, seven great systems of railways are to traverse the whole of China. As North China is comparatively better served with railways at present than South China, special preference should be given to regions in the latter, especially to those places where even proper means of water transportation

are lacking. In this respect, some trunk lines of the Southwestern System, which is to cover Kwangsi, Kweichow, Yunnan, southeastern Szechuen, southwestern Hu'nan, and the western half of Kwangtung, should be constructed to tap the rich mineral resources in these regions and to provide rapid means of transport in place of the present tedious travel requiring weeks to reach these inner provinces. Turning back to the north, the Northwestern System is all important to open up Mongolia and Sinkiang and to release the population pressure in China Proper by colonization of these grazing lands and irrigable tracts. As to the existing railways, the completion of the unfinished section of the Canton-Hankow Line and the extension of the Lunghai Line to Lanchow should merit special attention.

Then the improvement of the present telegraph system and the extensive introduction of long-distance telephones and wireless service should contribute much in promoting greater efficiency and stronger unity of the national life. Some of the projects have the great advantage of being immediately very profitable.

Concerning other parts of my father's plan, that which will directly help agriculture and promote industry should form the complement to the communication program and should be as equally urgent. River conservancy and land irrigation to add more acreage to agriculture, better mobilization of coal resources, and proper harnessing of water power to provide cheap motive power for industry; these are the agencies through which national production will be stimulated and increased. Past studies have shown the Hwaiho regulation and Sikiang regulation to be immensely profitable. Possibilities of the North River of Kwangtung for hydroelectric development have also been carefully studied and found to be very attractive. Incidentally, increased national production means greater purchasing power, and that in turn means bigger international trade.

Enough has been mentioned to indicate the vast opportunities of profitable investment. To show our readiness to accept foreign capital upon equitable and businesslike terms, we can do no better than to refer again to the words of my father. He tells us that "the Chinese people will welcome the development of our country's resources provided that it can be kept out of Mandarin corruption and ensure the mutual benefit of China and the countries cooperating with us." He further says that "international cooperation of this kind cannot but help to strengthen the Brotherhood of Man." For the realization of the worthy objects of such financing, all necessary safeguards will be granted to the lenders, who should provide us with "organizers, administrators and experts." In other words, we welcome sound business arrangements.

Looking over the activities of the international capital market in recent years, we find it has been principally absorbed in the herculean task of the reconstruction of post-war Europe. Capital did not merely flow passively to openings already safe and lucrative, but, on account of preponderant interests involved, it actually went to put things to order. Now Europe has fully revived, and in some quarters there is even an alarm against American financial imperialism. But New York and London will keep on busy finding outlets for the immense accumulation of wealth in America and England. Hand in hand with financiers, there are also producers of industrial equipments who constantly seek wider and greater markets. As to the China market,



what is mostly needed at present is information. Always more *Information*, better collected and more widely distributed.

Finally, let us consider the economic development of China as a world problem. Commenting on the purpose of his book, my father tells us that it is his desire “to contribute my (his) humble part in the realization of world peace—for the good of the world in general and the Chinese people in particular.” The mere thought of the size of China and her population will prompt one to the correct appreciation of the question. I have no doubt that far-sighted and well-meaning statesmen will actively help in solving it.

Nanking, China  
October 1928

Fo Sun

# Preface

As soon as Armistice was declared in the recent World War, I began to take up the study of the International Development of China, and to form programs accordingly. I was prompted to do so by the desire to contribute my humble part in the realization of world peace. China, a country possessing a territory of 4,289,000 square miles, a population of 400,000,000 people, and the richest mineral and agricultural resources in the world, is now a prey of militaristic and capitalistic powers—a greater bone of contention than the Balkan Peninsula. Unless the Chinese question can be settled peacefully, another world war greater and more terrible than the one just past will be inevitable. In order to solve the Chinese question, I suggest that the vast resources of China be developed internationally under a socialistic scheme, for the good of the world in general and the Chinese people in particular. It is my hope that as a result of this, the present spheres of influence can be abolished; the international commercial war can be done away with; the internecine capitalistic competition can be got rid of, and last, but not least, the class struggle between capital and labor can be avoided. Thus the root of war will be forever exterminated so far as China is concerned.

Each part of the different programs in this International Scheme, is but a rough sketch or a general policy produced from a layman's thought with very limited materials at his disposal. So alterations and changes will have to be made after scientific investigation and detailed survey. For instance, in regard to the projected Great Northern Port, which is to be situated between the mouths of the Tsingho and the Lwanho, the writer thought that the entrance of the harbor should be at the eastern side of the port but from actual survey by technical engineers, it is found that the entrance of the harbor should be at the western side of the port instead. So I crave great indulgence on the part of experts and specialists.

I wish to thank Dr. Monlin Chiang, Mr. David Yui, Dr. Y. Y. Tsu, Mr. T. Z. Koo, and Dr. John Y. Lee, who have given me great assistance in reading over the manuscripts with me.

Canton, China  
April 1921

Yat-sen Sun

# The International Development of China—A Project to Assist the Readjustment of Post-Bellum Industries

It is estimated that during the last year of the World War the daily expenses of the various fighting nations amounted to two hundred and forty millions of dollars gold. It is accepted by even the most conservative, that only one-half of this sum was spent on munitions and other direct war supplies, that is, one hundred and twenty millions of dollars gold. Let us consider these war supplies from a commercial point of view. The battlefield is the market for these new industries, the consumers of which are the soldiers. Various industries had to be enlisted and many new ones created for the supplies. In order to increase the production of these war commodities day by day, people of the warring countries and even those of the neutral states had to be content with the barest necessities of life and had to give up all former comforts and luxuries.

Now the war is ended and the sole market of these war supplies has closed, let us hope, forever, for the good of humanity. So, from now on we are concerned with the problem as to how a readjustment may be brought about. What must be considered first is the reconstruction of the various countries and next the supply of comforts and luxuries that will have to be resumed. We remember that one hundred and twenty million dollars were spent every day on direct war supplies. Let us then suppose that the two items mentioned will take up one half of this sum, that is, sixty millions of dollars a day which will still leave us a balance of sixty million dollars a day. Besides, the many millions of soldiers who were once consumers will from now on become producers again. Furthermore, the unification and nationalization of all the industries, which I might call the Second Industrial Revolution, will be more far-reaching than that of the first one in which Manual Labor was displaced by Machinery. This second industrial revolution will increase the productive power of man many times more than the first one. Consequently, this unification and nationalization of industries on account of the World War will further complicate the readjustment of the post-war industries. Just imagine sixty million dollars a day or twenty-one billions and nine hundred millions of dollars a year of new trade created by the war suddenly have to stop when peace is concluded! Where in this world can Europe and America look for a market to consume this enormous saving from the war?

If the billions of dollars worth of war industries can find no place in the post-bellum readjustment, then they will be a pure economic waste. The result will not

only disturb the economic condition of the producing countries, but will also be a great loss to the world at large.

All the commercial nations are looking to China as the only “dumping ground” for their over-production. The pre-war condition of trade was unfavorable to China. The balance of imports over exports was something over one hundred million dollars gold annually. The market of China under this condition could not expand much for soon after there will be no more money or commodities left for exchanging goods with foreign countries. Fortunately, the natural resources of China are great and their proper development would create an unlimited market for the whole world and would utilize the greater part, if not all of the billions of dollars worth of war industries soon to be turned into peace industries.

China is the land that still employs manual labor for production and has not yet entered the first stage of industrial evolution, while in Europe and America the second stage is already reached. So China has to begin the two stages of industrial evolution at once by adopting the machinery as well as the nationalization of production. In this case China will require machinery for her vast agriculture, machinery for her rich mines, machinery for the building of her innumerable factories, machinery for her extensive transportation systems, and machinery for all her public utilities. Let us see how this new demand for machinery will help in the readjustment of war industries. The workshops that turn out cannon can easily be made to turn out steam rollers for the construction of roads in China. The workshops that turn out tanks can be made to turn out trucks for the transportation of the raw materials that are lying everywhere in China. And all sorts of warring machinery can be converted into peaceful tools for the general development of China’s latent wealth. The Chinese people will welcome the development of our country’s resources provided that it can be kept out of Mandarin corruption and ensure the mutual benefit of China and of the countries cooperating with us.

It might be feared by some people in Europe and America that the development of China by war machinery, war organization, and technical experts might create unfavorable competition to foreign industries. I, therefore, propose a scheme to develop a new market in China big enough both for her own products and for products from foreign countries. The scheme will be along the following lines:

- I. The Development of a Communications System.
  - a. 100,000 miles of Railways.
  - b. 1,000,000 miles of Macadam Roads.
  - c. Improvement of Existing Canals.
    1. Hangchow-Tientsin Canals.
    2. Sikiang-Yangtze Canals.
  - d. Construction of New Canals.
    1. Liaoho-Sunghwakiang Canal.
    2. Others to be projected.

- e. River Conservancy.
  1. To regulate the Embankments and Channel of the Yangtze River from Hankow to the Sea thus facilitating Ocean-going Ships to reach that port at all seasons.
  2. To regulate the Hoangho Embankments and Channel to prevent floods.
  3. To regulate the Sikiang.
  4. To regulate the Hwaiho.
  5. To regulate various other rivers.
- f. The Construction of more Telegraph Lines and Telephone and Wireless Systems all over the Country.
- II. The Development of Commercial Harbors.
  - a. Three largest Ocean Ports with future capacity equalling New York Harbor to be constructed in North, Central and South China.
  - b. Various small Commercial and Fishing Harbors to be constructed along the Coast.
  - c. Commercial Docks to be constructed along all navigable rivers.
- III. Modern Cities with public utilities to be constructed in all Railway Centers, Termini and alongside Harbors.
- IV. Water Power Development.
- V. Iron and Steel Works and Cement Works on the largest scale in order to supply the above needs.
- VI. Mineral Development.
- VII. Agricultural Development.
- VIII. Irrigational Work on the largest scale in Mongolia and Sinkiang.
- IX. Reforestation in Central and North China.
- X. Colonization in Manchuria, Mongolia, Sinkiang, Kokonor, and Tibet.

If the above program could be carried out gradually, China will not only be the “Dumping Ground” for foreign goods but actually will be the “Economic Ocean” capable of absorbing all the surplus capital as quickly as the Industrial Nations can possibly produce by the coming Industrial Revolution of Nationalized Productive Machinery. Then there will be no more competition and commercial struggles in China as well as in the world.

The recent World War has proved to Mankind that war is ruinous to both the Conqueror and the Conquered, and worse for the Aggressor. What is true in military warfare is more so in trade warfare. Since President Wilson has proposed a League of Nations to end military war in the future, I desire to propose to end the trade war by cooperation and mutual help in the Development of China. This will root out probably the greatest cause of future wars.

The world has been greatly benefited by the development of America as an industrial and a commercial Nation. So a developed China with her four hundred millions of population, will be another New World in the economic sense. The nations which will take part in this development will reap immense advantages. Furthermore, international cooperation of this kind cannot but help to strengthen the Brotherhood of

Man. Ultimately, I am sure, this will culminate to be the keystone in the arch of the League of Nations.

In order to carry out this project successfully I suggest that three necessary steps must be taken: First, that the various Governments of the Capital-supplying Powers must agree to joint action and a unified policy to form an International Organization with their war work organizers, administrators and experts of various lines to formulate plans and to standardize materials in order to prevent waste and to facilitate work. Second, the confidence of the Chinese people must be secured in order to gain their cooperation and enthusiastic support. If the above two steps are accomplished, then the third step is to open formal negotiation for the final contract of the project with the Chinese Government. For which I suggest that it be on the same basis as the contract I once concluded with the Pauling Company of London, for the construction of the Canton-Chungking Railway, since it was the fairest to both parties and the one most welcomed by the Chinese people, of all contracts that were ever made between China and the foreign countries.

And last but not least, a warning must be given that mistakes such as the notorious Sheng Shun Hwai's nationalized Railway Scheme in 1911 must not be committed again. In those days foreign bankers entirely disregarded the will of the Chinese people, and thought that they could do everything with the Chinese Government alone. But to their regret, they found that the contracts which they had concluded with the Government, by heavy bribery, were only to be blocked by the people later on. Had the foreign bankers gone in the right way of first securing the confidence of the Chinese people, and then approaching the Government for a contract, many things might have been accomplished without a hitch. Therefore, in this International Project we must pay more attention to the people's will than ever before.

If my proposition is acceptable to the Capital-supplying Powers, I will furnish further details.

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