

## LECTURE II

### LESSON IV

**T**HE rise or the fall of nations due to the increase or the decrease of population is natural evolution. Several nations went out of existence because of natural evolution. Heaven has been specially kind to China. Not only is our nation preserved, but our population has been growing and our civilization advancing. Even to-day we are the largest and one of the best peoples in the world. Many, therefore, fully believe that our nation can never die.

This belief is wrong. Even if our nation can survive natural evolution, we may yet lose our existence through foreign political and economic pressure. The force of this pressure is much stronger than that of natural evolution. Not only are we now under the pressure of foreign political and economic power, but we are also poisoned by it.

Twice have we lost our country on account of political pressure: first to the Mongols and then to the Manchus. Both times our nation was lost to a people whose number was much smaller than ours. The conquerors were afterwards assimilated by us, and there was very little

loss in our national characteristics. This will not be true, however, a hundred years from now. If the foreign populations should increase by leaps and bounds and ours should remain the same, then even without political and economic pressure our people may not survive natural evolution. The red Indians of North and South America are a good example. Two or three hundred years ago both Americas were entirely populated by the Red Indians. Their number was large. Since the immigration of the white race, the red population has gradually been reduced in numbers until now there are only a few Indians left.

The effects of political and economic pressure are even greater. They are heavy upon us and can soon kill us nationally. Though we have stood natural evolution for a hundred years, we shall not be able to stand political and economic pressure for ten years. The coming few years are therefore the most important for us in our struggle for existence. If within these ten years ways are found whereby we may remove the pressure, then our nation may go on with other nations; if not, we shall lose our national existence.

Under the pressure of natural evolution as well as political and economic force, our position is indeed dangerous. A hundred years ago India

was taken over by Great Britain. At that time, Great Britain was even afraid of China's interference. How did she dare to invade China? During the last hundred years, however, the wind has blown against us, and we have lost much of our territory.

Let us trace our losses backward. After the Sino-Japanese War, the powers, seeing that China was helpless, planned to dismember her, and seized, as their military bases, our coastal ports, such as Weihaiwei, Port Arthur, Dairen, Tsingtau, Kwangchow-wan, and Kowloon. These were our most recent losses. Since then we have got back Tsingtau, and there is now hope for the return of Weihaiwei. Our revolution against the Manchus showed the powers that China was awakening. They knew that since we rose against the Manchus, we would rise against them should they place us under their yoke. Moreover, there would be serious contention among themselves. So they have given up the idea of dismembering China.

Before these losses, as a direct consequence of our defeat in the Sino-Japanese War, Korea, Formosa, and the Pescadores were turned over to Japan. Earlier than this we lost Burma and Annam. When Annam was lost, China had still some power of self-defense. She won the battle of Chengnankwan. The French navy was almost

entirely destroyed. During the peace negotiations, France could not understand why China, in spite of the victory, was willing to give up Annam. This is a good illustration of how foolish the Manchu government was.

The territory along the Heilungkiang and the Ussuri was lost before Annam. Ili valley, Khokand, and the territory north of the Heilungkiang were lost still earlier. These are the places now owned by Far Eastern Russia. Besides these, we lost many tributary states, such as the Liuchiu Islands, Siam, Borneo, the Sulu Islands, Java, Ceylon, Nepal, and Bhutan.

The territory of China formerly extended on the north to the north of the Heilungkiang; on the south, to the Himalayas and Siam; on the east, to the Eastern Sea; and on the west, to the western border of Pamir. Nepal came to Szechwan with tribute even as late as the first year of the Republic (1912). Since then, because the highway through Tibet was closed, she has not come any more. The small Asiatic nations even to-day still fear the political pressure of China. Mongolia, for instance, sent a delegation to the Canton Nationalist Convention to find out whether or not we still held to imperialism. They were glad to learn that we aimed at helping weak and small nations and pledged to join us in forming a great republic in the Far East.

## LESSON V

THE fall of imperialistic Germany and Austria and the great loss of lives and property during the World War did not in any way lessen the imperialism of the Allies. The United States, in spite of her Monroe Doctrine, followed the actions of her Allies. The imperialistic attitude of the powers towards China remains the same. Recently they sent more than twenty destroyers to Canton to frighten us. But soon the Cantonese people rose against this action. This shows that political pressure is more easily felt than economic pressure. Although there has been foreign economic pressure upon us for years and years, and now almost the whole country has become a colony for foreigners, we do not feel it keenly.

A great many of our people even think that China is only a semi-colony of foreigners. This is not so. Our position is even worse than those of Korea and Annam. All treaty powers are our masters. The Koreans and the Annamites are slaves of only one nation, but we are slaves of all the powers. When a famine occurs in a conquered land, the conquerer is under obligation to give relief. It is the duty of the master nation to help her dependency. But when famines occur in China, no nation is under obligation to give help. Any help from other nations is charity,

not duty. It is wrong, therefore, to say that China is a semi-colony of foreign powers. She is, in fact, a "subcolony," because her position is even worse than that of a colony.

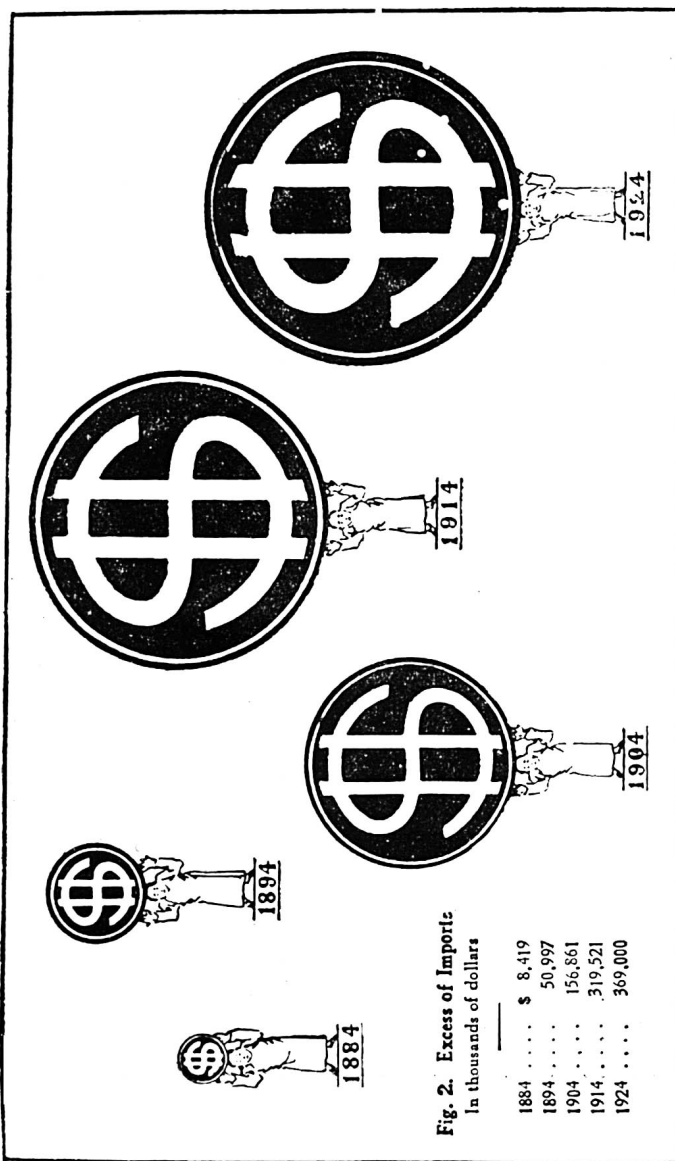
The Canton government recently claimed from the foreign powers the surplus of the Chinese maritime customs. The surplus is ours; why should we claim it from foreigners? It is because our customs are in the hands of foreigners. A century ago we closed our doors to foreigners. With her imperialism and economic power Great Britain forced open our doors. British armies first occupied Canton, but, seeing that it was unsafe to have the place, they demanded Hong-kong. They also claimed indemnities. Now, as China had no cash to pay the indemnities, she allowed the British to collect customs duties for her. The Manchu government thought that it would take many, many years to pay the indemnities; but when the customs were in the hands of the British the indemnities were paid in only a few years. The Manchu government then knew that her officials "squeezed" a great deal and were unreliable. They trusted the British and let them take charge of the customs of the whole country. As the customs have to do with all countries trading with China, and these countries demanded a share in its management, the British were obliged to take in other nationals.

Because the customs is under the control of foreigners, they fix the tariff, and we are not allowed to make any change. They collect duties and keep the money, and we have to beg them for any surplus.

The customs is one of the most effective weapons with which to guard against foreign economic invasion. Imports may be stopped by a high protective tariff. The United States not long ago was a purely agricultural country. In the trade between an industrial and an agricultural country, the greater benefit naturally goes to the industrial country. So the United States had to adopt a protective tariff to help her own infant industries. A protective tariff fixes the rates of duty so high that foreign goods cannot advantageously compete with native goods. As native goods pay no customs duty they can sell at lower prices.

Now, since foreigners fix the Chinese tariff, they have made the rates so low that foreign goods can sell in our market at even lower prices than our own products. People have stopped using native cloth, for instance, since foreign cloth is better and cheaper. It is impossible for our hand labor to compete with foreign machines.

We have no protective tariff. Our tariff protects foreigners instead of ourselves. This is the reason why our balance of trade goes from bad to worse. In 1911, our imports were two





hundred million dollars over exports; but the excess of imports for 1921 was five hundred million dollars—two and a half times more than that of ten years ago. If this rate keeps on, in 1931 we shall pay a tribute of one billion two hundred and fifty million dollars to foreign countries. How great a loss this will be to China!

## LESSON VI

FOREIGN banks are another form of economic pressure. Our people have no confidence now in Chinese banks; they trust only foreign banks. Some time ago the bank notes of the Kwangtung Provincial Bank were accepted by the public, but now they are out of circulation. We have to use silver. Formerly Chinese bank notes did not enjoy as high credit as foreign ones; but now even our silver is not so good as foreign paper money. Tens of millions of bank notes issued by foreign banks are used in Kwangtung. Many people hoard these foreign bank notes like treasure. The same situation must be true in Shanghai, Tientsin, Hankow, and other trading ports. Is not this a proof that our people have lost their senses under foreign economic pressure? How much does it cost to print paper money? But foreigners use their paper money in exchange for our goods.

Another loss to us is in exchange. Interport exchange is mostly in the hands of foreign banks. Suppose, for instance, we remit ten thousand dollars from Canton to Shanghai. Besides charging fifty dollars for remittance fee, the foreign banks, by forcing down the exchange rate of Canton silver coins and raising that of the Shanghai tael, make a profit of from one to two hundred dollars. When the money is paid at Shanghai they will not pay in taels, but in dollars. The change from taels to dollars in Shanghai again gives them a profit of one or two hundred dollars. Therefore, for each remittance of ten thousand dollars we have to lose two or three hundred dollars. If that amount were remitted back and forth more than thirty times, it would be almost entirely eaten up by exchange.

A third loss to China due to the existence of foreign banks is the taking of deposits. No matter how large the capital of a Chinese bank is or what interest it offers, our people do not trust it because it is Chinese. But when the bank is a foreign one we at once trust it without regard to its capital or the rate of interest it offers. In 1910, when revolution broke out in Wuchang, the Manchu princes and officials, fearing that their property might be confiscated, deposited all their wealth in foreign banks even without interest. Foreign banks in the Legation Quarter at Peiping soon

found that they had too little room for the safe-keeping of deposits. So, instead of allowing interest on the deposits, they charged fees for the safe-keeping. These charges the princes and the officials gladly paid. The total amount of deposits then held by foreign banks was estimated at one or two hundred million dollars.

A part of the deposits was afterwards withdrawn, but new deposits were paid in by militarists, such as Fêng Kuo-chang, Wang Chan-yüan, Li Shun, and Ts'ao Kun. So the total amount of Chinese deposits now remains about the same. The interest paid by foreign banks is low. It is four or five per cent at most. When they loan money to our merchants they charge interest at seven or eight per cent, and sometimes even more than ten per cent. Therefore they make a large profit every year with Chinese money. Our people think that foreign banks are reliable; so they put their money in them. But what became of the Banque Industrielle de Chine? It was closed. No Chinese deposits have been repaid. Is it not a foreign bank? Then is a foreign bank reliable? Our losses due to the existence of foreign banks alone amount to about a hundred million dollars a year.

## LESSON VII

**F**OREIGN shipping is another form of economic pressure. Not only is our ocean shipping in

the hands of foreigners, but also inland water transportation. It is true that Japan's shipping is now highly prosperous. At first, however, there was only the Nippon Yusen Kaisha. The Toyo Kisen Kaisha, the Osaka Shosen Kaisha, and the Nisshin Kisen Kaisha came later. Japanese boats now sail in our interior waters, and call at ports all over the world. Japan's shipping business is subsidized and protected by the government. Why should the Japanese government subsidize the shipping business? It is for the purpose of competing with the other foreign powers. For instance, goods transported from Europe to the Far East first come to Shanghai, then go on to Kobe and Yokohama. The voyage from Europe to Shanghai is much shorter than that to Kobe and Yokohama, but the shipping rate per ton from Europe to Kobe and Yokohama is even lower than that to Shanghai. Foreign boats to Japan have to meet the competition of Japanese boats, but those to China have no fear of Chinese competition. So European goods can be sold in Japan at even lower prices than in Shanghai. On the other hand, Chinese goods shipped from Shanghai to Europe must pay a higher shipping rate than Japanese goods shipped from Japan. For a hundred million dollars' worth of goods we pay ten million dollars more. Since our exports amount every year to more than a billion dollars, our loss in excessive

shipping charges is therefore no less than a hundred million dollars.

Besides, we suffer losses in taxes, land rent, and increased land values in concessions and settlements such as Hongkong, Formosa, Shanghai, Tientsin, Dairen, Hankow, etc. The taxes paid by residents in these places to foreigners amount to two hundred million dollars at least. Formosa, for instance, in early days paid only twenty million dollars for taxes a year to Japan; but now the taxes have been increased to one hundred million dollars. Hongkong formerly paid only taxes of a few million dollars, but now it pays thirty million dollars.

Land rent is partly collected by Chinese and partly by foreigners. No statistics are available; but the amount collected by foreigners is surely larger. The rent collected is ten times more than the land tax. Moreover, in these places land has steadily increased in value. Since foreigners have much money in their hands they can buy the land cheaply and sell it at a profit. The total losses we suffer in taxes, land rent, and the increase in prices of land must have been no less than four or five hundred million dollars a year.

The profits made by foreign individuals and business concerns in China, taking advantage of the special privileges given them by unequal treaties, cannot be estimated. The South Manchuria Railway alone makes fifty million dollars a year.

The total amount of money made every year by foreigners in China must run up to hundreds of millions.

Speculation is another serious leakage. Foreigners in the settlements, taking advantage of our people's weakness for gambling, provide chances for minor speculations every day, and a great bubble every few years. The "rubber boom" and the German mark speculation are examples. Each time we lost several hundred million dollars. The losses from daily speculations cannot be estimated.

Again, we were forced to pay indemnities to Japan amounting to two hundred and fifty million taels and Boxer indemnities to various powers amounting to nine hundred million taels. These are partly the result of political pressure; but they are temporary and not perpetual. When compared with the losses we suffer from economic pressure, they are small and unimportant. In addition to the above, the losses suffered by our dependencies and our colonists in foreign countries can hardly be counted. The grand total of all our losses from the foregoing items must be more than twelve hundred million dollars a year. Unless checked, these losses will go on until we lose our national independence and existence.

When China was strong we considered it a great glory to receive tribute worth slightly over a million dollars from foreign nations.

During the Sung dynasty we paid tribute to the Chins of about the same amount, and we considered that a great shame. Now we are paying every year tribute to foreign powers to the enormous sum of twelve hundred million dollars, yet we do not consider it a shame. Indeed, this economic pressure is even more dangerous than millions of foreign soldiers.

During the past hundred years our population has had no increase, but foreign population has rapidly grown in number. At the same time we have been suffering from the pressure of political and economic force. Under this pressure our nation can hardly continue to exist for another hundred years.