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**CHINA'S ECONOMIC DEVELOPMENT**

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During the last few decades there have been many people who have devoted their time and energy to the economic development of this country. Not only the Chinese, but foreigners as well, have contributed their share in the enterprise. Although their accomplishment is not to be gainsaid, their efforts have not so far influenced in a sufficient degree the majority of the Chinese people. The main reason for this is that they have paid little attention to the interior of China where by far the greater part of the Chinese population are concentrated. Places like Shanghai, Tientsin, Canton, and a few other ports or cities near the coast may assume the appearance of a modern metropolis, but the vast hinterland is little touched by modern science and enterprises between the city and country. Very few people live the life of a prince, but the majority find it difficult to make both ends meet.

## Unwholesome Situation

That this situation is not healthy should be apparent to those who give this problem a little thought. It has been the policy of the government for the last few years to correct this unnatural and unwholesome situation. We have diverted our attention from the coast to the interior and from the metropolis to the hinterland. There are many reasons why we should do this. First of all, if we do not develop the interior, we do not have as solid foundation for industrialization. We have talked about industrialization for a long time, but much more has to be

accomplished. Many people think that if we could import machinery from foreign countries, there would be industrialization. But we know that it is not so simple. For any industry to grow and prosper, it needs many more things than machinery. It needs a regular supply of raw materials. But how can we supply them if agriculture in the interior is not developed? It needs also fuel. But where can we get the fuel if mines in the interior are not worked? It needs also a market. But where is the market if the majority of our people, who live in the interior, do not possess the purchasing power? Therefore, if we want to put our industries on a solid foundation, we must develop the interior. Secondly, the economic development of a country has no meaning if it does not raise the standard of living of the people. We must try to increase the production of our people, teach them new method of work and organization, give them better facilities of credit and transportation and thereby make their life more comfortable and enjoyable. All these imply that we must do a lot of work in the interior. Thirdly, we realize that the trade, international trade included, cannot thrive in the cities if the hinterland remains poor and undeveloped. On the other hand, economic improvement in the hinterland leads inevitably to the prosperity of business in the cities. Let me cite one example as proof. We know that the year before last, business men in most of the Chinese cities made lots of money. Index of wholesale price in Shanghai, for example, rose nearly 30 points by the end of 1936 as compared with the figure of mid-1935. International trade increased from 1,400 to 1,600 million dollars. What is the main reason for this? I think many people will agree with me when I say that this is due to the fact that our country had in 1936 one of the best crops in its history, the value of it being estimated at 3,000 million dollars more than in 1935.

### **Importance Of Interior**

All that I have said points to the same conclusion, that is, in planning the economic development of our country, we

cannot, and should not, neglect the vast region of the interior. Our efforts should be directed more and more to the development of agriculture, mining, forestry, transportation, and even manufactures of that vast region wherein lies our hope of the emergence of China as a modern State.

Now, all of us realize that to develop such a vast region is a gigantic task. The government alone cannot accomplish this. It is quite true that during the last few years the government has created several organs whose task is to develop certain branches of industry. It is also true that the government has appropriated more and more money for the improvement of economic condition of our nation. But it is far from the truth to think that the government welcomes the cooperation, not only of our own people, but also other nations who are friendly to us and interested in the economic development of China. It is only through this cooperation that our country can be developed on a large scale and modernization accomplished in a comparatively short period of time. The government will limit its effort to those industries which are directly or indirectly, connected with national defence. Such industries are not suitable to be put into the hands of private persons or foreign powers. But other branches of industry which can be more economically and efficiently developed by private enterprises will be left to them. We sincerely hope, therefore, that the friendly powers will cooperate with us in many ways, especially in extending to us credit and giving us technical guidance. In this connection, let me point out once more the well known fact that China is rich in natural resources and agricultural products. There are many things which we have supplied to the world market; but we shall be able to supply more if greater efforts are made to exploit them. It is not necessary to name all of them, but mention should be made of a few products for which China is most important. We rank first among the nations in the production of antimony, tungsten and wood oil. We rank very high in the growth of cotton, groundnuts and tin. We used to monopolise the trade of tea and silk. Although our

production in the last two articles has been eclipsed by other nations, we believe that by sufficient effort we could regain the envied position that we once enjoyed. China is also famous in the production of eggs and egg products, peas and beans, bristles, wool, hides, skin and leather. All these products enjoy a constant demand from abroad. If we could produce more of them and produce many other kinds of goods besides, we should be able to enlarge our exports and in return import more goods from abroad. Therefore, the development of the inner regions of China will not only contribute to the well-being of our own people, but at the same time will create a market for goods from abroad. Foreign nations who help us to develop our country will in the long run help themselves. It is very clear, therefore, that international co-operation to promote the economic development of China is of mutual benefit.

### **Profitable Investment**

Now, some of our friends might raise the question that foreign investment in the interior of China is not safe and consequently not profitable. In answering this question, let me point out the fact that our foreign friends have thus far invested little money in the interior. They have not given this idea a fair trial. However, we must not forget that there are some companies which have taken this risk and consequently reaped a reasonable profit, a profit which is often higher than they could get elsewhere. That is quite to be expected as where are in China rich resources ready for modern exploitation, efficient and cheap labor and other factors which make the development really easier than many may believe. This is also proved by the facts in the few cases of Sino-foreign cooperative enterprises. The Kailan Mining Administration is a good instance. This organization has not only obtained remarkably high profit in the peaceful years in the past, but its business is still in good condition despite the political trouble from our aggressive neighbor. Another instance is the Chung Fu Joint Mining

Administration. Its mines in northern Honan have been considerably improved with the help of the Chinese government resulting in handsome profit which it has never had since almost forty years of its existence. Encouraged by such achievement, the Chung Fu Administration is cooperating with the Chinese authority to open another mine which is situated in Hunan province. This case proves that investment of money in the interior is profitable if both sides have mutual confidence based on the right principle of co-operation and having the right person to direct the work.

### **Foreign Co-operation**

To sum up, I wish to reiterate that in the economic development of China, we should pay more attention to the interior than in the past. To carry out this policy, we need the co-operation of our people and friendly nations. If our friends abroad are willing to cooperate with us we can assure them that the Sino-foreign enterprise will enable both parties to reap the desired profit.

The economic development of China by well organized cooperation is significant from the world point of view, because it means the utilization of tremendous natural resources for the benefit of the friendly countries who strive for the peace and prosperity of mankind. The Chinese people and Government welcome the collaboration of friendly countries in the common aim of real work for mutual benefit without any political interference or aggression.