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INTERNATIONAL UNDERSTANDING SERIES

SAN MIN CHU I

THE THREE PRINCIPLES OF
THE PEOPLE

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PART I
THE PRINCIPLE OF NATIONALISM

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number their slaves. If the Powers some day subjugate China, it will be large numbers overcoming a smaller number. And when that time comes, they will have no need of us; then we will not even be qualified to be slaves.

January 27, 1924.

LECTURE 2

The Chinese people now subject not only to forces of natural selection but also to pressure of political and economic domination — China's territorial losses — Economic control intangible but dangerous — China a "hypo-colony" — Foreign control of China's customs — Economic loss to China through invasion of foreign goods, foreign paper money, foreign bank exchange, foreign freight charges, concession profits, and speculation business.

From ancient times, the increase and the decrease of population has played a large part in the rise and fall of nations. This is the law of natural selection. Since mankind has not been able to resist the forces of natural selection, many ancient and famous nations have disappeared without leaving a trace. Our Chinese nation is one also of great antiquity, with four thousand years of authentic history, and so at least five or six thousand years of actual existence. Although during this time we have been profoundly affected by natural forces, yet Nature has not only perpetuated the race but has made us extremely prolific. We have grown to four hundred millions and are still the world's most numerous and largest nation; we have enjoyed the blessings of Nature in greater

measure than any other nation, so that through four millenniums of natural experiences, human movements, and varied changes we see our civilization only advancing and our nation free from decay. One generation has succeeded another and we are still the world's most cultured people. Hence a certain class of optimists, just because the Chinese nation has survived innumerable disasters in the past, hold that the nation cannot perish in the future, come what may. This sort of talk and hope I think is wrong. If it were a matter merely of natural selection, our nation might survive; but evolution on this earth depends not alone on natural forces, it depends on a combination of natural and human forces. Human agencies may displace natural agencies and "the work of man overcome Heaven." Of these man-made forces the most potent are political forces and economic forces. They have a greater influence upon the rise and fall of nations than the forces of Nature, and our nation, caught in the current of modern world movements, is not only feeling the pressure of these two forces but is being overwhelmed in the evils that result from them.

China in these thousands of years has been twice crushed by political power to the point of complete subjection, during the Mongol and Manchu dynasties. But both these times we lost our

country to a smaller not a larger people and these smaller peoples were inevitably absorbed by us. Hence, although China has been twice subjected politically, the race has not been seriously injured. But the situation now with the Great Powers is very different from anything we have known before. In my last lecture, I compared the growth of population among the Powers during the past century: England and Russia have gained 300 to 400 per cent; the United States has gained 1,000 per cent. Calculating from our own increase during the past hundred years, our race will have great difficulty in advancing equally with other races during the next century, no matter how richly Nature blesses us. For example, the population of the United States a century ago was not over nine millions; now it is over one hundred millions, and in another century will be over one billion. The population of England, Germany, Russia, and Japan will increase several fold. At this rate of gain, another century will find us in the minority and other races in the majority. Then, even without political and economic pressure but only in the process of natural evolution, the Chinese people are likely to perish, to say nothing of the fact that a hundred years from now we shall be subject not only to forces of natural selection but also to the domination of political and economic forces which are far more rapid and severe in their effects.

Although natural forces work slowly, yet they can exterminate great races. There was striking evidence of this about a hundred years ago among the red races of North and South America. Two or three hundred years ago, the American continent was entirely the land of the red aborigines. They were scattered everywhere in large numbers, but after the arrival of the white man on the continent they slowly disappeared until now they are almost extinct. Here we see natural selection exterminating a great race.

But political and economic forces work more rapidly than the forces of natural selection and can more easily extirpate a great race. China, if she were affected only by natural selection, might hold together another century; but if she is to be crushed by political and economic power, she will hardly last ten more years. Hence the next decade is the time of crisis for China. If during this period we can find some way to free China from her political and economic yoke, then our nation may have a chance to survive along with other nations; otherwise, we are doomed to annihilation by the peoples of the Great Powers. And should the whole number not perish this way, there are still the natural forces to wipe us out. From now on the Chinese people will be feeling the pressure simultaneously of natural, political, and economic forces. So you see what a critical time it is for our race!

China has been under the political domination of the West for a century; before this period, when the Manchus had a firm grip on us, our country was still very strong. England was then conquering India and did not dare to attempt the conquest of China for fear that China might stir up trouble in India. But during the past century China has lost a huge amount of territory. Beginning with recent history: we have lost Weihaiwei, Port Arthur, Dairen, Tsingtau, Kowloon, Kwangchow-wan. After the European War, the Powers thought to return some of the more recent cessions and gave back Tsingtau and just lately Weihaiwei. But these are only small places. The Powers' attitude was formerly something like this: since China would never awaken and could not govern herself, they would occupy the points along the coast like Dairen, Weihaiwei, and Kowloon as bases for "slicing up" China. Then when the Revolution broke out in China, the Powers realized that China still had life, and have given up, but only lately, the idea of partitioning her. When the Powers had their greedy eyes on China, some counter-revolutionists said that revolution would only invite dismemberment; but the result was just the opposite, the Revolution frustrated foreign designs upon China. Further back in history, our territorial losses were Korea, Taiwan (Formosa), the Pescadores, and

such places, which, as a result of the Sino-Japanese War, were ceded to Japan. It was this war which started the "slicing of China" talk among the Powers.

Still further back in the century, we lost Burma and Annam. China did put up a slight opposition at the time to giving up Annam. In the battle of Chen-nan-kuan (Southern Frontier) China was really victorious but was so overawed later by France that she made peace and was compelled to cede Annam to France. Only a few days before the peace the Chinese armies had won a great victory at Liang-shan (Langson) on the Southern Frontier¹ and almost annihilated the whole French army. When China followed this up by begging for peace, the French were astounded, and some of them said: "There is certainly no calculating what you Chinese will do. It is generally the custom for the conquering nation to boast of its victory and to demand territory and indemnities from the defeated nation; you in your day of triumph have given up territory, have cried for peace, gave Annam to France, and accepted all sorts of severe conditions. This is really an unprecedented example of the conqueror's suing the conquered for peace!" The reason for this breaking of historical precedent by a victorious nation was the utter stupidity of the Manchu government.

¹1885

Annam and Burma were both formerly Chinese territory; as soon as Annam was ceded to France, England occupied Burma, and China did not dare to protest. Still earlier in the history of territorial losses were the Amur and Ussuri river basins and before that the areas north of the Ili, Khokand, and Amur rivers — the territory of the recent Far Eastern Republic — all of which China gave over with folded hands to the foreigner without so much as a question. In addition there are those small countries which at one time paid tribute to China — the Loochoo Islands, Siam, Borneo, the Sulu Archipelago, Java, Ceylon, Nepal, Bhutan.

In its age of greatest power, the territory of the Chinese Empire was very large, extending northward to the north of the Amur, southward to the south of the Himalayas, eastward to the China Sea, westward to the T'sung Lin. Nepal in the first year of the Republic was still bringing tribute into Szechwan, and then stopped because of the impassability of the roads through Tibet. When China was strongest, her political power inspired awe on all sides, and not a nation south and west of China but considered it an honor to bring her tribute. At that time European imperialism had not invaded Asia, and the only country of Asia that deserved to be called imperialistic was China. The weaker and smaller nations were

afraid of China and her political domination and to this day are suspicious of her. When we held our recent Kuomintang Conference in Canton, Mongolia sent some delegates to observe whether the Southern Government was continuing the imperialistic tradition towards other countries. When they saw that the political principles adopted by the conference were not imperialistic, but favored the smaller, weaker peoples, they heartily approved and proposed that all unite to form a great Eastern state. And not only Mongolia, but all the small peoples in the East have commended this policy of ours. Now the European powers are crushing China with their imperialism and economic strength, so that China's territory is gradually being reduced, and even within the eighteen provinces she has had to give up many places.

After the Chinese Revolution, the Powers realized that it would be exceedingly difficult to dismember China by political force. A China which had learned how to revolt against the control of the Manchus would be sure some day to oppose the political control of the Powers. As this would put them in a difficult position, they are now reducing their political activities against China and are using economic pressure instead to keep us down. They think that to give up political methods in the division of China will obviate

conflict among the Powers, but though conflict is avoided in China it is still inevitable in Europe. The Balkan question started the Great European War, and although the Powers suffered terrific losses, and states like Germany and Austria were overthrown, yet there has been no change in the imperialistic policy. England, France, and Italy are still continuing on the road of imperialism, while the United States throws away the Monroe Doctrine and keeps step with them. And though, after the experience of the war, they may suspend their imperialistic policy for a while in Europe, towards China, as one can see from the recent naval demonstration at Canton by a score or more gunboats of various Powers, there has been no change of heart. They are still using imperialism to forward their economic designs, and economic oppression is more severe than imperialism or political oppression. Political oppression is an apparent thing; when the twenty-odd foreign gunboats made their demonstration here, the people of Canton felt an immediate irritation and were stirred with popular indignation, and indeed the whole nation was angered. The common people are easily provoked by political oppression but are hardly conscious of economic oppression. China has already endured several tens of years of economic domination from the Powers and nobody has felt irritated at all.

The result is that China is everywhere becoming a colony of the Powers. The people of the nation still think we are only a "semi-colony" and comfort themselves with this term, but in reality we are being crushed by the economic strength of the Powers to a greater degree than if we were a full colony. For example, Annam and Korea are protectorates of France and Japan and their people are slaves. We taunt the Koreans and Annamese with the name "*wang-kuo nu*" (slaves without a country), yet while looking at their position we seem unaware that our own position is lower than theirs. Whose "semi-colony" is China? China is the colony of every nation that has made treaties with her, and the treaty-making nations are her masters. China is not the colony of one nation but of all, and we are not the slaves of one country but of all. Would it be better to be the slaves of one nation or of many nations? If we were slaves of one certain nation, and some natural calamity, as a flood or a drought, befell China, the master-nation would appropriate funds for relief as an obligation and distribute the funds as a duty, while the subject people would expect this relief of their master. When, a few years ago, North China experienced a natural disaster for which the foreign nations did not feel they had any obligation to send relief, and only those foreigners who were in China were raising funds for the

sufferers, Chinese observers talked of the munificent philanthropy of other countries so far removed from the treatment which would be accorded a subject people! This shows that we are not yet up to Annam and Korea and that subjection to one power is a far higher and more advantageous position than subjection to many powers. So "semi-colony" is not the right designation for China; I think we ought to be called a "hypo-colony." The prefix "hypo" is taken from chemistry, as in the word "hypophosphite." A chemical which contains the element phosphoric compound but is of a lower grade than pure phosphoric compound is called a phosphorous compound. A still lower degree of compound is called a hypophosphorous compound, just as an organization has its second degree of office. We formerly thought China was a semicolon and that was shame enough. Alas, we did not realize that our real place is below Annam and Korea. We are not a semi-colony but a hypo-colony.

There is in Kwangtung a struggle with the foreign powers over the customs surplus. The customs surplus is rightfully ours, so why should there be a dispute? Because China's customs has been taken over by other countries. There was a time when we knew nothing about customs; we simply closed our ports and kept to ourselves. Then England came to China and sought entrance

for purposes of trade; China shut the door and denied her access. With imperialism and economic force combined England forced the barriers and broke open China's gates. At the same time the British army occupied Canton, but finding it untenable they withdrew and took Hongkong. They also demanded indemnities, but since China then did not have enough ready money to pay, she gave the maritime customs to England as security and allowed England to collect the duties. The Manchu government calculated that it would take a long time to pay in full, but the British, after securing control of the customs, surprised the Manchus by paying themselves all the indemnity in a few years; the Manchu government then realized how rotten their own officials had been. The great weakness in the previous collection of customs duties had been the "squeezing." So the maritime customs of the whole country was turned over to British management and British were always selected for commissioners of customs. Later, other nations who had trade relations with China disputed with England over the control of the customs, and England compromised by giving them a share in the appointments according to their proportion of trade. As a result, the nation's maritime customs are now entirely in the hands of foreigners. Every new treaty which China concludes with a foreign power

means another loss of some kind and the rights accorded in the treaties are always unilateral. The customs duties are fixed by the foreign powers and China cannot freely alter them; China cannot collect and use her own tariff — these are the reasons for the struggle over the customs.

Now how do other countries meet foreign economic pressure and check the invasion of economic forces from abroad? — Usually by means of a tariff which protects economic development within these countries. Just as forts are built at the entrances of harbors for protection against foreign military invasion, so a tariff against foreign goods protects a nation's revenue and gives native industries a chance to develop. For instance, the United States, after the extermination of the red aborigines, began to open up trade with European countries. The United States was then an agricultural nation, while the European nations were all industrialized. Since in international trade an industrial nation has an advantage over an agricultural nation, the United States set up a protective tariff to shield her native industries and trade. The idea of a protective tariff is to put a heavy duty on imports: for instance, if an imported article is worth a hundred dollars, the customs office will collect, say, eighty or a hundred dollars. The average tariff in the various countries is fifty or sixty per cent of the value. The

high duty makes foreign goods expensive so that they cannot circulate, while native goods free from duty are reasonably priced and widely distributed.

What is the situation now in China? Before China had a foreign trade, the goods used by the people were hand-manufactured by themselves. The ancient saying "man tills and woman weaves" shows that agriculture and cloth making are old industries in China. Then foreign goods began to come in. Because of the low tariff, foreign cloth is cheaper than native cloth. Since, moreover, certain classes of the people prefer the foreign to the native cloth, native industry has been ruined. With the destruction of this native hand industry, many people have been thrown out of work and have become idlers. This is a result of foreign economic oppression. Now although China still uses the hand loom, the raw material used is foreign cotton. Only in recent years has native cotton begun to be used in foreign machine looms. In Shanghai are many large cotton and cloth mills which might enable us to compete gradually with imported goods but for the fact that the customs is still in foreign hands. Not only is native cloth charged with high export duty, but when it is distributed within the country it meets heavy likin charges. Thus China not only has no protective tariff, but she even increases the tariff on native goods to protect foreign goods!

During the European War, when foreign countries could not manufacture goods to export to China, the Shanghai cotton and cloth mills enjoyed a temporary boom. Enormous profits were made, dividends of 100 per cent were declared, and capitalists multiplied. But after the war foreign goods flooded China and the Shanghai mills which had made so much money went into debt. While native goods are thus being worsted in the struggle against foreign goods, China's customs not only offers no relief but even protects the foreign merchants! It is as if one should dig a war trench and not only be unable to use it against the enemy but find the enemy using it to fight oneself. So, I say, political oppression can be easily seen even by the ignorant classes, but economic oppression is an intangible thing which none of us can easily perceive. One can even load heavy burdens on oneself.

Since China opened foreign trade, the balance of trade has swollen like a river torrent. Ten years ago, investigations showed that the balance amounted to \$200,000,000. From a recent customs report we find that in 1921 imports exceeded exports by the value of \$500,000,000, a 250 per cent increase in a decade. At this rate, after another ten years the balance of trade will be \$1,250,000,000. In other words, ten years hence China will be paying in the mercantile field alone a tribute of

\$1,250,000,000 to foreign countries. Doesn't this seem a terrible leakage to you?

Then there is the economic domination of foreign banks. The Chinese psychology now is one of distrust toward the native banks and of extreme confidence in the foreign banks. In Kwangtung, for example, the foreign banks are widely depended upon, while the native banks inspire no confidence whatever. Formerly the paper money issued by our Kwangtung Provincial Bank could still be used, but now it is of no value at all and we are using only silver. Native bank notes have always been valued below the foreign bank notes, but now even the native silver is worth less than foreign paper. To-day the total number of foreign bank notes circulating in Kwangtung Province probably runs into tens of millions. Some people are even willing to store up foreign paper currency in preference to Chinese silver currency. In Shanghai, Tientsin, Hankow, and other trading ports we would find the same condition. And when we study into the reason we find it is because the people are poisoned by the foreign economic grip upon them. We are all accustomed to thinking of the foreigner as wealthy and do not take it in that he is exchanging paper for our commodities. The foreigners did not have much money to begin with; most of their wealth has been practically given to them by us. They only have to issue

several million bank notes which we accept and then they have millions of dollars to use. One of those bank notes issued by a foreign bank only costs a few cash to print, but the piece of paper is stamped with the value of one, ten, or a hundred dollars. Thus the foreigner at a very small expense can print millions upon millions of paper dollars and can exchange these paper millions for millions of dollars' worth of our goods. Gentlemen, isn't this a frightful loss? And the reason why they can issue paper money this way and we cannot is because the common people have been poisoned by the influence of foreign economic domination to trust the foreigner and to distrust themselves, with the result that our own paper is unable to circulate.

Besides the foreign bank notes, there is bank exchange. We Chinese in the ports trust the foreign banks also in the exchange of our money. But, in making exchange for Chinese, the foreign bank charges not only the customary bank rate of one half per cent but seizes profits in other ways. In paying a bank draft, they charge a discount on the exchange from taels into dollars and the loss from this discount at the place of remittance and the place of payment amounts to two or three per cent at least. For instance, if a foreign bank in Kwangtung makes out a bank draft on Shanghai for \$10,000, it charges \$500; besides this, in

changing small silver into the Shanghai tael they always put the Kwangtung small silver price low and the Shanghai tael price high and realize a profit, according to their own voluntary estimate, of at least one or two hundred dollars. Then, in cashing the draft at Shanghai, they pay not taels but dollars; in changing the Shanghai taels into dollars, they must lower the tael price and raise the dollar price, making another profit of at least one or two hundred dollars. So in remitting \$10,000 back and forth between Canton and Shanghai there is a loss each time of two or three hundred dollars; in not more than thirty drafts the whole amount would be used up! And the reason why the people endure these losses is because they are filled with the poison of foreign economic domination.

The power of the foreign banks in China is seen also in their bank deposits. If a Chinese has money and wants to deposit it in a bank, he does not wait to ask whether the Chinese bank has a large or small capital or gives high or low interest. As soon as he knows that the bank is managed by Chinese, he immediately feels that it is probably not safe and that it would not do to risk his deposits there. He does not ask whether the foreign bank is reliable or not, whether it pays high or low interest; if he hears that the bank is run by foreigners and hangs out a foreign sign, he swallows

the sedative, feels very safe, and invests his money. Even if the interest is very low, he is quite satisfied.

A remarkable thing happened in 1911. After the Revolutionary movement had started at Wu-chang, almost all members of the Manchu royal house and Manchu officials, fearing that the Revolution would mean the confiscation of their property, deposited all their gold, silver, and treasure in different foreign banks. They were perfectly happy not to draw any interest so long as the foreigners accepted their deposits. During the days when the Manchu troops were being defeated by the Revolutionary army at Wu-han, the foreign banks in the Legation Quarter at Peking received deposits of gold, silver, and treasure in countless amount from the Manchus until they were glutted with money¹ and had no more room to store it. The foreign banks not only paid the depositors no interest but charged them storage. All the depositors wanted was for the foreign banks to accept their deposits, and they paid whatever the banks asked. The foreign banks at that time received in Chinese deposits a total of twelve billion dollars. Although some of this has been withdrawn, yet in the past ten or more years a group of militarists and officials, like Feng Kuo-chang, Wang Chan-yuan, Li Shun,

¹ In Chinese, a play on words. The character for "Manchu" and "full" is the same.

and Tsao Kun, have been squeezing the country and each one has made a dishonest fortune of perhaps tens of millions. Because they want to secure their ill-gotten wealth as a perpetuity, they, too, deposit it in foreign banks. So since 1911 there has not been any considerable increase or decrease in the amount of Chinese deposits in foreign banks. The interest which the foreign banks pay for these twelve billions of deposits is very small, certainly not over four or five per cent, while the banks loan out the amount to small businesses in China at high annual interest, seven, eight, and even over ten per cent. Thus the foreign banks, with no trouble except that of handling the money, take Chinese capital and earn interest from it.

This yearly profit of millions from Chinese deposits in foreign banks is an intangible loss. The psychological reason for the common man's investment in foreign banks is his feeling that Chinese banks are not safe, while foreign banks are. He is not afraid that the foreign bank will fail; but, pray tell, is the Banque Industrielle de Chine, which has just suspended with its Chinese deposits unreturned, a foreign bank or not? Are the foreign banks entirely secure? If not, why do we Chinese still patronize them so willingly and eagerly? The reason for all this loss of interest to foreigners is again the vitiating influence of foreign economic control. The total profits of the

foreign banks alone, in paper money issues, in exchange and deposit banking, must be around \$100,000,000 a year.

Besides the foreign banks, there are freight rates. Chinese goods sent abroad have to depend on foreign bottoms, and even goods sent to interior points, as Hankow, Changsha, and Canton, are carried largely by foreign ships. The Japanese shipping business has flourished in recent years. Yet Japan at the start had only one company, the Nippon Yusen Kaisha (Japan Mail Steamship Company); later, the Toyo Kisen Kaisha, the Osaka Shosen Kaisha, and the Nisshin Kisen Kaisha (Sino-Japan Steamship Company) developed and began to provide communication to inland China and to points all over the world. The reason for this growth of the Japanese merchant marine has been the government subsidies and special protection. From the Chinese viewpoint there is no advantage to a government in subsidizing commercial steamship companies, but Japan wanted to compete with the economic power of other nations. So in the matter of marine transportation she also made treaties with other countries, fixing ocean freight rates at so much per ton. Freight shipped from Europe to Asia goes first to Shanghai and then to Nagasaki and Yokohama, Shanghai being much nearer to Europe than the Japan ports. But freight rates per ton from

Europe to Nagasaki and Yokohama are quite reasonable, while rates to Shanghai, because there is no Chinese merchant marine to compete with, are very high, which makes it cheaper to ship goods from Europe to Japan than to Shanghai. The result is that European goods can be sold more reasonably in Japan than in Shanghai. In the same way, if Chinese goods are shipped from Shanghai to Europe, freight rates are much higher than from Nagasaki and Yokohama. If China exports \$100,000,000 worth of goods to Europe, she must pay \$10,000,000 for freight. At this rate, since the value of China's exports and imports now exceeds \$1,000,000,000 annually, the loss (through freight rates paid to foreign steamship companies) is not less than \$100,000,000.

Again, there are the three items of taxes, land rent, and land prices paid in the foreign settlements and ceded territories, which amounts to not a little. For example, Chinese living in Hongkong, Formosa, Shanghai, Tientsin, Dalny, Hankow, and other settlements and cessions pay to foreigners each year in taxes upward of \$200,000,000. Formerly Formosa paid to Japan only \$20,000,000; now the taxes have increased to \$100,000,000. Hongkong taxes paid to the British were formerly only a few million dollars annually; now they amount to \$30,000,000 and will increase proportionately each year.

Rent money is taken by both foreigners and Chinese, and in the absence of any careful survey the exact proportion of each group's receipts cannot be determined, but there is no doubt that the foreigners get more. Rent payments are certainly ten times as much as taxes. Land values are rising every year; since foreigners control the economic situation it naturally follows that "wealth makes skillful merchants" and land within the settlements is cheaply bought and dearly sold. In these three ways the concession Chinese lose an annual amount of not less than four or five hundred million dollars.

Further, there are the countless foreign companies and individuals carrying on business within the country who, holding to special treaty privileges, rob rights from us. It is still more difficult to estimate the losses from this condition, but judging from the South Manchuria Railway Company alone, which is making a clear profit of over \$50,000,000 a year, the profits of various foreign business enterprises must reach hundreds of millions.

There is yet one more loss to consider — that from the speculation business. Foreigners in the concessions take advantage of a weak point — avarice — in the Chinese character and provide daily opportunities for small speculation, and every few years some big opportunity which arouses the gambling passion of the Chinese to fever heat.

On each occasion of speculation over the mark or the rubber market, Chinese have lost tens of millions. And the ordinary small speculative businesses amount, in the end, to high figures.

Our various war indemnities — 250,000,000 taels to Japan in 1894, 900,000,000 taels to the Powers in 1900 — are part of our political and military oppression and cannot be put in the same class with economic domination. Indemnities are transient and inconsequential as compared with economic control. Consider the losses not only in China but also in our former feudatories and among our emigrants in other lands, and they become yet more incalculable. What a deadly thing this economic yoke is!

To sum up. In money value of stolen rights and privileges we lose every year: first, through invasion of foreign goods, \$500,000,000; second, through the invasion of foreign paper money into our money market, along with foreign bank discounts on exchange and interest on our deposits, about \$100,000,000; third, through freight charges on our exports and imports, up to \$100,000,000; fourth, through taxes, rents, and land sales in the settlements and ceded areas at least, \$400,000,000 or \$500,000,000; fifth, through special privileges and private business of foreigners \$100,000,000; sixth, through the speculation business and various other fleecing games, hundreds of millions.

These six kinds of economic domination cost us an annual loss of not less than \$1,200,000,000. And unless we can find a remedy, the losses will only increase each year; certainly they will not diminish of their own accord. China has reached a state of national bankruptcy, and unless we can save her, economic domination will spell the loss of our country as well as the annihilation of our race.

In the days of China's glory, her neighbors brought tribute and paid yearly visits to the imperial court; although the annual tribute only amounted to a little over a million dollars, yet we considered it a great honor. When the Chinese Empire of the Sung dynasty declined and had to pay tribute to the Kin Tartars, the total amount was only around a hundred million, yet we considered it a terrible disgrace. Now our tribute to foreign countries is one billion, two hundred millions a year, or twelve billions in ten years. Such economic subjugation, such an enormous tribute, was not in our wildest dreams and even now is hard to visualize. Hence we do not feel the awful shame of it. If we had this tribute of \$1,200,000,000 as a national income, what could we not do with it! What progress our society would make! But because of this economic mastery of China and the consequent yearly damages, our society is not free to develop and the common people do not have the means of living. This

economic control alone is worse than millions of soldiers ready to kill us. And while foreign imperialism backs up this economic subjugation, the living problems of the Chinese people are daily more pressing, the unemployed are daily increasing, and the country's power is, in consequence, steadily weakening.

Within the last hundred years, China has begun to suffer from the population problem: the Chinese people are not increasing, while other populations are growing. Now we are suffering also from political and economic domination. If we can no longer find a solution for these three pressing problems, then, no matter how large China's area or how great her population, another century will see our country gone and our race destroyed. Our four hundred millions are not everlasting. Look at the red aborigines, once all over the American continent, now extinct. Now that we realize the seriousness of political domination and the even greater seriousness of economic domination, we cannot boast that China's four hundred millions will not be easily exterminated. Never before in all her millenniums of history has China felt the weight of three such forces at one and the same time. For the future of the Chinese nation we must find a way to break them!

February 3, 1923.

LECTURE 3

China has lost her national spirit for centuries—Opposition to nationalistic propaganda and to the Revolution—Old revolutionary movement against the Manchus had died out—The *literati* supported the Manchus, but nationalism was kept alive in secret societies among lower classes—Manchu efforts to destroy Chinese national spirit—Failure of the secret societies in the Taiping Rebellion—Why China has lost her national spirit: subjection to alien races—The seeds of decay in China's ancient imperialism and theory of cosmopolitanism—Cosmopolitanism developing in the West to camouflage imperialism, a danger to China—Origin of the Chinese race in the Yellow River valley—Story of a coolie throwing away a treasure hidden in his bamboo pole to illustrate China throwing away her nationalism—Development of nationalism essential to continued existence of the Chinese nation.

Nationalism is that precious possession which enables a state to aspire to progress and a nation to perpetuate its existence. China to-day has lost that precious possession. Why? To answer that question and to study whether we have really lost our national spirit is my theme to-day.

To me it is clear that we have lost it not for a day but for centuries. Just look at the anti-revolution articles which came out before the Revolution, all opposing nationalism! For hundreds of years the idea of nationalism had been