

Sun Yat-Sen and China's development of national capital

By Elisa Barwick

Addressing a gathering of Chinese leaders on the occasion of the 110th anniversary of the 1911 Xinhai Revolution, in the Great Hall of the People in Beijing on 9 October, Chinese President Xi Jinping extolled the work of founding father Dr Sun Yat-Sen and his "Revive China" movement.

The 1911 Revolution brought about the end of more than 2,000 years of imperial dynasties in China and led to the founding of the Chinese Republic, the first in Asia. Dr Sun played a key role, uniting various revolutionary groups that were pushing for the overthrow of imperialism. The ideals that inspired the revolution included nationalism, republicanism, modernisation of the country and national unity.

The revolution was only the start of "altering the bitter face of oppression", said President Xi. The Communist Party of China took up the mission, he said, and the road to unity continues today. "Aggression and hegemony are not in the blood of the Chinese people", he affirmed, and called for a fight against any effort to impose hegemony.

Sun drafted his "Plan for National Reconstruction" in the 1920s, the first blueprint for national development, and proposed his Three Principles of the People—nationalism, democracy and people's livelihood.

Sun, who had studied in America in the 1870-80s, declared that he had based his Three Principles on the concept presented by American President Abraham Lincoln in his Gettysburg Address: "government of the people, by the people, and for the people". Perhaps even more importantly, his economic ideas were inspired by the industrial policy of the first US Treasury Secretary Alexander Hamilton, which laid responsibility with the government to develop a credit system necessary to fund infrastructure, agriculture and industry. Hamilton created a revolutionary credit system in 1791 with the First Bank of the United States, a model adopted by many other countries.

Sun rejected the free trade system of British East India Company agent, economist Adam Smith, arguing that "the primary force of human evolution is cooperation", not competition, as Smith believed. "If we still retain the custom of free competition or *laissez faire*, it will be like encouraging a lame man to contend with an automobile in a race", he said.

Sun also adopted the American model of strong centralised government, with separation of powers, in his proposed Constitution for China.

In his 1924 paper on "The Three Principles of the People", Sun specified that the primary task after politically uniting the country would be "the development of national capital" in order to industrialise China. "The first is the construction of railways, canals and other transportations

Railway map of People's Republic of China

Colored lines showing CRH and other high speed rail services
Last update: 2020-02-29



Chinese high-speed rail routes as of February 2020, with trunk lines in blue, secondary main lines and regional connections in green, and intercity lines in grey and orange. Inset: Sun Yat-Sen. Photo: YouTube/Railways Explained; Wikipedia.

facilities on a large scale. The second is to open our mineral resources. ... Thirdly, China's manufacturing industries must be developed. Although China has unlimited labour power, she cannot compete with foreign powers because she has no machinery. The fact that the Chinese use large quantities of imported goods is a principal cause of our national deficit; and this leakage can be stopped only by developing home industries through machine production. This should be done by the government. ... If every worker in China is gainfully employed and every worker is able to use a machine for production, China will have a new source of wealth. On the other hand, if private individuals or foreign merchants are permitted to manage these important affairs, profits will go to private individuals and there will soon be great inequality of wealth."

In his chapter on "The development of national capital", Sun reiterated his previous proposals for the regulation of private capital, but said that alone is not enough, and the introduction of national capital is required. "By 'national capital' I mean state industries", he wrote, "and a detailed program of how to develop state industries may be found in my book, *The Program of National Reconstruction*, Volume II on 'Material Reconstruction', also known as 'The Program of Industrialisation'.

"The initial step in developing state industries is for the state to own plenty of machinery for production", continued Sun, reporting that the effort of various governments during World War I to nationalise all large industries and factories did not last and was soon abandoned after the War.

Historically, "The United States developed her capital through three channels: The first is through railways, the second through manufacturing, and the third through

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mining." At that time, he stated, "[China's] railroads are but six to seven thousand miles long, but we should have a mileage ten times as great—at least sixty to seventy thousand miles, before our needs will adequately be met." Today, China has nearly 40,000 km of high-speed rail (part of close to 70,000 km of all types of rail), which will be expanded to 70,000 kilometres by 2035.

"China's mineral wealth is practically untouched. Although we have a larger population than the United States and greater territory, the United States each year produces 600,000,000 tons of coal and 90,000,000 tons of steel, and China does not produce one-thousandth of that amount." Today China is by far the largest steel producer in the world,

well ahead of the USA. Sun said foreign capital and expertise is also required to develop areas such as mineral resources, rail and shipbuilding; however, as reflected in his proposal for an "International Development Organisation" his idea was to channel credit internationally without the strings of private financiers attached.

In Sun's overall vision, "capital will be a source of blessing to all the people in the country", which will "make them happy and contented". His doctrine, he concluded, "means a government 'of the people, by the people, and for the people'—that is, the state is the common property of all the people, its politics are participated in by all, and its profits are shared by all."