

ECONOMIC AND TRADE NOTES

Shanghai,  
(City)

China,  
(Country)

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(Date)

Submitted by: John J. Ehrhardt,  
(Name)

Trade Commissioner.  
(Title)

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CHINA'S INDUSTRIAL PROGRAM.

The Chinese owned China Press under date of August 31, 1931, printed an interesting article indicating a proposed program of the Ministry of Industries for industrial development during the next ten years which contemplates a total expenditure of more than Mex.\$2,000,000,000., embracing fourteen major items, the greater number of which are to be developed as state owned industries. The plan is undoubtedly the ultimate which might be expected with a firm central government and after the discontinuance of internal hostilities and with the assistance of enormous foreign loans. The present state of war with Canton and the Sino-Japanese strife in Manchuria and other political disorders are major factors precluding the start of such a program except in the foreign concessions under private ownership where industrial development is making big strides.

It is interesting to note in this regard that the world-wide economic crisis has had considerable bearing on the development of Chinese industries as regards state owned vs. privately owned development. There has undoubtedly been a growing tendency among government organizations in favor of state owned developments. The example set by the United States, however, has been the greatest deterring element in favor of privately owned industry. Reports of depression in the United States which in the minds of the Chinese is attributed to the American system of private ownership and reports from

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Soviet Russia indicating great strides being made economically in the face of the world-wide crisis have turned the minds of many Chinese who were in favor of private ownership to national ownership.

1/ A clipping of the press item is attached hereto.

John J. Ehrhardt,  
Trade Commissioner.

Approved for Transmission:

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JJE:DK.

Enclosure.