

south. For the benefit of the Chinese themselves, there are also advantages for these lines to run in this direction. Consequently our interest does not necessarily conflict with the Chinese. Now that Russia is losing influence and is powerless to advance in Manchuria and Mongolia, it is certain that the Chinese must act according to our beckoning in the development of railways in the future. Much to our surprise the Fengtien Government recently built two railroads, one from Tahushan to Tungliao and the other from Kirin to Haining both for military purposes. Those two railroads affect most seriously our military plans in Manchuria and Mongolia as well as the interest of the South Manchuria Railway. We therefore protested strongly against it.

That these railways were built was due to the fact that our official on the spot as well as the South Manchuria Railway authorities miscalculated the ability of the Fengtien Government and paid no attention to it. Later when we did intervene the railways were already completed. Besides, the Americans have been anxious to make an investment in developing the port of Hulutao through British capitalists. Taking advantage of this situation, the Fengtien Government introduced American and British capital in these railways in order to hold our interest at bay. For the time being we have to wink at it and wait for the opportune moment to deal with China about these two railroads.

Recently, it is rumoured that the Fengtien Government is planning to build a railroad from Tahushan to Harbin via Tung Liao and Fu Yu, so that there may be a direct line between Peking and Harbin without touching either the South Manchuria Railway or the Chinese Eastern Railway. What is more astonishing is that another railway beginning at Mukden passing through Hailung, Kirin, Wuchang terminating at Harbin is also under way. If this plan be realized, then these two lines would encircle the South Manchuria Railway and limit its sphere of activity to a small area. The result is that our economic and political development of Manchuria and