The problem of railways — so vitally important in the accomplishment of both economic and military reforms, has entered upon a new phase, contrary to what I heard in the south. To avoid the heavy expenditure involved in constructing a railway line through mountainous Kan Su to Urumchi the Dzian Dziun has proposed that it should follow the level caravan route from Kuku Khoto to Kucheng. The proposal is said to have been approved of in Peiping and this route is considered to be definitely selected. The cost is supposed to be 400 million lan and it is proposed to cover it by issuing shares to the public and raising a bond loan in the United States. Among the mandarins, however, it is evidently considered that the financial part of the problem raises such serious obstacles that it will be some years before the construction of the railway is begun.

The spheres in which some reforms have already been introduced are education and the army. Besides the seat of learning I had had an opportunity of visiting, where two separate courses are given, one preparing small boys for admission to the school and the other training masters for the local lower schools (at the mandarins' yamens), an institution has been started under the name of »Fa sjynn hsiao tang», where officials, who are waiting for appointments (the so-called »hubu») meet and practise delivering lectures, speeches, writing, reciting poetry etc. There they can also pass examinations that are compulsory for obtaining certain posts. Circulars from Peiping have prescribed that another 30 schools should be opened in the province, but the lack of teachers and above all the shortage of funds seem for the moment to present serious obstacles to the accomplishment of these demands. However, the projects that have had to be postponed temporarily will undoubtedly be carried out in the near future.

The first step in reorganising the military forces of the province has been taken by establishing a small cadre (»Ludziun») on the pattern of the troops organised under the same name in the eastern part of the country. It looks as though some slight departure had been made from the principles promulgated in Eastern China as to the strength and composition of these troops, but they are of no great importance and it is possible that I was misinformed in the first place. — The new troops have been formed of 4 old infantry ins and 4 cavalry tchis. The older men have been discharged and the vacancies filled with selected men from other old troops and recruits (20-25 % of the whole force) from various places in the province of Sinkiang and to a slight extent from the so-called »kouli». Strict watch is kept that these new troops are maintained at full strength. It is even stated that two officers took poison, because they had incurred the displeasure of the Dzian Dziun by allowing a falling-off to occur in the numbers of their men. It is only during the last few days that the numbers have been reduced to 10-12 % owing to the discharge of all opium smokers who would not undertake to give up the habit by a certain date, and of men under the age of 20. In order to fill the gaps, two officers have been despatched to enlist the necessary men in the interior of China. As a natural consequence of the fact that no officers of the European school were available during the initial training period (from January 1906?) of these new troops, they do not differ very much, so far, from the old troops of the province. Drill has been carried on with rare energy, especially during the first six months, but the only visible results are gymnastic exercises, which are performed with