

Our Country Is Now a Socialist Country Without Internal or External Debts

by Tsai Cheng

OUR respected and beloved Vice-Chairman Lin Piao made an extremely important and inspiring report at the Ninth National Congress of the Communist Party of China, a congress which was presided over by our great leader Chairman Mao and which has a far-reaching influence in our Party's history. Vice-Chairman Lin solemnly declared in his report: "By the end of 1968 we had redeemed all the national bonds. Our country is now a socialist country with neither internal nor external debts."

This is a great and inspiring event in our country's political and economic life. It is the result of our adherence to Chairman Mao's great principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts**. It is the result of the fact that the hundred of millions of plain-living and hard-working Chinese people, exerting vigorous efforts to make their country prosperous, have adhered to Chairman Mao's proletarian revolutionary line and smashed the counter-revolutionary revisionist line pushed by the renegade, hidden traitor and scab Liu Shao-chi. It is a great victory for invincible Mao Tsetung Thought, for Chairman Mao's proletarian revolutionary line and for the Great Proletarian Cultural Revolution.

A Country Without Debts

At the birth of New China 19 years ago, the Kuo-mintang reactionaries left to us a country in an utter mess: production in ruins, mass impoverishment, inflation and skyrocketing prices. The imperialist reactionaries alleged that China's financial and economic difficulties were insurmountable. However, the remarkable achievements in construction made over the last 19 years by the Chinese people armed with Mao Tsetung Thought have given the lie to the predictions by the imperialist reactionaries once and for all.

What force should we rely on in carrying out socialist construction in conditions of extreme economic and cultural backwardness? With genius, our great leader Chairman Mao solved this question. He teaches: "On what basis should our policy rest? It should rest

on our own strength, and that means regeneration through one's own efforts."

Since the founding of New China there has always been a sharp struggle between the two classes, the two roads and the two lines over the question of what force should be relied on in building socialism. Our great leader Chairman Mao wisely sets forth the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts**, relying on the strength and arduous struggle of the Chinese people to build their country through diligence and frugality. But the renegade, hidden traitor and scab Liu Shao-chi, in his wild opposition to Chairman Mao's proletarian revolutionary line, did his best to peddle his slavish comprador philosophy and doctrine of national betrayal. He tried in vain to take the road of relying on foreign aid for building factories and for "construction." He went all out to advocate the capitalist method of financial management in an attempt to develop capitalism by exploiting the labouring masses and thus reduce China to a colony or a semi-colony again. Our great leader Chairman Mao severely criticized this counter-revolutionary revisionist line of Liu Shao-chi's. The current Great Proletarian Cultural Revolution initiated and led personally by Chairman Mao has shattered the bourgeois headquarters headed by the renegade, hidden traitor and scab Liu Shao-chi, and smashed its sinister plot to restore capitalism in China. This ensures that China's socialist construction will continue to advance victoriously along Chairman Mao's proletarian revolutionary line.

Adhering to the consistent teachings of our great leader Chairman Mao, China obtains most of her funds for socialist construction through her socialist economy's internal accumulation. The income from state-owned enterprises makes up more than 90 per cent of the country's total revenue. In the course of building the country through self-reliance, China, at one time, issued national bonds in order to utilize the people's idle money to expand socialist reproduction. This was a supplementary measure used by China to raise capital funds. From 1950 to 1958 China issued six national bonds with a total value of 3,840 million

yuan. Together with 980 million yuan payable in interest, the sum reached 4,820 million yuan and was paid off by the end of 1968.

In the early years of the Chinese People's Republic, particularly during the War to Resist U.S. Aggression and Aid Korea, the Soviet Union, which was then led by Stálin, extended some loans to China, the principal and interest of which totalled 1,406 million new rubles. China consistently discharged her obligation of repaying these foreign debts on time and, moreover, redeemed them all in 1965 before they were due.

China is now a country without any debt. This great achievement fully proves that Chairman Mao's principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts** is the only correct one for building socialism.

Guided by invincible Mao Tsetung Thought, the revolutionary people of all nationalities in China, through arduous efforts in the past 19 years, have brought about earth-shaking changes in China's national economy. Compared with the early days of the People's Republic of China, one hundred per cent to several hundred per cent increases have been registered in the production of grain, cotton, oil-bearing crops and other agricultural crops and in the number of hogs, sheep and other animals. The total output value of the country's industrial production has gone up more than tenfold. China has set up new branches of industry, such as aircraft, motor vehicles and tractors, electronics, petroleum and chemicals. An independent, fairly comprehensive, modern industrial system is taking shape in China. The country's scientific research, education and health work have made considerable advances. China successfully exploded her first atom bomb in 1964 and set off a new hydrogen bomb last year. On the basis of increased production, the material and cultural life of the Chinese people has improved enormously, markets are thriving and prices are stable.

While expanding her national economy rapidly, China, in the spirit of proletarian internationalism, has done what is within her power to actively support the revolutionary people of the world in their struggles and to assist some newly independent Asian and African countries to develop their economy and carry out the line of regeneration through one's own efforts.

Two Kinds of Debts Which Differ in Character

In the world today, there are two kinds of debts which are fundamentally different in character. One

is the debt of capitalist and revisionist countries. The other is that of socialist countries. The debts under the two fundamentally different social systems differ completely from each other in character, purpose and function and in the way they are incurred.

The national bonds China issued and the loans she obtained from the Soviet Union in the past had the following characteristics:

First, these bonds and foreign loans were used for socialist production and construction and for the well-being of the labouring masses. Whenever the Chinese Government made public its decision to issue national bonds, it immediately won the enthusiastic support of the masses of the people. They vied to buy the bonds, which were oversubscribed within a few days.

Second, both the national bonds and the foreign loans were regarded as only supplementary financial measures in a given period and were strictly limited in amount. During the period of rehabilitation of her national economy and the War to Resist U.S. Aggression and Aid Korea, China was confronted with temporary economic difficulties. Even under such conditions, the Chinese Government issued only a limited amount of national bonds and contracted small foreign loans. Along with the steady growth of her financial and economic foundations, China soon stopped issuing national bonds and getting foreign loans, and quickly paid all internal and external debts.

Third, China adhered to the principle of repaying her debts as scheduled. China never put off the time for paying the internal or external debts and generally honoured them in advance. During the three successive years of natural calamities from 1959 to 1961 in China, the perfidious Soviet revisionist renegade clique suddenly stopped its economic and technical assistance to China and withdrew the Soviet experts, causing great losses to China's economy. Even under such difficult conditions China continued to pay her debts on time. As stipulated in the agreement, the time limit for paying off the Soviet loans should have been December 1965; but China had paid off all the loans ahead of time by the beginning of that year.

Debts in countries ruled by imperialism, social-imperialism and the reactionaries are completely different from those of a socialist country in the following three aspects:

First, in countries ruled by imperialism, social-imperialism and reaction debts are predatory and reactionary in nature. For these countries, floating bonds and obtaining foreign loans is a main financial source for war expenditures. A large amount of the borrowed

capital is used for military orders and munition production. This results in the monopoly capitalist class reaping huge profits. The few persons in the privileged stratum amass enormous wealth while the burden on the labouring people grows heavier and heavier. For instance, on the eve of World War I, the share of the national debt borne by the labouring people in the United States averaged 14 dollars per person; during World War I, this figure increased to 80 dollars. During World War II, it jumped to more than 1,300 dollars; and now during the war of aggression against Vietnam, it has shot up to more than 2,000 dollars.

Second, these countries live on debts which grow increasingly heavier. Take imperialist U.S.A., which claims to be the richest in the capitalist world, for example. Its debts are shocking. According to figures that have been disclosed by the United States, its unpaid internal debts in bonds up to the end of July 1968 totalled 351,700 million dollars, more than twice the U.S. financial revenue for 1968. U.S. external debts up to the end of May 1968 had reached 33,100 million dollars.

Britain's domestic debts in bonds alone at the end of March 1968 were 33,500 million pounds, almost treble her 1968 financial revenue. In addition, her foreign debts amounted to 5,600 million pounds last June.

According to figures published by the revisionist renegade ruling clique in the Soviet Union, during the three years 1964-66 the Soviet foreign trade bank alone borrowed 1,000 million rubles from capitalist states.

Controlled by the Mongolian revisionist clique, Mongolia became a colony of Soviet revisionism long ago. According to statistics, from 1958 to 1966 Mongolia borrowed 6,000 million old rubles from the Soviet Union, averaging 5,500 old rubles per capita. This makes Mongolia one of the most heavily indebted countries in the world.

As to the reactionary Indian Government, which is under the wing of the U.S. imperialists and Soviet revisionists, it would collapse if it were unable to get loans. As disclosed by the Indian press in March last year, the national debt unpaid by the Indian Government was to reach 119,500 million rupees at the end of last year, a sum four or five times India's annual financial revenue.

Third, these countries make it a constant practice to delay repayment of loans. Their credit is exceptionally low. The amount of unpaid U.S. federal bonds is so large that the new bonds issued every year are insufficient to cover the interest on the old bonds. As a result, repayment is deferred from year to year.

The Soviet Union which is ruled by the revisionist renegade clique has postponed repayment of principal on bonds issued before 1958 by 20 to 25 years. This is an underhand method of welshing.

The sharp contrast shown above vividly reflects the absolute superiority of our country's socialist system, and the enormous vitality of New China which is illuminated by Mao Tsetung Thought. The absolute majority of the countries ruled by imperialism, revisionism and reaction are heavily in debt, and their deficits are piling up. They are confronted with growing political and economic crisis. Their vicious oppression and exploitation of the labouring people politically and economically have aroused ever greater discontent and resistance from the masses of the people. In the end they are bound to perish in the flames of the people's revolution.

Our great leader Chairman Mao pointed out long ago: "The enemy rots with every passing day, while for us things are getting better daily." This is the most vivid, the most profound and the most comprehensive scientific thesis made by Chairman Mao on the international situation of our time. It is an objective law of historical development independent of man's will.

Take the Road of Maintaining Independence, Keeping Initiative in Our Own Hands and Relying on Our Own Efforts

Our great leader Chairman Mao always teaches us the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts**. It was by adhering to this principle that in the early days of our People's Republic, our people shattered the economic blockade by U.S. imperialism, speedily overcame the severe difficulties arising in the course of economic rehabilitation, and brought about a fundamental turn for the better in the country's financial and economic situation.

It is again under the guidance of the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts** that the Chinese people have engaged in socialist economic construction and made one great achievement after another. The fact that China has become a country without any debt also represents a glorious achievement in implementing this great principle.

Chairman Mao teaches us: "**The people, and the people alone, are the motive force in the making of world history.**" Our country, with hundreds of millions of industrious and brave people, with invincible Mao Tsetung Thought and with the wise leadership of the Ninth Central Committee of the Party with Chairman Mao as its leader and Vice-Chairman Lin as its deputy leader, will certainly be able to rely on her own efforts in accomplishing great feats unimaginable to our predecessors, and build our country into a still stronger socialist state.