人民中國
People's China

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(1) It must organize and give leadership to the workers in rehabilitating the country and developing production. This is of primary importance to the interests of the working class. It is also the most fundamental task of the Chinese trade unions.

In public enterprises, trade unions must do their utmost to enhance the sense of responsibility among the working masses who are now masters of these enterprises. They must encourage the workers to raise the productivity of their labour, to improve the quality of their products, and to reduce the costs of production so that the state may accumulate more capital with which to expand production.

In private enterprises, trade unions must correctly enforce the policy of ensuring benefits to both labour and capital. The development of production will increase the national wealth and speed up the industrialization of the country, thus creating the material conditions for transforming present-day China into a socialist state.

(2) Trade unions must become the pillar of the people's democratic government. They must organize and educate the masses to support the government. They must set an example in abiding by the law, and they must help reform those who do not faithfully carry out the laws of the state. They must stand on guard against sabotage and other disturbances caused by Kuomintang agents.

At the same time, they should gradually select and send their best cadres among the workers to take part in the work of the government at various administrative levels, thus consolidating the leadership of the working class in the government and gradually overcoming bureaucratic tendencies in government bodies.

(3) Trade unions must protect the interests of the working class and help the workers improve their livelihood. They must first draw up labour protection laws, such as a labour insurance law and a factory law, and then submit them to the Central People's Government for enactment. In cooperation with the government's financial and economic agencies, they should formulate a nationwide unified wage system based on "payment according to work done," thus safeguarding the workers' minimum living standards and stimulating production.

At the same time, in public enterprises the trade unions must oppose bureaucratic misinterpretation of the state laws, while in private enterprises they must oppose excessive exploitation of the workers by the capitalists in violation of the law. They must also initiate all possible kinds of medical and welfare work in order to help the workers solve their difficulties and better their living conditions.

(4) Trade unions must intensify their educational work along political, cultural and technical lines. They must draft concrete measures for providing the workers with the necessary facilities and opportunities for study, requesting the people's government for assistance in carrying out these measures. At the same time, they must strengthen education on internationalism among workers. They must help the workers learn about the experiences of workers in the Soviet Union and about the role of trade unions, in this way, the Chinese working class will be a staunch fighter in the international democratic camp.

(5) In order to carry out the above-mentioned tasks, the Chinese trade unions must first of all organize, expand and consolidate their organizations. This means that they must overcome all kinds of "closed-door" policies. They must spare no effort in enlarging trade union membership so that they will become truly mass organizations, embracing all employed workers in the country.

At present, in conformity with the need for unified nationwide planning in the sphere of political and economic reconstruction, the All-China Federation of Labour must center its work around the establishment of national industrial unions. It must simultaneously strengthen its leadership over the regional trade unions, especially those in large cities, because only through such regional organizations can the practical daily work among the rank-and-file in the factories and other enterprises be effectively handled.

Moreover, in order to put our trade union activities on a sound basis, we must resolutely correct the system of discharging one's duty by merely making appointments and issuing orders from above. Instead, we must carry out elections for trade union positions, and draw all trade union members into the work of their organization on the basis of voluntary and class-conscious participation. Thus, the broad masses of our membership will acquire the realization that trade unions are really their own organizations. Only in this manner can trade unions gain great prestige among the working masses and fulfill their colossal task of organizing and leading the vast working masses to participate actively in state, economic and cultural construction.

There are still many difficulties lying across the path of the Chinese workers' advance. This is because China's revolutionary war has not yet been completed; because all types of reconstruction work are still in the initial stages; and because internationalism and the remaining reactionaries within our country are still putting up a final struggle, trying to hamper the liberation of the Chinese people by means of blockade and destruction.

Nevertheless, we are firmly convinced that the Chinese working class, under the leadership of the Chinese Communist Party and of Chairman Mao Tse-tung, will, with the most resolute, heroic and militant spirit, unite the people of the whole country in order to surmount these difficulties and advance steadily toward the goal of Socialism.
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U.S. Imperialists Never Learn

The American imperialists have apparently learned nothing from the fiasco of their China policies.

This was clearly illustrated during January when three top-flight American officials issued public statements regarding the Far East. President Harry Truman took the lead by making his “statement on Formosa” (Taiwan) on the 5th. A week later his Secretary of State, Dean Acheson, came out with some lengthy but “extemporaneous” remarks on America’s policy in Asia. Following suit, U.S. Ambassador-at-large Philip Jessup, now making his first survey of the Far East for President Truman, re-echoed the Acheson line in a statement issued at Hongkong on the 18th.

All of these statements, taken collectively, give the strong impression that Truman and Company have not acquired a single lesson from their defeat in China, despite their reluctant confessions of failure that were embodied in the “White Paper” issued nearly six months ago. Instead, although they have already been driven out of China’s mainland, they are now intent upon framing new schemes of aggression against the millions of people in Asia.

According to Acheson, who presented his views before the National Press Club in Washington, the American “defensive perimeter” runs along the Aleutian Islands to Japan and Korea, through the Ryukyu Islands to the Philippines, and then swings around Southeast Asia where “one goes to the end of this semi-circle and comes to India and Pakistan.” Acheson then explains that in the northern sector of this perimeter, his country has “direct responsibility in Japan” and “direct opportunity to act.” He notes that “the same thing is true in (South) Korea.” What worries him are the more southerly sectors of the perimeter where, he says, the United States is but “one of many nations who can do no more than help.”

And how will they “help”? Truman said that only “economic aid” would be poured into Taiwan, although this pronouncement did not halt the sending of 250 American tank and 82 military advisers to that island, according to the U.S. press. What the United States will do in Southeast Asia, again according to Acheson, is “to help where we can be wanted.” But such “help” is neither limitless nor offered to all. Jessup pointed out a point of this when he said: “Within our economic capacity, the major factor in determining the assistance we can render to the people of Asia is the degree to which these people are prepared to support governments of their own choosing in opposition to Communist tyranny.”

Apparently Acheson is much more diplomatic than Jessup. He avoided using such terms as “stemming the Communist tide” which have become the most frequent pretext used by the imperialists to engender their encroachments. Instead, Acheson invented his own theory of “parallelism in interest” to cloak his latest American plots in Asia.

Lest anyone think, however, that his new line of propaganda spelled any departure from his former anti-Communist position, he carefully explained that he adopted this tactic because “people will do more damage and create more misrepresentation in the Far East by saying our interest is merely to stop the spread of Communism than by any other way.”

He now preferred, therefore, to say that “our interests have been parallel to the interests of the people of Asia.... There was no conflict but parallelism in that interest.”

But the people of Asia are in an excellent position to test the validity of Mr. Acheson’s theory for themselves. The history of American policies in China is known and clearly understood by all the peoples of Asia—though the same could not be said in Mr. Acheson’s case. Certainly it would be hard today to find one person among the 475,000,000 Chinese who is so ignorant as to not to realize that the basic policy of American imperialism today just as fifty years ago, has been to turn China into an American colony by whatever means are at hand.

The past events have disclosed that the American imperialists top all their fellow-imperialists whenever it comes to cunningness. In order to facilitate their intervention in Chinese internal affairs, these imperialists sent over George Marshall in the guise of a “mediator.” The U.S. fell back on the same trick to prevent the Indonesians from winning their genuine independence. Instead of frankly admitting its brutal military aggression against the interests of the Chinese people, the American Government disregarded the bulk of its past US$6,000,000,000 aid to Chiang Kai-shek as “economic aid.” But no Chinese will forget that “economic aid” in China has meant help to Chiang’s army, broken river dykes, bombed villages, and death for millions of their countrymen.

Even Acheson himself was caught up in the obvious contradictions of his new “theory.” In an effort to excuse America’s political and military defeat in China, he credited the Kio-min-tang collapse entirely to the fact that the Chinese people “completely withdrew their support from this government.” Nor does he try to pretend that Chiang Kai-shek’s present government in Taiwan has a shred of popular support left to its name. Nevertheless, as anyone may see for himself, the United States is frantically trying to bolster Chiang’s discredited regime both in the United Nations and in Taiwan, thus hoping to delay the inevitable liberation of all Chinese territory. Is this what Acheson
China Tackles Her Financial Problems
Yang Pei-hsin*

In making an over-all survey of the financial situation in China, Chairman Mao Tse-tung said at the close of 1949:

“Our situation may be summarized as this: There are certain difficulties. We must not try to hide these difficulties. But we must also tell the people that we really know how to overcome them. Since we are able to cope with them, there is hope in our work, and our future is bright. Our situation will be difficult from year to year, but in 1950, it is anticipated, will be better than those in 1949.”

The imperialists rejoice over our financial hardships. After the liberation of Shanghai last May, they remarked: “The Chinese Communists get a full mark in military achievements, 80 in political affairs and 10 in economic matters.” They believed that the Kuomintang blockade, undertaken at the instigation of the American imperialists, would surely result in the collapse of our financial structure and general economy.

We are sorry to disappoint them. We have already succeeded in surmounting many difficulties, and we are now more confident of ultimate success than ever. Here is the story of how we overcame our economic difficulties in 1949, thus laying the groundwork for the restoration of our economy on a nationwide scale. Here is also the outline of our bright prospects in 1950.

1949 Year of Difficulty and Victory

The year 1949 was the year of our most difficult financial problems. It was also the year in which we won great victories on the military, political and economic fronts.

For the past ten years or more, there had been remarkably little depreciation of currency in the Liberated Areas and only a slow gradual rise in commodity prices. But we experienced three big price jumps in 1949, spaced about three months apart.

What was the cause of these price rises? Stated briefly, it was the devaluation of our currency which resulted from large-scale government spending. As our revenue collections were considerably less than our war expenditures, the government had no other recourse than to issue new banknotes—a recourse which was deemed necessary and which entailed far greater advantages than disadvantages.

In the first place, we won six major battles during 1949 and liberated over two-thirds of China’s territory. But we had to feed a large army in order to obtain these victories. At the same time, we also had to care for the millions of Kuomintang personnel, both military and civilian, who either came to our areas or were captured by us. Since we valued human productive power above all else, we provided for such persons by adopting the policy of distributing three persons’ normal food allotment among five persons. But in the end, the military successes of 1949 made it possible to initiate reconstruction throughout most of China.

Secondly, we embarked upon the task of reestablishing our national economy. When the People’s Liberation Army was advancing upon China’s major cities, the Kuomintang reactionaries fled to Taiwan, and even to America, with cases upon cases of gold and silver bullion, hog bristles, cotton yarn, piece goods and other movable possessions. They could not carry away with them, they destroyed. They even attempted to turn these cities into flames before their liberation.

But due to the determination and courage of the Chinese workers in protecting their factories as well as the efforts of the national capitalists to protect their assets, some factories were kept intact.

These were immediately put back into operation as soon as the People’s Liberation Army entered the city. But in order to keep the assembly lines moving, the government had to provide large sums of money to cover wages and raw materials and also to extend loans to privately-owned enterprises.

When we reached Shanghai, for instance, there was no raw cotton in storage. The stock of coal was very low at that time, the supply was only sufficient for two days’ consumption. The prices of cotton yarn and cloth were extremely low, while that of rice was exorbitantly high. Business was in bad straits.

But the government got on the job at once. It supplied coal to the North and Central China, coal from North China sent to the Northeast in order to bring industrial Shanghai back to life. We issued a lot of money in Shanghai, it is true, but we made the industries begin to tick. This kind of action is a necessary stepping-stone to economic prosperity.

* Yang Pei-hsin, young economist and staff member of the People’s Bank of China, Peking.

Face at the UN Security Council
By M.K.
Chinese Agriculture in Speedy Rehabilitation

Tien Huo-nung

China today is still largely agricultural. Agricultural economy constitutes from 80 to 90 per cent of the entire economic activity. Peasants form approximately 80 per cent of the nation's population.

Chinese agriculture has a long history behind it. But, as a result of the ruthless exploitation by feudalism, imperialism and bureaucratic capitalism, it has stagnated and declined. During the War of Resistance against Japan and the subsequent People's Liberation War, outrageously exploitation and plundering by the collaborators, plus severe natural calamities resulting from such devastation, caused a general decrease of 25 per cent in China's agricultural production. In the newly liberated areas, production fell by approximately one-third.

In North China which suffered most severely from pillage and destruction by the Japanese Fascists, agricultural production dropped as much as 50 to 60 per cent of the pre-war level by the time of the 1942-43 period.

The nation's food supply was thus reduced. Meanwhile, a number of factories were closed and export was almost completely brought to a standstill. As a result of all this, the acreage growing food-stuffs was relatively increased while that growing industrial crops decreased. The large sections of the population in the North China and Northeast were thus plunged into the most critical situation of the nation's agricultural production. Meanwhile, many irrigation canals and wells were destroyed so that droughts assumed more menace proportions. Pest damages were also aggravated because the green belts and tracts of arable land had been left uncultivated as a result of the war, which, in addition to cutting into the agricultural output, enabled harmful insects such as locusts and locust swarms to flourish.

Since China's agriculture is entirely dependent on manual labour and draught animals, the above-mentioned factors are enough to cause the downward trend of the nation's agricultural production level.

Despite the severe destruction dealt to Chinese agriculture during the past ten years and the existing manifold difficulties, the downward trend of agricultural production has nevertheless been successfully arrested, and gradual restoration and development is now under way. This is because the people's democratic regime, under the leadership of the Chinese Communist Party, has attached great importance to agricultural production and has adopted a set of effective measures for its rehabilitation.

Efforts have been made to enforce the reduction of rent and interest and to rationalize the policy of

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<th>1950 Budget Expenditures</th>
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<tr>
<td><strong>Description</strong></td>
<td><strong>Percentage of expenditures</strong></td>
</tr>
<tr>
<td>Military expenses</td>
<td>38.8%</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>21.4%</td>
</tr>
<tr>
<td>Investments in state-owned enterprises and services</td>
<td>23.9%</td>
</tr>
<tr>
<td>Cultural, educational and public health expenditures</td>
<td>4.1%</td>
</tr>
<tr>
<td>Subsidies</td>
<td>2.3%</td>
</tr>
<tr>
<td>Payment and interest on Government Bonds in the Northeast</td>
<td>0.1%</td>
</tr>
<tr>
<td><strong>Total Reserve fund</strong></td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100.0%</td>
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<tr>
<th>Table II</th>
<th>1950 Budget Revenues</th>
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</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
<td><strong>Percentage of total revenues</strong></td>
</tr>
<tr>
<td>Revenue from agricultural tax</td>
<td>41.4%</td>
</tr>
<tr>
<td>Revenues from various other taxes</td>
<td>39.9%</td>
</tr>
<tr>
<td>Revenue from state-owned enterprises</td>
<td>17.1%</td>
</tr>
<tr>
<td>Revenue from clearance of state warehouses and granaries</td>
<td>2.4%</td>
</tr>
<tr>
<td>Revenue from other sources</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>100.0%</td>
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(Continued on page 27)
An even greater success has been scored in the field of water conservancy. In the western Hopei area of North China, for example, the land area brought under canal irrigation in different districts ranges up to three times the pre-war figures. In North China as a whole, such irrigated land has exceeded the pre-war acreage by more than 10 per cent.

All these facts prove that even during the time of war, agricultural production in the old liberated areas has to some extent been restored and developed. Now that nationwide victory has been won, the people’s democratic dictatorship firmly established, and war on the mainland largely concluded, the nation’s strength can be gradually shifted to economic construction.

Moreover, all the big and medium-sized cities on the mainland except in Tibet have been liberated. The modern industries and transportation facilities thus made available will greatly help the nation’s agricultural rehabilitation. The urban centres also provide markets for a wide variety of agricultural products and by-products. This too will stimulate agriculture in its rehabilitation and development.

What is more important is that the fact in the old liberated areas, agrarian reform has been carried out in an area covering 600,000,000 acres (one mow equals 0.1647 acre) of arable land containing a population of some 150 million peasants. In such areas, the system of “land to the tiller” has been firmly instituted. And the peasants working on their own farms, are more eager than ever to step up their production. In the vast newly liberated areas, the thorough execution of the policy of rent reduction and equitable allocation of taxes will also enhance the peasants’ labour enthusiasm.

The government, on the other hand, has accumulated rich knowledge and acquired many valuable experiences in directing agricultural production. For, during the long years in the past, it has efficiently organized and led millions of peasants in their production. And in so doing, it has discovered and encouraged many labour heroes and capable producers in various fields.

Such conditions, more favourable than any that existed previously, provide a firm groundwork upon which Chinese agriculture will be speedily restored and expanded.

On Dec. 8, 1949, the Central People’s Government convoked its first National Agricultural Production Conference in Peking. On the basis of the conditions described in the preceding paragraphs, the Conference adopted a plan for increasing cotton and grain output — a conservative plan which, even with adverse weather conditions, can be realized by fully mobilizing the people’s efforts. The plan calls for a five million ton increase in grain output, and a 225,000 ton increase in cotton output.

We can expect that in 1960, China’s agricultural production in the old liberated areas will be restored to the pre-war level or raised 10 per cent above the 1949 level. In the newly liberated areas, the level will either be maintained or be somewhat raised. By doing so, a firm foundation will be laid for the implementation of Chairman Mao Tse-tung’s call to “restore the entire national economy within three to five years.”

New Peking — The People’s Capital

Fei Hsiao-tung

Never before, in the six centuries of its long history, has the ancient city of Peking witnessed so great a change as during the last twelve months. The people are not so much one of outward appearance. The yellow porcelain tile roofs of the old pagodas still look down as before over the lotus which still bloom in the Three Seas. All those attractions which have brought tourists from the whole world show very few scars of war. Peking stands as the symbol of a “peaceful” liberation. For the first time, the people of Peking took political power into their own hands. The palaces which were once the haunts of the palaces, the people at great expenses to themselves, now belong to the people. This is a change that the ancient city has never witnessed before.

Three centuries ago, before the Manchus invaded the old capital, a peasant army had driven the last emperor of the Ming to hang himself on Coral Hill just behind the palace. The peasant rule was short-lived. This heroic episode was only in the age-long struggles of the oppressed Chinese peasants in their fruitless efforts to establish their own rule. The lot of the peasants, bad enough under the brutal rule of the Manchus, became even worse during the last hundred years, as the grip of the large landlords and rich peasants became tighter, and as the economic strain of the country. The Revolution of 1911 left the infant emperor on his old throne in the Forbidden City, the inner wall of which marked the last ditch of the feudal society. For several years the Forbidden City still forbade the people to enter. Reactionary forces prevailed. Peking became the seat of the imperial dream of Yuan Shih-k’ai and the last bastion of the war-lords. However, over, the people’s power was growing. It was in the same city that the May Fourth Movement took its start. In each successive political movement Peking always played a part. In 1927, under the slogan of “the united front,” the Kung-hu-k’ao movement marched to Shanghai to tie up with the Shanghai capitalist and comprador interests. Chiang Kai-shek moved to the central government from Peking to Nanking and renamed the former capital Peiping.

The fact that the city was no longer the capital did not deprive it of its dignity and importance.
The transformation of a city

Written to commemorate the first anniversary of the liberation of Peking

Hsu Ying

When Yip Van Winkle awoke from his long sleep, he found the world changed, but not so basically as to alter its cannibalistic nature. But if there were a Elip Van Winkle in Peking, and the new Peking were on after a year's sleep, he would find this ancient city fundamentally changed. The old Peking that he would have known is dead, and a new Peking is rising in its place. Together with the rest of liberated China, the city has freed itself from the yoke of imperialism, feudalism and bureaucratic capitalism. As the political and cultural capital of the new People's Republic, it has entered a wholly new era of history.

On December 12, 1948, the first shock troops of the People's Liberation Army reached the outskirts of Peking, having completed a 500-kilometer march in seven days. In such an amazing time, it was a fact that the time that the Kuomintang troops were caught completely off-guard. Forty-eight days later, Peking was liberated.

In the interval, the PLA had tightened around the city like the iron hoops on a barrel. All the arteries connecting the city with the countryside had been severed. The city itself was besieged, where the old and new Chinese society faced each other in mortal combat.

The knitting Peking was like a mammoth beehive during those memorable days of the prolonged siege. Defense works of all kinds were dug up both inside and outside the city walls. The fortified positions were constructed by new roads were built for the Kuomintang army's convenience, connecting the seventeen gates of the city. The city walls were tunnelled, while countless civilian homes inside the city were demolished in order to clear the line of fire. The city's water-pipes burst and the streets became covered with foul-smelling grey-coloured ice—a mixture of water and sewage. Refugees and homeless dogs roamed through the streets looking for any edible that might prolong life. At the very same time, the reactionary Kuomintang troops were using sacks of flour as sand bags for their trenches. They held on, bargaining and procrastinating, in total disregard for the lives of the 1,800,000 residents who were longing for liberation.

But as the struggle for Peking drew to its climax, bullets were whizzing over the tiled roof-tops while war criminals, big and small, scrambled for the excoriatingly pristine seats in Chenoweth's "fast planes from Peking".

In its desperation, the Kuomintang unleashed its secret service agents against the population, and murder—systematic and medical murder—became the order of the day. Truck after truck
People's China

loaded with prisoners paraded through the streets on the way to the execution ground. Every night after 12, the Gestapo sent out its men to comb through the city in search of new victims. No resident could go to sleep without wondering what the night might bring, for who could say with assurance that he had made no enemies, and any whispered accusation could bring arrest and even death.

The city's power plant, located in the suburbs, was taken over by the PLA which generously continued to supply Peking with electricity until the Kuomintang cut the power lines. Then the streetcars came to a standstill. The buses stopped when the army commandeered their gasoline. Communications broke down in the great sprawling city. There was no running water, so the inhabitants queued up with pails and jugs beside every well. Prices spiralled upward at an unprecedented rate as the Kuomintang Gold Yuan lost all semblance of value. On every street corner, hawkers jingled handfuls of silver dollars enticingly, but their exchange rates fluctuated by the hour. The Kuomintang rulers tried to stabilize the market through terrorism. Time and again they rounded up a crowd of petty black-marketeers, and those who could not buy freedom were thrown into prison. But even though more and more prisons were set up, the city's economy continued to fall apart.

A month of privation and terrorism, Peking was liberated on January 31. Order was soon restored with the help of the working class. The electric power was turned on and the water system repaired. Trams and buses reappeared in the streets. Production gained momentum. Trade and industry were channelled so as to become coordinated with an over-all production program. After years of segregation, the city was once again reunited with the surrounding countryside.

Peking is one of the few capitals of the world that is also a cultural and educational centre. Today in Peking, not only are workers and peasants learning from the intellectuals how to read and to raise their cultural level, but the intellectuals are also learning from the workers and peasants. In order to increase production, it is necessary to raise the political and technical level of the population. At present, 150,000 persons, the majority of the city's industrial and clerical workers, are receiving elementary training in politics and current affairs. Some 44,000 employees of various state-owned and privately-owned enterprises located in or near Peking have enrolled for courses in political and technical training. Plans are under way to establish a People's University in Peking which will be especially adapted to the needs of workers and peasants.

The spacious square before the great gold-studded red gate to the palace known as Ts'ang An Men, or The Gate of Heavenly Peace, has been cleared of trees and levelled into a meeting ground capable of holding 200,000 persons. It is now the Red Square of China. This is where the People's Republic of China first proclaimed its existence, and this has been the focal point for all subsequent mass demonstrations and celebrations in Peking.

The face of Peking has also undergone many other subtle changes. Ts'ang Chiao Hua Huang, previously known as the Legation Quadrants, where the embassies, consulates and banks of the imperialists were located, is no longer the super-government of China. No foreigner, whatever his native country, can now walk about here with an air of insolence, brushing the Chinese people from his path. Way of Kuomintang Ts'eh Chieh, more commonly known as Morrison Street in the days when it catered almost exclusively to foreign customers, is now again a Chinese street. Here one will find the head office of the People's Daily, the government-run North China Department Store, the state-owned Yara Corporation, and the New China Book Store. But this is a new kind of Chinese street that the "Old China Hands" might not recognize, for it does not resound with the plaintive wails of beggars by day and the muttered invitations of prostitutes by night. Both beggars and prostitutes are being cared for by the government while they learn technical skill which will enable them to take up new productive lives in the new society.

Having rid itself of reactionary and feudal elements, Peking has taken on a new dignity and beauty as a people's city. The inhabitants, realizing that the future is theirs to shape as they will, have tackled the problems left by the war and the society with tremendous confidence. Prices are not yet stabilized. Inflation continues, though it is largely under control and bears no resemblance to that which existed a year ago. Unemployment has not been entirely banished, nor hunger and privation. But it is generally conceded that this will be the most difficult winter, and that from now on conditions will steadily improve. Peking has already been substantially restored. Market speculators are being tracked down and duly punished by law.

All this, taken together, reveals that revolution is shaking every crevice of this ancient city. The people, faced with the task of building a new and more rational society, find an inexhaustible source of encouragement in the example provided by the Soviet Union. The younger generation has become enthusiastically hard-working, and the older generation has again become young in spirit and vision. It would be hard to find anyone in Peking today who does not recognize the crimes committed against society under the old feudalistic system or the blessings of a fruitful and creative life offered by the New Democratic system.

The situation in Peking today, or for that matter the situation throughout China, was accurately reflected by Chairman Mao Tse-tung when he said:

"There are difficulties, but we know how to cope with them. Therefore, we have hope."
The People's Republic of China was proclaimed and Peking was made its capital. Some 300,000 people celebrated this great event at Tian An Men, China's Red Square.

Student demonstrators lying down on the street as the Kuomintang gendarmerie fired at them.

On the backs of the demonstrators are characters meaning "oppose hunger, oppose the civil war..."

...underneath the beautiful surface were ugly sores. The extravagance of the rich stood out sharply against a stark background of utter poverty for the great bulk of the population.

For years there had been an undercurrent of protest against such outrageous social injustice. But under the Kuomintang rule which followed Japan's surrender, this undercurrent swelled to irrepressible proportions. Workers went on strike. Students demonstrated. Many of them were massacred by the Kuomintang gestapo. But the people continued and intensified their struggle against hunger and persecution, against their reactionary rulers and American imperialism.

Clusters of beggars, young and old, roam Peking's streets.

Chairman Mao Tsetung and Commander-in-Chief Ch'ing Chuan review the People's Liberation Army on March 23, 1949.

Tens of thousands of Pekingese flocked to the streets to welcome the People's Liberation Army on January 31, 1949.

Peking was liberated on January 31, 1949, and the old city entered an entirely new era. In September, it was proclaimed the national capital and officially renamed Peking.

Through the city's All-Circles Representative Conference, all sections of the local populace now have a voice in municipal administration. The city government has exerted every effort to improve the lot of the common people, especially the most underprivileged among them. Beggars and prostitutes, for instance, are being re-educated into useful citizens.

The 1st Peking All-Circles Representative Conference met in August.

The 2nd All-Circles Conference met in November. A Municipal Government was elected for the first time in the city's history. Second from right, Mayor Nieh Jung-ch'en; third, Chang Yu-yu, one of the city's two Vice-Mayors.
People are eager to learn and bookstores do a brisk trade. 

Workers dancing the Yangko, the most popular entertainment nowadays. 

Streetcar float—one of the numerous happy scenes often seen on Peking streets. 

**People's China Archive**

**People's China's Road to Liberation**

Japanese imperialism has been and still is the enemy of the Chinese people but the Japanese people are the friends of the Chinese people. The Japanese and Chinese peoples have their common enemies—namely, Japanese imperialism and its supporter, American imperialism. They have their common friends—namely, the Socialist Soviet Union, the People's Democracies and the proletariat and the oppressed peoples of the whole world, who are struggling against imperialism. The Chinese people are greatly concerned over the liberation of the Japanese people.

The Japanese people's struggle for liberation is at present carried on under complicated and difficult conditions. Like Western Germany, Japan is being turned by the imperialist American occupation authorities into a reactionary bastion opposing democracy and Socialism and desiring for a new war. With this counter-revolutionary end in view, the American occupation authorities want to preserve the forces of Japanese militarism, to launch savage attacks upon the fundamental rights of the Japanese people and to reduce Japan to a colony.

Under such conditions, the Japanese people have to conduct resolute, revolutionary struggles against American imperialism and against the Japanese reactionary forces. Only by so doing can the Japanese people put an end to the American occupation and the rule of the reactionary forces so as to build up a democratic Japan. The vanguard of the Japanese revolutionary people, the Communist Party of Japan, must educate the people in a revolutionary spirit, unite them and gradually revolutionize them. Only in this way can it actually achieve the objective of ending the American occupation and the reactionary rule and of building up a democratic Japan. In doing this, there is no short cut.

We have not seen many documents of the Communist Party of Japan. But from the few theses written by Sanzo Nosaka, one of the leaders of the Communist Party of Japan, which we have read (including those written in 1949), we cannot but hold the view that they contain various mistakes of principle. Sanzo Nosaka told the Japanese people that they could use the bourgeois parliament to gain state power by peaceful means. He also tried hard to prove that this conclusion of his could be carried out under present conditions in Japan.

For the reference of our readers, this journal will carry periodically translations of important documents, statements and speeches of lasting value. Here is an initiating the column with the above editorial which appeared in the January 12th issue of the PEOPLE'S DAILY, Peking.—Ed.

It is very apparent that this viewpoint of his is utterly erroneous. In propagating such views, he could not but cause ideological confusion among the Japanese people and their vanguards and lose of direction in their actions. It would also weaken the revolutionary propaganda of the Communist Party of Japan (for example, on opposing the Japanese reactionary forces, defending the rights of the workers, supporting Socialism and expressing sympathy for the Chinese revolution). This will of necessity endanger the cause of the Japanese people and play into the hands of their enemy. Therefore, after reading the commentary entitled "On the Situation in Japan" published in the January 5th issue of For a Lasting Peace, For a People's Democracy, organ of the Information Bureau of the Communist and Workers' Parties, we have come to the conclusion that this article provides us with an opportunity to make a really strict review of his mistakes and to correct them thoroughly.

We are still not very clear about the reaction of the Communist Party of Japan to the criticism by the organ of the Information Bureau of the Communist and Workers' Parties. According to reports of foreign news agencies, the Communist Party of Japan will soon call a plenary session of its Central Committee to discuss the questions arising from such criticism. This is very necessary.

However, foreign news agencies also reported that the Political Bureau of the Communist Party of Japan had issued a statement on January 12 in which it stated that the mistakes committed by Nosaka "have already been overcome" and that the criticism by the organ of the Information Bureau of the Communist and Workers' Parties failed to take into due consideration the position of the Communist Party of Japan, thus expressing disagreement with the conclusions of this critical article. Should this be true, it is very apparent that the views and the attitude of the Political Bureau of the Communist Party of Japan are incorrect and improper. We very deeply regret this.

We hope that the plenary session of the Central Committee of the Communist Party of Japan, which is about to be convened, will have an accurate understanding of the matter and change this attitude so that appropriate steps may be taken to correct Nosaka's mistakes.

At any rate, the Communist Party of Japan is now facing a crucial phase in its history. Every serious-thinking and far-sighted Communist who is loyal to Marxism-Leninism, to the international
Imperialist Booty Recovered

Although all foreign troops had been driven from Chinese soil by the PLA, the governments of these imperialist countries continued to occupy the land in Peking which they had taken by force in the International Wharf barracks. This theft was formalized in 1901 by one of the many unequal treaties which they later imposed on China.

In accordance with the Common Program of the Chinese People’s PCC, the Peking Military Control Committee of the PLA announced on Jan. 7 that those who acquired real arms at gun point was to be taken back by China. Problems relating to the buildings erected on such property were to be solved separately. On Jan. 8, a Chinese official asked the consuls of the countries involved, namely, the United States, France and the Netherlands, to appoint their own commissions to handle the issues.

However, the consuls concerned at first procrastinated and refused to hand over on the grounds of the unequal treaties they had signed with the KMT in 1903. The U.S. State Department, whose conception of diplomacy seems to be limited to the issuance of threats, immediately warned that it would recall its ambassador from China. Assistant Secretary State Butterworth resorted to deliberate lies by accusing the Peking MCC of seizing the “consuls’ offices and properties.” But despite the threats, slanderers of the imperialists officials, the land was taken over between Jan. 14-16.

This move ended China’s half-century humiliation was instantaneously endorsed by the Chinese people. The Democratic League hailed the government for “pursuing a revolutionary diplomacy and for the recovery of China’s sovereignty.”

The Chinese Peasants and Workers Democratic Party gave the imperialists a sharp piece of advice to bear in mind during future dealings with China when it stated: “The Chinese people are not afraid of any intimidation.”

Other events signifying the further consolidation of China’s relations with these imperialist countries included:

1. The Czechoslovakian ambassador to China, Dr. F. C. Weiskopf, presented his credentials to Liu Shao-chi, Vice-Chairman of the Central People’s Government.
2. The KOREAN ambassador to China, Rhee Zu Yen, arrived in Peking.
3. Diplomatic developments have overshadowed other events in China during the past half month.

Chou En-lai in Moscow

Premier Chou En-lai, who is concurrently Foreign Minister of the Chinese People’s Republic, arrived in Moscow on Jan. 20 according to a rumor, was received by a large staff of diplomatic and economic experts. While in Moscow, Premier Chou is expected to take part in negotiations that will lead to cementing the two countries’ friendly relations.

The Premier was received by Generalissimo Stalin on Jan. 22.

Premier Chou went to Moscow on the instruction of Chairman Mao Tse-tung, who has been visiting the Soviet Union since Dec. 16. On Jan. 11, Chairman Mao called upon President Shvernik of the Presidium of the Supreme Soviet of the U.S.S.R. On the same day, he visited the Lenin Mausoleum to pay his respects to the great leader’s memory. Four days later, Chairman Mao made a trip to Leningrad, returning to Moscow on Jan. 17.

An important event was the establishment of diplomatic relations between China and the Democratic Republic of Viet-Nam. In reply to an earlier Viet-Nam note expressing the desire for diplomatic relations, Foreign Minister Chou En-lai declared on Jan. 18 that “China regards the Government of the Democratic Republic of Viet-Nam as the legal government representing the will of the Viet-Nam people”.

A few days earlier (Jan. 14-16), the Peking Military Control Committee took back the land which the American, British and Dutch governments had, by means of the unequal treaty of 1901, forcibly appropriated for stationing their troops on Chinese territory.

On Jan. 20, Hu Chia-mu, Director of the Press of the People’s Democracies included:

1. The Chinese government has been sending a strong denunciation of the many falsehoods contained in an address made on Jan. 12 by the U.S. Secretary of State, Dean Acheson. Flatly refuting Acheson’s baseless allegation that “the Soviet Union is detaining the northern areas of China... and attaching them to the Soviet Union,” Director Hu asserted that such lies would “evade the indignation of the Chinese and the Soviet peoples and strengthen the friendly cooperation between China and the Soviet Union.”

On Jan. 19, Foreign Minister Chou En-lai addressed a vigorous protest to the French Government concerning the atrocities committed by the French armed forces against overseas Chinese residing in Viet-Nam.

On Jan. 20, a Foreign Ministry spokesman issued a statement concerning the reported sending of “peace envoy” by the Lhasa authorities to the United States, Great Britain, India, Nepal and Peking with an intention of demonstrating Tibet’s “independence”, and calling upon the Chinese people to unite under the leadership of the Party Central Committee and its Political Bureau.

A Military Lull

A relative lull set in on the battle-fronts although mopping-up operations continued in Yunnan province against the remnants of the KMT’s continental forces. By Jan. 21, the PLA reached the Tibetan border, entering Khotan in southern Sinkiang, while other units reached the foot of the Pamir Plateau.

CURRENT CHINA

Jan. 11—Jan. 25, 1950

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The New Record Movement in Manchuria

Fan Ku-ming

It is generally acknowledged in China that the average worker has a high degree of determination and devotion to his work. According to these instructions, cost accounting and scientific statistical work, neglected during the war, have been eradicated. Above all, great stress should be placed upon increasing the labour efficiency of emancipated workers, a basic requirement for raising business efficiency and production level. On September 23, 1949, the Ministry again called for the development of a mass movement for creating new production records and combating inefficiency.

The workers of the Northeast responded as one man with great zeal and vigour, with the result that the New Record Movement spread rapidly from one factory to another. As described in an article by Lung Men in the last issue of this journal, a lathe operator named Chao Kuo-yu, who worked in No. 3 Plant of the state-owned Manchurian Locomotive Factory in Mukden, made a cone pulley in the record time of 2 hours and 20 minutes on August 2, 1949. Four months earlier, it had taken as many as 16 hours to turn out such a pulley. Chao Kuo-yu's record was an astonishing revelation to all workers of the Northeast on how much could be achieved by coordination and devotion to the national cause.

Following the example of Chao Kuo-yu, other workers in the same factory set up more new records. Tan Hui-an attained the record of finishing a leading screw for a six-foot engine-lathe in 3 hours and 59 minutes. Previously this work had taken 30 hours. A number of new records were also established in the foundry and carpentry shop.

By November 17, 1949, 1,014 records had been established by 6,000 workers scattered throughout Manchuria. One Mukden textile worker achieved the record of tending 1,100 spindles. In Shanghai, China's textile industry centre, the best workers can handle only 600 spindles. A pit in the Fushun coal field overfulfilled its production norm by 115 per cent. Yard wasate at a textile factory in Mukden was reduced by 72 per cent, while production increased by 21 per cent. Locomotive of the Tsitsihar Railway Administration made a safe run of 140,000 kilometres without a general overhaul.

The New Record Movement sets itself the aim of surpassing present technical standards and designed capacities so as to put an end to the inefficiency of existing productive processes. The movement is expected to achieve a large quantity of high-quality goods at low cost, as well as more rapid circulation of capital. New records may be established in production efficiency, in improving quality, in decreasing waste, in introducing greater safety in the operation of machines and in improving the administrative system, etc.

When a new record is created by a worker, his experiences are widely introduced among his fellow comrades. On the basis of the extensive exchange of experience, new national technical standards are then agreed upon through practical experiments and discussion meetings. These new standards are generally set between the workers and the management standard, that is, at a level acceptable to the workers as a whole. The establishment of such new standards is an important link of the movement. They are adopted by the local Party committee, and the administrative authorities all take part in this task of setting up these standards.

After general agreement is reached regarding the new standard, it is inserted in the collective contracts signed by the workers and the factory authorities. The wage scale is also readjusted in line with the principle of "payment according to work done" and "the more work, the more pay". After the new standard has been formally adopted, prizes and awards are given to those who can surpass it. By exercising the right to make out standards for various jobs, inequitable differences in pay for skilled and unskilled labour and for heavy and light work can be adjusted satisfactorily. Average wages will go up when the extensive development of the movement has resulted in a general production increase.

Proper adjustment of work between interrelated factory departments is necessary to ensure adequate coordination in the manufacture of certain products. In order to shorten the time for the production of a piston, for example, not only must the lathe operator break his previous record, but also the foundrymen, fitters and carpenters must similarly surpass their old technical standards. Therefore it is necessary to mobilise the total labour force of all departments and come to an agreement in order to cut down unnecessary time lags. For this purpose, contracts are drawn up between various departments to ensure smooth and efficient coordination.

The movement is necessarily accompanied by improvement in technique. Experts, engineers and technicians, who have by now acquired a new attitude toward labour, are mobilised to participate in the movement together with those in possession of experience. As a result, they have all become the future guide-rule for all operations in the factory.

Take, for instance, the No. 3 Plant of the Machine Factory of Mukden, where the movement first started.

Before the rise of the movement, production in the factory was quite low. Only two sets of engine lathes were manufactured last May, and fifteen sets in June. Although one third of the workers received wages on the May Day emulation drive, yet output still remained below the required level. This lag in production was primarily due to the leadership's ignorance regarding the production work and also to the trade union's deviation in centering its work on welfare activities while completely neglecting production. This was reflected in the passive attitude of the workers towards their jobs.

The first torch was kindled by Chao Kuo-yu, followed by Tan Hui-an. The flame then spread from one department to another. Before long, 150 workers had made high records which surpassed the technical standard laid down during the Japanese occupation.

As new records were successively created, production efficiency soared. The trade union organized the workers to draft production plans for themselves as well as for the department. It also drew up a collective contract with the factory on behalf of the workers. With the help of this agreement, the movement was able to strive for definite goals in an organized way.

When the new technical standard for every product had been ascertained through many careful tests in every department, the administrative authorities came to an agreement with the workers regarding the new production quotas and standards. This, then, became the future guide-rule for all operations in the factory.

As a result of the first 123 new records, the efficiency of the factory went up 46 per cent and 3,582 working hours were saved. The administrative authorities had proposed a monthly output of 30 sets of lathes, but 45 sets were turned out.

The movement encountered difficulties at the outset. Some workers, having experienced so much exploitation and trickery under the Japanese and Kuomintang, at first regarded the movement as governmental plots to squeeze more labour from them. But they were convincingly shown that the state-run factory now belonged to them, that while increased production still meant increased profits, this money no longer went into the pockets of capitalists or bureaucrats. The workers came to realize that all capital thus accumulated would serve to strengthen the workers' own government and build up the economy. There would then be more jobs for workers, and to a certain extent, profits would go toward improving the immediate wage scale of the factory involved. Once the new attitude to labour was established, all skepticism gave way to productive enthusiasm.

Naturally, such a basic ideological change in the workers' attitude could never have been achieved in a capitalist-dominated society. There the workers' first reaction of suspicion toward any effort to increase their rate of productivity would be entirely justified, for it meant the possible exploitation of the workers and to greater unemployment. For this reason, it is only in countries where the working class has assumed actual leadership in the government that the whole productive effort of the nation can be marshalled behind such a movement as this.
For A Plentiful Tomorrow

-People's Victory Bond Campaign-

Ke Chung-ming

On the morning of January 5, the first day when the People's Victory Bond went on sale, the women brought charges against the brothel operators, carefully documenting their accounts of the brutality of their former owners.

All but seventy-nine of the thousand odd prostitutes were found to be infected with venereal disease. Many were also drug addicts. The institute organized a medical department with a staff of doctors, nurses and laboratory technicians to cure the women. The medical personnel worked long into each night, not even stopping to rest on Sundays. The government provided all necessary medical supplies, including such expensive drugs as penicillin.

Eighty per cent of the women were illiterate when they arrived at the institute. If the brothel keepers had invested any money in their education at all, it was merely to train them to play musical instruments and to sing or dance. But two months after the women had been liberated, all had some knowledge of the written language and a few could already read and write more than 300 characters. Over 100 of the women wrote compositions about their new position in society to commemorate the New Year. The songs were composed a short distance away from the institute on living conditions and the like.

In the spontaneous bond-buying spree that is sweeping the country, workers like Chi Chien-sheng of Huli, who worked for the last 10 years as a cotton picker, have led, particularly the workers in state-owned enterprises. Most workers have set aside a part of their year-end bonus for the purchase of bonds.

In Tsingtao, of the 2,061 units sold on January 5th and 6th, more than 70 per cent were bought by workers. Bankers workers have volunteered to take 200,000 units, and they had bought one-third of this quota by January 12.

By the middle of January, thirty of the women had already left the institute to return to their families or to get married. But most of the others went to the building they were re-educating themselves.
quota of 7,500,000 units. Other wealthy residents of the city have subscribed 600,000 units.

This pattern of bond-buying enthusiasm has been duplicated throughout all the cities of China. At a meeting on January 5, three cotton mills in Shanghai alone subscribed 100,000 units. The Wing On Cotton Mill then topped this with a 100,000-unit subscription. Two additional units were purchased by 45,000 units each.

The bond-buying rush demonstrates perhaps more graphically than anything else the unprecedented confidence the Chinese people have in their new government. By buying large blocs of the bonds, China's businessmen are demonstrating their loyalty and support for the new society. They are also motivated by two very practical considerations.

They know, in the first place, that the bonds will fulfill a very constructive role in building up the national economy. The bond issues will make up a part of the 18.7 per cent deficit in the 1950 national budget. The bonds will also be expected to cover 38.4 per cent of this deficit. Businessmen realize that this deficit was unavoidable because of the war and the need for large public expenditures. It is advisable to allocate 25.9 per cent of the budget for financing reconstruction projects — expenditures which will bring immediate benefits to the nation's business interests.

The nation's businessmen further realize that the sale of the bonds will be the starting point for the expansion of industry and commerce. It is with these considerations in mind that the Shanghai Chamber of Commerce has shouldered its major responsibility for promoting the Victory Bond campaign. But there are other advantages as well which business circles will derive from the bond drive. Here are some of them:

1) The bonds are backed by a government which has won national-wide victory and gained the unquestionable support of the people, and therefore these bonds constitute the safest investment available in China today.

2) The bonds are based upon commodity units, and therefore money invested in them is safeguarded against price fluctuations. (The bonds bear an annual interest of five per cent.)

3) The government will start redeeming these bonds after one year, and will completely redeem them within five years.

Other strata of the new society are also enthusiastically buying up the Victory Bond issue in order to hasten the economic reconstruction of the new China. A brief survey of the bond-buying campaign shows the following developments:

Among professionals and students — Theatrical workers are organizing benefit performances to raise additional funds for the bond drive in the metropolitan. Dr. Mei Lan-fang, one of China's most famous opera actors, has pledged to give two performances. A Czechoslovakian engineer working for the Hua Hsing Co., in Shanghai, has pledged 20 units. The head of the Shanghai TASS bureau and five other Soviet journalists have subscribed 600 units.

Since the whole population of Shanghai is solidly behind the Victory Bond campaign the drive is assured of success. Kalgan, in Chahar province, has become the first city to over-fulfil its quota. By January 15, twelve days after the campaign started, Kalgan had exceeded its quota of 220,000 units by a margin of 4,503 units.

Such results not only assure the success of the bond drive, but also show that the government is more important, assure the success of the government in surmounting all its economic problems. They also bring the public to realize that national reconstruction can move ahead steadily and swiftly, and that the days of poverty and want are over, and that China will be transformed into a land of plenty.

The army — The officers of three units stationed at Tientsin had subscribed 1,820 units by January 11. The garrison at Hankow have all agreed to stop smoking in order to use the money for bond purchases. A wounded veteran of the People's Liberation Army in a Peking factory converted all his demobilization pay into bonds.

Overseas Chinese — The Shanghai Bank of China has been swamped with telegrams and cables from all parts of the world where there are Chinese residents. Wang Kuan-cheng, a Chinese merchant residing in Hongkong, has bought 36,000 units by wire. On January 10, Chinese businessmen in Kuala Lumpur, Malaysia, purchased 2,000 units.

Although the sale of Victory Bonds is an entirely domestic affair, yet foreign friends residing in China are also buying bonds to help the Chinese People's Government by buying bonds. A Czechoslovakian engineer working for the Hua Hsing Co., in Shanghai, has pledged 20 units. The head of the Shanghai TASS bureau and five other Soviet journalists have subscribed 600 units.

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LI Li-an and other prominent state scientists have also expressed their admiration for MacArthur's Japan. Several Japanese works on the political and economic conditions in the new Japan were on exhibit in this section.

Chinese spectators naturally felt a particularly deep sympathy for these women in Japan when confronted by this graphic record of the struggle against the American occupation forces. During the struggle against Japanese imperialism, China is not unique, for in every country's mind. Even after their victory over this outwardly formidable enemy, the Chinese people have not forgotten others who are still under the domination of such war criminals as General Douglas MacArthur. This fact was proved once again by the large crowds of people who went to inspect the exhibits about the struggle of the Japanese people.

People's University

The Government Administrative Council of the Central People's Government has decided to set up a People's University in Peking. This educational institution will train a wide variety of cadres needed in the tremendous task of constructing a new and industrialized China.

The establishment of the People's University will introduce an entirely new system of higher education in this country, one that is based largely upon the Soviet Union's experiences in the field of education. The institution will enroll young workers, peasants, and revolutionary cadres as well as intellectual and office workers. A quota of 783 enrollments has been set aside for trade union members in various parts of the country.

The All-China Federation of Labour is in collaboration with various organizations and government bureaus to draw up a list of suitable candidates for enrollment. In addition, admitting students through the customary entrance examinations, the People's University will also enroll labour heroes, production models, active workers, technicians and skilled labourers, experienced office workers and technicians if such persons have been adequately recommended by their local governments.

CORRECTION: 

The name of the artist of the woodcut "Astrahan Steel Plant Restored" which appeared on page 2 of our last issue should have been instead of "Liu Hsi." — Ed.
1950 Plan for Increasing the Production of Food and Cotton

According to Minister Po's report, military expenses still top all other items of national expenditure. But since we still have to liberate Taiwan and Tibet this year, military expenses cannot be pared down very much. Both our military and administrative expenditures will largely go to pay the 9,600,000 persons engaged in military and administrative work. These 8,900,000 people who are not engaged in productive work comprise 2 per cent of the total population. In the past, the rural economy of the Liberated Areas could afford to support a non-productive population comprising 1.5 per cent of the total. Now that the cities are sharing the burden of feeding this group, it can be increased to 2 per cent of the total population without serious danger to the national economy.

One of the problems the army confronts is the lack of cotton. As the army advances, the need for cotton grows, and the army has to meet this demand as best it can. The Cotton Production Conference, which met in Peking from Dec. 8 to Dec. 21, 1949. The following are excerpts from this plan:

(1) Agricultural production in 1950 will be centred primarily around rehabilitation work. Owing to damages caused by long periods of war and subsequent natural disasters, production is on the average about one-fourth lower than the pre-war level, while in some newly liberated areas the level has been reduced by about one-third. In the older liberated areas, which have been somewhat restored by a series of production movements over a period of several years, production is still 14 per cent below the pre-war level.

(2) Different requirements for different areas:

A. In old liberated areas, land reform has been thoroughly enforced, and there exists a foundation of several years' organized production. In other places land reform has been largely carried out, so that the bulk of the peasantry has obtained production materials and tools. These areas are in a position to increase production. The average old area is expected to raise the production level 10 per cent higher than that of 1949.

In regions where conditions are relatively more favourable (such as areas suffering from drought or flood, or periodically swept by war), the production level should be raised as much as conditions permit.

B. In the new liberated areas, the conditions are relatively unfavourable, the equitable allocation of taxes, and the suppression of bandits and local despots have either been put into effect or are now being enforced. The peasants have already obtained security of land tenure, and some have regulated its portion from their previous materials. These areas have the pre-requisite conditions for introducing organized production. The average new areas is expected to maintain the present production level.

The production level in areas where conditions are relatively more favourable should be raised somewhat.

The central task of the great nation-wide production movement of 1950 is the increase of cotton and grain production. During the year 1950, there is need to increase grain production by 10,000,000,000 catties, or 5 million tons; to increase cotton production to a total of 80,000,000 catties (one catty equals 0.1617 kg) and to increase the output of ginned cotton from 1,200,000,000 catties in 1949 to 2,000,000,000 catties in 1950.

To do this we must adopt the following measures:

(1) Mobilize and organize our labour forces.

In the old liberated areas, organized labour exchange must be established to control the customary practice among the peasantry and, in general, more than half of the labour force must be drawn into mutual aid groups. In the new liberated areas, organized labour must be popularized by creating typical examples among the masses. Women must be mobilized to participate in agricultural production. In the old liberated areas, 50 to 70 per cent of the women should engage in production in those regions with an established basis of organized labour, while in other regions, 40 per cent of the women should be mobilized. In the new liberated areas, women should be drawn into production as much as possible.

Farming methods must be improved by the more widespread adoption of timely sowing and ploughing, intensive cultivation, crop rotation and intercropping.

(2) Breed more plow animals and domestic livestock while preserving the existing stock.

In the old areas, we must breed 1,400,000 plow animals in 1950, while in the new areas we should preserve the existing stock.

Vaccinate 12,000,000 head of cattle, including 5,000,000 inoculations against rinderpest and 7,000,000 inoculations against anthrax.

Strictly prohibit the slaughter of draught animals, pregnant animals and male animals selected for breeding.

(3) Repair and construct irrigation works.

Repair and construct irrigation works capable of bringing an additional 8,500,000 mow under cultivation.

Dig 115,000 new wells; manufacture 111,000 water carts.

(4) Increase the use of fertilizer. In the old liberated areas, increase the use of fertilizers by 15 per cent. In the new liberated areas, the use of fertilizers should be increased as much as conditions permit.

(5) Combat harmful insects and plant diseases.

Launch a mass movement to combat harmful insects.

(6) Improve the quality of seeds.

Improve seeds should be sown on 12,810,000 mow of land in 1950, including 10,000,000 planted to cotton.

(7) Increase the supply of farm tools.

Establish new blacksmiths, carpenters' and iron-tool making shops with government aid. Manufacture and repair 19,000,000 farming implements.

(8) Reclaim waste-land and enlarge the area of cultivated land.

Extend 10,000,000 mow of wasteland. Experiment with state farms and extend the farming land by 3,000,000 mow.

(9) Study agricultural sciences.

Agricultural experiments and research in 1950 should be aimed mainly at raising the increase of grain and cotton production.
However, it should be borne in mind that under the Kuomintang rule, the peasants had to give half or more than half of their produce to their respective landlords. But now they are the masters of the land that they till. Even when they contribute twenty per cent of their harvests to the nation, their burden remains much lighter than ever before in the past. Moreover, it is the policy of the new government to reduce the prices of industrial products. For instance, in Northeast China, each ton of grain can now be exchanged for three times as much cloth as formerly. These facts explain why the peasants are most enthusiastic in turning over their grain to the government.

Our national revenues have now been augmented by urban taxes. In 1950, we shall make the city and countryside shoulder the nation's expenditures more equitably. But before a city has returned to normalcy, taxes can hardly be collected. Tax collections were suspended for several months following the liberation of Peking, Tientsin, Shanghai and other large cities. Nevertheless, during 1949 we were able to collect as much revenue as that collected in 1937—an amount larger than any year since V-J Day.

Profit from state-owned enterprises is a new source of revenue. There had also been state-operated enterprises in the days of the warlords and the Four Big Families. Such enterprises yielded no profits to the national treasury because their income was monopolized by the bureaucratic capitalists. Now revenue derived from state-owned enterprises will, on the one hand, go toward making these enterprises more self-sufficient while on the other hand, capital accumulated in light industry can be redirected into the construction of heavy industry.

The 1950 budget is one that arouses optimism among the people. They see that military expenditures, even under war-time conditions, occupy only 8.8 per cent of the total budget. The budgetary deficit has been reduced to 18.7 per cent, while 11.5 per cent of this deficit will be covered by the issuance of paper currency. During the ten years of Kuomintang rule between 1928 and 1947, the average budgetary deficit was 80 per cent while military expenses occupied 80 per cent of total expenditures. The entire amount of this great deficit could only be made up by printing more banknotes. Therefore it may be seen that the 1950 budget has the smallest red figure of any budget in modern Chinese history.

Victory Bonds — Key to Solution

How are we to make up the 18.7 per cent deficit in the 1950 budget? And in so doing, how can we avoid giving rise to further increases in commodity prices?

The key to the solution of this problem lies in the floating of People's Victory Bonds by the government. The sale of these bonds will cover 33.4 per cent of the budgetary deficit, or 7.2 per cent of the total national expenditures. These bonds are expected to finance the Liberation War to its ultimate victory.

The bonds are calculated on the basis of parity units, and not on the basis of the present unstable currency. The par value per unit is equivalent to the sum-total of the prevailing wholesale prices of six catties of rice, 1 1/2 catties of flour, four feet of cloth and 16 catties of coal. When the bonds are redeemed, they will be paid back with interest on the basis of these commodity prices. Each unit has the value of one pre-war dollar. A total of 360,000,000 units will be placed on public sale during the year. The first issue, comprising one-half of the total units to be offered, will be on sale from January 3 to March 31.

The sale of these bonds will bring 200,000,000 pre-war dollars into the national treasury. It should be recalled that within one year alone, the Kuomintang government floated bonds valued at 400,000,000 pre-war dollars, or twice the amount of the Victory Bond program. Since Chinese industrialists and businessmen are only taxed 20 per cent of their net incomes, they are therefore in a position to subscribe to these bonds. Former government officials and land-owning people in the newly liberated areas where land reform has not been enforced are also prospective buyers. Since the bond issue is relatively small, it is expected that they will all be sold without difficulty.

The role of the bond issue in stabilizing prices is even more important than its function in helping to balance the budget. As a result of inflation during the past thirteen years, the volume of the currency in circulation today in terms of real value is only about ten per cent of the pre-war volume. The first issue of these bonds will recall the bulk of the currency now in circulation. Hence the steep curve of inflation can be flattened out and commodity prices stabilized. Once this has occurred, our currency will find its way deep into the countryside, thus extending the area of circulation and slowing down the velocity of circulation. Under these circumstances, the issuance of paper currency to make up the remaining 61.6 per cent of the budgetary deficit will not tend to cause big price jumps.

When well-regulated, the sale of government bonds becomes a weapon with which to contract the volume of currency in circulation, to stabilize prices and to combat the speculative activities of the speculators. After the Northeastern Government issued bonds in March, 1949, prices there became stable. At the end of the year when the volume of currency in circulation was doubled, commodity prices rose only 20 per cent. This proves that the sale of bonds can normalize currency circulation.

The 1950 budget indicates that we know how to cope with difficulties, and the floating of bonds is one of the measures adopted to overcome these difficulties with mass support. The popular response to the bond sale has been spontaneous and exceedingly enthusiastic, for the people everywhere are eager to act upon Chairman Mao's instructions. Hence, China's financial prospects for 1950 are most optimistic and bright.

China’s Revolution and the Struggle Against Colonialism

(EDITORIAL)

The Road to Final Victory

— Tsai Ying-p'ing

The Record Restoration of China’s Railways

— Liu Shin-hwa

Pictorial: Chinese New Year's Pictures

February 16, 1950