China Signs for World Peace
— Mme. Sun Yat-sen

How China Conquered Inflation
— Yang Pei-hsin

The Chinese Film Industry
— Tsai Chu-sheng

Editorial: Japan’s People Rise in Anger
People's China

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JAPAN'S PEOPLE RISE IN ANGER

The people of Japan have at last given vent to their pent-up anger against the MacArthur Occupation that attempts to exploit their nation in the interests of Wall Street. The Japanese people have risen openly to fight U.S. imperialism!

Under the leadership of the Communist Party, the Japanese people have come to realize that their enemies are U.S. imperialism and its lackeys in Japan. The nation-wide movement which took its stand in opposition to these quaslings has swiftly developed into a higher political level. Early this year the Japanese people demanded not only "an all-inclusive peace settlement," but "an end to the colonization of Japan and the enslavement of the Japanese people."

This great political movement which culminated in the openly anti-American imperialist demonstrations of May 30 is one of the most significant developments in Far Eastern affairs. The Chinese people greet the Japanese people as they wage their heroic fight against U.S. imperialism and salute them in joining the ranks of the Asian people's united front against these trans-Pacific aggressors.

The Pentagon and State Department have been left no doubt in their attempt to ensnare a proud people they will have to reckon with the millions of its patriotic masses. The American imperialists, however, do not appear to have taken heed of the warning so forcefully given by the Tokyo demonstrations. Determined to keep Japan under their permanent control, they are making new attacks on the country's democratic forces. To MacArthur, the Potsdam Declaration is nothing but a scrap of paper. Not satisfied with suppressing the Japanese trade unions, he has now disbanded the 24-member Central Committee of the Japanese Communist Party from public life. This further intrusion into the already depleted freedoms of the Japanese people proclaims the utter bankruptcy of the U.S. imperialists. It is a sign of their own fear and desperation.

The U.S. imperialists now have a big stake in Japan. The end of the war in the Pacific saw a massive penetration of American monopoly capital into Japan, either in the form of direct investment or under cover of partnership with the Zaibatsu.

Statistics published early this year show that Wall Street has invested a total of $82,500,000,000 in Japan. American Big Business, such as du Ponts, Westinghouse, General Electric, etc., has extended its control to such an extent in the economic life of the nation that the Zaibatsu is today synonymous with American monopoly capitalism. As capital is concentrated in the hands of Wall Street, the medium-sized enterprises of Japan and her national capitalists are being choked to death. Of the 900,000 medium-sized enterprises, 270,000 were forced out of business during 1949. The number of totally or partially unemployed has reached the staggering figure of 13,000,000—almost a fourth of Japan's working population. It was announced in Tokyo that by the end of 1949 the output of Japanese industries had almost regained the level reached during the 1932-36 period immediately preceding the invasion of China. But, what kinds of industry have been given priority in recovering their former productive capacity?—metals, heavy engineering and chemicals, all of which are potential war industries!

While farm produce from the United States, totalling 34,000 tons last year, was allowed to be dumped on the Japanese market, the Japanese peasants have been bled white by exorbitant taxation and enforced sales of foodstuffs to the government.

In addition to this, in order to keep step with its imperialist masters' plan to build Japan into a "fortress of the Far East," the Yoshida government has plunged the country into ever deepening bankruptcy by allocating 50 per cent of its budget to military expenditure.

The Police Force has been rapidly expanded and now numbers more than 300,000 men. The army and navy are also in the process of active revival. The navy is being reorganized under the guise of developing a "main defense security force." A servile government is rearming Japan in the face of the bitter opposition of the Japanese people.

These are the plain facts about Japan today. It is against this background that the motive for suppressing the democratic forces in Japan must be sought. MacArthur has tried to muzzle the Communist Party because it has consistently unmasked the true aims of American imperialism and has been in the vanguard of the defense of the country's interests. But the voice of the Japanese Communist Party has now evoked a mass response. The hatred of American imperialism which has now found powerful expression in Japan, whether in opposition to a separate peace treaty or in protest against infringements of political freedom, is shared by broad masses of the Japanese people.

It is inspiring to see the stout-hearted Japanese people rise up to fight for liberty and independence. They will have the support of the Chinese people and of all the democratic forces of the world! All the same, they must not forget that at this juncture they are faced with heavy opposition. With the imperialist U.S. Occupation working hand in
glove with the reactionary ruling class, the liberation struggle of the Japanese people must inevitably be a hard one. But, as they close their ranks and join in the wider struggle of the world peace movement, they will gain the knowledge that however strong the forces of the imperialists may be, the forces of the democratic people are still stronger. The current situation today is definitely to the advantage of the Japanese people in their fearless struggle against American imperialism. First, the Socialist revolutionary front for nations fighting for liberation. Secondly, China has just herself thrown off the shackles of American imperialism. The Treaty of Friendship, Alliance and Mutual Assistance recently signed between these two great neighbours of Japan is a powerful stabilizing influence for peace, from which the Japanese people and peace-loving people throughout the world will receive an inestimable benefit. The U.S. imperialists can be expected to intensify their oppression of the Japanese people as the liberation movement gathers momentum. But whatever the warmongers may try to do in Japan, they have already tried and failed in the past, and with dis Paste a results to themselves. The great victory of the Chinese people’s War of Liberation is eloquent evidence. The Chinese people’s War of Liberation is nothing more than a “paper tiger.” The valiant Japanese people can tear it to pieces, too.

Today, the heroic struggle of the Japanese people, like the same struggle of other countries in the Northeast of the world, is an inseparable part of the common struggle of all Asian nations against Yankee imperialism. The Japanese people cannot but profit by the lessons of this American struggle for liberation. These are the last days of American imperialism.

Unite, people of Japan! Unity is strength!

NEW HUMAN RELATIONSHIPS

The promulgation of the Marriage Law of New China on March 22nd is a historic victory for age-old feudalism. The full text of this historic law is reprinted in this number. It ends the marriage system of oppression and exploitation of women. The new marriage law provides a new relationship between men and women based on the principles of equality and mutual help.

While giving special consideration to the national minorities, this law firmly upholds monogamy and the accepted principles of ethics. It opposes cancellation of marriage. In marriage, the property provided for the security of the children. It strikes at the very root of these feudal relationships that kept one half of the nation in serfdom. Armed with the experience of the Marriage Law of the U.S.S.R. and the latest developments in every corner of the world, the Marriage Law of New China’s Marriage Law has based their decision on the experience of many years in the liberated areas.

This law, which took 17 months to draw up, competently answers the needs of Chinese society in its present New Democratic stage.

To understand the full import of this Marriage Law, one has only to consider the nature of China’s feudal system which deprived women of the social rights now regarded as fundamental. Until 1930 the legal status of Chinese women did not differ much from what it is in the Dynasty (618-907 A.D.). Women, for instance, could not dream of divorcing their husbands, while boys could not refuse to take their wives such as jealousy or sterility. The fact that both women and men now have equal rights of divorce in itself a tremendous change.

These feudal conditions had changed little for the masses under the 20 years of KMT rule. Immedi-

ately after the liberation of Hubei, Anhwei Province, it was found that in one of its villages comprising 281 families only 22 families had no child. It is obvious from the survey how cruelly child divorces were usually exploited. In Nanling, the former KMT capital, a power-driver actually came to the people’s court, after the K.M.T. Government had held his wife for a sack of white rice and that the buyer had not paid up in full. In Hainan, shortly before liberation, one husband was given by his family to village elders for trying to get re-married.

Cases like these, by no means isolated, illustrate the utter brutality of the feudal customs preserved by the KMT. They show the necessity of a law that clearly lays down the elemental principles of demo-

cratic marriage.

The new Marriage Law does not only curtail social life. It lays a positive basis for marriage and looks dynamically toward the future. While guaranteeing the right to divorce, it emphasizes the health, harmony and comradely of married life. The first marriage act which was voluntary and without obstruction for divorce should diminish appreciably, considerably. Article Eight, ekedasting husband and wife to "arrive jointly for the construction of the new society", imparts a new meaning to marriage which is totally absent from the cogitile capitalist society.

With this law, the women of China will advance more confidently to their new post-marriage. Countless houses will be freed from the legacy of feudal oppression and the way cleared for marital relations of genuine love and cooperation.

This New Democracy widens the boundaries of human appre-

China Signs for World Peace

The Chinese people are signing up for world peace, and the new people’s government is increasingly liberated from domestic and foreign oppression and illiteracy, free from the toll and proud of their names to peace petitions. The fact that the Chinese people of the Northeast gathered at the end of their shift to pen their ardent desire for world tranquility. The commercial circles, the artists and writers, the farmers and students — by the hundreds of thousands, in fact, express their will to live in peace. From every village, from every city, the tens of millions are crying out through these petitions which demand that the Chinese people, the vast majority of the world, have the right to live in peace. It is a mighty stream of voices that grows to a river and gathers other rivers to empty finally into an ocean, where the roar for peace leaves no doubt what the Chinese people want.

The uncertain servile of farmers, the accomplished literati of the intellectuals, the mighty strokes of the Shanghai workers — these signatures are but one manifestation of what the Chinese people are doing and will do for peace. There are certain concrete things taking place, or about to take place, which fight against the possibility of peace slipping through our fingers, as it were.

For one thing, we are determined to render every support to our People’s Liberation Army so that it can terminate the Liberation War as quickly as possible. To expand imperialism from China once and for all, and to stand out the last impeding reefs of feudalism. Every shot fired to bring Taiwan back to its rightful owner — the Chinese people — is a shot fired to the heart of Tibet, means that much more security for the world. For upon the completion of these tasks, the people can devote full time and energy to the task of reconstruction of this country. Thus, the result of this armed conflict is in the interest of peace. A strong China, completely united, is bound to win the future struggle of the world.

The second thing taking place in China today, which is a vital struggle for world peace, is the stabilisation of our economy. For tens of decades, previous governments have tried to effect this thing. All failed. Why? Because in reality the stabilisation was not their purpose. Fleeing the people was. But within this year of the complete liberation, the new government under the People’s Republic, finance has been centralised, food distribution has been nationally regulated, statistics can be gathered, therefore a plan for national planning can be accomplished.

These measures have had a healthy effect upon the prices of daily commodities. The people see the prices of their daily commodities remaining stable for pro-

tected periods. They have come to understand that the new government is working to the best interest of the people. They have come under the guidance of their government. This naturally gives them confidence in their cur-

rent, there is less and less bondedness of goods in preparation for gouging inflations, such as had to be done in the past.

The people have come to have faith. Now they understand how the Chinese people are, and what Chinese people mean. It is said that when he said that China had obstacles, but that it had solutions also. Thus, investments in the future of China are increasing. A clever utility of labor and national capitalism is growing in order to accelerate the industrialisation of the country. Trade and development plans have been signed with our nearest ally and neighbour, the U.S.S.R., to increase even more rapidly our growing strength. And the stronger we get, the more prosperous our people are, the less chance there is for war.

The Chinese people are making a third contribu-

tion for the maintenance of peace. That is the unanswerable stand they have taken against the so-called “Atlantic Pact” and their offspring in other parts of the world. Correlated with this is the fact that we are making a clear distinction between the reaction-

tionary governments which promulgate these historic failures and the people of the United States, Great Britain, France, Italy and others who have to bear the consequences.

We have made it quite plain, and will continue to do so, that we want none of the destruction or choking of home industry that accompanies "reconstruction" and with whatever fraternal assistance we require, whether it is building up our country’s industry, taking care of famine or reviving our agriculture. Its other words, we recognize such aid as "aid" and programmes and arms pacts for what they are — imperialist manoeuvres and preparations for war. We will not accept the "aid" of the United States of Wall Streeters and their satellites who attempt to show them down the throats of the people.

It should be emphasized, neither will we stop encounters with the imperialists and in every possible way, the people of the United States, Great
Britain, Italy and other countries as they resist these crises against humanity. The Peace Front knows no boundary or otherwise. This struggle for civil liberties, for a press and radio which honestly reflect the thinking of the broad masses, for full employment, for equal opportunities, for productive and rational relations with the rest of the world—all of these are the battles of the common men and women the world over. Therefore, the struggle is the same. If one element for a peaceful life is missing in any of the countries on the globe, that element is threatened in all others. Conversely, a victory, such as that of the Chinese people, is a victory for all others. It weakens the imperialists, while it infuses strength into the People's Front.

These, then, are the means which the Chinese people are mobilizing for the peace movement in the world today. The mass of signatures that is being obtained for the peace petitions indicates how wide-spread is our determination to struggle. We have known war in this land almost continuously for 100 years. We have paid our price for peace. We demand it. The Chinese people want to make themselves a bigger bowl for more rice, and they want to contribute to the world's well-being at the same time. This we can do by implementing the measures of our People's Republic of China. This we can do by following the leadership of Chairman Mao Tse-tung and the Chinese Communist Party. This we can do by standing steadfast by that indestructible rock of peace, the U.S.R.R., as led by the mighty J. V. Stalin.

Millions are daily making our government a living and growing instrument. Millions are following our determined lead. Millions are standing by that rock. And these 475 million awakened Chinese people are leading the whole of Asia to the goal of world peace. You can be certain we will stop at no point short of our objective.

The Peace Campaign Grows

The campaign for peace signatures continues to gather momentum throughout China. By November according to incomplete reports flowing into Peking, more than 5,000,000 signatures had already been affixed to the Stockholm peace appeal. Between May 14 when the campaign was formally launched and the end of the month, 584,899 people had signed in Peking; 741,082 in Tientsin; 500,000 in Shanghai; 418,944 in Hankow and Wuhan; 180,000 in Hsian Province and 3,515,000 in Northeast China.

Under the leadership of Emi Siao, who represented China at the recent Stockholm peace conference, a peace delegation is touring the major cities of China to help promote the movement. Many railway trains have turned themselves into "peace trains," providing the passengers with brief talks about the world-wide fight for peace and then collecting peace signatures. All radio stations are setting aside time each day for programmes devoted to the peace campaign. Sidewalk peace stalls to collect signatures have become a common sight in most large cities. Signature stands have also been set up at railway stations, in theatres and cinema halls, and in all cultural centres. Peace tours performing pungent dances and dramatic skits are carrying the drive to schools, factories and institutions as well as to the rural areas.

Li Foo, a worker in Inner Mongolia, wrote after his signature, "We have had enough of the sufferings of aggressive imperialist wars. Now we have succeeded in overthrowing the reactionary KMT regime and winning a peaceful, productive life. Can we now allow anyone to deprive us of our happy and peaceful life? Never!"

Various religious groups in China have issued a joint declaration which stated: "From the standpoint of religion and humanitarianism, we urge all Christians, Buddhists, Moslems and the followers of other faiths in China to unite closely with all peace-loving people of the world to join in the struggle for lasting peace and people's democracy."

A 65-year old woman, who had encouraged her five sons and daughters to join the FLA, wrote in Sian: "If the imperialists dare to launch another world war, I'll again ask my children to fight to their last drop of blood."

By 1948, commodity prices in KMT China had soared to 7,000,000 times their pre-war level. The total volume of KMT banknotes in circulation, both north and south of the Great Wall, amounted by then to 800,000,000 million (yuan), compared with 4,500 million in 1927.

The KMT reactionaries were not the only ones to resort to printing unbacked currency as a convenient means for exploiting the Chinese people. The Japanese occupation forces also adopted this method to siphon China's national wealth into Japan's treasury. During their invasion of China, the Japanese issued three kinds of currency which circulated in Manchuria, North China and East China.

In 1948, the KMT government recalled all banknotes then in circulation and issued a new currency labelled Gold Yuan. The KMT originally issued 200 million of the new banknotes, which they exchanged for the old ones in the ratio of three million for 1,400 million. However, about 87,946,000 million (G.Y.) had been issued by the time of Shanghai's liberation. The brief eight months of the Gold Yuan's career, prices rose 10,000 times.

Chiang Kai-shek's regime launched still another paper currency in the spring of 1949 and this, together with the old Yuan and the Gold Yuan during the summer of 1949, called the Silver Dollar. Thus even in the midst of their preparations to flee from China's mainland, the reactionaries did not neglect their systematic robbery of the people.

The PROCESS of Stabilization

When the United People's Government was founded in October 1949, it immediately turned to the task of halting inflation. This, of course, was the cornerstone for reviving production, building a planned national economy and stabilizing the people's living conditions.

Our government's deficit in 1949 had been about 60 per cent of its expenditures, which was the direct cause for the four major price fluctuations during the year. The 1950 budget, announced in December, made provisions for cutting this deficit to 18.7 per cent.

In March, the government put into effect a detailed plan for controlling its central operation and economy. By means of this programme, the government announced, it could gradually reduce the state revenue and expenditures, balance the supply of essential commodities throughout the country, and balance bank receipts and payments. These developments (frequently referred to in China as the Three Balances) would make it possible for the government to stop issuing banknotes.

The prime factor in checking inflation was balancing the national budget. To achieve this, government expenditures have been cut to a minimum and were restricted largely to the following four activities: financing the completion of the war against the KMT remnants; providing subsistence for those engaged in military and government work; relieving suffering in food deficiency areas; and rehabilitating certain key industries. All less urgent programmes are to be postponed for the time being. The government is also transferring as many administrative workers as possible to jobs in state-run enterprises, and rear-area army units are also being diverted to production. At the same time, all government and military personnel have been asked to carry out stringent economy measures.

The government also launched a national-wide campaign to take inventory of all ex-KMT warehouses in order to recover unlisted and forgotten materials. Tremendous stores of valuable goods, far beyond all original expectations, had already been located during the first half of this four-month stocktaking drive. In many cases, this has meant that orders for foreign industrial goods could be cancelled and government expenditures thereby cut.

However, the most important single factor in balancing the budget was the introduction of a unified paper currency. Under the corrupt KMT rule, state enterprises and co-operatives were not taxed at all and private enterprises, if owned by a politically influential person, could evade taxes. This meant a reduction through bribery. In those days a high proportion of all tax payments went into the pockets of the collectors. Today this tremendous leakage of government revenue has been stopped. All enterprises, whether private or public, large or small, must pay their tax assessments which are based on unified and published rates. All tax returns are now deposited in the people's banks, which function as a national treasury. Public grain, collected as rural taxes, may...
so well along that its effects on market conditions are readily apparent.

The third factor in halting inflation was balance in the cash receipts and payments movements through state banking institutions. The People's Bank of China assumed a highly significant role in this respect by regulating the volume of currency in circulation. Despite neglect of its credit policy, state banks also stand ready to place their funds at the disposal of the Ministry of Finance on the rare occasions, when it is necessary. This is another reason why the government has not needed to resort to additional banknotes since March 1 despite its heavy investments in reconstruction. State trading companies and co-operatives, which handle their transactions through state banking institutions, also exerted a stabilizing influence on the market by carrying out government-regulated buying and selling.

By achieving these Three Balances—the budget balance, the balance of the supply of essential commodities, and the balance in cash receipts and payments—the government was able to bring the 12-year inflation to a sudden halt.

THE RESULTS OF STABILIZATION

The end of inflation immediately manifested itself in the drop of commodity prices throughout the nation. This was sharply depicted in statistics compiled by the People's Bank of China on the basis of 80 samples here and there. As soon as it was possible to learn, the prices of staple commodities like rice, oil, and clothing dropped 16 to 28 per cent in March as compared to February. Prices of sugar dropped 31 and 47 per cent in various areas. Foreign currency exchange rates also gradually declined. Between March 15 and April 22, for instance, Canton's market rate for Hongkong dollars fell 35 per cent. Due to this development, people are now offering their foreign currency holdings to the People's Bank of China on a scale unprecedented in recent times.

In the course of the past 12 years, the Chinese government developed a barter system or in some cases turned to rice and salt as the prevalent medium of exchange. It became extremely difficult for paper money to penetrate into rural areas. But today the situation is largely changed. The government is learning that it is more convenient to keep their wealth in the form of paper currency than in commodities or bulky silver coins.

Another phenomenon brought about by currency stabilization is the sharp increase in bank deposits, a further reflection of general growing confidence in the people's currency.

The volume of deposits is steadily moving toward the pre-war level, when the total amount of deposits in modern and old-style private banks ranged from two to three times the volume of currency in circulation. It is interesting to note by way of contrast that during the height of the inflation, bank deposits fell to less than one per cent of the pre-war amount, when converted to their new real value.

Bank Deposits to Major Cities on May 6

<table>
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<tr>
<th>City</th>
<th>State Banks</th>
<th>Private Banks</th>
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<td>Shanghai</td>
<td>120</td>
<td>108</td>
</tr>
<tr>
<td>Tientsin</td>
<td>134</td>
<td>154</td>
</tr>
<tr>
<td>Hankow</td>
<td>153</td>
<td>168</td>
</tr>
<tr>
<td>Canton</td>
<td>411</td>
<td>416</td>
</tr>
<tr>
<td>Chingsking</td>
<td>397</td>
<td>522</td>
</tr>
</tbody>
</table>

The circulation speed of current deposits has also been reduced. Formerly it was quite common for a cheque to change hands three times during a day. Now the average weekly circulation speed of cheques, according to statistics compiled by private banks in Shanghai, has been retarded as follows:

<table>
<thead>
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<th>Month</th>
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<tbody>
<tr>
<td>January</td>
<td>1.92</td>
</tr>
<tr>
<td>February</td>
<td>2.40</td>
</tr>
<tr>
<td>March</td>
<td>2.93</td>
</tr>
<tr>
<td>April (1st week)</td>
<td>0.23</td>
</tr>
<tr>
<td>April (4th week)</td>
<td>0.31</td>
</tr>
</tbody>
</table>

Because of these healthy developments in the banking field, banks now have a sizeable amount of ready cash to invest in national reconstruction. This phenomenon itself will help to further stabilize China's economy.

All of the above-mentioned factors, taken together, lead to the following conclusions. Inflation has already been halted in China. The purchasing power of the people's currency has been substantially raised in both domestic and foreign markets. The Chinese people now have a solid economic foundation upon which to build their new lives.

Although the reactionary KMT government tried desperately to stabilize its economy for the last 12 years, it failed completely and even huge stocks of American gold could not prop up its collapsing financial system.

Only a people's New Democratic government, a government representing the broad masses of the people, could have ended the financial chaos in which Chiang Kai-shek engulfed the country. Therefore, this is not only an economic victory, but a victory of great political significance as well.
REMAKING SHANGHAI'S ECONOMY

Hsu Tsi-hsin

Shanghai has occupied a pre-eminent position in China as an industrial and commercial centre. It has been a metropolis with more than 12,000 factories and over 100,000 shops and trading companies employing over 900,000 of its 5,000,000 population.

This old Shanghai, built on the ruthless exploitation of the people, was essentially the creation of imperialism, feudalism and bureaucratic capitalism. It was used by the imperialists as a base for their aggressive penetration and control of China's economy. The Concessions were a lair for parasitic landlords, bureaucrats and compradors. These factors gave Shanghai its semi-colonial character and made it notoriously a consuming centre with a large number of luxury hotels, restaurants, tailoring establishments, cabarets, gambling dens, and houses of ill-repute catering exclusively for the exploiting classes. It was a place of glaring contrasts between the rich and poor. Such an abnormal city could flourish with all its contradictions only in a semi-colonial and semi-feudal society. There is no place for such a monstrosity in a nation like the new China ruled by the People's Democratic Dictatorship.

Great Democratic Changes

On the establishment of the people's government in Shanghai, great democratic changes were initiated in every sphere of its political, social, and economic life. Consequently, the big bureaucratic capitalist enterprises, banks and factories were taken over. Under the KMT, they had been used as means of speculation. Under the people's control they have become a powerful force for production and re-habilitation of the city's economy.

Speculative activities soon received a mortal blow. Within a week of liberation, the people's government succeeded in wiping out the KMT's Gold Yuan notes. By June 1949, gold, silver and U.S. dollars had been brought under control and prevented from affecting commodity prices.

Speculation in commodities also had to be dealt with, as this was also closely connected with all fluctuations in commodity prices. Since the liberation, Shanghai has experienced two periods of price fluctuations. The first occasion was in June and July 1949, and the second in October and November of the same year. Both price runs, however, were successfully curbed by the people's government, and in the latter case a serious blow was dealt against the speculators who had no faith in the people's currency. Instead of being the usual source of profiteering, hoarded goods became a source of embarrassment and the speculators suffered heavy losses. Since then, the number of concerns engaged in speculation has been gradually reduced. For instance, compared with pre-liberation days, the number of cotton-cloth firms has been reduced by 54 per cent, cotton yarn firms by 56 per cent, rice shops by 72 per cent and drug-factories by 98 per cent.

To the citizens of Shanghai, long used to inflation, price stability was something of a miracle. But this "miracle" appeared after the liberation when the people's government provided the city with adequate supplies of stable commodities at reasonable prices. Commodity prices became still more stable when the centralized management of the nation's finance and economy was introduced on March 3, 1950. All this brought about a radical change in the way Shanghai residents spent their money. In the past, they would lose no time in exchanging currency notes for commodities, but now, since the value of the people's currency has been fixed and there is no need for hoarding, they do not need to rush to buy goods other than those desired for immediate consumption.

The food problem, from which Shanghai's citizens suffered acutely in pre-liberation years, has also been solved. Food panics and shortages are now a thing of the past. Since the latter half of February, the government has made a vigorous effort in organizing the supply of grain. Shanghai has been adequately stocked with food at a reasonably cheap price.

Shanghai, under the KMT, used to import an enormous amount of foreign goods, yet never solved its food problems. The people's government has not imported a grain of foreign rice, yet the food problem has been solved. This success has been achieved because, except for a small number of merchants who indulge in dreams of a return of the old days, the citizens of Shanghai have been enthusiastic supporters of the government's food policy.

It was not to be expected that the great transformation brought about in Shanghai and other cities under the urge of the liberation should have been entirely painless. Shanghai, however, was the base of the reactionaries in China. It was the most deeply affected by them and so the process of eradicating their influence has been more painful than elsewhere.

PEOPLE'S CHINA
THE CHINESE FILM INDUSTRY
Tsai Chu-sheng

It was in 1904 that the imperialists first brought their "movies" to China. From then until the victory of the Liberation War ended their domina-
tion, they were free to exploit this new industry and art, with the connivance of the warlord and KMT governments, almost entirely in their own interests as a source of profits and a medium of cultural propaganda. Even so, there were a few artists who wanted to free this new art in China and direct it to the service of the people. They had to wage a bitter struggle both against the tainted products that came from the imperialist-controlledtale, and with the economic condition and censorship of Hollywood's and Wall Street's puppets in China. Only the establishment of the People's Republic has brought the necessary condi-
tions for the development of a people's cinema, and the eradication of imperialist influences in China's motion picture industry.

Within a few years of the first moving picture being shown in Shanghai, American and Chinese businessmen began to promote motion picture industries on Chinese soil. From 1915 to 1931, film companies began operations in 13 different cities with Hong-

Kong and Shanghai as the main centres. The output of the 538 films produced in this period, however, was extremely low.

The May Fourth Movement of 1919 gave fresh impetus to the development of China's modern re-
ditional culture, but, while contemporary Chinese literature rapidly developed an anti-feudal and anti-
imperialist element, the motion picture industry remained strongly imbued with feudal and com-

mune ideas. With few exceptions, most contem-
porary Chinese movies were ideological polemics. Most were a hodge-podge of superstitions and of-ten indecent stories about supernatural beings. The producers were unscrupulous profit-seekers. Nearly all the script-writers were all-style literati or authors of so-called "modern plays" dramatizing the ideal incidents of bourgeois life. Progressive literary writers bitterly criticized such films, but the reactionary warlord and KMT governments connived at and even encouraged them.

In 1931, the Japanese began their invasion of China's Northeastern provinces. This new national crisis was added to the economic and social pressures, intensified the popular demand for a war of resis-
tance. The film workers were finally roused from their easy dreams of art for art's sake to a realization of the true significance of their work. They gave themselves up to the struggle against the invaders, and the film centre of China, when in January 1932 the patriotic 19th Route Army resisted the Japanese attempt to seize that city. The people of Shanghai rose to the occasion by, among other things, sending the film workers to establish contact with the army's rear services, and cared for or entertained the troops and wounded. They filmed the battle to produce newsreels for the public consumption. In 1932, when they established new contacts with the progressive literary workers, who acquainted them with the achievements of Soviet films and Marxist-Leninist artistic theories. Especially important over films within China as early as 1928. His ideas on montage were eagerly discussed. China's leading film workers began to promote the ideals of the new cultural movement in the sphere of the cinema. Their activities were like a stream of fresh air in the foetid atmosphere of a sewer. More and more film workers discarded their old viewpoints and turned to face reality and artistic problems in a revolution-
ary spirit. Those who defended feudal and reac-
tionary ideas, or the theory of art for art's sake, found themselves more and more discredited.

First Progressive Films

The new films attempted not only to expose the corruption of the reactionary KMT regime but also to show the people how to fight against feudalism and imperialism, and it was natural that the film industry, as a virtual weapon of the people, should play its part in this movement. The KMT government and some of its officials, the warlords and the KMT parties, realized this danger and proclaimed a "total war" to combat the invasion of the Japanese. They gave support to the film industry to which came the KMT government and some of its officials, the warlords and the KMT parties, realized this danger and proclaimed a "total war" to combat the invasion of the Japanese. They gave support to the film industry. In January 1934, the KMT government issued the "Notice of the Film Reform Movement," encouraging the film industry to promote the "art of the masses" as opposed to "art-sake." In the same year, the government set up the State Film Board, which became the first state film authority in China, and a motion picture division was set up in the 

Ministry of National Affairs. The board was also authorized to control film production.

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The year 1956 will be an important one for the new film industry of China. With the nation-wide victory, a great number of artists and technicians can now be released from the army. At present over 3,000 people are directly engaged in the making of new pictures in the three state-owned studios in the Northeast, Peking and Shanghai. They will produce this year 26 full-length features, 17 documentary films, one technicolour feature film, 40 newsreels, 40 reprints of Soviet films with Chinese dialogue dubbed in and 36 reprints of Soviet educational films with Chinese subtitles and dubbed dialogues. In addition, it is estimated that private companies in Hongkong and Shanghai will be able to produce about 30 new films as well as a number of Chinese reprints of Soviet films. This year the state-owned enterprises plan to organize more mobile exhibiting units for the rural areas and to establish factories for processing films and to provide the growing industry with equipment.

At a time when many difficulties still face this young industry as a result of the prolonged war, the fulfilment of this programme, modest though it may appear, will constitute a severe test of the courage and resources of Chinese film workers. But the Chinese film industry has embarked on its new destiny with confidence and vigour. It is systematically eliminating the evil heritage of the past and mobilizing its forces for the future. In the past, imports of decadent and poisonous Hollywood propaganda almost stifled China's film industry on its own soil. Previously, the overwhelming proportion of films shown in China were U.S.-made. With the power in the hands of the people, the influence of U.S. film propaganda will be stamped out. Unsuitable U.S. films will be replaced by Chinese productions and those from the U.S.S.R. and other friendly countries. A special publicity committee has been established to popularize the best Soviet films so that the Chinese masses may know and enjoy them. Such Soviet films as Lenin in October and Lenin in 1918 had a great influence in China during the War of Resistance against Japan. In the immediate post-war period, The Stone Flower captivated Chinese audiences with its freshness and brilliance of colour. But the reactionary restrictions restricted the showing of Soviet films. Since the revolutionary victory, Soviet films, particularly The Young Guard, The Common Soldier, Song of Siberia and The Country Teacher have enjoyed a wide popularity. The first two of these inspired many young people to join the New Democratic Youth League.

**THE FILM ART OF THE PEOPLE**

**Brightness** — A story of workers' initiative in restoring a power plant damaged by KMT wreckers.

**Warriors in White** — The life of front-line nurses and their problems in caring for the wounded during the War of Liberation.

**Invincible Front** — The fight against KMT spies. A girl (right) confesses to a government cadre that she has worked for the KMT.
The Bridge

Released in the spring of 1949, The Bridge was the first full-length feature film produced in liberated China. It is a story of how a group of laborers tackled an urgent reconstruction task. The film has met with an enthusiastic reception among the masses because of its effective realism of its portrayal of common people. The technique of photography, and sound showed marked improvements upon previous Chinese productions.

Daughters of China

Daughters of China, released early this year, tells the true story of eight women in Manchuria who in 1936 joined the Communist-led guerrillas in the long struggle against the Japanese invaders.

Peasant Hu Hsia-chih, whose husband was burnt to death by the Japanese, takes the oath as a member of the Communist Party and becomes a guerrilla fighter.

Influenced by Communist Party member Lao Liang (left), a skeptical worker, Hsi, shares in the work.

Rebuilt, the bridge is opened to trains carrying supplies over the old Sungari River Bridge, which had been destroyed by the Japanese.

Cornered while decoying superior Japanese forces from their own main units, the eight women leap into Sungari River rather than be captured.
Public Grain Flows In

Two brothers get a tag which certifies that their family has fulfilled its public grain quota on time with grain of good quality.

The Role of Public Grain
Cheng Lien-tuan

When China's emancipated peasants pay their agricultural tax in kind, they say they are "delivering victory grain." This is indeed true. Right up until the most recent times, it was the peasants who bore the entire financial burden of China's revolutionary war. While urban areas are now in a position to take over an increasing share of the expenses involved in consolidating this victory, without large contributions of grain from the peasants, it would be impossible to end the war, to stabilize the national economy and to build a new and industrialized China.

Although this year, for the first time, urban taxes have pushed public grain (i.e., rural taxes) out of first place as the largest source of government revenue, the latter still accounts for 37.2 per cent of the state income according to the revised 1950 budget. But heavy though their burden still is, the peasants pay their assessments willingly and promptly. It is not at all uncommon for the peasants to over-fall their area's tax quota and to transport the grain to government depots long before the time limit is up. In paying the tax, on last autumn's harvest, for instance, the peasants of Northeast China (Manchuria) topped their quota by 4 per cent. The peasants of Inner Mongolia handed in 5 per cent more than their allocation. And in Northwest China the peasants surpassed their tax target by 15 per cent.

Peasants Gladly Pay

How does it happen that even newly liberated peasants, who not long ago under KMT rule thought only of ways to avoid the tax collector, now so gladly offer their grain to the government?

First of all, the peasants are at last free from feudal exploitation. In the past, they had to pay at least 59 per cent of the produce to landlords and 15 per cent to the government. In 1949, the tax was reduced to 15 per cent, which was still heavier than many landlords' share of the harvest, and the peasants' ability to pay.

They were also weighed down by heavy interest rates on agricultural loans as well as by a vast assortment of sundry taxes. No matter how hard the peasants worked, they could never keep ahead of the burden of taxation. The KMT feudal ruling class and it inevitably sank deeper into poverty.

Today, the peasants living in areas where land reform has been completed have virtually no tax obligations to meet except their public grain. Land rents have been abolished and tax rates are far below those of previous years when tax collectors arbitrarily imposed any levy which they thought could be extracted from the villagers. During the Japanese occupation, Manchurian peasants had to hand over an average of 4,000,000 tons of grain a year in government taxes. Last year, by way of contrast, total public grain collections in Northeast China amounted to 2,800,000 tons.

In newly-liberated areas where land reform has not yet been introduced, the reduction of rent and interest has greatly eased the peasants' burden. After paying both local and national taxes, the peasants still retain a far greater proportion of their crops than ever before in their lives.

Furthermore, for the first time in China's history, tax rates have been unified and adjusted equitably so that they fall heaviest on those best able to pay. A steeply-rising progressive tax has been introduced in the newly-liberated areas where the large discrepancies in land-holdings have not yet been levelled out through land reform. According to the revised rates for the summer harvest, announced on June 1, poor peasants will not be taxed more than 10 per cent of their harvest; middle peasants may be taxed up to 15 per cent; rich peasants up to 20 per cent; and landlords up to 50 per cent. There is a heavy tax, but there is no tax at all on the landless.

But make no mistake about it: while taxes may now be lower, the tax burden has not disappeared. The very fact that the government can now assess the tax rate of a richer peasant is a mark of how far the country has come. The mere fact that property taxes demandable from the more prosperous peasants cover the tax bill is an achievement for which the government is grateful. In the end, the various taxes are a tribute to the real wealth of the nation: the Chinese peasant.

Political Reasons

The third reason why the peasants cheerfully pay their taxes lies in their enhanced political consciousness following the liberation. It does not take very long for villagers to see how much better off they are under their own government than under the former landlord-dominated regime. They also realize that in order to protect the fruits of their victory, they must provide the government with the grain it needs to supply the PLA and to carry out the vast reconstruction programme. It is also not hard for them to see that as industrial production increases and urban centres contribute a greater share of the national revenue, the peasants' future tax burdens will grow proportionately lighter. For instance, in Northeast China where industry has had the opportunity to develop substantially in recent years, the peasants' grain tax decimated from 20 per cent of the taxable harvest in 1948 to 10 per cent in 1950. In 1949, and this is being done.
ly, they know that public grain plays a vital role in halting inflation and controlling market prices, which in turn helps on the people's own living conditions.

For these various reasons, the collection of public grain is the character of a great mass movement whenever taxes fall due. The grain for the government is winnowed and summered, and is then sent to the public granaries. There is a general feeling that "only the best-quality grain must be sent to the government, for we feed our army that helped us gain our land." Families, mutual-aid groups, villages, and other organizations, therefore, eagerly compete for the title of "Model in Public-Grain Deliveries."

When a village transports its grain to the collection bureaus, the peasants turn the occasion into a colourful pageant. The lead cart in the team is usually decorated with flags and the procession is accompanied by the village band and şongling dancers. Often families go along with the group, for in some regions this occasion has become a holiday that almost rivals the local New Year festival.

Storage Difficulties

Public-grain storage presents the government with difficult problems, for modern facilities are lacking in many places. KMT tax officials were notorious for the way they allowed public grain to grow damp and mouldy or to be eaten by rats. But the cadres of the people's government treasure the grain as much as gold, and use it also to feed relief and water-conservancy projects. The remainder, called "trade grain," is used for local markets and is essential for stabilizing food prices.

The job of stabilizing prices and relieving food shortages has increased the gigantic plan for equipping grain supplies in various sections of China. Under this national government programme, the grain deficiency in North China is to be overcome by part of Manchuria's surplus and the surplus from Inner Mongolia. Part of the Manchurian surplus, with that of Central and South China and Szechuan Province, will make good the grain deficiency in East China, including Shanghai. In addition to these inter-regional reshuffles, public grain is being shipped from our province and from county to county in order to level out food stocks everywhere.

This also became possible with the unification of China under the people's government. Implementing it involves organizing millions of peasants and transportation workers, and places a heavy strain on communications. The tremendous cost of the programme is to be paid for solely by the government. But as a result of careful planning and efficient leadership on the part of the people, the work has been progressing very smoothly.

During the first quarter of this year, Northeast China has sent 1,200,000 tons of grain to areas inside the Great Wall, thus fulfilling more than half of its 1,900 quota of 1,050,000 tons. In rice-producing Central-South China, the plan of shipping 368,000 tons of grain to East China and the Kansu Frontier has been almost fulfilled by 3.5 per cent. And of the 410,000 tons scheduled to be reshuffled inside the region, 72 per cent has been transported. In the free and liberated Southwest China, 110,000 tons of grain is being shipped to East China and 300,000 tons to major cities within the region such as Chungking and Kunming. As for Inner Mongolia, two-thirds of its grain surplus has been sent to Peking as early as in March.

Efficiently handled in this way, public grain has proved to be a great stabilizing factor on the nation's food situation. In addition, foodstuffs in the hands of the state trading companies, it has virtually eliminated the possibility of any acute grain shortage in such densely-populated areas as East China.

Moreover, proper reshuffling of the public grain also helps to end the contradiction of importing large amounts of foreign grain while home-grown crops rot in the hinterlands. Before the Anti-Japanese War, the amount of foreign grain imported under the KMT regime imported at least 2,000,000 tons of foreign grain. Millions of our people, even middle-aged peasants, could not at any rate manage to write their own names now, and this included women, too.

Formerly, the fair ground had been the temple of a goddess whose specialty was said to be making barren women fertile. Women would go there and burn incense or paper money to the "Child Bearing Goddess," and this was the place is a primary school and is used by the local health authorities during the four days.

Women were still going to the temple, but this time many of them were mothers or pregnant and they were waiting their turn to get into an exhibition of modern methods of maternity and child welfare and simple hygiene.

As though to add to the contrast between the old and the new, a team of brilliantly dressed schoolchildren came into the open space with waltz drums and went through the mili- tant steps of the drum dance. As they finished, a small schoolboy began reading the Stockholm manifesto over the loud speaker.

All this attracted flocks of people to the school and business around the signature tables got brisker and brisker. One old peasant woman pressed through to the table and asked a youngster to guide her hand while she signed. Then she went off and came back with the whole family.

I watched a healthy young peasant with his new pitchfork in his hand, making a tour of the busiest section of the whole fair, the part where selling farm implements were sold. With their new found prosperity after the land reforms, farmers were crowding round buying for the wheat harvest in a few weeks' time. After poking at some further purchases, this young peasant went away, apparently to think about it, listened to the appeal from a signature station and then, pushing his way to the table, signed the petition. "How can we have better days without peace,"

Then off he went back to look once more at the reapers, harvests, and ploughs.

As the business's slackened off, an evening entertainment was given by the local government. Before the show began one of the town's leaders spoke. "We have driven out the old, the clinging form of life, and it is already better. But how can we really have a happy life while, outside our country, imperialists are spending their days and nights plotting new wars with new terrible weapons. Peace signatures will demonstrate the strength of the lovers of peace. The more names, the more strength. So you must persuade all your villagers to sign the petition appeal."

As I watched the attentive faces of the peasants in the yellow lights, I reflected on the millions of peaceful people in all the towns, small and big, China and the world over, taking their part in this struggle to keep world peace.
Ku Yu: New Ways of Doing New Things
How A Young Peasant Couple Got Married in a Little Village of New China

Two days before Wang Kwei-teh went to work on the government, his marriage was agreed upon by the families on both sides. The parents had consented what he and her girl had in their hearts.

Wang was a lively young fellow, and his betrothed was a girl known as a model worker, capable and industrious. Their engagement was much praised and often discussed by the villagers.

They lived in two different villages, separated by a small brook. But the two villages became one when the bridge was up. Wang used to visit Feng-lan on business. This caused the old women to prattle behind their backs: "They are always together and they are not yet married. This is really a new thing!"

Feng-lan's father had been busy calculating how much money he had to sell for the dowry. One day he got up very early. He took out a few of grain and tied them on his wheel-barrow, ready to start breakfast for the city fair.

Just as he was about to leave, Feng-lan stopped him and said: "What are you doing there? It's no easy task to save grain this year. Wasn't it decided at the village meeting that everybody should save four or five bursheas of spare grain until the wheat harvest?"

Her father put down the shafts of his burden and, filling his pipe, said: "Wang Feng-lan, since you were old enough to walk you never done a good deal for the family. You must do yourself."

"Oh no! You mustn't do that. I've taken care of it ever since the land was passed, and it can now be put to use. How can you sell it? There's no animal at Kwei-teh's. If you sell it, I'll make sure you get your money back for the land and the dowry that I'm sending you for marrying my daughter!

She returned to go, but rushed straight into the arms of the village head who had come to decorate the place with flowers for the wedding. Hearing the quarrel inside, he dropped in to Kwei-teh's room to see what had happened. At the sight of the woman's angry face, he asked what the matter was, and was told the whole story. He explained and pleaded, and at last, put an end to the quarrel.

"Aunt," he said, smiling, "I'm afraid you are wrong there. Suppose there are two girls; one has a dowry of four cupboards, eight trunks and three sets of bedding but no ability in production, while the other has nothing but two pickled chickens for wedding. Which one would you take for your daughter-in-law?"

Seeing his story calmed down, Kwei-teh likewise asked her father, "What choice do you choose?"

Her mother smiled. "We are peasants. We would choose the one who can work. That goes without saying."
The West Lake

West Lake in Hangchow, one of China’s famous beauty spots, will take on a new and more enchanting appearance in the coming five years, as the recently adopted five-year plan for beautifying the city is put into effect by the municipal government, guided by local horticulturists and 20 professors of national garden design.

To give the lake a spring-like aspect all the year round, over 10,000 blossoming trees will be planted along its banks and in the immediate surroundings. Part of this work has already been done during the past year.

Parks along the lake have been planted with some 5,000 beautifully clipped trees, fenced in with green fences. Trees will also be planted along all the city’s sidewalks. Large numbers of saplings are being reared for this purpose.

Hangchow’s temples and mensteries, which have been allowed to fall into decay, will be repaired and preserved where they are of historical value. The rest will be reconstructed for use as libraries, museums and exhibition halls, so as to make the lake district a centre of scenery and culture.

Thirteen regular traffic lines will be built between the city and the beautiful mountains in the neighbourhood. Orchards and rare plants will be planted in these areas in addition to the belts of trees which have already been completed this spring.

The lake scenery has been spoiled by KMT officials who cut into some of the most attractive spots to erect scattered villas. Now that Hangchow has returned to the people, the government’s efforts are exerting great efforts to improve its attractions and make it a beauty spot of national significance.

The Muses now dwell beneath the factory chimneys of New China. Dramatists, writers, musicians and artists in organized groups guided by the party have been working for a year, after discussing our work under the trees. A cicala sang overhead and was so disturbing that everybody cursed it. After several intolerable interruptions, one of us climbed the tree and caught it. Then I thought ‘What a fool the cicala is to try and sing the one off time! If we were as industrious as a bee, people would love him!’ It was then I thought of the cicala theme. But I would not call fellow worker a cicala, so I call my play Not a Cicala! With the main theme in mind, I took the incidents of the play from our own factory life.

Not a Cicala was a striking suc- cess when it was first performed by the Shempao’s dramatic group with Wei Lien-tsaeng himself playing the role of mechanical Pai. When produced at the Peking Youth Palace, theatrical productions, including those of the Central Dramatic Academy, Oyang Yu-chien, have praised it as a ‘representative creation of the workers’ dramatic art.’

UNLOADING, a short, forty-minute play, written collectively by a team of writers, is another recent hit. Its first performance in the Workers’ Drama Contest of last Autumn (where 36 other plays were pro- duced) showed its great strength and poetic beauty. It won a special first prize. It has since been published in the Literary Gazette, organ of the All-China Association of Writers and Artists.

Its plot is simple and comes to his aid and finally suc- ceeds in reforming him. Describing how he hit on the idea of his play, the worker-dramatist, Kwei-teh, said: ‘One day, after dis- cussing our work under the trees. A cicala sang overhead and was so disturbing that everybody cursed it. After several intolerable interruptions, one of us climbed the tree and caught it. Then I thought ‘What a fool the cicala is to try and sing the one off time! If we were as industrious as a bee, people would love him!’ It was then I thought of the cicala theme. But I would not call fellow worker a cicala, so I call my play Not a Cicala! With the main theme in mind, I took the incidents of the play from our own factory life.’

WORKERS IN TANGSHAN, Hopei Province, have also recently held a review of their dramatic art. Three plays, three musical plays and four musicals were produced by six factory workers and miners’ dramatic clubs. In their play City and Country Relations, the workers of the Tang-shan Textile Mill gave a dramatic account of their visit to an area devastated by flood and of the peasants’ heroic struggle in the “Relief by Production” movement. The Tangshan Railway Works produced Five Courageous Workers, a true story about young workers repairing aising rod on the top of a high factory chimney, while the Kailan miners performed the Sino-Japanese War play, a tragedy about the struggle between the two great nations.
CURRENT CHINA
May 26 June 10

BUMPER CROPS
Summer harvesting is completed in southern China and is now spreading northward to Shantung and Hopei provinces. In colder regions, such as Manchuria and parts of Northwest China, harvest season is still one month away.
This year’s total area under winter grains, principally wheat, is estimated at 26,670,000 hectares, a larger planting than any previous year. Bumper harvests are reported in many localities, while both Shensi and Fukien provinces are reaping their best harvests in 20 years. Favorable planting weather gives promise of high yields for later crops, and many regions have already exceeded their quotas.

Wheat
Central-South China: Good crops of wheat and barley are reported from Kiangsi and Hunan provinces, where harvesting is nearly completed. Yields range from 11 to 15 quintals. In Honan Province, China’s biggest wheat-growing province where 70% of the arable land is under wheat, the average yield is expected to top last year’s by 10-20%.
East China: Fukien reports an average yield of 10 quintals per hectare—the best in 20 years. Shantung, having 3,000,000 hectares planted to wheat, may achieve the Fukien average yield despite extensive rains in certain sections. In North Anhwei, where serious floods occurred last year, two-thirds of the area reports a good harvest.
Northwest China: Shensi Province has started harvesting its biggest wheat crop in 20 years. The yield per hectare is expected to reach 15 quintals on the best of the 1,300,000 hectares planted to wheat.

Cotton
The 1950 plan of sowing some 3,233,000 hectares to cotton has been surpassed by 152,000 hectares. This represents an increase of 667,000 hectares over last year’s total cotton acreage. According to preliminary statistics, compiled early this month, Northeast China is expected to harvest 270,000,000 tons; North China, 1,348,000 hectares; East China, 875,000 hectares; Central-South China, 370,000 hectares; and Northwest China, 250,000 hectares. The cotton acreage of newly liberated Southwest China has not yet been announced. This year’s target for the production of ginned cotton in 550,000 tons.

TEA
The tea industry in Central-South China—and particularly in the major tea-producing provinces of Hunan, Hopeh and Kiangsi—is steadily reviving due largely to assistance from the China Tea Corporation. In addition to giving extensive loans to tea growers, this state trading company has bought 60,000,000 kilogrammes of tea April 12 through local stations set up for dealing directly with growers. Tea production had been so stifled under KMT rule that in 1948, Kiangsi Province produced less than one-tenth of its prewar output.

ECONOMIC PROGRESS
China’s industrial and commercial leaders, representing public and private interests, met in Peking this month to organize plans for expanding both the public and private sectors of the nation’s economy. The conference was presided over by Wen Yun and Pei Yi-po, chairman and Vice-Chairman of the Committee of Financial and Economic Affairs.

Private Firm Aided
It was agreed at this conference that the government will continue to extend all possible assistance to private industries which benefit the people. Private merchants will be encouraged to increase trade between rural and urban areas. State trading concerns will help stabilize prices at levels which allow legitimate private businessmen to make reasonable profits.

State trading companies have already sold much to restore private industry and commerce. In April alone, the China General Stores, one of the biggest state trading agencies, placed orders with private concerns worth $222,000,000,000 of the people’s currency (over U.S. $4,000,000,000). As a result, at least one million Shanghai spindles are busy turning out yarn for this company.

The China Silk Company has reached an agreement with 23 private silk manufacturing concerns in Shanghai under which it will provide them with raw silk and buy their finished fabrics.

In addition to offering technical advice and assistance through various-government bureaus, the government has set aside large foreign exchange loans to industry and commerce. In Tientsin alone, state banks granted loans totalling $20 billion (people’s currency) to private business during April.

TAX REDUCTIONS
Public-grain taxes on the summer harvest have been reduced by an average of 25 per cent in newly-liberated areas. This decree was announced on June 8 by the Government Administration Council, According to this ruling, state grain collections shall be reduced 18 per cent of taxable crops (the former limit was 17 per cent).

On the same day, salt taxes were cut 60 per cent.

Machine Industry
Government orders amounting to the equivalent of U.S. $600,000,000 are now being placed with various public and private machine-building factories south of the Great Wall. This is the result of a decision taken at the National Machine-Building Conference which closed in Peking on May 23. From 60 to 80% of the capacity of all private machine-building enterprises is now committed. Tientsin will be kept busy to the end of the year filling this huge order.

PRICE STABILITY
During the first ten days of May, retail prices of essential manufactured goods tended to level out, halting the rapid slump that occurred during March and early April. In Hankow, these prices registered a slight drop of 0.5%. In Shanghái, Peking, Tientsin and Nanking, prices of manufactured goods showed no significant change. In Canton, there was a slight rise of 0.5%. Such a degree of price stability has not been known in China for more than 12 years.

Brisk Market
As a result of price stability, industrial consumer goods have been selling briskly. In Hankow, cotton yarn transactions during the first ten days of May were four times their total volume for the month of April. During the same period in Peking, price goods doubled their daily rate. In April, while purchases of cotton yarn rose 50% above the April rate.

April: Budget Balanced
Increased government revenues during April virtually wiped out the state deficit for the month, and no additional banknotes have been issued. Profits from public enterprises covered 15.7% of the government’s expenditures in April, whereas in February revenue covered only 5% of expenditure. At the same time, local governments have cut their expenditures tremendously so that most colonial areas now have reduced their deficits to the Central People’s Government instead of asking for subsidies.

INTERNATIONAL
The Central People’s Government announced the appointment of three ambassadors to the East European People’s Democracies on June 8. These were: Gen. Wang Yu-pei, assigned to Yugoslavia; Gen. Tan Hsi-lin, assigned to Prague; and Gen. Peng Ming-chi, assigned to Warsaw.

Strong support for the courageous anti-imperialist demonstrations recently staged by Japanese students has been officially expressed by many Chinese organizations, including the All-China Democratic Youth Federation and the All-China Students’ Federation. The action of the French courts in preferring charges against Madame Eugenie Cotton because of her staunch opposition to the French colonial war in Viet-Nam has also evoked vigorous denunciation from numerous Chinese organizations.

MACARTHUR VERSUS DEMOCRACY
MacArthur’s latest offensive against the Chinese Nationalist Party of Japan is in direct violation of the Potsdam Agreement and the basic policy of Washington. The Peking People’s Daily pointed out in an editorial of June 9. Referring to the decision that the Yoshida government remove and exclude all members of the Central Committee of the Communist Party from public office, the People’s Daily declared:

“Unless the Japanese people deal effectively with counter-espions, they will once more be driven along the path of destruction by Japan’s modern Teijin, MacArthur.”

“MacArthur’s directive,” the editorial warned, “is part of the U.S. policy of war preparations in the Far East. The reason that MacArthur has launched this new sinister attack on the Japanese people is to speed up the transformation of Japan into an American military base in the Far East and to use the Japanese people as cannon fodder in the new aggressive war which is being actively prepared in the U.S. . . .

We firmly support the Communist Party of Japan and the patriotic and democratic forces in Japan who are determined to smash MacArthur’s attack. It is the duty of all the peace-loving people to unite and protest strongly against the American government and MacArthur; to demand both the annulment of the reactionary order which persecutes the Japanese Communist Party and the termination of the tyrannical rule of MacArthur and the American occupation troops in Japan.”

HERE AND THERE
Shipping between Chankiang (Kwangchow) in Kwangtung and Hongkong has resumed following the liberation of Hainan Island. Shanghai shipping services will be restored this month as a result of the liberation of the Choushan Islands.

Inventories of former KMT warehouses in Chengtu, Szechwan Province, have led to the recovery of 14,794 ounces of gold, 188,988 silver dollars and over 370 tons of iron and steel.

Pedigree Livestock from the Soviet Union have arrived at a state breeding station in Manchuria. Among the first shipment are 63 white Ukrainian hogs, which can attain a weight of 300 kilogrammes in a year, and sheep bearing high-quality wool.
CHAPTER ONE
General Principles

Article 1.
The arbitrary and compulsory feudal marriage system, which is based on the superiority of man over woman and which ignores the children's interests, is abolished.

The New Democratic marriage system, which is based on free choice of partners, on monogamy, on equal rights for both sexes, and on protection of the lawful interests of women and children, shall be put into effect.

Article 2.
Polygamy, concubinage, child betrothal, interference with the remarriage of widows and the exaction of money or gifts in connection with marriage shall be prohibited.

CHAPTER TWO
Contracting of Marriage

Article 3.
Marriage shall be based upon the complete willingness of the two parties. Neither party shall use compulsion and no third party shall be allowed to interfere.

Article 4.
A marriage can be contracted only after the man has reached 20 years of age and the woman has reached 18 years of age.

Article 5.
No man or woman in any of the following instances shall be allowed to marry:

a) Where the man and woman are related by blood or where the man and woman are brother and sister born of the same parents or where the man and woman are half-sister and half-brother.

b) Where one party, because of certain physical defects, is sexually impotent.

c) Where one party is suffering from venereal diseases, mental disorder, leprosy or any other disease which is regarded by medical science as rendering the person unfit for marriage.

Article 6.
In order to contract a marriage, both the man and the woman shall register in person with the people's government of the sub-district or village in which they reside. If the marriage is found to be in conformity with the provisions of this law, the local people's government shall, without delay, issue marriage certificates.

If the marriage is found to be incompatible with the provisions of this law, no registration shall be granted.

CHAPTER THREE
Rights and Duties of Husband and Wife

Article 7.
Husband and wife are companions living together and shall enjoy equal status in the home.

Article 8.
Husband and wife are in duty bound to love, respect, assist and look after each other, to live in harmony, to engage in production, to care for the children and to strive jointly for the welfare of the family and for the building up of a new society.

Article 9.
Both husband and wife shall have the right to free choice of occupations and free participation in work or social activities.

Article 10.
Both husband and wife shall have equal rights in the possession and management of family property.

Article 11.
Both husband and wife shall have the right to use his or her own family name.

Article 12.
Both husband and wife shall have the right to inherit each other's property.

CHAPTER FOUR
Relations Between Parents and Children

Article 13.
Parents have the duty to rear and to educate their children; the children have the duty to look after and to assist their parents. Neither the parents nor the children shall maltreat or desert one another.

The foregoing provision also applies to step-parents and step-children. Infanticide by drowning or similar criminal acts are strictly prohibited.

Article 14.
Parents and children shall have the right to inherit one another's property.

Article 15.
Children born out of wedlock shall enjoy the same rights as children born in lawful wedlock. No person shall be allowed to harm or to discriminate against children born out of wedlock.

Where the paternity of a child born out of wedlock is legally established by the mother of the child or by other witnesses or by other material evidence, the identified father must bear the whole or part of the cost of maintenance and education of the child until it has attained the age of 18.

With the consent of the natural mother, the natural father may have custody of the child.

With regard to the maintenance of a child whose natural mother marries, the provisions of Article 22 shall apply.

Article 16.
A husband or wife shall not maltreat or discriminate against a child born of a previous marriage.

CHAPTER FIVE
Divorce

Article 17.
Divorce shall be granted when husband and wife both desire it. In the event of either the husband or the wife insisting upon divorce, it may be granted only when mediation by the sub-district people's government and the sub-district judicial organ has failed to bring about a reconciliation.

In the case where divorce is desired by both husband and wife, both parties shall register with the sub-district people's government in order to obtain divorce certificates. The sub-district government, after establishing that divorce is desired by both parties and that appropriate measures have been taken for the care of children and property, shall issue the divorce certificates without delay.

When only one party insists on divorce, the sub-district people's government may try to effect a reconciliation. If such mediation fails, it shall, without delay, refer the case to the district or city people's court for decision.

The sub-district people's government shall not attempt to prevent or to obstruct either party from appealing to the district or city people's court. In dealing with a divorce case, the district or city people's court must, in the first instance, try to bring about a reconciliation between the parties. In case of such mediation fails, the court shall render a verdict without delay.

In the cases where, after divorce, both husband and wife desire the resumption of matrimonial relations, they should apply to the sub-district people's government for a registration of remarriage. The sub-district people's government should accept such a registration and issue a certificate of remarriage.

Article 18.
The husband shall not apply for a divorce after divorce has been granted. He may apply for divorce only 1 year after birth of the child. In the case of a woman applying for divorce, this restriction does not apply.

Article 19.
The spouse of a member of the revolutionary army on active service who maintains correspondence with his (or her) family must first obtain the latter's consent before he (or she) can apply for divorce.

As from the date of the promulgation of this law, divorce may be granted to the spouse of a member of the revolutionary army who does not correspond with his (or her) family for a subsequent period of two years. Divorce may also be granted to the spouse of a member of the revolutionary army who had not maintained correspondence with his (or her) family for over two years prior to the promulgation of this law and who fails to correspond with his (or her) family for a further period of one year subsequent to the promulgation of the present law.

CHAPTER SIX
Support and Education of Children

Article 20.
The blood ties between parents and children will not end with the divorce of the parents. No matter whether the father or the mother acts as guardian of the child or children, they still have the duty to support and educate their children.

After divorce, both parents shall have the duty to support and educate their children.

After divorce, both parents shall have the duty to support and educate their children. The guiding principle to allow the mother to have custody of a baby still being breast-fed. After the weaning of the child, if a dispute arises between the two parties over the guardianship and an agreement cannot be reached, the court shall render a decision.

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not be reached, the people's court shall render a decision in accordance with the interests of the child.

Article 21.

After divorce, if the mother is given custody of a child, the father shall be responsible for the whole or part of the necessary cost of the maintenance and education of the child. Both parties shall reach an agreement regarding the amount of the cost and the duration of such maintenance and education. In the case where the two parties fail to reach an agreement, the people's court shall render a decision.

Payment may be made in cash, in kind or by tilling the land allocated to the child.

Such an agreement reached between parents or decision rendered by the people's court in connection with the maintenance and educational expenses for a child shall not prevent the child from requesting either parent to increase the amount above that fixed by agreement or by judicial decision.

Article 22.

In the case where a divorced woman remarries and her husband is willing to pay the whole or part of the cost of maintenance and education for the child or children by her former husband, the father of the child or children is entitled to have such cost of maintenance and education reduced or is entitled to be exempt from bearing such cost in accordance with the circumstances.

CHAPTER SEVEN

Property and Maintenance After Divorce

Article 23.

In case of divorce, the wife shall retain such property as belonged to her prior to her marriage. The disposal of other household properties shall be subject to agreement between the two parties. In the case where an agreement cannot be reached, the people's court shall render a decision after taking into consideration the actual state of the family property, the interests of the wife and the child or children, and the principle of benefiting the development of production.

In the case where the property allocated to the wife and her child or children is sufficient for the maintenance and education of the child or children, the husband may be exempt from bearing further maintenance and education costs.

Article 24.

After divorce, debts incurred during the period of marriage shall be paid out of the property acquired by husband and wife during this period. In the case where no such property has been acquired or in the case where such property is insufficient to pay off such debts, the husband shall be held responsible for paying these debts. Debts incurred separately by the husband or wife shall be paid off by the party responsible.

Article 25.

After divorce, if one party has not remarried and has difficulties in maintenance, the other party should render assistance. Both parties shall work out an agreement with regard to the method and duration of such assistance; in case an agreement cannot be reached, the people's court shall render a decision.

CHAPTER EIGHT

By-Laws

Article 26.

Persons violating this law shall be punished in accordance with law. In the case where interference with the freedom of marriage has caused death or injury, the person guilty of such interference shall bear criminal responsibility before the law.

Article 27.

This law shall come into force from the date of its promulgation. In regions inhabited by national minorities, the people's government /Military and Political Council of the Administrative Area or the provincial people's government may enact certain modifications or supplementary articles in conformity with the actual conditions prevailing amongst national minorities in regard to marriage. But such measures must be submitted to the Government Administration Council for ratification before enforcement.

REMAKING SHANGHAI'S ECONOMY

(Continued from page 11)

11 per cent over the April figure and of 14 per cent over that for March. In April, 23 more steel and iron works resumed production. In May, another 29 restarted work.

Commerce, too, reflected this upward trend. If trade in December 1949 is taken as 100, then in May the sales of the leading department stores — Sincere's, Wing On, etc. — rose from a low of 42.3 in April to 99.5 in May. The amount of yarn sold outside the mills in the third week of May showed an increase of 16 per cent over the second week, and in the fourth week, an increase of 22% over the third.

Shanghai is consolidating the victory of the liberation. The old Shanghai is dead. The new Shanghai is being born. Its people, with their glorious revolutionary tradition, under the leadership of the people's government, have courageously grappled with their problems and are triumphantly entering the new day.