

People's 人民中国 China

In This Issue:

China Tackles Her Financial Problems

— Yang P'ei-hsin

Chinese Agriculture in Speedy Rehabilitation

— Tien Huo-nung

New Peking, the People's Capital

— Fei Hsiao-tung

3

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Editorial:

U. S. Imperialists Never Learn

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CONTENTS

EDITORIAL

U.S. Imperialists Never Learn	3
China Tackles Her Financial Problems	Yang P'ei-hsin 5
Chinese Agriculture in Speedy Rehabilitation	Tien Huo-nung 7
New Peking — the People's Capital	Fei Hsiao-tung 9
The Transformation of a City	Hsu Ying 11

PICTORIAL

Peking — Yesterday and Today	13
------------------------------------	----

PEOPLE'S CHINA ARCHIVE

The Japanese People's Road to Liberation	17
--	----

CURRENT CHINA

Jan. 11 — 25, 1950	19
The New Record Movement in Manchuria	Fan Kung-ming ... 20
Peking Prostitutes Reform Themselves	Liang Yin-mei 22
For A Plentiful Tomorrow	K'e Chung-ming ... 23

CULTURAL WORLD

Photographic Exhibition of Life under MacArthur's Japan ...	25
1950 Plan for Increasing the Production of Food and Cotton	26

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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 a hasty 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 debacle 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 to a lesser degree 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 tanks and 32 American military advisors 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 are wanted." But such "help" is neither limitless nor offered to all. Jessup made quite 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 peoples 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 camouflage their encroachments. Instead, Acheson invented his own theory of "parallelism in interest" to cloak the 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 not 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 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 when 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 disguised 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 Kuomintang 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

meant when he rambled on about there being "not conflict but parallelism" between American interests and those of the Chinese people?

Since Acheson cannot point to any positive or constructive achievements of the U.S. Government in China, he tried to support his "parallel interests" theory by slandering the Soviet Union. This is the motive behind Acheson's utterly foundationless assertion that the U.S.S.R. "is detaching the northern areas of China from China." Such nonsensical slander has already been adequately refuted by another State Department official, Angus Ward, who was recently deported from Manchuria. Two days after Acheson made his statement, Ward told the American press that he had seen no evidence of Soviet domination in Northeast China.

But there is no shortage of evidence regarding American penetration into many other parts of Asia, as the people of these areas can fully testify. While Britain, France and Holland are the direct oppressors of the peoples in Southeast Asia, they would not have been able to perpetuate their brutal colonial regimes without U.S. support. For instance, American representatives in the U.N. Trusteeship Council have never failed to side with their fellow-imperialists at the expense of the oppressed peoples. Through the Marshall Plan and the North Atlantic Pact, Washington is even now supplying these colonial rulers with weapons to suppress their dependent peoples. But at the same time Wall Street is tightening the yoke around these colonies, it is also cautiously trying to squeeze out their original rulers and to dominate the colonies itself. The people throughout Southeast Asia know only too well from their own past experiences whether their interests are in conflict with or are parallel to the interests of the Wall Street monopolists.

The Japanese people are also quite fully aware that the U.S. is intensifying its colonization of Japan instead of paving the way for concluding a peace treaty. Lest there be any doubt of this fact, Acheson himself stated that the U.S. has "no intention whatsoever of abandoning or weakening the defences of Japan" regardless of future developments. It is clear that the American imperialists have assigned a major and permanent position to Japan in their "defensive perimeter."

Acheson did not bother to hide his hope of annexing the Ryukiu Islands outright. He said: "We will, at an appropriate time, offer to hold these islands under the trusteeship of the United Nations." This, naturally, is merely another name for American annexation.

As for Taiwan, U.S. military and economic aid is still flowing into this last Kuomintang base, even though Truman himself has no confidence at all in such last-minute measures to hold up the People's Liberation Army.

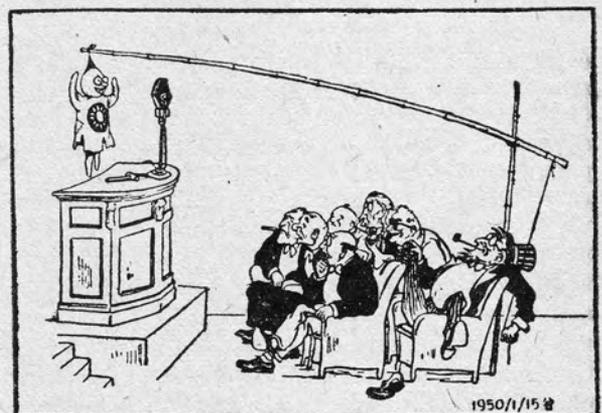
The Secretary of State felt that South Korea provided more "opportunities" for the U.S. Perhaps

he would not be so optimistic if he recognized the obvious similarities between puppet Syngman Rhee and puppet Chiang Kai-shek.

Acheson admitted American policies were up against some difficulties in Southeast Asia, where the national liberation movements are growing daily. That is why the American imperialists cannot move directly toward their ultimate goal of ringing themselves with a tight network of military alliances in the Pacific. Instead, they must advance by the circuitous route of first offering "economic aid," adopting some such method as the European Marshall Plan. Furthermore, through this relatively innocuous-sounding economic program, the American imperialists hope to restore their puppet Japan to its former dominant position in the Far East by drawing it into the projected Pacific Alliance.

None of these schemes are new to the Asian peoples. Back in the fall of 1948, when Chiang Kai-shek still held more than half of China, Washington discreetly laid down plans for creating a "China-Japan-Korea Alliance." This plot was soon destroyed by the speedy advance of the PLA. Even after Chiang Kai-shek had been ousted from Nanking, his conference with Quirino at Baguio, in the Philippines, again gave evidence of Washington's renewed efforts to force its puppets into an anti-Communist military alliance. But the continued victories of the PLA, plus the loud and widespread protests of the peoples in Southeast Asia, once more destroyed all such hopes.

The American imperialists are apparently not accustomed to drawing lessons from the past. They are now repeating throughout Asia as a whole the very same mistakes they have already made on China's mainland. If they insist on going ahead with these previously-mentioned schemes, one may safely predict that sooner or later there will be a new "White Paper" to confess further American failures in Asia. This new document will undoubtedly be much thicker than the old one.



Farce at the UN Security Council

By M.K.

China Tackles Her Financial Problems

Yang P'ei-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 difficulties, but we know how to cope with them. Therefore we have hope. Our financial situation is difficult. We must explain to the people where our difficulties lie. 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 improved with the passing of each year, and conditions 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 take care of the millions of Kuomintang personnel, both military and civilian, who either came over to our side 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 rehabilitating 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. What they could not carry away with them, they destroyed. They even attempted to leave whole cities in flames behind them. Chungking was set ablaze twice before its 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 often had to provide large sums of money to cover wages and raw materials and also to extend loans for privately-operated enterprises.

When we reached Shanghai, for instance, there was no raw cotton in storage. The stock of coal was so low that at one 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 onto the job at once. It rushed cotton from North and Central China, coal from North China and rice from the North-east 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 inflation was a necessary stepping-stone to economic prosperity.

* Yang P'ei-hsin, young economist and staff-member of the People's Bank of China, Peking.

With great cities under our management, we had to coordinate the rural and urban economy. We wanted the countryside to provide such agricultural products as cotton, wheat, tobacco, peanuts and corn to supply our industry. But in order to boost agricultural production, we had to reduce the sharp difference between the prices of industrial and agricultural products. That is why we protected the farmers' interests by raising the prices for the raw materials which industry bought from them. If necessary, the state stepped in to make large purchases and boost the market level. At the same time, the government adopted measures to lower the prices of industrial products. These policies were adopted with a view to insuring adequate supplies of raw materials to cover industry's needs in 1950.

Locally insufficient or improcurable industrial materials were obtained from abroad against exports of bristles, soya beans, peanuts, raw silk, tea, cow hides and sheepskins. North China's volume of export trade in 1949 exceeded the level in Kuomintang times. Daily necessities, vital industrial materials and export goods were placed under the control of state trading companies. This furnished the pre-requisites for a stable economy.

We also threw our maximum effort into the restoration of communications. Chairman Mao Tse-tung has told us that "wherever our army goes, railway traffic must be resumed." In the course of the last twelve months, we put 8,200 kilometres of railway lines back into operation. Over 3,500 of these kilometres were almost completely rebuilt. It had earlier been estimated that it would take one-and-a-half years to resume traffic on the Tientsin-Pukow Railway. It took us exactly one-and-a-half months to do the job. The Peking-Hankow Railway was the most thoroughly destroyed of all our trunk lines. Many long stretches of the roadbed had been levelled for farming. Its rails had entirely disappeared, but our peasants brought them back, having dug them up from river beds or out of hillsides. It had taken several years to build this railline under the joint management of several foreign investment groups, but it was constructed the second time in a matter of months. By early 1950 the nation's railway system, which had been dissected ever since 1937, had been reknitted into an integral whole.

Since the war is still in progress and since the Kuomintang had left the nation's economy in a state of virtual collapse, our burden cannot but be extremely heavy. It is not a very easy task to liberate two-thirds of China and to restore an economy that has been dismembered and largely paralysed in the course of the past ten years or so. Therefore it is only natural that our financial records are still in the red. We cannot avoid issuing more and more paper currency. If we had done nothing and sat idle, then we would not now be confronting these difficulties. But since we were not satisfied with the existing state of affairs, since

we wanted to gain victory, we were bound to meet up with difficulties. These difficulties have arisen out of our victories. But so immense have been our victories that in comparison, our difficulties seem negligible.

1950—The Turning Point

The year 1950 will be a year in which financial developments in China will take a turn for the better. It will be the year in which ultimate victory is won, and in which the currency will be stabilized. Because of the sound foundation laid down in 1949, the difficulties we will face in 1950 will be considerably lighter than they would otherwise have been.

The following outline of the 1950 budget was recently made public by Finance Minister Po Yi-po:

Table I
1950 Budget Expenditures

<i>Description</i>	<i>Percentage of total expenditures</i>
Military expenses	38.8%
Administrative expenses	21.4%
Investments in state-owned enterprises and services	23.9%
Cultural, educational and public health expenses	4.1%
Subsidies to regional governments	2.3%
Payment and interest on Government Bonds floated in the Northeast	0.1%
Total Reserve Fund	9.4%
TOTAL	100.0%

Table II
1950 Budget Revenues

<i>Description</i>	<i>Percentage of total revenues</i>
Revenue from agricultural tax ..	41.4%
Revenues from various other taxes	38.9%
Revenue from state-owned enterprises	17.1%
Revenue from clearance of state warehouses and grainaries ..	2.4%
Revenue from other sources	0.2%
TOTAL	100.0%

<i>Description</i>	<i>Percentage of total expenditures</i>
1950 revenues outlined above	81.3%
Sale of government bonds	7.2%
Banknote issue	11.5%
TOTAL	100.0%

(Continued on page 27)

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 national economy. 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, outright demolition and plunder by the enemy and the collaborationists, 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 raw materials decreased. Take cotton for instance. The acreage in 1949 was only 63 per cent of the pre-war total while the total output was only 58 per cent.

The following are specific reasons for the decline of China's agricultural production during the years of war:

(1) Decrease of manpower and draught animals.

An appalling number of Chinese people were massacred or jailed by the Japanese fascists and the Kuomintang reactionaries. Meanwhile, millions of able-bodied peasants joined the army to fight the enemy or left their farms to perform non-combatant duties in support of the front. Agricultural manpower was thus reduced. Statistics in 1948 showed that in North China, manpower was decreased by 3.5 per cent as compared with pre-war times. Similar conditions prevailed in other parts of the country. In areas swept by the war, the remaining peasants were prevented from fully utilizing their productive energies. This accounted for further decreases.

As to draught animals, the number fell by as much as 50 per cent in areas seriously affected by the war.

(2) Decrease of fertilizer supply and farming implements.

The sharp decrease of fertilizer supply came as a result of the afore-mentioned loss of draught

animals as well as an 80 to 90 per cent decrease in the number of hogs and sheep. (Animal dung is widely used as manure by Chinese peasants—Ed.) Meanwhile, the loss of manpower also caused a corresponding drop in the supply of manufactured fertilizers. Investigations made in 1948 indicated that in the old liberated areas in North China, the fertilizer supply was 25 to 50 per cent below pre-war level. Twenty-eight per cent of this loss had been made up in 1949. But in newly liberated areas, the total supply in 1949 was still 50 per cent below the pre-war level. The available fertilizers, moreover, were of considerably inferior quality.

There was a sharp decrease of farming tools as well. In addition to those wrecked and burnt by the enemy and collaborationists, large numbers of such implements were worn out while new ones were not available. Investigations made in North China in 1948 showed that the number of carts, plows and sowing tools was 15 to 30 per cent below the pre-war level. In the newly liberated areas, the total number of farming tools available in 1949 was on the average 35.8 per cent below that in pre-war times; the figure for North Kiangsu in particular was 57.7 per cent less.

(3) Natural calamities.

Because large sections of river dykes and embankments were wrecked by the enemy and the collaborationists or were left out of repair for long years, flooded area grew larger and larger. Last year, floods proved to be the greatest drawback to the nation's agricultural production. Meanwhile, many irrigation canals and wells were destroyed so that droughts assumed more menacing proportions. Pest damages were also aggravated because vast 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 to multiply and spread.

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-odd 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 government and the Chinese Communist Party have attached great importance to agricultural production and have adopted a set of effective measures for its rehabilitation.

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

GRAIN OUTPUT

one unit = 20,000,000,000 catties



Pre-war Maximum

281,000,000,000 catties



1949 Estimate

212,500,000,000 catties



1950 Plan

222,500,000,000 catties

COTTON OUTPUT

one unit = 100,000,000 catties



Pre-war Maximum

1,697,000,000 catties



1949 Estimate

850,000,000 catties



1950 Plan

1,300,000,000 catties

"land to the tiller", thus sweeping out the first and foremost obstacles to agricultural production. In addition, equitable allocation of agricultural taxes has been effected. All this has contributed to the rise of the peasants' enthusiasm for production to a point unseen before.

Especially since 1944, the government and the Party have centred great attention on organizing and leading agricultural production. To raise working efficiency, the peasants have been encouraged to form labour exchange or mutual aid groups. Women and children have been mobilized to take part in production. Idle persons, landlords and rich peasants have been drawn from their former parasite lives into production. All this has helped to ease the labour shortage. Particularly noteworthy was the great production movement launched among the armed forces to overcome economic difficulties. Meanwhile, encouragement and awards have been extended to labour heroes and capable producers.

The government has granted large sums of agricultural loans to the peasants. Incomplete statistics show that in the former Shansi-Hopei-Shantung-Henan and the Shansi-Chahar-Hopei Border Regions only, agricultural loans extended over the period between 1947-1948 amounted to a sum equal to 200,000 tons of millet. In the Northeast (Manchuria), loans extended between 1947 and

1949 totalled \$42,500,000,000 in local currency and loans granted in the form of grains over the same period amounted to more than 54,000 tons.

In addition to these, strenuous efforts have been made to promote land reclamation and water conservancy, to breed more cattle, to help the peasants buy farming implements, to increase the fertilizer supply and to organize mass movements which can cope with natural calamities, stamp out pests and improve farming technique.

As a result of these measures, agricultural production has shown a steady upward trend. In the Northeast, for instance, production per *mow* had by 1949 been restored to 91.4 per cent of the pre-war level; in North China, to 83.1 per cent. By 1949, North China's total acreage planted to cotton had been restored to 60 per cent of the pre-war level; and the land growing peanuts already exceeded the pre-war level.

The number of big cattle, such as oxen, horses and donkeys, has attained the pre-war level in the Northeast, and reached 75 per cent of that level in North China. In some places of North China, existing hogs even outnumber the pre-war figures. Besides, both the Northeast and North China have made remarkable progress in the expansion of the use of fertilizers, restoration or even improvement of the pre-war farming method.

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 range up to two or 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 the fact that in the old liberated areas, agrarian reform has been carried out in an area covering 600,000,000 *mow* (one *mow* equals 0.1647 acre) of arable land and 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 1950, 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 so doing, a firm foundation will have been 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. This change is not so much one of outward appearance. The yellow porcelain tile roofs of the palaces 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 built by 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 Mings to hang himself on Coal Hill just behind the palace. The peasant rule was short-lived. This historic episode was only one 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 Western imperialists tightened on the economic throat 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 fading dynasty. 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 hunting ground of war-lords. However, 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 was always the centre. In 1927, in order to tie up with the Shanghai capitalist and comprador interests, Chiang Kai-shek moved 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.

* *Professor of Sociology at the National Tsing Hua University, Peking.*

When Manchuria fell into Japanese hands, Peking became the vanguard against the Japanese invasion. The struggle of the patriots against the imperialists and their stooges was intense, and by December 9, 1935, the anti-Japanese mass movement had spread so widely that the Kuomintang police were determined to quell it. On that day, they attacked a student demonstration with such brutality that a great number of the students were severely wounded while a few even died of their injuries. Out of this bloody incident grew the vigorous December Ninth Movement which mobilized all patriotic students throughout the country to oppose further Japanese aggression.

On August 4, 1937, the Japanese invaders marched into the city, and for eight long years, they remained there as overlords. But during those dark days guerilla forces looked down over the city from the nearby Western Hills, and their presence kept alive the hope that "some day we will return". Now this has come true, though the return was delayed by the interim regime of the reactionary Kuomintang, after the surrender of the Japanese. The lovely old city regained its proud name Peking when the People's Government was established. It was built by the people and it now belongs to the people.

The army of liberation marched into the old capital without serious resistance. It was a peaceful settlement, but let no one suppose that the achievement was an easy one. Years of struggle and millions of lives were the price of the final victory. The price is high. Hundreds of lives were sacrificed in guerilla fight near Peking even for the protection of a collection of books now standing on the shelves of the National Library. An underground force fought unceasingly to frustrate the scorched earth policy of the reactionary government. During the negotiations for the surrender of the city, the general in command of the army of liberation was ordered to guarantee that the people of Peking and the city itself should not suffer any injury. Peking was saved by the most patient and tactful manoeuvring; for the people love this city, which is now theirs.

This is the second time that a people's army entered this city. But this time their entry was different. For three centuries the people of Peking had been schooled by alien rule and imperialist oppression. Their enemies taught them well. Now, in their maturity, they not only know how to defeat their enemy but also how to run their own affairs. In this city, a new China was born. The name of Peking is the pride of the people. It is their own heart, their own hope. The eyes of all China are watching to see how the people of Peking will manage their own house.

Within one year after liberation, Peking has become a people's city. The municipal authority has been placed in the people's hand. Under the

leadership of the Communist Party, Peking's inhabitants have already convened two sessions of the All-Circles Representative Conference (ACRC). In August, 1949, the first ACRC for Peking was convened to discuss and approve the policy of the Municipal Government while it was still in the military control stage. The ACRC was made up of representatives elected by organized civil and professional bodies including workers, peasants, businessmen, industrialists, youth, students, women, religious groups and political parties, and a number of leading figures from various walks of life invited by the government. This was the first step toward a popularly elected Municipal Congress. This ACRC served a limited purpose for consultation. But in November, 1949, when the ACRC reassembled, and the percentage of elected representatives had increased to over seventy per cent. It was entrusted with the power to act as a Municipal Congress, the city's highest body of power. In this session, the people of Peking through their representatives elected their own Mayor, Vice-Mayors and members of the Municipal Council which included workers, engineers, architects, bankers and university professors.

Democracy can only draw its nourishment from a mass basis. The ACRC is the product of an ever-widening organizing process among the two million inhabitants of Peking. The People's Government is not a name but a reality, because it is rooted in the soil, the organized people. Workers have their unions; students and women have their associations. So are the peasants, businessmen and industrialists. When all the population of the city are organized and the universal franchise is adopted, the Municipal Congress can be popularly elected to replace the ACRC. Then the democratic government will have reached maturity. Democracy has grown, and it is growing.

When the *Voice of America* denounces the present People's Government in China as "undemocratic", the people of China know from their own experience that it is a lie. Of course, political power is denied to enemies of the people such as war criminals, secret police and feudal landlords. To them the present power is dictatorial. If that worries the Western "democracies", it only proves that the Western "democracies" are on the side of the enemy.

But the formal constitution of the Municipal Government is not the most important thing; the important test of the government is what it has done. Look at the municipal budget. From July to December, 1949, construction expenses, including education, public health and public works, amount to 40.18% of the total. In the first six months of 1950, the figure will be over 50%, not including the expenses for primary education. During the threat of plague in November, 1949, nearly half a million people were inoculated during a short period. Another notable achievement was the liberation of prostitutes. Only a few hours after the passage of

bill in the ACRC, the government took action. In one night all the brothels, 237 in number, were closed. Their operators were detained and 1,290 prostitutes were sent to reformatories for medical treatment, vocational training and general education. People cheer for their own government not only because they have representatives in the ACRC

but because of what the government has done for them. Never before have the people felt in their hearts that the government belongs to them and works for them.

The people's own Peking will be built by their own efforts. Whatever others may say, they love the people's capital, because it is truly theirs.

The Transformation of A City

*Written to Commemorate the First Anniversary
of the Liberation of Peking*

Hsu Ying*

When Vip 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 Rip Van Winkle in Peking, and if he awoke now 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 Chinese 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-kilometre march from Manchuria in such amazingly short time that the Kuomintang troops were caught completely off-guard. Forty-eight days later, Peking was liberated.

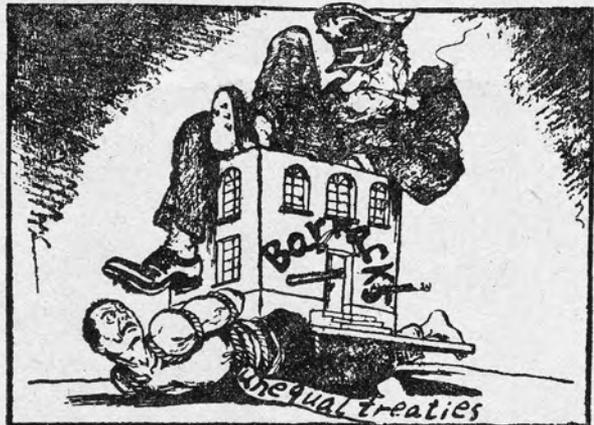
In the interval, the PLA had tightened around the city like the iron hoops on a barrel. All the arteries connecting the city with the countryside had been severed. Turmoil reigned inside the beleaguered city, where the new and old forces of Chinese society faced each other in mortal combat.

Peking was like a mammoth beehive during those memorable days of the prolonged siege. Defense works of all kinds were flung up both inside and outside of the city walls. Thirty kilometres of 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 outside 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 sewerage. Refugees and homeless dogs roamed through the streets looking for anything 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.

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 exorbitantly-priced seats in Chennault's "last planes from Peiping".

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



Yesterday



Today By M. K.

* HSU YING is the Peking correspondent of the *PROGRESS DAILY*, Tientsin. He was stationed in Peking since V-J Day and was here both during the siege and after its liberation, reporting for his paper the activities of the city.—ED.

loaded with prisoners paraded through the streets on the way to the execution ground. Every night after curfew, 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-marketeters, 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.

After 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, 156,000 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 *Tien 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. *Tung Chiao Min Hsiang*, previously known as the Legation Quarters, 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. *Wang Fu Ching Ta 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 Yarn 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 old 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. Production 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."

Peking

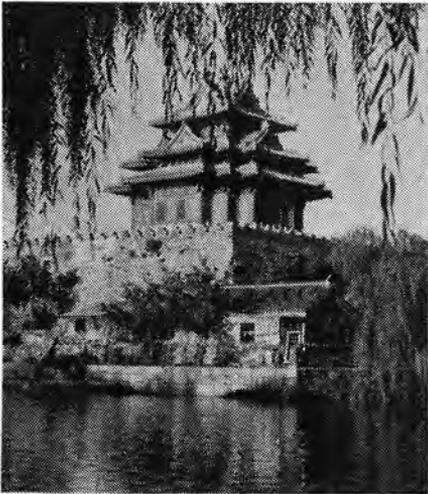
Yesterday & Today

Peking, with its red-plaster walls and yellow-tiled palaces, its grand architecture and exquisite antiques, its ancient tranquility and modern facilities, was once the haven of retired warlords, squeeze-enriched officials and bureaucratic capitalists. To many casual foreign tourists, it appeared quiet and contented.

Peking was a beautiful city, but . . .



The Temple of Heaven ↑



A tower in the Forbidden City ↑

The Long Gallery
(Summer Palace) →

The Marble Boat
(Summer Palace) ↓





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

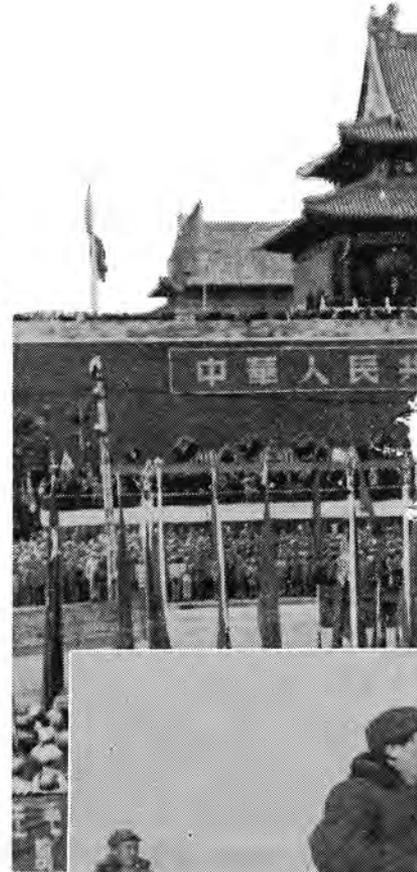
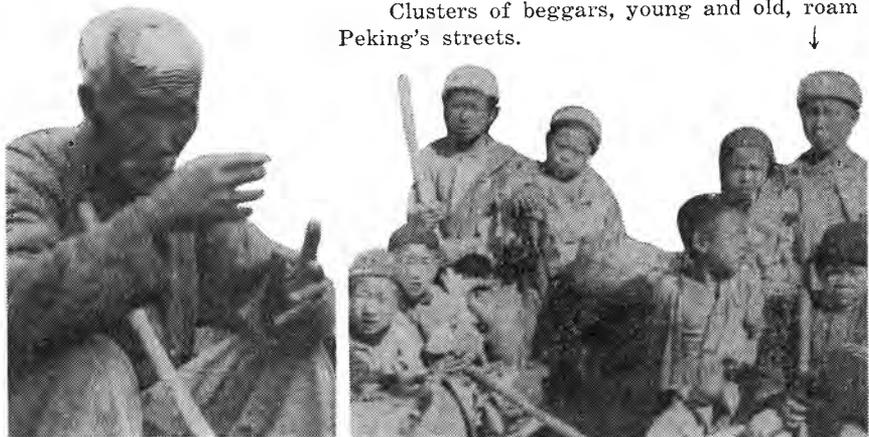
On the backs of the demonstrators are characters meaning "oppose hunger, oppose the civil war. . . ." ↓

... 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 Tse-tung and Commander-in-Chief Chu Teh with welcoming troops as they arrived in Peking on March 25, 1949.

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



The life-giving liberation has made its fresh breath felt among all social strata of the city. Life is still simple or even hard for many people because of the economic difficulties entailed by the protracted war. But social injustice has in large part been eradicated. And now at last, the people can face the future with confidence, for they know that the future belongs to them. That is why the ancient city is today pervaded with a youthful and hopeful atmosphere such as it has never known before.



People are eager to learn and bookstores do a brisk trade. ↓

Students celebrating the New Year. ↑



Workers dancing the *Yangko*, the most popular entertainment nowadays. ↓



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



The Japanese People'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 devising 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 early end to the American occupation and the rule of the reactionaries 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. We are initiating this column with the above editorial which appeared in the January 17th 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 loss 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 6th 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 our comrades in Japan with a good opportunity to make a really strict review of their 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

Communist movement and to the cause of liberating the Japanese people, must seek appropriate steps to unite together under a correct political line, and to adopt correct methods of criticism and self-criticism in order to help Comrade Sanzo Nosaka and other comrades who hold erroneous views to realize their mistakes fully and correct them. This must be done in order to lay a foundation for the sound growth of the Communist Party of Japan from now on and to remove the danger of giving the enemy an opportunity to undermine and split the Communist Party of Japan. It should, however, be admitted that Nosaka's mistakes are not simple or accidental errors which can be corrected easily. Under any bourgeois rule, and certainly in present-day Japan under the rule of American imperialism, the fight of the labouring people for state power can only be a kind of hard-fought revolutionary struggle. Parliament can only be used as a supplementary means in this struggle, that is, as a rostrum for exposing the enemy.

This fundamental Marxist-Leninist stand must never be revised for the purpose of misleading the enemy by adopting certain tactics of expediency. It is true that the Communists in Japan are at present in a serious situation, but Nosaka's theses have under-estimated, overlooked and whitewashed precisely this seriousness. Communists of the Bolshevik type who find themselves in serious surroundings should be sufficiently flexible in tactics, but they must not, because of this, relax their fundamental stand on questions of principle. On the contrary, they should, in such serious surroundings, stand firm on principles and come through all tests, thereby winning the confidence of the people. If this platform is violated, the so-called attempt to

mislead the enemy will actually turn out to be misleading the masses.

Neither a revolutionary political party of the working class nor its leaders can guarantee that no mistakes will be committed. If, having committed errors, this political party and its leaders do not persist in their errors when they have been pointed out, and if they speedily and humbly correct them, then this will prove that the political party and its leaders are loyal to the people and they will still maintain their prestige among the people. In no other way can any prestige whatsoever be maintained and, in any case, such prestige would be worthless. This rule has been verified time and again by the revolutionary movement of the international working class (including the Chinese revolutionary movement). The bravery displayed by the Communist Party of Japan in fighting the enemy has won the admiration of the Chinese people as well as the Japanese people. From our comradely standpoint, we ardently hope that the Communist Party of Japan will display the same courage in accepting the criticism of the Information Bureau of the Communist and Workers' Parties and in correcting Nosaka's mistakes. We believe that only by so doing can the Japanese Communists live up to the expectations of the Japanese people and of the Communists in China and other countries. Only by so doing can they combat all the traps prepared by the imperialists. We hope that the Communist Party of Japan will endeavour to march forward along the correct path of revolution and surmount whatever obstacles it encounters. We hope that the cause of liberating Japanese people will proceed along the correct path of revolution and attain final victory.

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 grabbed in 1900 to erect barracks. This theft was formalized in 1901 by one of the many unequal treaties which they later professed to relinquish.

In accordance with the Common Program of the Chinese People's PCC, the Peking Military Control Committee of the PLA announced on January 6 that the land thus acquired 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 January 7, the Committee asked the consuls of the countries involved, namely, the United States, France and the Netherlands, to appoint their representatives for the handing over.

However, the consuls concerned at first procrastinated and refused to hand over on the grounds of the unequal treaties they had sign-

ed with the KMT in 1943. 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 officials from China. Assistant Secretary of State Butterworth resorted to deliberate lies by accusing the Peking MCC of seizing "the consular offices and properties." But despite the threats, slanders and delaying tactics of the imperialist officials, the land was taken over between Jan. 14-16.

This move to end China's half-century humiliation was instantaneously endorsed by the Chinese people. The Democratic League hailed the government for "pursuing a revolutionary diplomacy in protecting the territorial sovereignty of China." While the China Peasants and Workers Democratic Party gave the imperialists a good piece of advice to bear in mind during future dealings with China when it stated: "The Chinese people are not afraid of any intimidation."

CURRENT CHINA



Jan. 11—Jan. 25, 1950

Diplomatic developments have overshadowed all 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 accompanied 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.

Another 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".

Other events signifying the further consolidation of China's relations with the People's Democracies included:

Jan. 14—The Czechoslovakian Ambassador to China, Dr. F. C. Weiskopf, presented his credentials to Liu Shao-chi, Vice-Chairman of the Central People's Government.

Jan. 21—The Korean Ambassador to China, Rhee Zu Yen, arrived in Peking.

Elsewhere on the diplomatic front, Israel (Jan. 9), Afghanistan (Jan. 12), Finland (Jan. 13) and Sweden (Jan. 14) have expressed their willingness to establish diplomatic relations with China.

Imperialists Denounced

China, whose international role under the Kuomintang regime was limited to that of stooge for the imperialists' interests, is now standing up for her inalienable right to represent the interests of her own people in world affairs.

On Jan. 19, Foreign Minister Chou En-lai despatched another note to the United Nations demanding expulsion of the illegal Kuomintang delegates. In this message, he informed the United Nations of the appointment of Chang Wen-tien as China's chief delegate to that organization. Joining the Communist Party in 1925, Chang Wen-tien is now a member of the Party's Central Committee and its Political Bureau.

A few days earlier (Jan. 14—16), the Peking Military Control Committee took back the land which the American, French 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 Chiao-mu, Director of the Press Administration, issued 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 detaching the northern areas of China... and attaching them to the Soviet Union," Director Hu asserted that such lies would "only evoke 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 "goodwill missions" by the Lhasa authorities to the United States, Great Britain, India, Nepal and Peking with an intention of demonstrating Tibet's "independence". Reaffirming that Tibet is an integral part of Chinese territory, the statement concluded that any country receiving such illegal "mission" will be regarded as harbouring hostile intentions towards the People's Republic of China.

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 Kuomintang 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.

The New Record Movement in Manchuria

Fan Kung-ming

It is generally acknowledged in China that to achieve independence and prosperity, we must first of all increase production. Industrial efficiency, both in the utilization of manpower and in administration, is therefore the key-point in China's economic life. On this depends much of the progress of China's industrialization program.

Manchuria, the centre of China's heavy industries, suffered fourteen long years of Japanese occupation during which it was relegated to the position of a backyard to the factories in Yokohama or Osaka. There was naturally no incentive among the workers, skilled or otherwise, to redouble their efforts in the interests of increased production. Then, in 1945, the Kuomintang reactionaries marched in when the Japanese surrendered, piling incompetence and corruption on top of enslavement. The workers' disillusionment in the post-victory realities did little to spur their enthusiasm for production.

The first task of the People's Government of Northeast China was to undo the harm done by 17 years of misrule. The colonial nature of the economic setup had to be eradicated and a new economy established. But serious shortcomings remained in regard to the quantity of output, the technical standard and the administrative system. The war-time manner of production, which neglected scientific calculations of costs and profits, had to be altered and capital for the expansion of industry had to be accumulated.

On July 29, 1949, the Ministry of Industry of the People's Government of Northeast China issued a directive calling upon all factories to introduce the system of business accounting which had been adopted in the factories of the USSR in

order to run industry economically and profitably. According to these instructions, cost accounting and scientific statistical work, neglected during the war, had to be emphasized. Above all, great stress should be placed upon increasing the labour efficiency of emancipated workers, a basic factor in 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 combatting 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 Machine Making Factory of 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 of how much could be achieved by sheer determination 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 created 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 wastage at a textile factory in Mukden was reduced by 72 per cent, while production increased by 21 per cent. One 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 various fields — 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 any worker, his experiences are widely introduced among his fellow comrades. On the basis of the extensive exchange of experiences, new rational technical standards are then agreed upon through practical experiments and discussion meetings. These new standards are generally set between the new record and the existing 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. The trade union, the Party 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 establishing new 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 mobilize the total labour force of all the interrelated departments 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 mobilized to participate in the movement. Together with the business executives, they do all in their power to facilitate the development of the movement.

Take, for instances, the No. 3 Plant of the Machine Making 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 awards in 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 centring 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, 130 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 quota 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 3,932 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 another governmental plot 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 national 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 toward their work 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 would only lead to increased exploitation for 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 force of the nation can be marshalled behind such a movement as this.

Peking Prostitutes Reform Themselves

Liang Yin-mei

Late in the afternoon of November 21, 1949, the Peking All-Circles Representative Conference passed a historic resolution to end prostitution in the capital of the new People's Republic. That evening, the People's Municipal Government began to put this decision into effect.

In the course of one night, 237 brothels were closed down and 1,290 prostitutes liberated from their lives of degradation as the playthings of the wealthier classes. The women ranged in age from 13 to 53, while the majority (756) were between the age of 18 and 25.

The prostitutes were taken to the Women's Production and Education Institute, a government organization especially created to handle the task of remoulding the women into useful, self-respecting citizens.

It was not easy for these former prostitutes to adjust themselves to their new collective life or to settle down to serious study. Most of them had been sold outright to the brothels as young girls when their own impoverished families could no longer feed them. The brothel keepers had held life-and-death control over their fates. Since the girls were outcasts of society, there was no one to care if their owners beat them or starved them into submission. It was hardly surprising, therefore, that they now viewed with the greatest suspicion any attempt to help them improve their lot.

Their past experiences under the Kuomintang regime had taught them to hate and fear all government authorities, who in the old society had only imposed punishments upon them if they took any note of their existence at all. In addition, many of them had been influenced by the anti-Communist rumours spread by the brothel operators and their Kuomintang clients. Some believed, for in-

stance, that the Communists planned to round up all prostitutes and send them to distant regions for land reclamation work. Others had been told that the Communists would distribute the prostitutes to grimy-faced workers who were too poor to get wives by any other means.

Thus they faced their first day at the institute with extreme anxiety. When they gathered together for breakfast, a few of the girls purposely created a disturbance by loudly complaining about the quality of the food. Others, playing upon the understandable uneasiness of all present, blew up this incident and tried to stage a riot. Some burst into tears and shrieked hysterically; still others mobilized a stampede to the main gate in an attempt to break out of the compound. It was four hours before the cadres could calm the women and persuade them that the authorities were genuinely trying to help them. The women were further reassured when they were allowed to go out in the afternoon to gather their personal belongings and, if they so desired, arrange for their children or mothers to live with them in the institute.

After the women had quieted down emotionally and become accustomed to their new surroundings, the cadres began their long and patient task of helping the prostitutes re-educate themselves. Literacy classes, political discussion groups and vocational courses were organized. The women were encouraged to tell about their bitter experiences in Grievance Meeting. At first many sat silent, afraid to stir up their painful memories. But once a few had taken the lead, once they were confident of receiving sympathy instead of scorn when they laid bare their past, then their former sufferings poured forth in an irrepressible torrent of words as they expressed their

thoughts freely for the first time in their lives. Later they held Accusation Meetings, at which the women brought charges against the brothel operators, carefully documenting their accounts of the sadistic brutality of their former owners.

All but seventy-nine of the thousand-odd prostitutes were found to be infected with venereal diseases. Many were also drug addicts. The institute organized a medical department with a staff of 160 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. They also composed a series of short dramas based on their lives which they performed during the holiday season.

As the story of the women's reformation found its way into the local press, the whole population became interested in following the progress of their retraining. Women factory workers and girl students send delegates to visit the institution and offer encouragement to the former prostitutes. Many popular organizations sent them letters expressing admiration for the diligent manner in which the women were re-educating themselves.

For A Plentiful Tomorrow

— People's Victory Bond Campaign —

K'e Chung-ming

On the morning of January 5, the first day when the People's Victory Bonds went on sale throughout China, railway worker Chi Chen-sheng got up early to head a long queue in front of the entrance of the People's Bank in Kaifeng, Honan. He was determined to be the first one to buy a bond.

The Victory Bonds which Chi was so anxious to purchase are being floated by the Central People's Government. The sale of these bonds will help balance the 1950 budget and check the rising tendency of commodity prices. The first bond sale, comprising one-half the total 200,000,000 units to be placed on sale this year, is scheduled to close on March 31.

Public bond subscriptions are on a strictly voluntary basis. The par value per unit of the parity debentures equals the sum-total of the prevailing wholesale prices of six catties of rice, 1½ catties of flour, four feet of cloth and 16 catties of coal.

In the spontaneous bond-buying spree that is sweeping the country, workers like Chi Chen-sheng of Kaifeng are everywhere taking the lead, particularly the workers in state-owned enterprises. Most workers have set aside a part or all 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. Hankow workers have volunteered to take 200,000 units, and they had bought one-third of this quota by January 12.

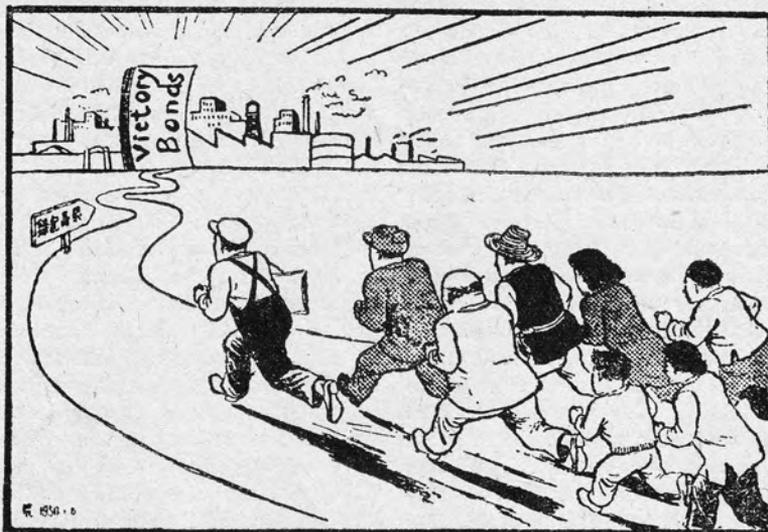
However, workers are not being urged to buy these Victory Bonds, nor are they expected to do so. While the workers' conditions have steadily improved since liberation, they are still far from well off and the average worker's income will only maintain two persons. And, it goes without saying, few workers have any savings to speak of. Nevertheless, the workers themselves are insisting upon lending their government all they possibly can in the interest of building a prosperous society.

The peasants have not been asked to buy any of the bonds either, since the burden of the revolutionary war has fallen most heavily upon their shoulders. It is the peasants who form the bulk of the invincible People's Liberation Army. It is also the peasants who finance the war effort with their produce. And in 1950, agricultural

taxes will provide 41.4 per cent of the total national revenue.

The government considers the businessmen, the retired government officials and the wealthy people in both the rural and urban areas as the main body of prospective bond buyers. Such people comprise the national bourgeoisie, one of the four classes sharing joint power in the new state. This class has money to spare and it is therefore up to the national bourgeoisie to lend its uninvested funds to the government in order to help surmount the country's economic difficulties. The opening weeks of the bond drive have shown that the national bourgeoisie has taken up this responsibility in a highly commendable manner.

Tientsin businessmen, for instance, have pledged themselves to buy 5,800,000 units of the city's



Rush for Victory Bonds

by Huan

By the middle of January, thirty of the women had already left the institution to return to their families or to get married. But most of the former prostitutes decided to remain with the organization until they had mastered some

technical skill so that they could support themselves by their own productive labours. All of them have fundamentally changed their attitude toward life and society. Never again, they now realize, will Chinese women be forced to endure

such humiliating lives as they have known or be turned into social outcasts having nowhere to turn for help or sympathy. That is why they can now face the future with confidence.

quota of 7,300,000 units. Other wealthy residents of the city have subscribed 650,000 units.

This pattern of bond-buying enthusiasm has been duplicated throughout all the large cities of China. At a meeting on January 5, three cotton mills in Shanghai each volunteered to buy 50,000 units. The Wing On Cotton Mill then topped this with a 100,000-unit subscription. Two additional mills pledged to purchase 45,000 units each.

The bond-buying rush demonstrates perhaps more graphically than anything else what widespread 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 strengthening the national economy. The bond issues will make up a part of the 18.7 per cent deficit in the 1950 national budget. (Bond sales are expected to cover 38.4 per cent of this deficit.) Businessmen realize that this deficit was unavoidable because the government deemed it advisable to allocate 23.9 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 Victory Bond issues will go a long way toward absorbing speculative capital and contracting the volume of currency in circulation. It is estimated that the sale of the 200,000,000 units will call back most of the banknotes issued thus far by the People's Bank of China. In this way, commodity prices will be stabilized and inflation checked, thus providing a healthy economic basis for the expansion of industry and commerce.

It is with these considerations in mind that the national bourgeoisie has shouldered its major responsibility for promoting the Victory Bond campaign. But these are not all the practical advantages which business circles will derive from

the bond drive. Here are some of the others:

1) The bonds are backed by a government which has won nationwide victory and gained the unquestionable support of the entire 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.

3) The bonds bear an annual interest of five per cent.

4) 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 promote bonds sales in every metropolis. Dr. Mei Lan-fang, one of China's most famous opera performers, has pledged to buy 1,000 units. A similar amount was purchased by the noted woman writer Ting Ling, who has invested all the savings from her royalties in these government bonds. Shanghai artists have volunteered their services to the government for drawing posters and illustrations to publicize the drive. Most of the professors at Central China University, Hankow, have pledged 40 per cent of their salaries for bonds. A Tientsin woman teacher, Tsui Su-chen, auctioned her engagement ring and bought 45 units with the proceeds. Students everywhere have actively undertaken the task of organizing bond-selling rallies. The students of Nankai University, Tientsin, staged an auction and sold their watches, fountain pens, gold rings and other possessions to raise money for buying bonds.

Government employees — The staff of the Peking Municipal Government had pledged themselves to buy 39,454 units by January 12. An employee of the Tientsin

Educational Bureau volunteered to buy 10 units a month during the year. Reports of similar instances are now beginning to flow into Peking from all parts of the country.

The army — The officers of three units stationed at Tientsin had subscribed 1,820 units by January 11. The men in a unit garrisoning Hankow have all agreed to stop smoking in order to use the money for bond purchases. A wounded veteran now employed 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 businessman in Kuala Lumpur, Malaya, purchased 700 units.

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

Since the whole population of China is solidly behind the Victory Bond campaign, the drive is assured of success. Kalgan, in Chahar province, has become the first city to over-fulfill its quota. By January 17, 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 drive but, what is more important, assure the success of the government in surmounting all its economic problems. They also bring assurance that national reconstruction can move ahead steadily and swiftly, and that the day is not far off when war-wrecked China will be transformed into a land of plenty.



Photographic Exhibition of Life Under MacArthur's Japan

Photographs of the democratic movement in Japan, as well as many Japanese progressive publications, were exhibited last week at Chung Shan Park, in Peking. The exhibition was organized by the Ministry of Cultural Affairs.

The photographs, arranged in ten sections, depicted the hard life of the Japanese people under the reactionary rule of the Yoshida Government, which has been imposed upon the country by the American occupation forces. There were also pictures illustrating the joint struggles of the workers and peasants in their demand for tax reduction. One section was devoted to the May Day demonstrations in 1949, and another showed how the Japanese people observed World Peace Day. A Japanese citizen, just returned from Dairen, was shown describing his impressions of new China. The final section provided graphic evidence of the firm friendship which exists between the Japanese and Chinese peoples.

The book section displayed Japanese translations of works by Chairman Mao Tse-tung, Lu Hsun,

* * *

Li Li-san and other prominent Chinese figures. There were also reproductions of woodcuts by twenty-eight outstanding Chinese artists.

Another display contained copies of various progressive journals and newspapers published in Japan, such as *Akahata* (The Red Flag), organ of the Japanese Communist Party. Several Japanese works on the political and economic conditions in the new China were on exhibit in this section.

Chinese spectators rather naturally felt a particularly deep sympathy for their fellowmen in Japan when confronted by this graphic record of the struggle against the American occupation forces. The struggle in China to oust American imperialism is fresh in everyone'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 Wall Street mouthpiece as General Douglas MacArthur. This fact was proved once again by the large crowds of people who went to inspect this exhibition on the struggle of the Japanese people.

* * *

ment departments, people's organizations and rural districts.

The plan lays great stress upon the need for the closest cooperation between state-run and privately-run film enterprises.

* * *

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 intellectuals. A quota of 763 enrollments has been set aside for trade union members in various parts of China. The All-China Federation of Labour is now conferring with various organizations and government bureaux to draw up a list of suitable candidates for enrollment.

In addition to accepting 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 managers if such persons have been adequately recommended by their local governments.

CORRECTION:

The name of the artist of the woodcut "Anshan Steel Plant Restored" which appeared on page 21 of our last issue should read "Ku Yuan" instead of "Li Hwa"—Ed.

Film Program for 1950

The Motion Picture Bureau of the Ministry of Cultural Affairs has announced its plans for film production and distribution in 1950.

The three state-operated movie studios located in Changchun, Peking and Shanghai will produce 26 feature films, 17 documentary films, one cartoon with marionettes, and 48 newsreels. These studios will also translate and dub-in Chinese dialogues for 40 features and documentaries from the Soviet Union, as well as 36 Soviet educational shots.

Three new film distribution bureaux will be established to

cover Central and Southern China, Southwestern China and the northwestern areas. Similar bureaux are already functioning in Northeast, North China and East China. The 1950 plan calls for extending the branch offices of these six main bureaux until a systematic film-distributing network has been organized throughout the country.

The 1950 program also provides for the creation of 760 Mobile Projection Units. Of these, 250 will be assigned to the armed forces, and the remainder will present motion pictures in factories, govern-

1950 Plan for Increasing the Production of Food and Cotton

A Plan for Increasing the Production of Grains and Cotton in 1950 was adopted by the National Agricultural Production Conference, which met in Peking from Dec. 8 to Dec. 21, 1949. The following are excerpts from this plan:

I

(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 in some places 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, production should be restored to the pre-war level.

In regions where conditions are rather unfavourable (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 reduction of rent and interest, 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 regained a part of their production 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.

II

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 acreage to a total of 50,000,000 *mow* (one *mow* equals 0.1647 acre) and to increase the output of ginned cotton to 1,300,000,000 catties, or 650,000 tons.

To do this we must adopt the following measures:

(1) Mobilize and organize our labour force.

In the old liberated areas, organized labour exchange must become 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 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 cattles, 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.

Improved seeds should be sown on 13,810,000 *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 10,000,000 farming implements.

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

Reclaim 16,000,000 *mow* of wasteland. Experiment with state farms and extend the farming land by 3,000,000 *mow*.

(9) Study agricultural science.

Agricultural experiments and research in 1950 should be aimed mainly at ensuring the increase of grain and cotton production.

China Tackles Her Financial Problems

(Continued from page 6)

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 9,000,000 persons engaged in military and administrative work. These 9,000,000 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.

The life of China's military and administrative workers is extremely hard. The salary of each administrative cadre in rural areas is 75 catties of millet per month. The rationing system still prevails among the armed forces, and their rations are still far from adequate. It is because of the low wage-scales accepted by army and government personnel that national expenditures have been kept within moderate bounds.

Furthermore, Chairman Mao has instructed the army to take part in the production movement. The rank and file of the People's Liberation Army come from the peasantry and thus constitute a good labour force. In 1942, the members of a brigade which reclaimed wasteland at Nanniwan, in North Shensi, were able to cultivate an average of from seven to

ten *mow* per capita. They produced enough food to last the brigade a half-year. Besides this, each person raised one sheep; every two persons owned one pig, and every ten persons had a cow. The army production movement thus lessens the nation's military burden while at the same time, it enables the soldiers to improve their living conditions.

Investments in economic reconstruction occupy 23.9 per cent of the nation's total expenditures. This is money devoted to the rehabilitation of the national economy. Emphasis will be placed on heavy industry, on agricultural irrigation and on railway communications. These are long-term investments. This figure of 23.9 per cent may seem large in view of the fact that our budget is a war-time one. At no time in China's past have reconstruction expenses occupied such an important place in the budget.

Cultural, educational and public health expenses constitute 4.1 per cent of the budget. However it should be noted that the salary of government officials working in these fields has been placed under the heading of administrative expenses. If this were not the case, the figure for these expenditures would be 6.1 per cent of the budget rather than 4.1 per cent.

The chief items among the national revenues are the public grain collections (i.e., the agricultural tax), the city taxes and the income from state-owned enterprises. Revenue from public grain is the tax-in-kind which the peasants pay into the national treasury. The peasants are being asked to give twenty per cent of their gross incomes to the nation—a very, very great contribution. Before the revolution spread to the large cities, this collection of public grain was our only source of revenue.



Winter Studies in Village

by Yen Han

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 38.8 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 1938 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 these problems lies in the floating of People's Victory Bonds by the government. The sale of these bonds will cover 38.4 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, 1½ 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 200,000,000 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 5 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 be 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 idle capital. 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.