

DISCUSSION BULLETIN

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BACKGROUND DATA ON CHINA

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1. Digest of 1949 U.S. White Paper on China.
2. "China Under Communism -- The First Five Years."

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DIGEST OF 1949 U.S. WHITE PAPER ON CHINA

("United States Relations with China," Department of State)
(Publication 3573, Far Eastern Series 30 -- 1,054 pages.)

Chinese Situation in 1944

Summary of reports in 1944 from U.S. Embassy on economic and political conditions in China:

In areas controlled by Kuomintang there are growing concentrations of land holdings, extortionate rents, ruinous interest rates. The peasants resent conscription and tax abuses. Agrarian unrest may increase in scale and find political motivation.

Industrial and handicraft production has been allowed to run down. It is more profitable for speculators to hold raw materials. Intellectual and salaried classes are in danger of liquidation from inflation. Academic groups suffer not only the demoralization of economic stress; the years of political repression are robbing them of intellectual vigor. War zone commanders are creating a new "warlordism."

The Kuomintang is losing the respect and support of the people. There is outspoken criticism of Chiang Kai-shek. Unrest is increasing within the Kuomintang armies. The government's response has been to strengthen the secret police and gendarmerie.

As to the composition and nature of the Kuomintang, politically it is a congeries of conservative political cliques. Economically it rests on a narrow base of rural-gentry-landlords and militarists, the higher ranks of the government bureaucracy and merchant bankers having intimate connections with government bureaucrats. This base actually contracted during the Japanese war. The Kuomintang no longer has the unequivocal support of China's industrialists who have been weakened economically and politically by Japanese seizure of coastal cities.

Since 1937 the Chinese Communist Party has expanded its control from an area of 100,000 square kilometers with a population of one and one-half millions to an area of 850,000 square kilometers with a population of ninety millions.

The CCP has abandoned land confiscation as a temporary expedient to win unified support in its present area of operations. It proclaims liberal economic policies based on private property. It espouses democracy as a good club for beating the Kuomintang.

The CCP prefers to operate behind the Japanese lines where it is relatively free from Kuomintang interference. In North China it is waging total guerrilla warfare by the totally mobilized population with complete solidarity between the army and people.

Based on what amounts to an economic, political and social revolution, the CCP has been moderate and democratic in its program. Its policies include rent and interest reduction for the peasants, tax reform, democratic self-government. The people are given political consciousness and a sense of their rights. The Japanese are fought not merely because they are foreign but because they deny this revolution. The people will fight any government which denies them these newly won gains.

The CCP is more stalwart and self-sufficient than any European partisan movement. Its government and armies are the first in modern Chinese history to have positive and widespread popular support. It has become the most dynamic force in China.

The inevitability of civil war has now become generally accepted throughout the country.

-- pp. 565-570

Kuomintang-CCP Negotiations

For military reasons in connection with the war against Japan the American government undertook in 1944 to mediate between the Kuomintang and the CCP.

The CCP advanced a five-point proposal as a basis for negotiations: 1. Unification of the military forces. 2. A coalition government. 3. Support the principles of Sun Yat-sen. 4. Foreign supplies to be equally distributed. 5. Legalize the CCP.

The Sun Yat-sen program called for a revolution in three stages: military unification; political tutelage; constitutionalism. It set forth three principles of the people: 1. People's nationalism, national integrity and cultural unity. 2. Four political powers of the people: suffrage, recall, initiative and referendum. Five governing powers: legislative, judicial, executive, examination and censorial. 3. People's livelihood: equalization of land ownership; regulation of capital; avoidance of class struggle.

A Kuomintang counterproposal to the CCP propositions called for: legalization of the CCP; Nationalist control of CCP troops; the carrying out of the principles of Sun Yat-sen. Chiang contended that a coalition would not be democratic since all political parties combined constituted less than 2% of the population. He held it his duty to have a constitution adopted by a convention of all the people.

In August 1945 the signing of a Sino-Soviet treaty was announced in which the Soviet pledged support to the Nationalist government as the only government of China. Shortly thereafter the CCP agreed to support the leadership of Chiang as President

and to recognize the Kuomintang as the dominant party in control of government.

-- pp. 39, 54-58, 74-80, 105-106

Conflict After Japanese Surrender

When the Japanese surrendered in 1945, the Kuomintang forces were concentrated in the central and southern parts of the country. The CCP forces, organized as guerrilla units, were widely dispersed throughout the central, northern and coastal regions. Thus the CCP had a geographic advantage in the race with the Kuomintang to take control of Japanese-occupied areas. Armed clashes between CCP troops and the Chiang forces resulted.

The CCP strengthened itself by seizing surrendered Japanese arms but Chiang retained a 5-1 superiority in troops and rifles. He also had a practical monopoly of heavy equipment and transport, an unopposed air arm and the aid of U.S. air and water transport. In addition over 50,000 U.S. Marines were placed in occupation of some key areas in North China.

At the end of 1945 General Marshall was sent to seek unification of the country. He set to work to obtain a cease-fire and to arrange admission of the CCP into the government on a negotiated basis.

In April 1946 the Russians withdrew from Manchuria. Both the Chiang and CCP forces moved in. The CCP got the Japanese arms left by the Russians. Armed clashes occurred. The CCP retreated before the Nationalist attacks, kept its units intact and mobile, and attacked the over-extended Nationalist lines of communication. The CCP became stronger daily and Chiang was unable to assert military domination in Manchuria. By July 1946 hostilities had spread to China proper. At that time Chiang had about 3 million troops, the CCP around one million of whom 400,000 were not regulars.

Marshall warned Chiang against the continuation of his military operations. Continued conflict would further isolate the agricultural and mining areas from urban consumption and export; stimulate the dangerous inflation, commodity speculation and hoarding; and deplete the foreign exchange reserves. These chaotic conditions would weaken the Kuomintang and help the CCP undermine the Chiang government. At the same time the CCP was too large a military and civil force to be ignored. Since it could not be eliminated by military action, the CCP must be brought into the government.

Chiang replied that while the economic situation was more serious in the cities, the economy was based largely on the agrarian population and there was no danger for a long time of an economic collapse. He contended that the CCP could be exterminated in about 8 or 10 months.

The Kuomintang military offensive continued and in October 1946 Chiang ordered nationwide conscription. The CCP in turn issued a general mobilization order. A manifesto was published protesting U.S. aid to Chiang and demanding the withdrawal of U.S. troops from China. Anti-American demonstrations occurred in North Manchuria. A convoy of U.S. Marines was ambushed.

In November 1946 Chiang ordered a cessation of hostilities. He had occupied most of the areas he had demanded the CCP evacuate and had reached what turned out to be the high point of his military position after V-J Day.

In the same month the Kuomintang convened a National Assembly without CCP participation and adopted a constitution. The CCP demanded dissolution of the National Assembly, abrogation of the constitution and the restoration of troop positions as they had existed before the Chiang offensive. Shortly thereafter the American mediation effort was terminated.

-- pp. 130-132, 147-151, 168-196,
208-219, 311-312.

Rebellion on Formosa

At V-J Day living standards on Formosa were higher than anywhere on the Chinese mainland. A good industrial complex existed and the island was self-sufficient in food-stuffs. Literacy was widely spread among the masses. The population welcomed the Chinese forces as liberators.

The Kuomintang imposed dictatorial rule and proceeded to exploit Formosa. The cost of living soared and the rice shortage grew acute. Unemployment progressively increased. Government bureaucrats schemed the eviction of low-income families from formerly Japanese-owned real estate. A cholera epidemic broke out for the first time in 30 years as the health service deteriorated.

The government refused demands for local elections and self-rule. In February 1947 a major rebellion erupted, set off by the ruthless killing of unarmed, peaceful demonstrators. Rumors flew that the Kuomintang governor was bringing troops from the mainland to suppress the mass demonstrations. The people began to arm themselves and take over local administrative posts. By March 5 they were in the ascendency or already holding control throughout the island.

Leadership of the mass movement was in the hands of a Settlement Committee composed of Chambers of Commerce, labor unions, student groups, popular organizations and the Taiwan Political Reconstruction Association which had been the most outspoken nationalist group urging government reform. The Settlement Committee announced that its only object was to reform the government and hasten reconstruction under the Sun Yat-sen program.

The demands included: Withdraw the government troops from Formosa. Provincial autonomy and popular elections. Freedom of association, speech and press. No political arrests or military arrests of civilians. Right to strike. Security of person and livelihood. Cut taxes. Workmen's protection measures.

On March 8 troops and police began landing from the mainland. Thousands were shot, bayoneted, beheaded. Order was restored but hatred of the government increased.

-- pp. 308-310, 923-928.

Chiang Forces Showdown

In February 1947 Chiang ordered all CCP negotiators and other representatives out of the government areas. The CCP then issued a statement that it would recognize no foreign agreements established by the Kuomintang government. This statement was followed by a Soviet proposal to put the Chinese civil war on the agenda of the Moscow Foreign Ministers conference. The U.S. rejected that proposal.

At this point the strategic military initiative passed to the CCP which was able to blunt the government drives and mount a series of minor offensives in Manchuria. The Kuomintang lines extended into territory hostile in all respects. Chiang's commanders in Manchuria had set up carpet-bag regimes of exploitation and aroused opposition among the populace who had first greeted them as liberators. The Kuomintang was confiscating land that the CCP had distributed to the peasants. CCP superiority mounted from its greater use of native troops fighting for their native soil against demoralized Kuomintang troops who confronted an unfriendly populace.

During May-June 1947 student strikes broke out in every major academic center. Their demands for an end to the civil war and an improvement in economic conditions aroused much sympathy among the faculties. A series of rice riots also took place. Many were killed as the Kuomintang responded to these demonstrations by heightened repressions.

The population was becoming increasingly receptive to almost any change which might offer some prospect of stabilization. In simplest terms the mass complaints centered around freedom and food; an overwhelming majority would welcome freedom from the Kuomintang regime. Manchurians sought to evade conscription. Chiang's troops showed a decreasing desire to fight. They didn't understand what the civil war was all about. Some responded to CCP appeals to lay down their arms.

-- pp. 232-248, 315-316, 700-708,
720.

Conflict Intensifies

In July 1947 Chiang proclaimed the CCP in open rebellion and demanded a full mobilization to suppress the revolt. The CCP then started an infiltration movement to the south toward the Yangtze and by the end of the year had begun to strangle the Kuomintang's rail traffic between the north and south, thus beginning a separation of Chiang's forces. At this stage the Soviet Union offered to mediate between the Kuomintang and the CCP but Chiang rejected the offer. The CCP then issued a manifesto calling for relentless pursuit of the land reform program and appealing for support from the middle group of peasants.

Urban unrest increased on a large scale. It did not center in any one particular group but was fairly general throughout the cities. At Shanghai in February 1948 riots developed involving students, taxi dancers, cabaret employees and cotton mill workers. They had long-standing political and economic grievances. The upspring in commodity prices had been unaccompanied by comparable wage and salary increases. They turned to force and could be restrained only by force. A few months later anti-American student riots broke out.

A government force that had earlier captured Yen-an, the CCP capital, was destroyed in April 1948 by the CCP armies. Many Kuomintang troops went over to the CCP. These desertions and surrenders brought arms and ammunition to the CCP. Fear of desertions put the Kuomintang more and more on the defensive. The CCP undoubtedly had organized support within the cities it attacked. Chiang had lost control of 99% of Manchuria and 85% of China proper north of the Yellow river. Strong CCP elements were between the Yellow and Yangtze rivers and infiltration had begun south of the Yangtze.

The Kuomintang forces were on the defensive practically everywhere. A fatalistic feeling of inevitable Kuomintang collapse had developed. Each regional leader began to look out for himself. Sentiment rose for acceptance of the Soviet offer to mediate, in forlorn hope of a compromise that would provide a breathing spell. But Chiang who continued the slave of his past was unable to take the drastic measures required. He doggedly continued the fight.

-- pp. 251, 266-269, 277, 317-320,
841-842, 902-903.

CCP Gains Military Ascendancy

In August 1948 the U.S. Embassy in China recommended that American policy be designed to prevent the formation of a coalition government including the CCP. The recommendation was made in the light of the history of such coalitions everywhere an apparent reference to the events in Eastern Europe. Marshall, who had become Secretary of State, replied with a directive that

no support should be given to the idea of a coalition government and that no further U.S. mediation should be undertaken between the Kuomintang and the CCP.

A few weeks later Marshall evaluated the Chinese situation as one of extreme flux. Most of the Kuomintang troops didn't want to fight. Those who did found their position made impossible by the disaffected. Many Chiang supporters admitted that 99% of the people were against him and if the Kuomintang didn't get out of office soon the people were about ready to throw them out. There was little evidence that the fundamental weaknesses of the government could be overcome by foreign aid. Only U.S. intervention on a very large scale could avert disaster. To defeat the CCP would take a continuing operation for a long time. There would be grave consequences in making China an arena of international conflict. Therefore, there would be no direct U.S. intervention in support of Chiang and no unlimited commitments of aid to the Kuomintang.

With the CCP capture of the Kuomintang military base at Mukden in October 1948 the tempo of the civil war increased rapidly. Between September 1948 and January 1949 Chiang lost one million men and 400,000 rifles. Through Kuomintang defections the CCP acquired a number of planes of American origin, also a cruiser and minor naval units. The American Chamber of Commerce at Tientsin protested further U.S. arms aid to Chiang because the CCP armies were widely equipped with American arms handed over practically without fighting by Kuomintang troops.

There is some question as to whether the Russians supplied the CCP with equipment, except for the large stocks of Japanese arms they abandoned in Manchuria in such a way as to enable the CCP to get them.

At the beginning of 1949 Kuomintang strength had been cut 45% to one and one-half million troops of whom only 500,000 were combat forces. CCP strength was up 40% to 1,600,000 troops, almost all of whom were combat effectives. U.S. officers in China reported that the CCP was now capable of complete military victory over the Kuomintang government.

-- pp. 279-286, 299, 322, 357.

Economic Situation

The principal economic effects of the Japanese war had been suspension of the process of industrialization and disruption of the national monetary system.

Expulsion of the Japanese from Manchuria and Formosa promised a several-fold increase in the national industrial plant and a contribution toward national self-sufficiency in food. Manchurian industry was four times as large as that of China proper; it had three times the electrical power and four times the rail network. Formosa had a traditionally large agricultural export;

substantial production of aluminum, petroleum and electric power. There had been some crippling of Formosan industries and harbors from Allied bombings.

China's coal resources rank among the major reserves of the world. When the Japanese launched their intensified campaign in 1937 the annual production rate was 32 million tons. Under Japanese management coal production had risen 25%. By mid-1947 production had fallen to 15 million tons. Except in Manchuria coal is practically the sole source of power and fuel for water transportation, industrial processes, essential community services and domestic heating and cooking.

There are 1,350,000 kilowatts of electric power installed in China but there has been a 25% loss of the pre-war capacity, although UNRRA had sent a number of 2,000-watt packaged power units for industry. Much of the Chinese equipment was damaged, deteriorated or obsolete.

Serious damage has occurred to the 26,000 kilometers of railways on the mainland. There were heavy losses of inland and coastal shipping during the war. Sea-going ships of 629,000 tons and river and small craft of 180,000 tons were available in 1947. Many ships were old, costly to repair and operate. There was a shortage of ship repair and docking facilities. But there was a wartime increase in the number of motor vehicles.

Production of food-stuffs was near the pre-war level after V-J Day, except where there had been fighting with the Japanese. However, agricultural production had shifted from cash crops to food crops for local consumption. One of the outstanding needs in China is chemical fertilizer. The natural fertilizers traditionally used cannot restore soil fertility. Oil cake wastefully used as fertilizer could more profitably be fed to animals. The by-products of milk, eggs and meat would improve people's diet and health. Domestic production of chemical fertilizer stood at about 81,000 tons annually in 1948.

Textiles, next to food, is China's largest consumer goods industry. Only half of the 5 million pre-war cotton spindles were in operation at the end of the war. Before the war domestic grown cotton provided the bulk of the fibre used in industry. Due to the reduction in cotton acreage and the disruption of transport, indigenous cotton has gone largely into household use. Raw cotton has become a vital import. Of 2 million bales consumed in the mills in 1947, about 700,000 were imported, as compared with imports of 340,000 bales before the war. Much of the imports came from India and Burma.

The iron and steel industry is at a low level of development. Steel production in 1945 reached only 8,000 tons. Pig iron capacity was up 50% over pre-war levels. There are substantial ore deposits in the country. If all were recovered it would produce 300,000,000 tons of steel. This would suffice for less

than 6 years at the U.S. production rate. Other high grade ore deposits may yet be found.

Abundant raw materials are available for cement production but the industry is a comparatively recent development with a 1948 output of about 300,000 tons.

Production of crude oil in China is negligible. Imports are vital to transport facilities and industrial plants. Kerosene is widely used for rural household lighting and fuel.

-- pp. 127-129, 360-363, 789-796,
1,024.

Classical Currency Inflation

By the end of 1946 Chiang's military expenditures were consuming 70% of the government budget and had depleted the gold reserves by about 50%. Less than 25% of the government expenses were financed through taxation. The bulk of the deficit was covered by currency expansion which fed the inflation. The ratio of the Chinese to the U.S. dollar on the open market was 6,500 to 1. Wholesale prices had jumped 700% during the year.

Large scale commodity speculation and hoarding had intensified the scarcity of commodities already brought about by the military operations. There had been further military damage to mining and transportation facilities. Mineral and agricultural production had become further isolated from the centers of consumption and export. In Manchuria key plants had been stripped by the Russians.

Within the Kuomintang government wholesale corruption existed, along with thefts of tax collections.

The economy was disintegrating because of: a grossly unbalanced budget; a large deficit on the balance of payments account; widespread disruption of inland transportation; the low volume of industrial production and internal trade.

The Kuomintang government still attempted to finance its debt by issuing new currency. In the first 6 months of 1947 the note issue tripled but rice prices increased seven-fold. Prices rose faster than new currency could be printed. February 1947 saw a violent upheaval in the Shanghai money market. The ratio between the Chinese and U.S. dollars rose from 7,700 to 1 up to 18,000 to 1. By August 1947 the Shanghai wholesale price index had risen 300% above the February level and the dollar ratio was 45,000 to 1.

Long term investment had become unattractive for both Chinese and foreign capital. Private Chinese funds went into short

term loans, hoarding and capital flight. The entire psychology was speculative and inflationary.

A classical currency inflation existed. Occurring in a predominately agrarian country it required a longer time to run its course than it would in an urban industrial community. Recurrent price upsurges occurred first in the large cities and diffused gradually through the smaller cities. Since the rural people bartered food-stuffs for local handicraft products, the local economies were largely insulated from the urban disruption, but the countryside finally became permeated. The history of the inflation was one of increasingly violent convulsions separated by short intervals of relative stability.

-- pp. 209-212, 220, 360-363, 770-771,
789-796, 1024.

Currency Becomes Almost Worthless

Disorganization of the economy resulted in massive disinvestment which took the principal forms of living off capital and capital flight abroad. Disinvestment also occurred through deterioration of physical assets, abuse of capital equipment, neglect of maintenance, overloading of power facilities. In a very real sense the economy continued to function by the consuming of reserves accumulated by the Japanese; through materials purchased with U.S. dollar credits; and by the use of U.S. surplus property supplies. The long term consequences of this disinvestment are very serious for the Chinese economy.

The Kuomintang government tried to control the inflation by open market sales of gold reserves. This led to collusion between government officials and speculators. Foreign exchange assets were dissipated without any compensating inflow of commodities and without having any effect upon the basic inflationary forces.

The economy of Nationalist China continued to deteriorate at an accelerating pace. During the first 7 months of 1948 prices increased more than 4,500% and the black market rate of the U.S. dollar rose over 5,000%. It became impossible to print adequate currency of lower denominations and the government was unwilling to print notes of sufficiently large denomination. The currency was almost worthless as a medium of exchange.

Shanghai wholesale prices in August 1948 were 3 million times higher than in 1937. The rate of price increases progressively exceeded the rate of expansion of note issues, this contraction of the purchasing power of an expanding note issue marking a late stage of currency inflation. Private capital was almost wholly directed into speculation and commodity hoarding. Banks were increasingly reluctant to extend long term credit for industrial investment. Economic resources were lost through capture of Kuomintang areas by the CCP.

The Chiang government issued a new gold yuan currency which it set at an exchange ratio of 4 to 1 with the U.S. dollar and a ratio of 1 to 3 million with the old nationalist currency. Domestic prices and foreign exchange rates were pegged. Drastic penalties were prescribed for black market operations.

Police enforcement failed to curb the continuing inflation. By April 1949 the gold yuan had depreciated from the government-pegged rate of 4 to 1 in relation to the U.S. dollar to an open market rate of 10 million to 1.

-- pp. 399, 781-782.

CCP Makes Final Offer

With CCP troops at the north bank of the Yangtze, ready to cross the river in the Nanking-Shanghai area, Chiang announced in January 1949 that he was willing to negotiate with the CCP. He asked the Big Four to initiate peace talks but his request was refused by them.

Chiang then retired from the presidency and Vice-President Li Tsung-jen became Acting President. Li soon informed the U.S. government that he had worked out a tentative three-point agreement with the Soviet Ambassador: 1. Strict Chinese neutrality in any international conflict. 2. Elimination of U.S. influence in China. 3. Cooperation between Russia and China.

Li said the Ambassador was on his way to Russia for further discussion of the tentative agreement and that Li in the meantime had sought a direct approach to the CCP.

The CCP gave Li as its terms for settlement: Punish the war criminals. Abolish the 1946 constitution. Abolish the Kuomintang legal system. Reorganize the Nationalist troops. Confiscate bureaucratic capital. Reform the land system. Abolish treasonous treaties. Establish a coalition government.

Li issued an optimistic statement of peace hopes and in March set up a peace-preparations committee. The CCP set an April 20 deadline for acceptance of its conditions and Li maneuvered for an extension of the time limit as he sought to regroup his forces.

When the deadline came on April 20, 1949, the CCP forces crossed the Yangtze without effective opposition and swept on to the south with virtually no resistance.

The Kuomintang managed to evacuate at least 400,000 civilians and 300,000 military refugees, crowding them onto Formosa. This quickly resulted in mounting economic dislocation on that island and increased political tension.

-- pp. 288-299, 304-305, 308-310, 322.

Summary of U.S. Aid

Marshall summarized U.S. aid to Chiang as follows: Equipped and trained 39 Chinese divisions. Transported Chiang's troops by U.S. facilities. Transferred 97 U.S. naval craft and trained Chinese crews to arm them. Furnished military advisors. Landed 55,000 U.S. Marines in North China and when they withdrew in mid-1947, they "abandoned" certain arms and munitions to Chiang.

U.S. also transferred commercial vessels and large amounts of civilian goods to the Kuomintang government. Gave bank credits for reconstruction and imports of cotton. U.S. contributed a major share of UNRRA aid to China. Total U.S. aid to April 1949 well over \$2 billion, around half for direct military assistance. Also sold Chiang surplus property, largely munitions, valued at \$1 billion, at a reduced price of \$232 million.

In addition Chiang got the military equipment surrendered by over one million Japanese, together with over \$3 billion of Japanese industrial and other holdings in China.

-- pp. 381-382, 388, 405.

CCP Policy on Assuming Power

An article by Mao Tse-tung in June 1949 stated the policy of the CCP as it took full state power:

Unite the workers, peasants, petty-bourgeoisie and national bourgeoisie under the leadership of the working class and the CCP. Develop a people's democratic dictatorship with an alliance of the workers and peasants as its basis.

Against the lackeys of imperialism -- the landlords, the bureaucratic capitalist class and the Kuomintang reactionaries -- who will be finally eliminated.

The present policy is to restrict capitalism, not eliminate it. But the national bourgeoisie should not occupy main positions in the institutions of state. When socialism is realized, when private enterprise has been nationalized, the bourgeoisie can be reeducated. The people's state is not afraid of rebellion by the national bourgeoisie.

The national bourgeois class is of great importance at the present stage. Imperialism still threatens. We need a long time to gain economic independence. The proportion of modern industry to the national economy is still very small, about 10% of the total production output. To cope with imperialist oppression and raise the backward economic status, we must utilize all urban and rural capitalist factors and unite with the national bourgeoisie in common struggle.

The peasant economy is scattered. Soviet experience has shown that it requires a long time to socialize agriculture, but this will be necessary before there will be completely consolidated socialism. To socialize agriculture there must be powerful industry with state-owned enterprises as its main component.

The people's democratic dictatorship is mainly the alliance of the working class and the peasant class because the peasants constitute 80 to 90% of the population. It was mainly the strength of these two classes that overthrew the Kuomintang. Passing from the new democracy to socialism depends on the alliance of these two classes.

The leadership of the working class is necessary because it is the most far-sighted and is richly endowed with revolutionary thoroughness. Without its leadership the revolution is bound to fail. In the era of imperialism no other class can lead to revolutionary victory.

-- pp. 720-729.

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"China Under Communism -- The First Five Years"

(Digest of work under the above title by Richard L. Walker, assistant professor of history at Yale; Yale University Press, 1955; 403 pages.)

When the Chinese Communist Party took the power in 1949, its political policy was defined as a united front of the workers, peasants, petty bourgeoisie and national bourgeoisie, based on an alliance of the workers and peasants, led by the working class. Chinese entry into the Korean war on October 25, 1950 brought a series of policy shifts that have led to cataclysmic changes in the Chinese mode of life.

Five years of change have attested to the CCP's ability to organize and rule more people than have ever been controlled by one government in world history. An official census made in 1953-54 gave the following population figures:

Direct investigation	573,876,670
Estimated national minorities excluded from election	8,708,169
Taiwan (Formosa)	7,000,000
Overseas Chinese	<u>12,327,532</u>
Total	601,912,371

-- pp. 2, 3, 4, 46, 112

Governmental Structure

The initial governmental machinery was established in 1949 through the mechanism of the People's Political Consultative Conference la carryover from earlier CCP maneuvers for a coalition with the Kuomintang/. A Government Council was created with Pao Tse-tung at its head and a sprinkling of non-CP elements among its members such as Soong Ching-ling (Madam Sun Yat-sen). As an executive body a Government Administrative Council (GAC) was set up under the leadership of Premier Chou En-lai. On a level with the GAC were the military council, with Mao as chairman, the procurator-general and the supreme court. Below these units stood the regional administrative councils. Next came the councils for the provinces and special cities, then the counties, below them the districts and finally the villages.

Many of these early administrative arrangements stemmed directly from the civil war period in which the military tended to maintain predominance. The system of regional administrations was a reflection of the fact that the military command was in many respects more powerful than the formal administration. Regional authorities were to a considerable degree independent of the central authority.

The PPCC remained the supreme legislative body until the national elections were completed in 1954 and a National People's Congress convened to adopt the new constitution. The previous complicated structure was streamlined, the regional administrations eliminated and the number of provinces reduced from 30 to 26. Extinction of the regional setups was designed to eliminate tendencies toward autonomy and to shift the weight of authority away from the military toward the central government.

-- pp. 22, 29-31.

Police Apparatus

Formal courts exist at three levels: county, province and national. At the local level are people's courts and special people's tribunals created to deal with "security" cases.

Troops are quartered in almost every county. The military has played a role in the agrarian reform, the supervision of mass labor construction works and it still remains the main component of government in remote areas like Tibet.

The security police form an organ apart from the regular police. Their agents infiltrate everywhere and supervise everything from prisons and forced labor to the travel and change of residence of individuals.

A system of security committees was created in 1952 based on factory, school and street as the city unit and the administrative village as the rural unit. These committees are comprised of 3 to 11 members with a clean political history. They operate in secrecy.

More than nine million people were screened from participation in the 1953-54 elections as politically unreliable. They were classified under four headings: unreformed landlords, those deprived of citizenship rights, insane and counterrevolutionaries.

-- pp. 32, 43, 44, 45, 46.

Mass Executions

From October 1949 to October 1950 in four of the six administrative regions a total of 1,176,000 people were executed. In 1951 a campaign based on Regulations for the Punishment of Counterrevolutionaries deepened the blood purge. Victims were charged with resistance to grain collections, taxes, labor and military service, or with spreading rumors and counterrevolutionary propaganda. Many former Kuomintang members who had been allowed to keep official posts were liquidated.

This campaign, which followed Chinese entry into the Korean war, began with the staging of a public mass trial in Peking and mass

public executions. A handbook was issued to the CCP cadres explaining the techniques for "accusation meetings" and how to urge the masses to greater vigilance through these meetings. Few figures on the executions are available because the government had ceased to publish this information, but an official report was given of the execution of 322,000 people in the south-central region alone.

Another brief campaign with public executions was launched in 1953 to round up "remnant counterrevolutionaries." People were complaining about food at the time.

There are always a few public executions taking place. A recent case occurred at Shanghai in January 1954 involving charges of selling cooking oil privately in violation of the government food monopoly.

-- pp. 215-221, 232.

Forced Labor

Political offenders who are not executed are forced to undergo "reform through labor."

Forced labor battalions are usually referred to as "engineering corps" and "conservancy commands." They are used for military, highway and railroad construction, water conservancy and flood control, afforestation and the opening of new land to cultivation.

Actually the slave labor program didn't go into full operation until June 1952 under the Measures for the Control of Counterrevolutionaries. A standard labor term of five years was decreed. Cumulative effects of the slave labor process are shown by an official statement in October 1952 that in the previous two years 10,370,000 conscripted workers were employed under the supervision of 320,000 armed police.

In January 1952 the Kwangsi Daily charged that members of the "labor reform corps" were pretending to be ill or that their bowels were loose, working wearily and clumsily, trying to deceive and cheat the supervisors and seeking to escape. Measures were soon announced to strengthen political education in the labor camps, mobilize the culprits to criticize and supervise each other, lighten the punishment for those who show up well and punish heavily those who show up badly.

-- pp. 220-227.

CCP Hierarchy

At the top level of the CCP is the Secretariat of which Mao is chairman, the Politburo, and the Central Committee with 72 regular

and alternate members. Party bureaus function at the provincial and county levels. At the factory or village level is the party branch composed of three or more members.

The Politburo during the 1949-54 period included: Mao Tse-tung; Liu Shao-ch'i, theoretician and disciplinary specialist; Chu Teh, head of the armies; Chou En-lai, international negotiator; P'eng Chen, party organization leader; Ch'en Yun, economics authority; Kai Kang [purged in April 1955], former head of the Manchurian region; and two party elders, Tung Pi-wu and Lin Tsu-han.

The CC has five main departments: organization, propaganda, united front work, administration and security forces. The official line is laid down by the People's Daily in Peking, the chief organ of the CC, and by "Study," the party's theoretical organ. Concurrent holding of posts in the party and the government extends from the summit down to the lowest levels. Mao, for example, is at the same time party chairman, head of the supreme military body and chairman of the central government.

Mao is built up as the oracle in all phases of Chinese thought and culture. As was the case with Stalin he is made more of a myth than a public figure. Mao is seldom seen except at important public functions in Peking. His picture adorns every home, every room in public buildings. Public utterances end, "Long live Mao Tse-tung." His writings are studied exhaustively and committed to memory.

-- pp. 26-29, 32, 34, 180, 181.

CCP Membership

Membership in the CCP has grown as follows:

1937	40,000
1945	1,200,000
1948	3,000,000
1950	5,000,000
1951	5,800,000
1953	6,000,000
1954	6,500,000

Since the party came to power there has been a concentrated effort to make it the party of the urban working class. By 1951 the rural component had been reduced from 90 to 80 percent of the total membership but the peasants remain predominant. CCP members in the army constitute the second largest component of the party. Women comprise 10 percent of the membership.

Many peasant members have slipped from party discipline. In 1952 the party undertook to reorganize over 180,000 rural branches. The process moved very slowly. In the reorganized branches at least 10 percent of the members failed to qualify for continued membership.

-- pp. 32, 33, 50.

Cadre Training

In January 1951 the CCP projected the goal of at least one party spokesman for every 100 people. Within two years it was announced that at least four million propagandists had been organized and trained through this campaign.

During the training period the students were organized into groups of 10 or 12. Each group had an informer planted in it. The initial study was devoted to an analysis of each trainee's background, his ideas, family, past friends, etc. Trainees were required to write their autobiographies and submit them for group discussion. These were used to promote competition in criticism and self-criticism and to create a tendency toward alertness to ideological errors among associates. Group criticism and self-criticism of this kind continues throughout the active party life of these trainees and has been widely extended as a practice in all spheres of Chinese life.

After the background analysis, intensive indoctrinization began in political theory and its application to China. Required reading included: The Communist Manifesto; Socialism: Utopian and Scientific; Imperialism; Foundations of Leninism; History of Social Development; History of the CPSU; and Leontiev's Political Economy. Current national and international events were discussed and field trips made to observe concrete situations.

Discussion was then channeled into the problems of the trainees' future work and they were given working assignments or scheduled for higher schooling.

In 1953 the function of cadre training was assumed by the formal school system. Most trainees selected are between the ages of 18 and 24. The training process usually lasts 9 to 12 months with some variations. Students having at least one year of middle school are preferred. At the People's University outside Peking a high-level school for CCP cadres has been established.

-- pp. 35, 57, 59, 62, 66-72.

Mass Organizations

Mass organizations have been created to fit almost every social grouping in Chinese society and practically everyone belongs to one of these organizations.

The New Democratic Youth League is open to all youth between the ages of 14 and 25. Described as the "reserve force of the party," it is a highly disciplined unit whose officers must be members of the CCP. In 1954 it listed 12 million members in 470,000 branches or cells organized in block, school, village, factory, etc.

Sponsored by the NDYL is the Young Pioneers for children from 9 to 14 years of age who show some leadership qualities. In 1953

the Young Pioneers had some 8 million members.

There is also the All China Students Federation whose 1953 membership was 3,290,000 and the All China Federation of Democratic Youth with a membership of 18 million reported for that period.

The All China Women's Federation listed a membership of 76 million in 1953. It addresses itself to the long-standing grievances of the women and works toward their integration into all spheres of activity.

Other organizations include the All China Federation of Trade Unions, peasant associations and cooperatives, the All China Federation of Industrial and Commercial Circles and the Sino-Soviet Friendship Association.

In 1953 all major mass organizations held congresses at which their constitutions were revised to tighten centralized control. Accent was placed on the members duties and responsibilities rather than their rights and privileges.

-- pp. 36-42.

Campaign Methods

Almost every major task is carried out in campaign form. Some of these drives are brief, others continuous but in changing forms. They may focus on one segment of the population or on the people as a whole. They may be designed to raise money, carry out a project, influence thinking, impose discipline, etc.

The campaigns usually start in an outlying area with a model case uncovered by a local or provincial paper. The issue is then picked up by the party and the government and converted into a national campaign. All propaganda mediums are set to work, the mass organizations are called into play and the small discussion groups everywhere are drawn into the campaign. The government then formalizes the movement with a series of decrees.

After completion of the action, the high officials appraise the campaign results and point out the mistakes of the local leaders. "Study" appraises the accomplishments and shortcomings of the CCP cadres.

A typical example was the 1953 campaign against bureaucratism, commandism and violation of the law and discipline. "Commandism" was defined as blind use of compulsion against the masses; "bureaucratism" as the failure of the cadres to get down to the masses.

The first step in the campaign called for inspection of work, education of the universal cadres, criticism and self-criticism, strengthening of supervision from top to bottom and coordination of criticism, denunciation and prosecution. Government inspection teams

toured the country and their findings were reported in the press. Mass organizations launched campaign activities. Regional leaders mobilized party drives and the party cadres conducted intensive work from the branch level on up. Although the drive was slow in penetrating to the lowest levels of society, it eventually made its impression throughout the entire country.

A campaign was conducted to implement the 1950 Marriage Law. The stated aims were to eliminate the feudal status of the women, promote economic and political equality, end concubinage and prostitution, permit free marriages and easy divorces. One result can be measured by the divorce rate which rose from 186,000 in 1950 to 396,000 for the first half of 1952.

With Chinese entry into the Korean war, a campaign was launched for the expulsion of foreigners, suppression of the influence of Christianity, and popular financial aid to the war effort. A total of \$230 million was reported raised through popular subscription.

Many other campaigns were conducted and in 1953 these led to 5-too-many movement, a sort of a drive against too many drives. This action was aimed against too many tasks, meetings, organizations, posts and documents.

Through its campaign methods the CCP has been able to integrate the state apparatus, discourage opposition, meet current state needs, arouse mass support, maintain party control and turn up new activists.

-- pp. 77-99.

Economic Reconstruction

When the CCP took power in 1949 industrial production stood at 56 percent, food production at 75 to 80 percent of the pre-war peaks; only 60 percent of the limited railroad facilities were operative; flood control and irrigation was damaged and neglected. Solving the economic problems implied curbing of the inflation which was rampant at the time.

Much of the restoration involved little capital outlay. It was mainly a task of putting back into operation existing capital equipment, including use of the U.S. economic aid to the Kuomintang which finally came into CCP hands more or less intact.

By March 1950 open inflation had disappeared. Rationing and price controls kept the essential commodities stable. Some months later the budget was reported balanced. Fiscal policy was based on repudiation of Kuomintang obligations, an inconvertible currency, barter agreements for international exchange and reliance on fines, forced loans and voluntary donations. The general task of reconstruction was reported completed in about three years.

In February 1951 the United Nations imposed trade restrictions on China. For the year 1950 China's trade with the Soviet sphere had stood at only 26 percent of its total foreign trade. Following the UN embargo trade with the Soviet bloc rose swiftly, reaching 70 percent of the total by the end of 1952 and climbing to 80 percent in 1954.

Internal reflexes to the Korean war brought the seizure of assets of the Western powers within China, together with the 3-anti and 5-anti movements designed to extend state control over industry and commerce. The targets of these drives were defined as corruption, waste, bureaucratism, tax evasion, fraud, stealing state property and theft of state economic secrets.

Government investigation of the books of private business began. During 1952, in nine cities alone, 76 percent of 450,000 private enterprises were found guilty of malpractice. Fines, imprisonment and sometimes the death penalty were imposed and a wave of suicides occurred. Large sums were collected to help meet the Korean war budget. The control and absorption of private enterprise by the state was extended.

By October 1952 the government had nationalized 80 percent of heavy and 40 percent of light industry. It operated all the railways and 60 percent of the steamships plying home waters. It controlled 90 percent of all bank loans and deposits, 90 percent of all imports and exports, 50 percent of wholesale and 30 percent of retail trade.

An estimate of production increases across the 1949-52 period shows the following for a selected list of commodities:

	<u>Unit</u>	<u>1949</u>	<u>1950</u>	<u>1952</u>
Pig iron	000 metric tons	210	827	1,589
Crude steel	"	144	551	1,215
Rolled steel	"	90	259	740
Coal	"	26,000	35,000	53,000
Crude oil	"	125	207	389
Cement	"	663	1,412	2,311
Paper	"	108	101	264
Flour	"	1,911	1,200	3,087
Sugar	"	164	198	328
Cotton cloth	000 bolts	29,930	3,230	56,580
Electric power	000,000 KWH	3,600	3,800	5,700
Rice	000 metric tons	--	46,900	55,890
Wheat	"	--	19,300	22,800

The percentage of industrial goods produced by state enterprises rose from 43.8 percent in 1949 to 67.3 percent in 1952.

Five Year Plan

In November 1952 a State Planning Commission was set up for the announced purpose of concentrating on heavy industry to industrialize the country and modernize national defense.

Major goals set for the 1953-57 period of the five-year plan included: a fourfold increase in steel production over the 1952 figures; construction of two large metallurgical plants; a hike of 60 percent in coal production over 1952; expansion of aluminum and tin production; installation of the first synthetic rubber plant, a new large oil refinery and new fertilizer and pharmaceutical plants; a 30 percent increase in grain output over 1952.

The 1953 budget allocated 46 percent of the expenditures to industry, 14.3 percent to railways and communications, 11.4 percent to agriculture, forestry and water conservation, 4.3 percent to trade and banking, 24 percent to unspecified items.

It was estimated that during the first five-year plan local industries would have to supply from 60 to 80 percent of the peasants' needs. Toward that end the handicrafts were organized into producers cooperatives. Government cooperative stores assumed a monopoly over rural commerce. In 1953 some 37 percent of these stores were running in the red.

Industrialization presents a tremendous problem because of the size of the country, the present low level of industry and the near-subsistence level of living standards. There is an acute shortage of skilled labor. By comparison Russia was in a superior position at the start of its first five-year plan. In 1913 Russia had 36,000 miles of railroads and in 1928 some 47,000 miles. For all of China at the end of 1953 there were only 15,000 miles of railroads with about half the mileage concentrated in Manchuria. At the start of its first five-year plan the Soviet Union had a per-capita steel production of over 64 pounds. In 1952 Chinese steel production was less than 4 pounds per capita.

To accumulate capital the CCP government has relied on forced savings, compulsory deposits in state banks and donation drives. Private business was forced to absorb two-thirds of the total government bond quotas for 1953. Other major sources have included intensification of labor and reliance on Soviet economic aid.

Soon after the Chinese five-year plan was launched Stalin's death brought a changed situation in the Soviet Union. Malenkov was promising more consumer goods to the Soviet people and Khrushchev was reporting a critical Soviet food situation.

The Soviet government promised aid to construct or remodel a total of 141 Chinese industrial establishments by 1959. This aid, amounting to an estimated \$250 million a year for 7 years, China is required to repay to the Soviet Union mainly in the form of food. Also involved is a \$130 million Soviet loan made in October 1954. As

a consequence China's food exports to the Soviet bloc increased during both 1953 and 1954.

-- pp. 101, 102, 109, 113, 116-121, 125.

Economic Policy Changes

The determining factor in the CCP government's ability to industrialize the country is the preponderant agricultural sector of the economy. Of the 331 million acres under cultivation in 1952, one-tenth were devoted to industrial crops and nine-tenths to food crops. About 80 percent of the population is engaged in land cultivation. Cultivated land engaged in food production averages 0.52 of an acre per person in terms of the total population. Prospects for increased food production are not bright. The acreage already under cultivation includes marginal land reclaimed through irrigation and the terracing of mountain slopes. Little unused land is yet to be opened and the prospects for providing adequate chemical fertilizer appear dim.

Yet China has shifted from its pre-war status as a food importing country to that of a food exporter. Some 70 percent of the 1952 exports were agricultural products. Despite area famines and a general famine in 1953, food exports have been stepped up each year. To facilitate this policy the government moved at the end of 1953 to speed agricultural collectivization, nationalize all important crops, establish a state food monopoly and institute food rationing in earnest.

Only 3 of the 13 major quotas were met in the first year of the plan. Among the major causes officially listed were: lack of competent engineers, disorganized management, material shortages, scarcity of skilled workers, unreliable and incomplete plans. Limitations on Soviet aid was also a key factor. By 1954 state planning had become more cautious. The planned rate of production increase was cut down to 17 percent for 1954 in contrast to the estimate of a 23 percent increase for the year 1953.

Official policy in 1949 had envisaged government coordination of five economic sectors: individual handicrafts and peasant holdings; private capitalist enterprises; cooperatives; joint public-private companies; and nationalized enterprises. In 1953 the All China Federation of Industrial and Commercial Circles was created for the purpose of controlling the remaining sectors of private enterprise and preparing their elimination. The following year action began to convert the remaining private enterprises to joint public-private form.

Where private business still exists it is closely controlled through taxes, fines, penalties, government monopoly of raw materials and essential services, discriminatory pricing. Private enterprises

are pushed toward the necessity for a state loan. With the granting of a loan the enterprise becomes converted to public-private form with the state taking 75 percent of the profits. This policy caused many business people to seek conversion of their liquid assets into consumer goods but the state moved to forestall this trend through official decrees compelling the maintenance of capital assets.

-- pp. 17, 22, 41, 107, 108,
113-115, 123-125.

Land Policy

The land reform which was standardized in 1950 by government regulations moved from the north to the south in a deliberate manner. "Speak bitterness" meetings of peasants were held as a preliminary to action against the landlords and rich peasants by people's tribunals. At least 1,500,000 were executed. Their property, including land, buildings, tools, farm animals and stored grain, was confiscated and redistributed. By February 1953 about 35 percent of the total land under cultivation had been redistributed. In Kwantung province where population pressure is extreme official figures showed a per capita distribution of 0.22 of an acre to rich peasants, 0.21 to middle peasants and 0.167 to poor peasants and former landlords.

The plan of rural organization included: party branches and peasant associations; people's tribunals, local militia and security police; rural cooperatives for marketing and supply. The cooperatives sold seed, fertilizer, salt and industrial products to the peasants; prescribed methods of cultivation and determined the time of harvests; loaned money, fixed prices and bought up crops; assisted in tax collections and helped to enforce all governmental policies.

In mid-1951 a push toward collectivization began. It started with a campaign against the "Li mentality." The person thus made a symbol was Li Ssu-hsi, a farm laborer who had been a good revolutionary fighter until he got land through the reform movement. He then wanted to devote himself solely to production, asking, "Why still carry on the revolution?"

Li was cited as an example of the dual nature of the peasantry: being progressive in that it opposed imperialism, feudalism and "bureaucratic" capitalism; but also being backward in that it is composed of small producers representing an individual economy. At the same time urban cadre elements who had been sent into the countryside were charged with "bourgeois backgrounds" for expressing a desire to return to the city. They were told to stay in the rural areas and explain the advantages of socialized agriculture.

Motion toward collectivization began with the simple pooling of peasant labor during the busy seasons. At the next stage land and equipment were also pooled to form agricultural producers cooperatives similar to the artels which Stalin called the key to collectivization.

zation in the Soviet Union. The individual peasants kept their dwellings, a small plot of land and an animal or two. They retained the title to their land and were theoretically free to withdraw from the cooperatives. Actually the pressures of discriminatory prices and interest rates, together with denunciation meetings aimed at those who withdrew, were sufficient to keep the cooperatives generally intact.

Above the cooperative level state-owned collective farms were established, manned by peasants working for wages. In Manchuria by the end of 1952 there were 545 state farms with 43,000 employees. Some 40 percent of these state farms were mechanized but much of the land has been found unsuitable for collectivization through mechanization. Therefore, the agricultural producers cooperatives appear to be emerging as the decisive form of collectivization in China. In February 1953 some 4,000 agricultural producers cooperatives, plus 2,000 state farms and 2,600 handicraft producers cooperatives had come into being in rural areas.

-- pp. 88, 132-143.

Peasant Resistance

Peasant refusals to sell grain to the state led to a temporary change in the collectivization policy in March 1953. The CCP cadres were accused of "reckless adventurism" in that they were blindly building up state property without sufficient regard for the practical needs of the peasants. A number of agricultural producers cooperatives were turned back to the labor pool system.

The year 1953 saw a general famine caused by floods, blight, late frosts and locusts. To make a bad matter worse, the government complained, the peasants were resisting official policies by cultivating only a minimum of land, showing little interest in collecting the harvest and refusing to sell crops to the cooperatives. By September the food problem had reached major proportions. Dire lack of food caused a mass influx of peasants into the cities where the situation was no better.

In the fall of 1953 the People's Daily warned that the state power was confronted by an ocean of small peasants on 100 million farms. If not organized and guided, it said, these small peasants would spontaneously take the capitalist path. The campaign against counterrevolutionaries was revitalized. A series of actions were launched to establish thorough governmental control over agriculture.

The CCP cadres were ordered to organize agriculture on the basis of common ownership of the land and means of production, with the yield to be distributed according to labor. In January 1954 a goal was set of 800,000 agricultural producers cooperatives by the end of the first five-year plan and complete collectivization under the cooperatives form within a decade.

Making no secret of its aim to speed industrialization through the export of food, the government established the food monopoly and decreed advance government purchase of eight major non-food agricultural products along with strict rationing of food. To speed collectivization the labor pools and producers cooperatives were given priority in all things over the individual peasants who were also subjected to discriminatory taxes, interest rates and prices.

-- pp. 43, 144, 147-153.

Working Class

The total labor force -- including technicians, administrators, telecommunications personnel, government employes in economic enterprises, and teachers with specialized functions in industry -- stood at 15 million in 1954, some 2.6 percent of the total population. This figure represented a gain of two million over the total labor force in 1950. In 1953 there were around three million industrial workers among whom were included 594,000 textile workers, 504,000 railway employes and 460,000 coal miners. The growing industrial bureaucracy was reflected in a government survey of 195 factories, only seven of which were found to have a managerial staff of less than 10 percent of the total work force. In 50 of these factories the managerial staff ranged from 10 to 20 percent and in 138 factories from 20 to 50 percent of the total work force.

In 1952 there were one million women employed in industry, a rise of 74 percent over the 1950 figure. Official policy affords women equal rights on the job. Employment of children is allowed with a maximum work day of six hours decreed for those under 14. Among violations officially reported was a case in the silk industry where 6 and 7 year olds worked a 12 hour day.

Due to the skilled labor shortage most universities have turned largely to technical training. The major recruitment of students has been among workers. In 1952 some 26,000 workers were released from industry for technical training. During the same year some 9,000 spare-time schools functioned with an enrollment of around three million workers. A critical problem is created by the high rate of illiteracy among workers, especially in the use of the written language which has about 40,000 different characters.

Unemployment has been a continuous problem. In June 1950 there were 1,660,000 unemployed, in July 1951 there were 450,000 and in August 1952 some 3 million, nearly one-fourth of the total labor force. The government has attributed unemployment to: productivity increases, elimination of luxury industries, women seeking jobs and the influx of peasants into the cities.

Since 1952 there has been a leap in peasant migration to the cities. The government has acted to halt what it calls a "blind flow" by ordering resettlement of migratory peasants on uncultivated land. A program of rural public works has also been undertaken.

Unemployment problems led to a series of labor control measures in 1952. The system of labor distribution was centralized. Workers were required to carry registration cards. Job assignments and job transfers were made arbitrarily. All job applicants were screened and hiring and firing placed under strict government control.

Under the 1950 Trade Union Law the All China Federation of Trade Unions was given sole recognition as the legal union organization. The law states that the first duty of the unions is to aid the enforcement of all laws and policies of the government. In practice the unions function as a control mechanism over the labor force and as an instrument to push the official propaganda and campaigns.

The ACFTU is organized regionally and according to basic industries. Its national congress selects an executive committee which in turn appoints a presidium of 24 members and a secretariat of 8. In 1954 the ACFTU had over 11 million members in 180,000 local units, about one-twelfth of the members belonging to the CCP.

There are no industrial disputes in the state industries. Disputes in the private enterprises reached a peak in May 1950; however, there have been no further reports of trouble since labor-capital councils were introduced. CCP activists are charged with the duty of supporting the factory directors.

-- pp. 154-160, 166-168,
174, 175.

Working Conditions

Most wages are paid either by a "parity unit" based on a wholesale price index or by a "fen" system with the value of the "fen" determined by the state bank according to the prices of staple commodities. Rates under both systems vary from locality to locality. In 1952 the government claimed wages were up 60 to 120 percent over 1949 while the price index had fallen from 5 to 10 percent below the 1949 level. This claim must be balanced against the drain of "voluntary" hours, donations and heavy tax increases.

During 1952 a wage reform movement was launched, patterned after Soviet policy. An attack was made against "equalitarianism" and reliance on "socialist incentives" alone to spur production. Piece work and time bonus systems were established wherever possible. Managers and technicians were allotted up to 30 percent of their pay in bonuses. Wages in Shanghai fell 37 percent below the 1949 "parity unit" equivalents, although the workers were putting in 10 hours more per week than in 1949.

Official policy calls for an 8 to 10 hour day. Yet most areas appear to have closer to a 12 hour day. To this total another 2 hours should be added for the many supervised activities, such as compulsory attendance at political discussion meetings. In state industries wages and hours are determined mostly by the plan, in private enterprises by the joint labor-capital councils.

Certain categories of workers get benefits covering sickness, injury, old age pensions, disability, maternity care, compensation to dependents in case of accidental death. These benefits are limited to workers in: factories and mines with over 100 employes; railway, navigation, postal and telecommunication services; capital construction units. The benefit fund is maintained by payment of the equivalent of 3 percent of the workers wages into a special account held in the state bank in the name of the ACFTU.

"Emulation" drives to contribute extra hours and work for less pay, Stakhanovite-type campaigns, "model workers" and "labor hero" competitions are conducted by the ACFTU. The effects have often been disastrous on both the workers and long-range production. In North China alone there were 3,000 industrial casualties from March to August 1952. The accident rate for 1953 was even more serious. Some employes become so exhausted they are unable to continue working. Neglect of equipment maintenance impairs production. Pressure is added by legal sanctions against the workers concerning attendance, punctuality, sick leave and their general attitude.

In August 1953 the Peking Daily Worker published reports of the beating and torture of workers by the CCP cadres. The cadres were accused of an "impatient mood" and "rash methods." It was carefully pointed out, however, that this criticism did not mean punishment measures were officially rejected. Soon thereafter "workers courts" were established, composed jointly of workers and members of the managerial staffs. These courts would differ from the practice of criticism and self-criticism, it was pointed out, in that the actions taken would be of a forcible nature.

Signs of dissatisfaction among the workers are revealed through some of the government policies. In 1952, for example, a purge of "bourgeois elements" was conducted within the unions. A year later reports of alleged worker sabotage were assuming major proportions. A campaign was launched against slackness in labor discipline. The slackness was held to include: absenteeism, faking sickness, arriving late and putting tools away early, working at low speed, neglecting care of machines, turning out defective products and disobeying supervisors.

-- pp. 41, 122, 123, 158,
161-165, 169-173.

Sino-Soviet Relations

For the first time the Soviet Union has had to recognize it is dealing with a partner. Soon after the CCP took power a basic agreement was negotiated between the two countries. It provided: mutual military action if either country is attacked; \$300 million in Soviet aid at one percent interest over a period of 5 years; return to China of the Changchun railway; trade and barter agreements; joint Sino-Soviet companies in oil, coal gas and non-ferrous metals; Soviet

withdrawal from Port Arthur and Dairen; cultural delegations and educational exchanges.

Subsequently the Soviet Union agreed to transfer its installations at Port Arthur to China without compensation. In return for Chinese food exports the Soviet also agreed to transfer to China all Soviet interests in the joint Sino-Soviet companies at Dairen, and in the provinces of Sinkiang and Chinese Turkestan.

There has been an increasing influx of Soviet advisors into China to aid in all spheres of reorganization of the country. Each Chinese bureaucrat has also tended to lean on his Soviet counterpart for advice. In the Korean war China was able to modernize its armed forces with Soviet aid and the help of Soviet military advisors has become all the more necessary because of the switch to heavy and complicated equipment.

In 1953 Moscow published four volumes of Mao's works in Russian with an introduction characterizing them as creative writing on the change in the nature of the colonial revolution. On occasion Pravda has reported the schedules and the frequencies for tuning in on Peking broadcasts.

In China Mao has called for "a tidal wave of learning from the Soviet Union." The study of Russian has become more and more a mass movement. In the 1949-53 period some 10 million copies of Stalin's works were published in Chinese. In September 1954 Peking began rebroadcasting Chinese language programs originating in Moscow. The CCP cadres are urged to concentrate on study of the Soviet experiences in industrialization. Peasant trips to the Soviet Union have been organized to see the collective farms there. Soviet medical theory and experience already permeates Chinese medicine.

In 1954 the Sino-Soviet Friendship Association reported 58 million members within China. Its executive committee of 203 members reads like a "Who's Who in China."

Transportation and communication facilities between the two countries have been improved. There is now long distance telephone service between Peking and Moscow and a regular through train service has been established between the two capital cities.

The partnership nature of the relationship is reflected in a public reference by the Peking authorities in 1953 to Chinese "demands" for Soviet economic aid.

-- pp. 13, 39, 271-277,
278-283, 288, 291.

Foreign Policy

The new CCP government received formal recognition from the USSR in October 1949. Recognition soon followed from the Soviet

satellites; then from the South Asia neutral bloc; and in January 1950 from Great Britain. By October 1953 formal diplomatic relations had been established with 19 countries. The CCP government has never acknowledged the recognition extended to it by Yugoslavia only four days after it took power. A Chinese ambassador was not sent to Viet Minh until August 1954.

Treaties of friendship have been established with most of the Soviet bloc, along with favorable trade agreements. All former treaties signed by past Chinese governments have been abrogated, foreign private interests stripped of their former protection and their assets seized generally without compensation.

China has set out to establish itself as one of the five great world powers and the major power in Asia itself. The fact that China stalemated a coalition of great powers in Korea has gone a long way to prove to neighboring countries that it has the ability to establish the status claimed.

In a joint statement with Nehru in 1954 Chou En-lai set forth the diplomatic policy of the CCP government: mutual respect for each other's territories and sovereignty; non-aggression; non-interference in each other's internal affairs; equality and mutual benefits; co-existence.

Under the new constitution the overseas Chinese were allotted 30 seats in the September 1954 National Assembly. Student youth among the overseas Chinese are urged to return to the homeland for special training after which they are again sent abroad to function as organizers of cadre elements.

-- pp. 237-241, 252, 253,
260, 264, 309.

Nationality and Religious Groups

China's population includes 60 different minority nationalities with a total of some 40 million people. The government has classified these peoples according to the stage of their class development: primitive pastoral stage (Liao people); serf system (Lolos); developed feudal stage (Tibetans outside of Tibet); semi-feudal stage (Inner Mongolia).

Autonomous areas are being established for the minority groups and they are allowed to retain their own languages, customs and religions. The land reform has not been completed among the minorities. Most officials in minority areas have empty titles and no power. So far around 100,000 CCP cadre elements have been trained among the minority nationalities, mostly youth.

The Mohammedans, who present the most ticklish problem, have been treated as both a minority nationality and a religious group. Moslem areas have been most rebellious against the CCP rule. In Kansu province in 1952 they killed 3,000 party elements and seized three districts before the army suppressed the revolt.

Buddhism, on the other hand, because of its loose organization made an easy target for the CCP. The monks were classified as landlords and the monastery land redistributed. An officially-sponsored Buddhist Association was formed to participate in the land reform, struggle against "counterrevolutionaries," aid the Korean war effort and recognize the Buddhist duty to construct a new religion in the new society. Buddhism was being organized out of existence.

The Taoist religious societies were an easy target for the government because of their secret organizations. A ruthless campaign was waged against them and many were executed.

Christianity was attacked as an agency of imperialism. Christians were subjected to house arrests, mass trials and imprisonment. Many were executed. In 1949 there were over 3,000 Protestant missionaries in China. By April 1952 less than 100 remained in the country. Catholic missionaries declined from 3,222 in January 1951 to 364 in November 1953.

The CCP organized a National Christian Council which issued a manifesto in 1950 calling for: support of the land reform; a purge of imperialist influence in the church; reform of Christianity through self-criticism and austerity measures; the installing of a patriotic spirit in the church members.

-- pp. 184-192.

Education, Propaganda and Culture

A sweeping revision of the educational system began in 1952. Primary school training was reduced from 6 to 5 years. Worker and peasant graduates of primary school were admitted on a part-time basis to the middle school which lasted 6 years as before. The number of institutions of higher learning was reduced from 201 to 182. Most of these were made into specialized centers of training. Only 14 remained comprehensive-type universities. By the end of 1952 student enrollment included 203,000 in colleges, over 3 million in secondary schools and 55 million in primary schools.

Late in 1953 the government decreed that industrialization must take precedence over the broadening of education. It ruled that young people must be trained for and directed toward work in the fields and factories. A campaign was opened to achieve better discipline among students. Laxness was charged, such as coming late, leaving early, reading novels in class and arguing with the teachers.

The techniques of the cadre school were carried into the whole of society. Practically all of the population was organized into small discussion groups led by the trained cadres. A system of mutual ideological spying was promoted that extended into the home and family.

According to Ai Ssu-ch'i, editor of "Study," the bulk of the people need to know but three basic theories: labor created the world; class struggle; the Marxist theory of the state. Beyond these factors the political objective was one of inculcating "true patriotism:" absolute opposition to imperialism; belief that the fatherland is great; absolute support of the government; love of the people, of work, of science; protection of the collective properties; support of China's relations with the Soviet Union.

The government has taken firm control of the press and publishing houses. The management of all periodicals was overhauled and some were forced to suspend publication. County and provincial news is localized. Only a limited number of centrally-supervised publications are permitted to circulate freely throughout the country.

Inventories of all publishing houses and libraries were examined for ideology, terminology and contents. Books under some 17,000 titles were confiscated and used as waste paper or burned.

Four categories of publications now appear: translations from the Russian; works of CCP leaders; popular propaganda material which constitutes the main bulk of published material; literature and art which has a very thin output. The publishing volume for 1952 included 760 million copies of books, 365 magazines with a total circulation of 200 million copies, and 276 newspapers at the district level and above.

In 1951 a campaign was opened to bring the intellectuals under party control. The Central Committee of the CCP launched an attack on an independently produced film pointing up the theme of popular education. The CC called for cadre discussion of the film's ideological blunders. Many party elements had been applauding the film. They were taught a lesson and the artists were shown that the party and not themselves would judge their creations. As the campaign to control the intellectuals deepened, mass recantations and confessions developed, involving practically all the leading scholars. Some denounced all their previous works.

-- pp. 48, 62, 73, 182,
193-196, 202-208, 212.

Source Material

Walker reports that his book is based in the main on the following source material:

1. A unique collection of CCP sources in the Yale University Library, the basis for which was laid with the acquisition in 1951 of one copy of everything contained in a Dairen bookstore. Included are files of over 30 periodicals, together with 1,300 books and pamphlets published in Manchuria and in Chinese in the Soviet Union between 1946 and 1950.

These sources were supplemented by another 80 CCP periodicals published between 1949 and 1952 which Walker himself picked up on a trip to the Far East. In addition Yale has since continued to receive the major CCP publications and has one of the most complete collections of CCP material in the U.S.

Walker reports that he studied closely day by day: the People's Daily; a Tientsin paper featuring economic and financial news; Study, the theoretical organ; The New China Monthly, covering all walks of Chinese life; The Current Affairs Handbook, published for CCP propagandists; New China Women; China Youth.

2. A mimeographed publication of the U.S. Consulate General at Hong Kong which Walker describes as source material presented for scholarly use and remarkably free of political bias. Included in this material are a "Current Background" series, "Survey of the China Mainland Press" and "Chinese Communist Propaganda Review."

3. "Soviet Press Translations," published by the University of Washington at Seattle from 1946 to 1953, which contains translations of some CCP documents not to be found elsewhere.

4. "Current Digest of the Soviet Press," published weekly in New York since 1949, a source of official statements on Sino-Soviet relations.

5. W. W. Rostow's "Prospects for Communist China" and Ronald Hsia's "Economic Planning in Communist China."

6. Miscellaneous reference material is listed in Walker's bibliographic note on pages 329 to 335 and in the Notes to the chapters on pages 337 to 387.

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