

# STRIVING TO CONSOLIDATE AND EXPAND THE PEOPLE'S VICTORY

*September 30, 1950*

A year has elapsed since the founding of the People's Republic of China on October 1, 1949. This has been a year of great victories and swift advance for the Chinese people. At home we have continued to make great progress in the War of Liberation and have liberated the whole country except for Tibet and Taiwan. Internationally, we have established diplomatic relations with the Soviet Union and 16 other countries and have signed the Treaty of Friendship, Alliance and Mutual Assistance with the U.S.S.R.<sup>17</sup> With internal and external circumstances providing this firm foundation, the Central People's Government has led the people throughout the country in carrying out energetic reform and construction in the political, economic and cultural fields. As people both at home and abroad have seen, China's history has witnessed more important changes during the past year than during the previous several centuries and even millennia. The old China is fast disappearing, and the new people's China has been firmly established.

Let us now take a brief look back on the past year.

## GREAT VICTORIES IN THE PEOPLE'S WAR OF LIBERATION

The past year has been one of continual victories in the People's War of Liberation. On the eve of the founding of the People's Re-

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Speech at a meeting to celebrate the first anniversary of the founding of the People's Republic of China, held by the National Committee of the Chinese People's Political Consultative Conference. It was carried in *People's Daily* on October 1, 1950.

public of China in 1949, the war, which began in July 1946, had already been basically won. But at that time, remaining Kuomintang brigands still occupied south China (the region around Guangzhou), southwest China (the region around Chongqing) and several islands. During the past year, the People's Liberation Army liberated all of south China and Fujian Province in the Hengyang-Baoqing, Guangdong, Guangxi, Ping'erguan, Hainan Island and Zhangzhou-Xiamen campaigns. Later, in the Southwest, Southern Yunnan and Xichang campaigns, it liberated all of southwest China with the exception of Tibet. The PLA also liberated the Zhoushan, Dongshan and other islands. During this past year our army wiped out 203 entire enemy divisions consisting of about 2,180,000 men.

Our army has thus annihilated 8,070,000 enemy troops during the four years of war since July 1946. Among the many trophies captured during those four years, artillery pieces alone numbered 54,430. As we all know, except for a small number manufactured by the Kuomintang reactionaries themselves, most of the guns and other munitions we captured were manufactured and supplied to the Kuomintang reactionaries by the United States. Some were made by Japan, and these were also handed over to the Kuomintang reactionaries by the surrendering Japanese army with the assistance of the United States.

The Chinese people have annihilated the American-equipped Kuomintang armies throughout China's mainland, winning an enormous victory. What lessons can we learn from this? The most important lesson is: a victory this great can never be an accident of history but is the inevitable outcome of the many revolutionary struggles waged by the Chinese people over the past century. Such an overwhelming, rapid and complete victory would have been inconceivable without the selfless support of millions of people. This victory of the Chinese people is entirely different from all the so-called unifications in China's history. There were many "unifications" of one sort or another, but either the unifiers were oppressors of the people to begin with, or they became so afterwards. Therefore, they could not achieve real unification, and even if they had done so, the unification would never have lasted. Today, unity among the Chinese people has emerged for the first time. The people themselves have become masters of China's soil, and the reactionaries have been irrevocably overthrown. Since the enemy annihilated by the Chinese people was armed by the U.S. government, we can declare

categorically that the Chinese people have won victory not only over their enemy at home, but also over their enemies abroad, namely, the imperialist interventionists of the United States. If U.S. imperialists still want to interfere in our affairs and invade China, no matter what new ways and forms they try, they will inevitably meet with defeat as did the Kuomintang.

The struggle between the Chinese people and the Kuomintang reactionaries has not yet come to an end. This is because Taiwan, which is occupied by the remaining reactionaries, is now under the direct control of the U.S. navy and air force. The PLA is determined to liberate Taiwan from the grip of the U.S. aggressors and to clean out the lairs of the reactionary brigands once and for all. It is clear that in the war for the liberation of Taiwan, our strategic position is much better than any enemy's. On our side stands inspired righteousness; our rear is nearby, vast and consolidated, and we are now redoubling our efforts for final victory. The PLA is also determined to march west to liberate the Tibetan people and defend China's frontiers. We are willing to undertake peaceful negotiations to bring about the liberation of Tibet, which is necessary to the security of our motherland. Patriots in Tibet have expressly welcomed our position and we hope that the local authorities there will not hesitate to bring about a peaceful solution of the issue.

The history of the past century, and especially of the past 20 years, clearly shows that China has been the prey of imperialist aggressors. The victorious Chinese people, therefore, cannot be without a mighty national defence force to protect themselves. We must accelerate the building of our national defence and always be on guard against the plots of the imperialist enemies to extend their war of aggression. We must build up a powerful people's air force and navy, so that we can beat back armed invaders from the air and sea and safeguard our territorial airspace and waters from incursion. The people's ground forces must be continually strengthened so that they can defeat any aggressors.

## FOREIGN POLICY OF THE PEOPLE'S REPUBLIC OF CHINA

The foreign policy of the People's Republic of China has been clearly laid down in the Common Programme<sup>1</sup> adopted by the Chinese

People's Political Consultative Conference. According to the Common Programme, "The principle of the foreign policy of the People's Republic of China is protection of the independence, freedom, territorial integrity and sovereignty of the country, support of lasting international peace and friendly co-operation between the peoples of all countries, and opposition to the imperialist policy of aggression and war." On the question of establishing diplomatic and trade relations with foreign countries, the Common Programme states: "The Central People's Government of the People's Republic of China may, on the basis of equality, mutual benefit and mutual respect for territorial integrity and sovereignty, negotiate with foreign governments that have severed relations with the Kuomintang reactionary clique and that adopt a friendly attitude towards the People's Republic of China, and may establish diplomatic relations with them." "The People's Republic of China may restore and develop commercial relations with foreign governments and peoples on a basis of equality and mutual benefit." The foreign affairs of the Central People's Government in the past year have been conducted in accordance with these basic principles.

Since the founding of the People's Republic of China, 17 countries have established formal diplomatic relations with our country. They are the Soviet Union, Bulgaria, Rumania, Hungary, Korea, Czechoslovakia, Poland, Mongolia, the German Democratic Republic, Albania, Burma, India, Viet Nam, Denmark, Sweden, Switzerland and Indonesia. Eight other countries — Pakistan, Britain, Ceylon, Norway, Israel, Afghanistan, Finland and the Netherlands — have also expressed willingness to establish diplomatic relations with us. Four of these — Britain, Norway, the Netherlands and Finland — are now conducting talks with us for that purpose.

The People's Republic of China resolutely sides with the world camp of peace and democracy headed by the Soviet Union and has established the closest fraternal relations with that country. During Chairman Mao Zedong's visit to the Soviet Union, the two governments signed the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance, an event of global and historic significance. Because of this treaty, nearly 700 million people of the European and Asian continents have united in close alliance militarily, economically and culturally, and thus greatly strengthened the power of the two countries to guard against aggression from the East. At the same time this treaty was signed, or shortly thereafter, China and the Soviet



Union also concluded the Agreement on the Chinese Changchun Railway, Lüshunkou and Dalian; the Agreement on the Granting of Credit to the People's Republic of China; the Agreement on the Founding of the Sino-Soviet Petroleum Joint Stock Company in Xinjiang; the Agreement on the Founding of the Sino-Soviet Nonferrous and Rare Metals Joint Stock Company in Xinjiang; the Agreement on the Establishment of the Sino-Soviet Civil Aviation Joint Stock Company; the Agreement on Experts; and the Trade Agreement. Through these agreements, our great ally has extended much generous assistance to China, which is recovering from its war wounds. All the Chinese people are elated by the signing and implementation of the treaty and agreements between China and the Soviet Union and express their boundless thanks for the friendship extended to them by the leader of the Soviet Union, Generalissimo Stalin, and by the government and people of the Soviet Union.

China has also signed trade contracts and agreements with Poland, Czechoslovakia and Korea. Trade negotiations are under way with the German Democratic Republic and Hungary.

Trade relations have also developed between China and certain capitalist countries. The total amount of China's foreign trade is expected not only to reach but to surpass the original targets.

Establishing diplomatic relations with capitalist countries is more complicated than establishing trade relations. Here I should especially mention our lengthy negotiations with Britain, which have so far produced no results. The reason the negotiations have been fruitless is that, while the British government recognizes the People's Republic of China, it favours permitting the so-called Chinese representatives belonging to the reactionary Kuomintang clique to continue their illegal occupation of China's seat in the United Nations. This makes it difficult to open formal diplomatic relations between China and Britain. And Britain's unfriendly and totally unjustifiable attitude towards Chinese residents in Hong Kong and other places cannot but be of serious concern to the Central People's Government of China.

Throughout the Chinese People's War of Liberation, the U.S. government has sided with the enemy of the Chinese people, assisting the Kuomintang reactionaries with all its might in their attacks on the Chinese people. The enmity of the U.S. government towards the Chinese people has increased since the founding of the People's Republic of China. Despite just criticisms from the Soviet Union, India

and other countries, the U.S. stubbornly bars the representatives of the People's Republic of China from attending meetings of the United Nations and its various organs and shamelessly protects the seat of the representatives of the Kuomintang reactionaries. Similarly, the U.S. bars the Chinese representatives from participation in the Allied Council for Japan<sup>18</sup> and plots to exclude China and the Soviet Union from the conclusion of a peace treaty with Japan, in order to re-arm Japan and retain U.S. occupation troops and military bases there. The U.S. deliberately instigated the assault of the Syngman Rhee<sup>19</sup> puppet gang on the Korean Democratic People's Republic in order to expand its aggression in the East. Then, on pretext of the situation in Korea, it dispatched naval and air forces to invade the Chinese province of Taiwan and announced that the so-called problem of Taiwan's status should be settled by the U.S.-controlled United Nations. Moreover, time after time, it has sent its air force in Korea to enter the airspace over the Chinese province of Liaodong<sup>20</sup> to strafe and bomb the residents there and has ordered its naval forces off Korea to bombard Chinese merchant ships in international waters.

These violent acts have revealed the U.S. government to be the most dangerous foe of the People's Republic of China. U.S. forces have invaded China's borders and may at any time expand their invasion. MacArthur, commander-in-chief of the U.S. invading troops in Taiwan and Korea, long ago disclosed the designs of the U.S. government and continues to invent new excuses for extending its aggression. The Chinese people firmly oppose the atrocities committed by the United States and are determined to liberate Taiwan and other Chinese territory from the clutches of the U.S. aggressors.

Ever since Korea was invaded by the United States, the Chinese people have followed the situation closely. The Korean people and their People's Army are resolute and courageous. Led by Premier Kim Il Sung, they have been remarkably successful in resisting the U.S. invaders and have won the sympathy and support of people throughout the world. With persistent, long-term resistance, the Korean people will surely overcome their many difficulties and achieve final victory.

The Chinese are a peace-loving people. One hundred and twenty million of them have already signed their names to the solemn Stockholm Appeal,<sup>21</sup> and the signature campaign is still growing. It is obvious that after liberating all the territory of their country, the Chinese people want to rehabilitate and expand their industrial and agricultural production and pursue cultural and educational work in

a peaceful environment, free from outside threats. But if the U.S. aggressors take this as a sign of weakness on our part, they will commit the same fatal blunder as the Kuomintang reactionaries. The Chinese people profoundly love peace, but they never have been, and never will be, afraid to fight back against aggression in order to defend peace. They will not tolerate aggression against themselves or their neighbours. Anyone who attempts to exclude the nearly 500 million Chinese people from the United Nations or who ignores and violates the interests of this one-fourth of mankind, imagining that any Far Eastern problem that directly concerns China can be solved arbitrarily without China's participation, will certainly meet disaster.

### CONSOLIDATING THE PEOPLE'S DEMOCRATIC DICTATORSHIP AND PREPARING FOR AGRARIAN REFORM

The imperialists and reactionaries have always underestimated the strength of the Chinese people, because they have been accustomed to regarding liberated New China the same way as they did old China. They keep forgetting that the Chinese people have already secured their own most powerful weapon, that is, the people's democratic dictatorship. This people's democratic dictatorship has already organized its own forces and crushed the reactionaries who opposed the people.

In the past year, under the leadership of the Central People's Government, China has established one people's government of a greater administrative area, one people's government of an autonomous region directly subordinate to the Central People's Government, four military and administrative committees of greater administrative areas, 28 provincial people's governments, nine people's administrative offices equivalent to provincial level, 12 municipal people's governments directly subordinate to the Central People's Government or to greater administrative areas, 67 municipal people's governments under provinces, and 2,087 county people's governments. All these organs of state power are exactly opposite in principle to the reactionary Kuomintang organs of state power that oppressed the people, because they are instruments of the people's democratic dictator-

ship. They represent the interests of the people of every stratum, maintain ties with the masses and suppress only reactionaries.

Some of the people's governments at various levels have been elected by people's conferences at the corresponding levels.<sup>22</sup> People's congresses have been convened in a few cities and counties. Conferences of representatives from all circles have been held in all the other cities, 1,707 counties and 36 Mongolian banners. People's congresses, people's conferences or peasants' conferences have been convened in most of the districts, townships and villages. All these conferences and congresses have had good success in uniting people of various strata, parties, groups and nationalities, making it possible both for the government to hear the opinions of the people and for the people to understand and supervise the work of the government. People's supervisory organizations have begun to be established at all levels, and some have started functioning, although the people's governments must strengthen their leadership in this regard.

Over the past year the National Committee of the Chinese People's Political Consultative Conference has proved to be an effective organization of the people's democratic united front, enabling the various democratic classes, parties and groups, fraternal nationalities and people's organizations to consult together. On the basis of this experience, 12 provinces, 73 cities and a large number of counties have organized consultative committees at their own levels.

The rapid increase in the organized ranks of the people during the past year has been another important factor in strengthening unity. Most of the workers in all the major industries and major cities throughout the country have been organized. The trade unions now have a membership of 4,090,000, which is about one-third of the total number of workers and other employees in the country. Peasant associations are being established in all the newly liberated areas. Their membership has reached 20 million in east China and in central-south China, both of which will carry out agrarian reform this year. More than 30 million women in all parts of the country have been organized under the leadership of the All-China Federation of Democratic Women. More than seven million young people throughout the country have also been organized, including the 3,010,000 members of the New Democratic Youth League.

The experience of the past year demonstrates the solidarity of China's various democratic classes, parties and groups in the struggle against their common enemy. To foster this unity, the Central Peo-

ple's Government and the National Committee of the CPPCC have taken a series of measures to adjust the relations among them, especially the relations between the working class and the capitalist class. The working class is the leading class in the People's Republic of China. Under no circumstances can we allow the political and economic interests of that class to be ignored. Since the national bourgeoisie plays an important part in China at the present stage, it is also in the interest of the working class to unite with the national bourgeoisie, so as to enable it to take an active part in economic rehabilitation and development. Improving the relations between the various democratic classes will remain an important task for the people's democratic united front. The relations among the various democratic parties and groups, and especially between the Communist Party and all other parties, are harmonious and excellent. The chief policies carried out by the Central People's Government have all been agreed upon after thorough discussion by the various democratic parties and groups. Thanks to the directive issued by the Central Committee of the Communist Party on strengthening unity and co-operation with non-Party people,<sup>23</sup> and thanks to the rectification movement,<sup>24</sup> co-operation with non-Party people has improved. Certain Party members still have a closed-door attitude towards non-Party persons, and that deviation must be overcome if we are to consolidate unity with the democratic parties and groups and the democrats without party affiliation. At the same time, we must guard against yielding on matters of principle.

China is a multinational country with the Han nationality in the majority. Under the reactionary Kuomintang rule, relations among the various nationalities were bad, but the founding of the People's Republic has brought about a fundamental change in them. An autonomous region has been established in Inner Mongolia with its own people's government. A coalition government of all nationalities, in which Han people form only a minority, has been established in Xinjiang. Regional autonomy is gradually being realized in multinational areas. People's governments in those areas are trying to mediate the historical disputes among the nationalities and to encourage tolerance and mutual help among them. The Central People's Government is striving to promote health, education and economic development among the minority nationalities. Nevertheless, it relies entirely on the free will of the peoples themselves to bring about social reforms rather than on compulsion. As for religious



beliefs and other mass customs and habits, the people's government and the PLA have adopted the firm principle of non-interference. Because of these policies, the minority nationalities have begun to like and trust the PLA and the Han cadres in the people's government. But we have still done very little to unite the various nationalities, many things must be improved and much remains to be accomplished. So we have no excuse for complacency.

The people's democratic dictatorship embraces democracy for the people and dictatorship towards reactionaries. The democracy must be further expanded, while the dictatorship must be strengthened.

Although the remaining Kuomintang reactionaries have fled to Taiwan, hordes of bandits and secret agents have been deliberately left behind on the mainland. At its peak, the number of Kuomintang bandits reached more than one million, but after the vigorous mopping-up actions of the PLA in co-operation with the local people during the past year, there are only about 200,000 left. These must be wiped out so as to eliminate the bandit menace and secure public order in the newly liberated areas. Great successes have also been achieved by the people's public security organs in their struggle against the secret service organizations. During the past year 13,797 secret agents were arrested and 175 clandestine radio stations were captured. Moreover, seven cases of international espionage were brought to light. It should be understood that the battle against secret agents and spies will not end with the ending of the battle against bandits. Now that their open, armed struggle has failed, both domestic and foreign enemies will undoubtedly take their struggle underground, resorting to all kinds of disguises. The people must be on the watch for their activities and the people's government must suppress them.

The people's judiciary has also accomplished much in the past year. Its achievements include the protection of people's rights, the punishment of bandits, spies and other criminals, the drawing up of people's laws, and the improvement of legal procedure and prison administration. But there have also been problems, the chief one being that many local judicial workers have misinterpreted the policy of leniency in connection with the suppression of counter-revolutionaries. They have shown leniency to the counter-revolutionaries without suppressing them, so that the masses blame them for being "boundlessly lenient". The masses are right. The principles set forth by Chairman Mao Zedong for the treatment of counter-revolutionaries are: "Punish

the ringleaders, leave the accomplices alone and reward those who do meritorious service." These principles must be carried out, not partially but completely, so that persistent counter-revolutionaries are suppressed. This is one of the important tasks in consolidating the people's democratic dictatorship.

At present, the most important task in consolidating that dictatorship is to carry out agrarian reform<sup>10</sup> in the newly liberated areas. To carry out agrarian reform means to protect the fundamental right of existence of the peasants, who constitute 80 per cent of the Chinese population; to eliminate the landlord class, which forms the most important social base for counter-revolutionary activities; and to accomplish the fundamental task of the people's democratic dictatorship in China, which is to release the agricultural productive forces from the shackles of feudal relations of production and thus create the conditions for China's speedy industrialization. Agrarian reform in the newly liberated areas, with their total population of some 300 million, is China's most acute class struggle since the People's War of Liberation. In order to carry out this struggle in a systematic, well-prepared manner, the Central People's Government has issued a number of guiding documents, including the Agrarian Reform Law, General Regulations for the Organization of Peasant Associations, General Regulations for the Organization of People's Tribunals and Decision Concerning the Differentiation of Class Status in the Rural Areas. Also, it has decided to carry out agrarian reform this winter that will only involve areas with a total population of 100 million, postponing reform in the rest of the country until next year or later.

In areas where agrarian reform is to be carried out this winter, propaganda work is being conducted to explain the law, regulations and documents on agrarian reform. Cadres are being trained for the reform and for the people's tribunals, and peasant associations are being reorganized or expanded. These steps are indispensable. No exploiting class leaves the stage of history voluntarily, and the Chinese landlord class, which goes back several thousand years, will be no exception. Some members of the landlord class are now inventing theories in opposition to agrarian reform and the Agrarian Reform Law. We must firmly refute such theories and strengthen our publicity about the main contents of the Law, making them known to every family in those areas where we are preparing to carry out the reform, especially in the villages. Other landlords are now illegally dispersing their land and property, killing farm animals and destroying farm

implements, houses, arable land and trees. Such unlawful acts must be prevented or punished. Since the most important preparation for agrarian reform is the training of cadres, we must concentrate our efforts on that and on consolidating the peasant associations. Only the peasant associations, led by honest, reliable peasant activists, can ensure the smooth progress of the agrarian reform.

## CENTRALIZATION OF FINANCE AND REHABILITATION OF THE ECONOMY

One of the most urgent tasks that confronted the People's Republic of China and its governments at all levels, in places where the war was over, was to take drastic measures to end the chaotic and precarious situation in finance and the economy. That situation was the legacy of the long years of criminal rule by the Kuomintang reactionaries. Because of years of constant inflation and soaring prices, the cities taken over by the Chinese people had virtually become huge gambling dens for speculators. In order to stabilize the currency and prices, national expenditures and revenues had to be balanced and sufficient supplies of goods guaranteed. Once the currency and prices were stabilized, industry and commerce had to be readjusted and communications improved throughout the country, under new conditions and in the light of new demands, to help restore production. In addition, the people's government had to carry out immediate relief work to address the calamities and unemployment that had resulted from reactionary Kuomintang rule and the war. These were enormous and difficult tasks. The imperialists repeatedly asserted that the young People's Republic of China would be crushed by these seemingly insoluble problems and would be forced to ask for their help. But the experience of the past year has given the lie to their predictions. The Chinese people have been victorious on the economic front as well as on the military and political fronts.

The Central People's Government, after experiencing several months of inevitable inflation while the War of Liberation was expanding, decided last March to do everything possible to increase national revenues and reduce expenditures so as to bring the two into approximate balance. To implement this decision, the government swiftly centralized control over finance throughout the country,

something that had never been accomplished before. The government's action won the warm support of the people. Thus, inflation was checked immediately, and since last March there has been no need to issue new currency to meet the financial deficit. On the contrary, the total deposits of the People's Bank of China increased more than sixteenfold by September as compared with December 1949.

To maintain price stability, a sufficient supply of goods must be guaranteed. Although China is an agricultural country, the corrupt, reactionary Kuomintang government had to import even grain and cotton for many years on end. On top of that, the home market was manipulated by bureaucrat-capitalists and speculators, making it impossible to stabilize prices. The Central People's Government has effected a fundamental change in this terrible situation. By ensuring a sufficient supply nationwide of food, cotton, cloth, coal, salt and other daily necessities, and by overcoming the serious difficulties in transportation and storage, it has foiled the speculators' attempts at disruption and solved the supply problems for the big cities and calamity-stricken areas. In general, since last March commodity prices throughout the country have been stable. Recently, owing to good harvests in the summer and autumn and to reduced imports of certain materials, the discrepancy between the prices of agricultural and industrial products has increased somewhat. The Central People's Government is now taking measures to readjust prices so that this discrepancy will not affect the standard of living of peasants and of those workers whose wages are calculated in terms of grain.

As Chairman Mao has pointed out, the approaching balance between national revenues and expenditures and the tendency of prices towards stabilization only mark the beginning of a turn for the better and do not yet constitute a fundamental improvement. According to Chairman Mao's instructions, in order to achieve a fundamental improvement, it will not be enough to complete agrarian reform and drastically reduce government spending. We must also carry out a rational readjustment of existing industry and commerce, which are now subject to hoarding and speculation, so that we can proceed to restore and expand production as planned. In order to solve this problem, the government departments in charge of the economy, state enterprises, private enterprises, co-operatives and trade union organizations have held a series of conferences and consultations. They have discussed many questions, including the following: ways to eliminate haphazard production and distribution and to introduce

planning; a system of placing orders with private enterprises, entrusting them with processing, buying their products, and extending loans to them; the division of labour among public commercial enterprises, private commercial enterprises, banks and co-operatives; overseas remittances; and the readjustment of relations between labour and capital. These meetings have achieved preliminary results. Of course, contradictions exist between the capitalist nature of the private sector and thorough planning. But there are two things we must bear in mind. First, we have a powerful state sector of a socialist nature in all key economic branches, and we have started to develop a co-operative sector of a semi-socialist nature. Second, the private sector is under various forms of leadership by the state sector, including the state capitalist sector, which is expanding and which serves the interests of the socialist economy. We may therefore say that it is possible to lead China's economy gradually away from the anarchic conditions of the past and to introduce more planning.

The development of co-operatives is beginning to assume great significance in the readjustment of relations among various sectors of the economy. According to statistics compiled in July this year, co-operatives throughout the country had a total membership of over 20 million and a total capital of 550 billion yuan.<sup>25</sup> The volume of business of the co-operatives during the first quarter of this year reached 3,850 billion yuan. Co-operatives developed mainly in the old liberated areas in northeast, north and east China. In 1949 the total volume of business of the co-operatives in the Northeast was equivalent to the value of 1,300,000 tons of sorghum, or 40 per cent of the total volume of business done by publicly owned commercial enterprises in the region. At present, the main types of co-operatives we need are supply and marketing co-operatives in the countryside and consumers' co-operatives in the cities. The tasks of these two kinds of co-operatives are to protect small producers and consumers partially or entirely from exploitation by middlemen and to promote production. The institution of these co-ops is a great event in the economic and political life of the labouring people of our country. The Central People's Government is working out a law to expedite the healthy development of co-operatives throughout the country and to prevent the repetitions of mistakes made in the past.

Taken as a whole, economic work in China is still at the stage of rehabilitation. This is because of the long years of war — a war that is not yet over — and because of the lack of necessary prerequisites.



We still do not have enough capital to develop industry, or an adequate understanding of the overall situation, or sufficient numbers of cadres or enough experience. So far this year the Central People's Government has invested 23.9 per cent of total state expenditure in economic construction. This percentage exceeds the investment for economic construction of any government in Chinese history, but it is still very small in relation to the needs. The figure will not increase sharply in 1951. It will in effect take three to five years to revive the economy before we can begin to systematically expand it. During these years, we should concentrate on developing certain key elements that will help to prepare the essential conditions for industrialization, such as capital, the domestic market and technology. At the same time, a certain proportion of the budget must be allocated to national defence. Therefore, the Central People's Government will devote much of its economic investment to such undertakings as water conservancy, railways and communications that will directly support the development of industry and agriculture, to agriculture and textiles and to the fuel, iron and steel, and chemical industries, which are needed by all other industries.

The Central People's Government planned to produce 120 million tons of grain and 650,000 tons of cotton this year. Now it is estimated that these plans will be fulfilled or even exceeded. China has a total of 5,220,000 cotton spindles, of which 4,080,000 were in operation in September 1949 and 4,280,000 have been in operation since September of this year. Two hundred thousand more will enter operation before the year is out. Of the railways in China, 21,742 kilometres or 88 per cent of the total were opened to traffic by the end of last June. By the end of this year the figure will be 22,019 kilometres. The output of coal in the state-owned mines showed a 37 per cent increase from January to August this year compared with the corresponding period last year. During the same period, the generating capacity of state-owned power plants increased by 31 per cent, and power consumed increased by 58 per cent.

During the past year of intense activity, in addition to putting an end to the economic chaos and making a good beginning with rehabilitation work, the Central People's Government has done its utmost to relieve famine and unemployment. In 1949 China suffered serious floods that devastated an area of eight million hectares and affected 40 million people, seven million of them seriously. This year, flooding occurred again in Henan Province and in northern An-

hui, affecting more than 2,666,000 hectares of land. To provide direct or indirect relief for the flood victims, the government distributed 1,120,000 tons of fine grain [rice and wheat — *T7.*] from January through September this year and sent large numbers of cadres to the stricken areas to help the people cope with the disaster by every means possible. This policy is in sharp contrast to the way flood disasters were dealt with in 1931 by the reactionary Kuomintang government, which allowed vast numbers of people to die. In 1950 the government provided more than half a million tons of fine grain and mobilized several million people to repair and build dikes and irrigation works. This has been one of the most important factors in reducing the effects of these disasters and bringing about a good harvest throughout the country. The government and the people of the whole nation have also worked together to bring relief to more than 400,000 unemployed workers, including a number of unemployed intellectuals. Unemployment is merely a temporary phenomenon in the initial stage of our country's economic rehabilitation. It has been largely eliminated in northeast China, and in the coming two or three years it will also be eliminated in other areas.

## TRAINING CADRES AND RAISING EDUCATIONAL LEVELS

As in our economic work, so in our cultural and educational work in the past year we have restored order and begun to make fresh progress.

The year since the founding of the People's Republic of China has been one in which people throughout the country were swept up in a wave of studying. The cultural control of the Kuomintang reactionaries, which strangled intelligence and created ignorance, has been overthrown. People of all strata — from workers to professors and even many elderly people — have spontaneously insisted on looking at China, the world and even themselves with a fresh eye. Through study, the masses have quickly come to a new understanding of China and the world and of the glory of labouring and serving the people. The people's government has satisfied the people's demand for study in various ways. The workers and peasants, who previously had little opportunity to study, can now do so. Schools have opened their doors to workers and peasants and their children. Seven hundred

thousand workers and other employees are regularly attending spare-time schools, and in 1951 there will be more than twice that number. More than 10 million peasants have enrolled in winter schools, and next year five million peasants will attend regular spare-time rural schools.

To build a New China we need a great number of cadres with adequate political awareness and educational background. The people's government is solving this problem in the three following ways: First, by raising the educational level of a large number of existing cadres, particularly those from workers' and peasants' families, including cadres in the PLA; by setting up middle schools for workers and peasants and supplementary classes for them; and by admitting those with suitable qualifications into middle schools and institutions of higher education. Second, by giving political education to large numbers of former government functionaries and intellectuals, so as to help them discard their old erroneous outlook in a relatively short time and acquire the new attitude of serving the people. Third, by gradually reforming existing middle schools and institutions of higher education so that they can meet the demands of the people. During the past year we have made a start on this work and have already achieved good results. During the next few years we shall carry it out even more effectively so as to ensure a constant supply of the cadres necessary for military, political, economic and cultural work.

To enhance the people's cultural life, the Central People's Government is systematically improving and popularizing Chinese art and literature. In the cinema, films of people's China have rapidly replaced American films. They have been welcomed by a vast audience and more and more of them are being shown in the army, the factories and the countryside. The volume of books, periodicals and newspapers being published has been greatly increased and their circulation expanded.

While leading the people in the struggle against ignorance, the government has also led them in the struggle against disease. During the past year it has launched large-scale campaigns against epidemic diseases. It has decided to set up medical centres in every county and district within the next few years, so as to combat the ill health that has plagued the Chinese people for centuries.

Although in the first year of its existence the People's Republic of China has encountered many difficulties and made many mistakes, it has already displayed a robust vitality and given promise of a

limitless future. Difficulties can be overcome, and in many cases they already have been. Mistakes can be corrected and shortcomings remedied, and in many instances that too has already been done. The people have confidence in their state. There is no doubt that their confidence is justified. Throughout China's history only one government has, in a single year, done so much to benefit the people. Only one government has, in a single year, driven out so many rapacious troops and their "government" and replaced them with a strictly disciplined, benevolent people's army and an upright, just people's administration. Only one government has, in a single year, stripped the imperialist countries of their privileges, exterminated the despicable secret service organizations, put an end to long-standing inflation and offered the people a joyous and flourishing future. And that government is the Central People's Government.

All the remarkable successes achieved in the first year of the People's Republic of China have resulted from the combined efforts of the people throughout the country and from the brilliant leadership of the great leader of the Chinese people — Chairman Mao Zedong.

Under the guidance of their own government and their own leader, the people all over China will unite as one to consolidate and expand these successes.

Long live the People's Republic of China!

Long live the creator and leader of the People's Republic of China  
— Chairman Mao Zedong!