

CLASSIFICATION CONFIDENTIAL SECURITY INFORMATION

~~CONFIDENTIAL~~

CENTRAL INTELLIGENCE AGENCY

REPORT NO. []

INFORMATION FROM

FOREIGN DOCUMENTS OR RADIO BROADCASTS

CD NO.

COUNTRY COMMUNIST CHINA

DATE OF INFORMATION 10-20 Jan. 1952

SUBJECT INDICATIONS OF PSYCHOLOGICAL VULNERABILITIES

HOW PUBLISHED

DATE DIST. 17 February 1952

WHERE PUBLISHED

NO. OF PAGES 23

DATE PUBLISHED

LANGUAGE

SUPPLEMENT TO REPORT NO.

CHANGE TO UNCLASSIFIED PER REGRADING BULLETIN NO. 20

000

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 50 U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE MONITORED BROADCASTS

CPW Report No. 6 - Communist China

(10-20 Jan. 1952)

CONTENTS

- ANTI-WASTE, ANTI-CORRUPTION, ANTI-BUREAUCRACY 2
- IDEOLOGICAL ADJUSTMENTS 15
- RURAL REFORMS 15
- COUNTERREVOLUTIONARIES 20
- NATIONAL MINORITIES 21
- PREFERENTIAL TREATMENT 22
- MISCELLANEOUS 22

SUMMARY

During the period 10-20 January 1952 the Chinese Communist radio programs beamed to the home audience reflected a marked intensification of the drive to eliminate waste, corruption and bureaucracy, with the original aim of increasing production seldom mentioned. The Peking radio and virtually all regional stations broadcast daily reports of meetings called to push the drive. Some of the meetings were local, on the city or chu level, while some were province-wide. Most of them were called by Government units or Communist Party Committees. Many areas moved into what was spoken of as the second stage of the drive--the confession-and-accusation stage. People of all circles were admonished to first confess their own shortcomings, then report waste, corruption, and bureaucracy in all offices and business firms. At confessional meetings an old-fashioned revival atmosphere prevailed, with cadres and businessmen lined up waiting to confess their wasteful and corrupt practices. At one meeting it was reported that a third of those present made confessions. All were warned to confess if they wished leniency, and numerous cases of punishment when victims refused to confess were listed. As refusal to confess seemed to be a worse affront than the actual corrupt practice, there is a suspicion that many confessed simply to get free of the subject under discussion. Many cases of graft, tax evasion and other corrupt practices were broadcast, with names and figures. Some claims were made of successful

CHANGE TO UNCLASSIFIED

CLASSIFICATION CONFIDENTIAL

STATE	<input checked="" type="checkbox"/>	NAVY	<input checked="" type="checkbox"/>	NSRB	<input checked="" type="checkbox"/>	DISTRIBUTION			
ARMY	<input checked="" type="checkbox"/>	AIR	<input checked="" type="checkbox"/>	FBI	<input checked="" type="checkbox"/>				

CONFIDENTIAL

25X1A

- 2 -

economic measures, along with a limited number of admissions of weakness and failure. Though the antiwaste and anticorruption drive overshadowed all other subjects, the need for thought reform in the schools, churches and industrial plants received some stress, with the winter school program for adults both praised and criticized. Enforcement of the marriage law, land reform, and problems facing agriculture received considerable attention, with reports of severe punishment meted out to landlords. The number of counterrevolutionary acts, and number of counterrevolutionaries arrested and punished, showed only a slight increase, but several cases of summary execution following a public trial were broadcast. Claims of progress in gaining the cooperation of the national minorities were made, especially in Sikkim, where the Tibetans were pictured as anxious to aid the Chinese Army which invaded Tibet, and where minority groups were said to be enthusiastic about delivering grain to the Government and watching propaganda dramas. Steps to implement preferential treatment for Army dependents during the spring festival were reported from all parts of China, but severe criticism of the lack of preferential treatment work came from the Dairen radio. Among the interesting new miscellaneous items were reports of suffering and necessary relief measures because of floods and the spread of the hoof and mouth disease, and reports of violent conflict between employers and employees.

ANTIWASTE, ANTICORRUPTION, ANTIBUREAUCRACY

Development of Drive. What started out as a drive to increase production of economic goods in China now has become a Nation-wide effort to wipe out wasteful and corrupt practices in Government offices, industrial plants, retail establishments, and even in the Party and its affiliates. Stress first was placed on the elimination of waste as one method of increasing production. Then, defeat of waste and corruption became the immediate goal, with an increase in production seemingly only incidental. During the period 10-20 January the Chinese radio made only rare mention of increased production, while the drive against graft, corruption, and illegal business activities was given the greatest attention. Government and Party leaders attacked the problem with a religious fervor which apparently spread to the lower-level cadres and office workers, with the result that confessions of dishonest and corrupt practices have become commonplace, and those who make such confessions are given little punishment, none at all, or even praise for confessing.

Meetings to spur the drive against waste, corruption, and bureaucracy were reported by the dozens each day over the regional broadcasting stations. Government and Party officials convened meetings of cadres on the municipal, hsien, and provincial levels. In addition, rallies of businessmen, industrialists, workers, women's groups, and Youth Corps units were held. On 11 January reports of 25 such meetings were mentioned. A check on 15 January revealed a similar number. At all of these meetings the audiences were admonished to be alert to detect corrupt practices, and report them to the authorities. To make such reporting easier, special offices were opened and special collection boxes installed.

Foochow reported (16 Jan.) that the Fukien Supervisory Committee had set up an office at No. 11 Wanghai Road, Foochow, to receive reports of corruption; but if informers did not wish to appear in person, they could send their reports to Post Office Box 405, with the Committee paying the postage. As a further inducement, "informers will be given a percentage of monies recovered by the Government." Wansi announced (18 Jan.) that the South Kiangsu People's Supervisory Committee had opened an informers' office in the Hsinhua Store, Chochan Road, Wutsin, where oral or written reports would be received each day from 8-11:30 a.m. and from 1-5:30 p.m. In addition, informers' boxes had been set up in Wutsin at the doorway to the Kingma Hotel; at the gate of the park; and at the north end of Nanchiao Bridge.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 3 -

Hofei stated (12 Jan.) that the Anhwei Communist Party Secretary would personally receive information in Post Office Box No. 1 of Hofei, Wuhu, Peryupu, or Anking. Isinan said (12 Jan.) that the mayor of Tsingtao had provided Post Office Box 412 for informers, and threatened dire punishment for those who sought to take revenge upon informers. Kaifeng reported (11 Jan.) that the Honan Committee on Increased Production and Austerity had selected 10 places for boxes: Tanan Gate, Haraonan Gate, Assembly Hall doorway, Statehouse doorway, Drum Tower, Tu Street, and the corners of east-west arterial roads. Yangchow reported (11 Jan.) that in Nantung cadres soon would make personal investigations to uncover corruption, and that, in the meantime, information could be sent through Post Office Box 100. The same radio said (15 Jan.) that in Shensi, Kiangsu, informers' boxes had been widely distributed and that collections would be made daily. Hangchow announced (10 Jan.) that the Hangchow Supervisory Committee had opened a "People's Informer Guidance Center" at No. 8 Chuang Yuan Building, Mitsuhama Road, and that in Hangchow, Chekiang Governor Han had designated Post Office Box No. 2 for informers. The same radio (18 Jan.) said that Chen Li-wei, Deputy Chairman of the Hangchow People's Supervisory Committee, had established an informers' box at 19 Min Chuan Road, and would personally attend to all reports.

Wuhan stated (16 Jan.) that the South China Procurator's office had opened an informers' booth and had promised to reward and protect all informers. Canton announced (11 Jan.) that the Kwangtung Province Procurator's office had set up informers' boxes at the People's Palace of Culture on Wenming Road; at the door of the office used by the Kwangtung Committee on Increased Production and Austerity; at the Youth Palace of Culture, North Hanchung Road; Canton Civic Association, Chihsiang Road; Kwangtung Transport Service, South Haichu Road; Navigation Bureau, Tinghai Road; Kwangtung Transport Station; Huangsha Railway Station; and Hanchung Wharf. Canton said (18 Jan.) that Mayor Yeh Chien-ying and the Canton Increased Production and Austerity Committee had designated Post Office Boxes 34 and 36, respectively. A broadcast (19 Jan.) also said that the Canton People's Court had placed informers' boxes at the entrance to Chungyang Park; the Palace of Culture, East Lotus Road, the Kwangtung Hotel, Taiping Road; the entrance to the city wharves; and on Yunshan and Sunhsin Roads. Also, information could be reported on Phone 13433.

Mukden announced (12 Jan.) that the Northeast Procurator's Committee had called a meeting of procurator-informers to plan for intensifying the reporting of corruption and to explain the information network established by the Committee. Hangchow said (15 Jan.) that police cadres, finding people did not make reports, because of fear of reprisal, had organized street committees to emphasize the move. As a result, 32 reports of corruption were received at once by the Hsinmin Road Police Station. Tsing said (12 Jan.) that Soochow Communist Party Secretary Li Ling had called for an expose of all corruption, but "especially of Party bureaucracy." Tsing reported (15 Jan.) that Party cadres were going into the rural areas to promote the drive. Tsing (20 Jan.) stressed the importance of shop clerks in the drive, "as they know many of the corrupt elements in government and trade." Chungking reported (10 Jan.) that the Trade Bureau of the Southwest China Military and Administrative Committee, the China Food Company, the Chungking Construction Company, and the Army Service of Supplies had published large notices in the daily press, calling on the people to report irregularities and offering to send representatives from the concerns to interview those wishing to give information, in addition to promising rewards. Tsing said (19 Jan.) that in Sinkiang Province the task of giving emphasis to the drive was largely the responsibility of the People's Liberation Army, and that Commander Chen Wen in December had called on all units to take up the work.

However, lack of enthusiasm for the drive against waste and corruption was apparent in some quarters. Shanghai reported (12 Jan.) an emergency meeting of local trade circles 11 January, at which Party cadres warned businessmen that they must support the program, and accused them of using "strong-arm tactics" to defraud the Government. Wuhan said (18 Jan.) that some merchants were engaged in illegal practices and at the same time were disseminating theories aimed at creating a public opinion that would conceal their activities and undermine the drive. Industrialists and merchants were warned that, although they receive less political education than some other groups, they

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 4 -

are by no means exempt from the common program.

Sian reported (19 Jan.) that at a 16 January meeting called by the Kuenshi Government, cadres were charged with "suppressing democratic opinion," meaning that they had discouraged informers, and merchants were charged with resisting the program. A second meeting of merchants was held the following day. They were warned that they must change their attitude. Chungking reported (13 Jan.) that the Communist Party Committee in north Szechwan had called a cadre meeting "because of laxity" in the campaign. Cadres were ordered to set up an elaborate system of informers' boxes, to organize inspection teams, and to "instruct the masses in making accusations." Party cadres now are checking on the local inspection committees.

Chinchow announced (20 Jan.) that a meeting of factory and mine cadres had been called in Fushun Hsien, Liaosi, because the drive was "not progressing satisfactorily" and because laxity was obvious among both old and new cadres. An earlier Chinchow broadcast (17 Jan.) complained that though the drive had been under way for 4 months, many cadres still were lax. Dairen announced (16 Jan.) that the People's Supervisory Committee of Dairen-Port Arthur called a meeting 15 January of "inspection correspondents." The chairman of the meeting, Hu Chang-hai, reported that the campaign was "meeting with numerous obstacles" and that the inspection correspondents should intensify their work, at first making certain that "they themselves are not guilty." Mukden said (14 Jan.) that little had been accomplished in Chanchun because of leading cadres' laxity and ignorance. The strongest indictment was carried in a Dairen broadcast, quoting the Dairen-Port Arthur People's Consultative Council:

CPYRGHT

Basically the movement has not begun in the area. Lack of accusations have done absolutely nothing. The movement is growing only spasmodically. There is nothing worth noting about the movement.... Cadres in the Public Utility Department have given no support to the movement and are suppressing democratic informers. The masses are frightened and prevented from making accusations.... Nothing has been done about the movement in the Medical Section; the Tax Bureau; and the Shipping Bureau. The movement already is several months old; why have these organizations not roused the masses, but instead have left the masses alone?.... Too many indifferent cadres are taking a bureaucratic attitude toward this movement. They have no understanding of the noble spirit of the movement.... Many cadres are themselves stupid, corrupt, wasteful, and bureaucratic.... Yet they are afraid to reform, so they dare not arouse the masses to action. At the present time this attitude has become a serious obstacle to the movement. These cadres do not realize that the antiwaste, anticorruption, antibureaucracy campaign is a vitally important step in the building of a new democratic society. They must struggle fiercely with their ideology and political consciousness.... For, if this move is permitted to fail, there is great danger of losing the Nation, losing the Party, and losing oneself. The Central and Northeast Party and Government offices have repeatedly issued directives to expand this movement. As members of the Party, all cadres must give the organization their full support. Those who do not do so have shown by their attitude that they do not recognize their loyalty to the Party. (Dairen, Dairen-Port Arthur Regional Service, 11 Jan.)

Wuhan reported (14 Jan.) that 670 Party cadres in the Central and South area met with 2,000 delegates from various circles under the chairmanship of Governor Yeh Chien-ying. In pleading with the cadres not to let the campaign fail, Governor Yeh used the same language quoted above from Dairen, to the effect that failure would bring a danger of "losing the Nation, losing the Party, and losing oneself."

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 5 -

Confessions and Accusations. The first stage in the antiwaste, anticorruption, antibureaucracy drive was a period of study, preparation, and organization. The second is the confession-and-accusation stage. Wuhan announced (12 Jan.) that cadres of all circles in Wuhan, after a period of study and indoctrination, were prepared to advance to the second stage, when cadres would lead the masses in making confessions and accusations. Wuhan reported (13 Jan.) that the first meeting under the second stage was held. After Hu Feng, Social Affairs Bureau Chief, made his plea, "60 cadres came forward to make confessions." Hu Chieh, Chief Procurator, then made a confession of his own errors in thinking. Wuhan announced (14 Jan.) that representatives of organizations in Hunan Province and Changsha met to start the second stage, and (16 Jan.) that in Hupeh the confession-and-accusation stage had been reached, with four accusation groups organized to inspect all Government offices, more than 300 confessions of corrupt practices received, and "some arrests made."

Shanghai announced (14 Jan.) that the second stage of the drive had been reached in Nanking, where the masses were asked to make accusations. However, leniency or freedom from punishment were promised those who confessed their misdeeds. Businessmen in Nanking immediately reported 500 instances of corruption. Yangchow reported (14 Jan.) the second stage had been reached at Taichow and in north Kiangsu. In the north Kiangsu hsien of Huaiyin, Suching, and Funing, Yangchow said (19 Jan.) local cadres were leading the masses in confessing their own errors, "so they could make accusations." Hofei said (19 Jan.) that the second stage had been reached in Anhwei Province, where Cheng Ching-fa confessed to a corrupt deal in which he netted 4.4 million yuan. Other announcements that the drive had reached the second stage came from Dairen (16 Jan.), Chungking (16 Jan.), Sian (18 Jan.), Kaifeng (19 Jan.), and Wussai (20 Jan.).

Businessmen presumably were not as ready in all cities to admit their corrupt practices as Shanghai reported they were in Nanking. Peking in numeral code (17 Jan.) quoted from a 15 January editorial in TIENHSIN JIH PAO: "The City's Merchants should Take Positive Steps to Promote the Movement Against Corruption, Tax Evasion, and Misappropriation of Government Property." The editorial pointed out that 30,000 Government employees, students, workers, and the broad masses were supporting the movement, that 14,000 cases of tax evasion had been reported by shop workers, and that "wives were talking their corrupt husbands into making public confessions." However, the merchants still were obstructing the movement by creating the feeling among the masses that it concerned only Party and Government cadres. The editorial emphatically denied the fallacious idea of the merchants that "the program of the People's Democratic United Front has changed." It further pointed out that capitalism still has a place if it helps to increase production and divests itself of such feudalistic thoughts as are exemplified in the following quotations: "Bribery has existed since history began; give first if you want to take; officials never prosecute bearers of gifts; and, times are hard, business is bad." The editorial stressed, however, that the giving of a cigarette or a cup of tea to a patron is only good business and should not be interpreted as bribery, even though the patron does happen to be a leading cadre.

Another numeral code transmission from Peking quoted from a speech by Major Hsiao Ching of Tientsin before a confession-and-accusation rally. Excerpts from the speech follow:

CPYRGHT

Industrial and commercial circles still are gripped by selfishness and self-interest. They have often practiced graft to lead our cadres toward corruption Tax Bureau cadre and People's Liberation Army combatant Wang Shih-li was an unspoiled young man when he first joined the Tax Bureau, before the wicked merchants ruined him by vicious means Please think for a moment. Have you not netted some profit during the past 3 years? You can develop your business and make money without practicing graft, tax evasion, or other fraudulent acts It is a plain fact that you have made more profit than during the Japanese or Kuomintang

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 6 -

COPYRIGHT

regimes The Government controls only those enterprises which have a direct bearing on the people's livelihood, and let you develop, for your own benefit, other enterprises The Government has extended you loans when you needed money, distributed raw materials when yours ran short, and purchased your unmarketable goods Some businessmen still are not satisfied with what the Government and fellow workers have done for their benefit, despite their mounting profits, and have engaged in various lawless activities We must rise to catch those thieves and robbers We must expose such rumors as, "You are not allowed to eat good food or wear good clothes; we are not allowed to entertain or send gifts to friends; we cannot eat white noodles or fried vegetables; we are not allowed to permanent-wave our hair or make any more new clothes." The Government never seeks to interfere with people's private lives or their social engagements To prevent unwise spending among Government cadres does not mean to lower their standard of living. (Peking, numeral code, 18 Jan.)

Wuhan (20 Jan.) devoted an entire program to a rebroadcast of the Tientsin mayor's speech. Wuhan reported (15 Jan.) that the Central and South China Supreme Procurator's office had called on the people to expose "lawbreaking merchants." Again, mitigation or exemption from punishment was promised to those who confessed. Another broadcast from Wuhan (13 Jan.) quoted the Wuhan shop clerks' organization demanding an expose of corruption involving merchants and Government officials. Clerks in the Chunghua Pharmacy and the Liuhsin Tea Shop exposed employers' irregularities. Wuhan also announced (11 Jan.) that Li Yi-an, Commissioner of the Hsiangyang Special District, had confessed in public to a bureaucratic attitude, and exposed further corruption in his district. Wuhan reported (15 Jan.) that 1,200 persons at a meeting of representatives from 10 Wuhan organizations heard Hsieh Chih-shao of the Property Control Bureau accuse fellow-worker Chen Chung-min of corruption. Wang Chien-feng of the Tax Bureau accused superior officers Kung Chen-hsiao and Kung Chen-ling and 14 other officials, including Li Chih-hao of the Tax Bureau, Li Teh-hsien of the Grain Bureau, and Wang Li-jen of the Property Control Bureau. The mayor warn all corrupt elements to confess if they expected leniency.

Wuhan (16 Jan.) told of a joint meeting of women's federations from Changsha City and Hunan Province. Hunan officials pointed out "women's erroneous ideas" and called on the "broad masses of women" to report incidents of corruption. "Married women especially must strictly investigate their husbands who engage in corruption, and must ask them to confess or report." Wuhan also reported (17 Jan.) that cadres of the Wuhan Paper Works made 29 confessions and then pointed out 38 corrupt elements. "Several of these refused to confess and were imprisoned." Hefei reported (14 Jan.) that the staff of the Luan Hospital admitted corrupt acts and was pardoned; Hsia Yeh, local official, refused to acknowledge errors and was jailed. Hefei said (13 Jan.) that the Hefei Communist Party Committee had called on cadres to become "model accusers and confessors." Cadre Chao Chang-kan then confessed to fraud involving 1.6 million yuan and the waste of 490 catties of wheat, and of receiving wrist watches and bicycles as graft. He also confessed to employing gangsters and feudalistic elements among the cadres and of feasting with them at public expense. Another cadre, Ho Fei-fa, admitted accepting a bribe of 30,000 yuan. Youth Corps cadre Lo Chao-tung then accused secretaries of the South Anhwei Administrative Office of soliciting bribes. The broadcast does not indicate whether these cadres achieved the honor of being called "model accusers and confessors."

Wuhsi announced (11 Jan.) that on 9 January, 30 persons in the Changchow Tax Bureau had confessed to corruption involving 15.75 million yuan. Hankow reported (11 Jan.) that engineers and construction workers of the Wuhan Municipal Construction Department had made confessions of corrupt practices. Hangchow announced (19 Jan.) that the Chekiang Broadcasting Station would run a 3-day "voluntary confession program,"

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 7 -

giving persons a chance to expand their audience when making confessions. Nanchang (20 Jan.) quoted the city mayor as warning merchants that they had better confess their corrupt acts if they wished to purchase leniency. Nanchang reported (18 Jan.) that by 17 January more than 2,000 Government workers in Nanchang and Kiangsi Province, as well as several hundred merchants and industrialists in Nanchang, had made public confessions. In addition the illegal behavior of several hundred Government workers had been disclosed, "but still a number of corrupt elements refuse to confess." Officials were warned that they must get results by 20 January or "responsible officials of these units will be dismissed from their posts, irrespective of their past qualifications and positions."

Shanghai reported (14 Jan.) that leading cadres were lax, and had slowed the drive considerably. Yet at a rally on 14 January, five employees of the Shanghai District Railway Administration were accused of being "undemocratic," an official in the East China Military Control Commission was discharged because of an "incomplete confession," 48 persons from the State Electrical Supply Company made confessions, 119 persons were lined up at one meeting waiting to confess, and 583 letters had been received through the informers' box. Shanghai announced (13 Jan.) that Liu Wen-chuan, chief of the Changchow Tax Bureau, had confessed to bureaucraty and had called on his staff to join him. Shanghai said (18 Jan.) that Wang Yen, chief of the East China Cultural Bureau, claimed he was never involved in corrupt practices, and considered himself above becoming involved in such problems. Keh Li-lien, Health Department deputy chief, told his employees "they should not say much if they did not know much about the situation," thus "suppressing democratic expression." After undergoing "thought struggle," both men changed their attitude and Wang admitted he had been living luxuriously.

Dairen reported (18 Jan.) a meeting of the North Sea Bone Marine Transport Control Bureau, where the leading cadres themselves were found to be corrupt. Director Liu Wen-chung made a public confession of his errors, which was followed by 100 other confessions, involving a third of those present. Dairen reported that Leng Yih, deputy secretary of Huashatso Chu, Dairen, heard his brother, an Army man, say that if his superiors did not discover what he was doing he could make 600,000 yuan in an illegal transaction. Leng told his brother that as a good Party member he, Leng, must report him, and wrote a letter of accusation to the authorities in Mukden. On 31 December Leng received a letter of praise from the Youth Corps and reporting that his brother had illegally obtained 2 million yuan and had been sentenced to prison. Another Dairen broadcast (17 Jan.) told of Chien Chin-fang of the People's Bank, who learned that a fellow employee, Li Hsing-liu, who was fond of good living and feared his superiors, was frightened by the anticorruption campaign. Chien "worked on" Li 20 times, and finally obtained a confession. Now, "Li is a happy man" and Chien has been honored by the Youth Corps. Another Dairen broadcast (17 Jan.) reported that at the Dairen Oil Works the drive was stalemated because no one dared to inform on the assistant manager, Wang Yu-wu, who told cadres there was no corruption and that it was best simply to "let the uproar blow over." After political indoctrination Wang realized the error of his ways and publicly confessed to a long series of corrupt acts. "This rocked Dairen." The manager of the Oil Works said that since Wang confessed, he must do the same. Cadre Han Fu-ching also confessed to cheating to the extent of 9 million yuan and promised to return the money.

Sian declared (20 Jan.) that top officials in the offices of the Northwest Military and Administrative Committee are taking the lead in making confessions and accusations. Sian reported (12 Jan.) that at a Sian Railway subbureau rally, Wan Ho-ching, Cho Chung-ken, Hua Lo-su, Chang Wen-cheng, Chang Wen-Tsang, and Chang Wen-hsien made public confessions and were let off with a warning. Wang Yao-tang refused to confess and was summarily discharged. Canton reported (13 Jan.) that units of the People's Liberation Army had begun confessions and accusations, and that cadres had been warned to make no attempt to hush public expression.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

25X1A

- 8 -

Chungking stated (12 Jan.) that the local shop clerks had sent reports on 1,000 cases of corruption to the local press. As a result, members of the rubber, electrical supplies, shipping, and clothing trades organized their own committees to check on corruption. Chungking said (14 Jan.) that at the People's Assembly meeting in Chengtu on 10 January, Deputy Mayor Lu Chien-fu and others made accusations against merchants and public officials, after which Chow Hsiao-feng, manager of the Weifeng Hardware Company, and Hsu Tien-yi, manager of the Tshanghai Radio Company, confessed to illegal dealings with officials. Then two members of the People's Assembly were accused of tax evasions, and, when they refused to confess, were stripped of their positions. The Assembly received 480 letters reporting corruption. Chungking also announced (14 Jan.) that 2,600 representatives of Kweichow business circles met 10 January, when three merchants confessed to corrupt dealings with officials. Several accusations were made.

Kuming reported (18 Jan.) that employees of the local Tax Bureau were aware of corruption, but were afraid to report. Chao Chang-ken of the Telephone Bureau was accused of stealing Government property and forcing others to assist him. Kuming also said (20 Jan.) that Wang Wei-ching, woman owner of the Tienpian Shop, 23 Hsian Road, was accused by her clerk of being a saboteur, counterrevolutionary, and opium dealer. She refused to confess, threatened to charge Li in court with raping her, by way of reprisal, and had her son impersonate a Youth Corps member and threaten Li. Wang Wei-ching's fate was not revealed.

Graft and Corruption. Reports of graft, corrupt practices, and illegal activities--where public confessions and accusations were not involved--were monitored from 19 regional stations 10-20 January. The Southwest furnished the greatest number of reports, the Northeast supplied the smallest number, and none was heard from the primary Northeast regional station at Mukden.

Chinchow announced (14 Jan.) that Wang Chih-chai, manager of the Tsingtao branch, China Salt Company, was charged with corruption and handed over to the People's Court. Merchant Wu Shao-ting was arrested as his accomplice. Chinchow said (19 Jan.) that the local People's Information Office received 107 letters during 1951 reporting corrupt cadres. Dairen reported (14 Jan.) that Labor Bureau Deputy Chief Liu Wei-ta had been conniving with other cadres to conceal his corrupt activities. Dairen said (19 Jan.) that Chu Te-fa, head of a workshop in the Dairen Ship Repair and Construction Plant and formerly a foreman under the Japanese and the Kuomintang, had been dismissed and expelled from the Communist Party for bureaucratic action. At the Dairen Chemical Works, accountant Shen Yuan-fa was found to have conspired with merchant Kuo Chien-chung to receive a five percent kickback on a 200-million-yuan Government leather contract.

Tsinan reported (13 Jan.) that the Hwata and Yufeng Silk Shops of Hsuehchow broke an agreement with the State Trading Company to limit their gross profits to 10 percent, and illegally raised prices to add to their profits. Each was fined 10 million yuan and its illegal profits confiscated. Party Secretary Kuo reported that cadres in the Tsinan Railway Administration had been guilty of 455 cases of corruption since 1949, in addition to extravagant living and a waste of 1.55 billion yuan of Government money. Tsinan announced (15 Jan.) the dismissal of Trade Bureau Director Tang Chen, City Power Company Manager Chang Chih-jen, and City Textile Company Manager Chen Chien. Nine minor officials were removed pending investigation. The Consultative Council reported the dismissal of Mayor Hsu Chien for corruption. The same radio said (19 Jan.) that Shantung colliery cadres held a meeting to discuss the situation in the coal mines, "where corrupt elements have seized control and are unwilling to give way before the drive."

Shanghai reported (13 Jan.) that at a meeting of 2,000 cadres it was revealed that Chen Wan-yi, Power Bureau deputy chief and manager of the Shanghai Power Company, had been charged with corruption and waste, discharged from his position, and imprisoned. Kaifeng announced (10 Jan.) that Liu Feng-chang, employee of the LoYang Postal Telegraph Office, had been charged by the Huapei Electrical Supply Shop with

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

25X1A

CONFIDENTIAL

- 9 -

attempting to sell motors, batteries, earphones and electrical supplies stolen from Government supplies 19 December. Kaifeng said (16 Jan.) that losses to the government in Chuokshan Hsien, Honan, totaled 19 million yuan in 1961, and that Tung Teh, assistant station master in that hsien, had been indicted for conniving with unscrupulous shippers to defraud the Government of 1,785,300 yuan. Manchang announced (20 Jan.) that nine "corrupt elements," including the deputy director of a joint industrial and commercial association, the owner of a lumber mill, the director of a guild, a manager, and an engineer, had been arrested and turned over to the People's Court. They kept faulty records, connived with other corrupt elements, and undermined the anticorruption drive.

According to Yangchow radio (20 Jan.), two dealers had been arrested for bribery, fraud, illegal profits, selling diluted gasoline, and tempting cadres. Their illegal profits in the past 6 months caused 54 accidents, and caused a transportation company to lose 10 million yuan. Chen Fu-cheng, chairman of the Board of Trade, told merchants at a meeting 18 January that the Government had suffered huge losses in the processing of grain because of corruption in the North Kiangsu Branch, China Food Corporation. Wu Pang-ling, Kwang Wei-sheng, Yu Wu-cheng, and Yu Pei-ti made public confessions of their tax evasions, speculations, selling of false medicines, and other corrupt acts, in the hopes of getting leniency.

Hankow (11 Jan.) said that the Wuhan People's Government had dismissed the following because of corrupt activities: Yang Wen-ping, manager, Wuhan Rubber Company; Hsu Wen-nsiang, manager, Wuhan Department Store; Yang Kai-shih, manager, Wuhan Waterworks; Chung Jih-sheng, manager, Wuhan Electrical Supply Company; Ho Lih-min, tax collector, Wuhan Finance Bureau; Lu Wen-hsiang, special officer, Wuhan Public Safety Bureau; Li Fan-ning, chief of 3d Substation, Public Safety Bureau; Ho Ching, chief of 4th Substation, Public Safety Bureau; Fan Hsing, chief of headquarters legal section, Public Safety Bureau; Ho Fa-jen, captain of police, 4th District, 3d Substation; and several officers in the 8th District police station. Hankow reported (13 Jan.) that Ma Tien-hsiang, official in a Government company, was accused of accepting a bribe of 1.5 million yuan. Liu Chun, former director of the Wuhan Civil Affairs Bureau Foundling Home, was excommunicated from the Communist Party and indicted for misappropriation of 400 million yuan, causing the death of a number of orphans, and dissolving the workers union and dismissing 40 employees. Wuhan stated (14 Jan.) that the Wuhan Communist Party, with the approval of the Central and South China Party office, had decided to expel Yi Chi-kuang, former deputy mayor, "because of his degeneration." The same radio reported (19 Jan.) that a public trial had been held before 12,000 persons in Chungshan Park for seven "grafting businessmen," one of whom "squeezed" 179 million yuan as head of the Wuhan Emporium, and another of whom was guilty of embezzling 500 million yuan as manager of a paper factory. No sentences were passed.

A Wuhan commentary (19 Jan.) told of the trial of corrupt Government officials, including Chen Cheng-mo, Wu Yu-tien, and Wang Kwan-sung, and warned that "the revolution is being seriously endangered by the corrupting influence of cadres who still have bourgeois thoughts." Peking reported in numeral code (20 Jan.) that between 10-16 January, 1,742 cases of graft and tax evasion were exposed in Wuhan. At a meeting 17 January, nine persons admitted tax evasion, graft, and unscrupulous production, including Ho Heng-fu, chairman, Preparatory Committee of the Wuhan Federation of Industrial and Commercial Circles, and manager of the Chien Chang Trading Company.

Hangchow reported (11 Jan.) that Chen Tien-kwei, acting chief of the service section, Hangchow Broadcasting Station, had been involved in corrupt agreements with private merchants. As a result, he had appropriated 60 million yuan, received bribes from the Kungchie Radio Company, and Hangchow and Hungping companies in Shanghai, and had misappropriated public funds. He refused to confess. Hangchow said (12 Jan.) that Chen Yen-hsin, manager of the publicly operated Fuming Cloth Company, had been turned over to the People's Court for "severe punishment." He stole and sold 10,000 yuan

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 10 -

worth of Government property, and also shielded landlords and counterrevolutionaries. Li Ju-cheng, official in the Chinghua Shop Employees Union, embezzled 1.9 million yuan in arms donations, misappropriated 690,000 yuan of public funds, 4.25 ounces of gold, and 10 silver dollars. Hangchow said (13 Jan.) that the Min-feng Paper Factory had been found guilty of withholding 5 percent of the Resist-America, Aid-Korea arms donations. An agreement had been made with the workers that the money would be used to develop production. However, the company broke the agreement. The Chekiang branch, China Cotton, Yarn and Cloth Company, paid the Yantuan Construction Company 240 million yuan to build two factories in Yungao and Hsiaoshan Hsien. Construction of the factories was delayed 2 months, and it was discovered that the money had been used secretly to build a factory for another firm. Hangchow announced (16 Jan.) that Chen Te-ming, Foodstuff Bureau worker, had been dismissed from office, ousted from the Party, and arrested on charges of corruption.

Taipei broadcast (19 Jan.) that 14,000 cases of corruption among local merchants were being checked, and repeated newspaper complaints that merchants were not cooperating in the drive. Sian announced (10 Jan.) that the corrupt practices of more than 1,000 firms in the city had been exposed, and another broadcast (14 Jan.) gave the cases of corruption among local officials as 300. Sian reported (15 Jan.) that in Tientsin, Government organs had been accused of selling Government gasoline for personal profit.

Chungking announced (12 Jan.) that 373 cases of corruption had been exposed at a meeting 9 January of representatives from 25 trades in Chengtu; while at a similar meeting in Nanchung Hsien, Szechwan, many cases of tax fraud and illegal rebates were revealed. The radio reported (14 Jan.) that Fei Yuan, Ching Chi, Chung Hsin, Heng Fang and Ta Lai, local contractors, had charged excessive prices, cut materials, and cheated in labor in fulfilling Government contracts. Chungking said (15 Jan.) that Manager (Yu Han-ching) of the Yutung Cloth Factory had misappropriated more than 44 billion yuan in union funds. The Chih Li Match Company also was guilty of mistreating workers by delaying payment of wages and foreign purchase of factory shares. The manager of the Tukung Pharmacy, Chengtu, connived with old employees of the People's Bank in getting loans on empty drug containers in order to obtain funds for speculation. Chung Wen-ping, native products dealer, connived with buyers to profit from fraudulent merchandise. Chungking shop clerks reported 3,390 instances of corruption, despite threats made against some of the clerks; and in Wan Hsien, shop clerks exposed 303 cases. However, "many of them still are feudalistic in their thinking and have not taken the movement seriously."

Chungking reported (17 Jan.) that the Yitai and Chingchi Oil Companies had been habitually diluting gasoline; Yang Chieh-tu, manager of the Mingli Steamship and Transportation Company, embezzled Government property, including 100 tons of diesel oil and four tires; Tsui Yung-kuan, owner of the Kangchangfu Carpentry Shop, collaborated with tax officials in evading 12 million yuan in taxes; the Yichang Dried Vegetable Store sent lackeys into the China Native Products Company to collect first-hand information, then indulged in speculation to create market disturbances and caused the State concern to lose 100 million yuan. Some illegal dealers also tempted Government workers with women; used all sorts of means to tempt tax collectors; and stole Government property. Chungking said (19 Jan.) that Li Cheng-fen of the Chungking branch, China General Merchandise Company, refused to confess to his corrupt acts until he was exposed by his clerks. A facet of the confessions of fraud is indicated in the statement that 1,700 Chungking merchants sent in letters of confession "in fear of ultimate exposure by their clerks."

Kunming announced (18 Jan.) that the Yunnan Department of Industries published 16 January a second list of 22 "corrupt elements," 20 of whom were exempt from punishment because of confessions. Between 11-15 January, 178 cases of corruption were revealed, most of them conspiracies between merchants and cadres, involving 100 million yuan misappropriated and 300 million yuan in waste. The most serious case appears to have been that of Kao Chung-wu of the Kunming Public Security Bureau,

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

- 11 -

who was discovered 14 January to have extorted several hundred million yuan from opium smugglers in return for protection, and of having "sold the secrets of national affairs to reactionary elements." Kunming reported (19 Jan.) that Vice Managers Wang Chien-chung and Chang Chung-fan of the Yunnan Department of Finance printing plant, and Operations Chief Lo Chung-teh, were indicted 18 January for corrupt acts and refusal to confess. Chang Li-ming, corrupt element in the Kunming Hsien Government, refused to make a confession and was charged by the People's Court with stealing and selling Government property. A cadre rally decided to "punish severely" Li Kuei-pin, Chu Jen-chieh, and Pei-yuan for misappropriating public funds, visiting prostitution houses, shielding special agents, and obstructing closure of opium houses. The radio reported (20 Jan.) that a Public Safety cadre had sold 340,000 yuan worth of Government gasoline, and that a postal employee had taken 50,000 yuan worth of Government property. Li Yu-shan, chief of the transport section, Yunnan Food Company, was paid 150,000 yuan and two suits of clothes by merchant Chang Pao-tien in exchange for favors. As Chang's hold on Li grew stronger, he even obtained company funds for speculation.

Luh-shien reported (19 Jan.) that Han Chung-chu, janitor at the Loshan Technical School, sold 270,000 yuan worth of school property. Another employee, Kuo Ko-tung, stole 500,000 yuan. When Chen An-hsin, Public Safety chief, finally confessed to receiving bribes and handed them over, other safety officers followed his lead and gave up 23 wrist watches, 22 fountain pens, 2 watch straps, 10 bottles of medicine, and a radio, all received as bribes.

Laxity, Waste, and Extravagance. Although not as common as wilful corruption, numerous cases of extravagance, laxity, and waste resulting from bureaucratic methods were reported by the radios. Dairen announced (16 Jan.) that Chen Chung-ta, manager of the Dairen Chemical Works, and his chief secretary, Yen Chien-ching, and leaders in the Dairen Textile Mill, the Dairen Steel Mill, and the 21st Plant of the Printing Bureau, had been charged with laxity and lack of interest in the antiwaste campaign. Tsinan said (13 Jan.) that the Shantung Department of Construction had been lax in carrying out the campaign, did not investigate cases reported to it, and did not call confession-and-accusation meetings.

Hangchow reported (14 Jan.) that Yang Ming-yi, deputy chairman of the Textile Association, Ningpo office, did nothing to push the hao chien-hsiu technique even after attending a conference in Tsingtao to learn about it, and caused many workmen even to doubt the existence of such a technique. Wuhan (14 Jan.) quoted from a CHINA YOUTH DAILY editorial which asserted that although the drive was making progress, many Youth Corps cadres, especially those in education, had been lax. Some groups had left the matter in the talking stage and had done nothing to promote confessions and accusations. Some cadres were guilty of grave errors in thinking, and favoritism was common in some offices. The editorial warned that more positive steps must be taken, "or the Youth Corps would lose its reason for existing." Chungking announced (17 Jan.) that in north Szechwan the Communist Party Propaganda Department had retrained 20,500 cadres since July under a rotation system "to correct thoughts of complacency prevailing among village cadres."

Tsinan reported (10 Jan.) that in the Taisi Special District, Shantung, where 350 persons were arrested on corruption charges involving 90 million yuan, five public offices wasted 625,939,000 yuan in 10 months of 1951. Factories in the East China Department of Industries, Shantung branch, Hopei area, wasted 42,426,000, or 21 percent of their capital. Tsinan announced (12 Jan.) that cadres of the Tsingtao Trading Company had charged the company with wasting 2.5 billion yuan. Taiyuan reported (18 Jan.) that Party cadres of Government mining companies met 12 January and charged the companies with wasting 15 billion yuan. Kaifeng reported (10 Jan.) that the Chengchow People's Bank held an antiwaste exhibition, where it was admitted that the bank wasted 700 million yuan on additions to its buildings, and 180,000 on printed pamphlets prepared before a visit of the auditing committee.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

25X1A

CONFIDENTIAL

- 12 -

Hofei stated (14 Jan.) that the city Government had called a meeting to discuss the elimination of red tape after it was demonstrated that some offices needlessly held up documents and handled them carelessly. In one list, 600 catties of oil had carelessly been written as 100. Shanghai reported (17 Jan.) that large-scale waste had been uncovered on construction projects. In Fukien Province 600,000 yuan were wasted on one project. Foochow admitted (10 Jan.) that the Changle Hsien Food Bureau wasted money on three plants and two warehouses. The processing plants could not be used because the conveyor machinery was improperly installed, and a 2-million-catty warehouse had to be abandoned because of its poor location. Foochow announced (13 Jan.) that Heng Tung-sung, acting chairman of the Foochow Committee of the China Transportation Union, and Chung Chung-ming, manager of the Foochow Transportation Company, had been removed from office for wasteful and bureaucratic practices, and that appropriate disciplinary measures would be considered by the Communist Party.

Wuhan reported (18 Jan.) that the South China Cultural Association had wasted 1.5 billion yuan, with the cadres themselves the chief culprits. Wuhan said (19 Jan.) that the China Grain Company, Honan branch, had been charged with wasting 63.32 billion yuan in 1951, and that the Honan Trading Company had tied up 12 billions in dead inventories. Hangchow reported (10 Jan.) that the Chekiang Provincial Government had sponsored an exhibition showing "100 kinds of official red tape," with 3,000 office secretaries ordered to attend. "The undemocratic treatment of documents by officials was stressed." Hangchow said (12 Jan.) that the Chekiang Department of Communications had disclosed that bridges in Teng Hsien were a complete loss because they were not repaired following the flood; that engineers wasted 5 million yuan from July to November, and that official documents sometimes required 27 actions, 68 signatures, and were held up for 8 months, 21 days. Hangchow announced (15 Jan.) that Hsu Cheng, manager of the Chekiang branch, China Pharmaceutical Company, had been dismissed when it was discovered that his company had wasted money in 45 ways. Instead of dismissing corrupt employee King Nai-yuan, Hsu promoted him and increased his salary. In an open meeting, Hsu declared: "I know I am bureaucratic. I did not investigate the corruption of others. In China there is only Chairman Mao; in this company there is only the manager--myself."

Kaifeng (19 Jan.) accused the Communist Party Committee in Trenchow with extravagance in spending 5,303,000 yuan in a 28-day meeting in addition to 384,000 spent even before the meeting opened. Many cadres traveled to the meeting in private cars. Foochow charged (14 Jan.) that Chen Fa-fen, farmer and deputy village magistrate, Tungtao Hsiang, Third Chu, Kutien Hsien, Fukien, wasted enough on his wedding to provide for his living for six months. He gave a wedding feast of eight tables, thus wasting 1,000 catties grain. Another three couples spent 6 million yuan for 60 tables, at 120,000 yuan per table, for their wedding feasts--50 percent more than the 4 million they must borrow for their spring farming. Nanchang told (18 Jan.) of the former poor peasant Yeh Hao-seng, Wangping Hsiang, Sixth Chu, Wanan Hsien, Hopei, who joined the Youth Corps and, after land reform, became prosperous. He built a large house, and celebrated 24 December with a 12-table feast, using 20 catties of strong wine and 20 tan of grain. Soon he had wasted all he had and was forced to borrow to live, delaying the work of 60 people.

Wuhan said (15 Jan.) that Hunan farmers also are extravagant. One Chuchow farmer wasted 8 million yuan on feasting, and Li Li-chi of Hanling wasted 9.32 million yuan on his mother's birthday. Wuhan also said (16 Jan.) that the bumper crop led to extravagances in Paiching Hsiang, Chuchow city, Hunan, where 50 households were guilty of wasting grain at parties. Chungking reported (11 Jan.) that farmers in Suining and Nanchung Special Districts, and Langchung Hsien, Szechwan, were guilty of extravagant eating and drinking. A farmer in Village No. 1, Yitiao Hsiang, Yingshan Hsien, spent 240,000 yuan, his income from one crop, in feasting. Lingtao Hsiang, Fengan Hsien, slaughtered 1,100 hogs, or one to the person. Chungking added (13 Jan.) that farmers in south Szechwan continue to waste money on lavish eating and drinking. For example, people in Yichang Hsiang, Mienyang Hsien, formerly consumed half a hog daily; now they use 13. Rich farmer Ma Ken-nung, Chungsai Hsiang,

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 13 -

spent 1.1 million yuan in feasting, Farmers Association President Han Teh-ho, Kao-shanpa, Ip'in Hsien, spent 1.1 million yuan feasting during an association meeting; Yu Ling-wang, Farmers Association organization chief, spent the proceeds of his fireworks sales on wine. Chungking reported (16 Jan.) that following the "remarkable autumn harvests" in north Szechwan, peasants in Kuangwan Hsien alone spent 140 million yuan in sending gifts and entertaining friends; peasants in Shehuan Hsien ate 200 pigs within 36 days; a farmer in Suining Hsien, director in the Farmers Association, spent 1.2 million yuan on his son's wedding, and even borrowed money from relatives to buy gifts. Luhsien announced (18 Jan.) that 513 Militiamen in Melchian Hsien, south Szechwan, had been assembled for special education because of lethargy and complacency following bumper harvests.

Tax Evasions. Peking reported in numeral code (18 Jan.) that at a Mukden Federation of Labor meeting 16 January, with 1,600 present, 98 cases of tax evasion and bribery were exposed, and Chairman Chang Kai announced that 989 such cases had been reported in private firms since the drive started last year. Worker Chu Wen-ji said that at the Chengfa Iron Works the workers refused a proffered wage increase because the proprietor was attempting to account for 2 million yuan he had falsely reported as labor expenses. As a result of their refusal to accept the money, it had to be turned over to the Government. Manager Hsu Chan-hua of the Talu Rubber Mill stole materials, evaded taxes, and bribed cadres. The proprietor of the Shuncheng Oil Mill was accused of tax evasions, bribes, and thefts totaling 100 million yuan.

Tsinan reported (19 Jan.) that in December 421 cases of tax evasion and corruption were exposed in Meifang, and 172 in Hsuechow. Shanghai announced (17 Jan.) that King Shi-ping, manager of the Huaming Printing Company, confessed to tax evasions. Shanghai reported (15 Jan.) that Li Wen-ten, owner of the Heng Fen Cloth Mill, was guilty of evading taxes amounting to several tens of millions of yuan, hoarding cotton yarn, using company funds for speculation, destroying the evidence, trying to escape, and spreading rumors that the Tax Bureau was trying to kill him. Suhsi reported (10 Jan.) that 800 attended the public trial of Lu Shao-yu, owner of the Tifeng Cloth Shop, Nanwei Hsien, Kiangsu, on charges of tax evasions. Yangchow reported (10 Jan.) that Ku Kwang-shih and Han Hsiao-lo, operators of the Ia Sen Tobacco Shop, were sentenced to 10 and 5 years, respectively, at a public trial 22 December attended by 400. They cheated the Government out of 14 million yuan.

Canton announced (19 Jan.) that in Haikang Hsien, Kwangtung, 633 stores of 26 trades admitted tax evasions totaling 2 billion yuan. Kuming reported (19 Jan.) that Tang Sha-ho and Ma King-wu, proprietors of the Tachingyang shop, had been arrested and charged with mistreating clerks Pang Cheng-kuo and Chow Ho when they reported the merchants' tax evasions. Tsinan quoted Fang Chih-chang, Hsuechow Tax Bureau director, as telling a businessmen's meeting that his office handled 2,000 cases of tax evasion in 10 months of 1951. At the meeting 40 men confessed to evasions, and the detailed example of one case follows:

In his confession, cloth dealer Li Chih-nan confessed that in 1951 he failed to pay tax on 80 to 90 bolts of cloth. He felt this deed might cause him trouble, so he contacted Comrade Wang Chien-yang in Section 3 of the Tax Bureau. Comrade Wang proved helpful in checking on tax payments, and borrowed 40,000 yuan from him two times. Wang never offered to repay, and Li never asked payment. Li never asked for payment, for Wang was directly in charge of collecting Li's taxes. Wang was very helpful. Each time he helped it cost Li 40,000 yuan. (Tsinan, Shantung Regional Service, 15 Jan.)

CPYRGH
T

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

- 14 -

Economic Weaknesses and Failures. Peking announced in numeral code (20 Jan.) that the plan for consignment of cargoes to railways broke down, so that for the first 3 days of January the schedule quota was fulfilled only 83.5 percent. Hangchow reported (10 Jan.) that workers at the Chiahsing Textile Mills refused to make inventories on the grounds it was unnecessary. A check showed 562 million yuan tied up in dead stock, with enough needles in the warehouse to last 5 years and other items to last 10. Wuhan announced (16 Jan.) that 5.57 million catties of food stored in six warehouses of the I-shan Foodstuff Company, Kwangsi, deteriorated because of heat, worms and fermentation, partly because of the poor conditions of the warehouses and partly because of the irresponsibility of the cadres. Hefei reported (13 Jan.) that the China Foodstuffs Company and the Public Safety office in Hsuan-cheng hsien, Anhwei, lost 200,000 catties of rice because they "blindly trusted" a private foodstuffs company called Tien Fu to buy and process rice. The company was given 18.2 billion yuan to buy 700,000 catties of rice, but much of the money was spent on paying debts and buying new equipment.

Shanghai announced (13 Jan.) that the Food Bureau in Su Hsien, north Anhwei, let grain bags rot at a loss of 380 million yuan. Shanghai said (12 Jan.) that fundamental construction in the salt fields of East China was only "80 percent perfect." In some places the idea of "design and plan first, and then work" was not carried out, with serious losses resulting. Yangchow reported (16 Jan.) that the China Foodstuffs Company branch in Faichow city, Kiangsu, notified the branch in Li-chia-shih 29 September to raise the market price of wheat 10 to 15 yuan. Through carelessness the branch notified nine other offices to use the price established 26 September, with a resulting loss of 1,321,170 yuan in one month. Yangchow said (18 Jan.) that at a meeting 12 January a cadre from Suching Hsien, Kiangsu, reported that in checking on 39 granaries, he discovered 312,000 catties of unrecorded grain, in addition to unrecorded funds of 18,852,000 yuan.

Claims of Success. Among the relatively small number of economic gains claimed by the Chinese Communist radio, some are accredited to improved personal relations in the factories, some to adoption of Soviet methods, and the remainder to changes and improvements in methods. Weaknesses are apparent in most of them.

Canton claimed (10 Jan.) that production had increased greatly in the Kwangtung Rubber Shoe Factory after "feudalistic elements in the factory were destroyed by democratic reforms." Wuhsi said (10 Jan.) that a great improvement had been noted in the accomplishments of the 2,000 Shiyehan transport workers "since elimination of the boss system through democratic reforms." Canton said (13 Jan.) that since many senior workers had been reformed, friction had been eliminated between them and the new workers, with 37 plants, including the Canton Waterworks, the Yungpao and the Hsinbau factories, having reached the democratic unity stage. Chungking reported (19 Jan.) that the Sanhsi Coal Mine, west Szechwan, had greatly improved its production since the "feudalistic bosses were thrown out last June" and a democratic committee of 130 cadres set up. Shanghai said (13 Jan.) that Yu Ching-ling had been permitted to join the Communist Party "because of his bravery." As a worker in charge of handling cargo in the Markham Road Railway Station he refused many bribes, though he had a family of eight and made only 4,000 to 5,000 yuan a month. He reported smuggling cases, causing the smugglers to lose 50 million yuan on one cargo, was beaten, and his life was threatened.

Mukden announced (10 Jan.) that under the direction of Soviet technicians train operation efficiency had been greatly improved at the Mukden South Station. Wuhan asserted (17 Jan.) that workers on the Chengchow Railway had achieved excellent results through emulating Soviet methods in operating freight trains. Locomotive teams 3314 and 3384 had set new freight transport records in moving 25,000 tons at a saving to the Government equal to the cost of operating 20 locomotives.

CONFIDENTIAL
CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

25X1A

- 19 -

Chinchow announced (18 Jan.) that peasants in one village had decided to spend no money buying "superstitious items" during the coming spring festival. Hbsi said (18 Jan.) that farmers in Changchow had decided to save money by refraining from observing ancient customs during the spring festival. Feasting and religious observances will be kept at a minimum.

Peking in a numeral code transmission (13 Jan.) asserted that the Northeast Department of Industry will use 25 percent less lumber in 1952 than was required last year "without affecting construction requirements." Floors and ceilings of ordinary dormitories will not be made of wood, and substitutes will be used whenever possible. Small discarded boards will not be used for firewood or sold. Use of lumber at construction sites for corridors and sidewalks "is strictly prohibited." Peking said in numeral code (14 Jan.) that after successful experiments with cement in the Northeast it had been decided to use "medium grade cement." Mukden announced (12 Jan.) that the Northeast Department of Industries had acclaimed two technicians for cutting production costs by using more reclaimed rubber, thus reducing new rubber from 38 to 30 percent, "and improving the quality of the product." Preliminary figures prepared at the Number 4 Rubber Factory indicate the saving will amount to 478 million yuan annually. Doubt is cast on these claims through the statement that the Department is urging technicians to continue to study the problem "in order to attain the standard set by the Soviet Union." Tsinan announced (12 Jan.) that the Shantung branch of the Communist Party has issued a directive calling on all offices to save rubbish and deliver it weekly to the state paper factory for use in making paper at an estimated saving of 20 million yuan annually.

Hangchow announced (12 Jan.) that a winery was changing its business, and now will process sugar. At the Number 7 Shop, Chekiang Woolen Mills, workers have set up an "honor-system mail box" with stamps and change in order to save workers from using the 20 minutes required to go back and forth to the Post Office. Yangchow said (15 Jan.) that the Ta-Sheng Cloth Factory, Nantung, Kiangsu, is carrying out a saving campaign by selling old stocks in the warehouse, thus increasing the turnover capital and saving 250 million yuan in 3 months. Peking announced in numeral code (11 Jan.) that by using a high-speed metal-cutting process, 10 machine factories in Shanghai, including Tungyung, Wusung and Chiuchiang, have raised their efficiency from two to nine times. In the Chiangnan Shipbuilding Factory Number 2, Wuhan, which has old-model leather belt lathes, the increase was one to three times. Peking said (13 Jan.) that the Northeast Dyeing Factory has adopted the rationalized suggestion of "reconverting dye fluid wastes" which "had been suppressed for one year." Mukden announced (10 Jan.) that the Mukden Communist Party had called a meeting of factory authorities to "popularize the multi-knife metal-cutting device."

IDEOLOGICAL ADJUSTMENTS

Schools and Teachers. Thought reform was largely neglected because of the heavy emphasis on the anti-waste, anti-corruption, anti-bureaucracy drive. However, some attention was given to schools and teachers, with the emphasis on teachers in higher institutions. Hangchow stated (10 Jan.) that the East China Study Committee held its first meeting 9 January to discuss thought reform, and will start its program with the colleges and universities of Shanghai.

Shanghai said the same day that teachers in higher institutions of Tsinan started a thought reform program in November. Sian announced (11 Jan.) that delegates from local institutions of higher learning met to discuss the program, 7 January. Peking announced in numeral code (11 Jan.) that teachers in Chungking higher institutions had launched their thought reform drive "with enthusiasm."

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 16 -

Wuhsi said (12 Jan.) that 53 students of the Kiangsu Medical College, Chenchiang, sent a letter to the SUNAN JIH PAO calling for thought reform in the college teaching staff. "Stubborn professors were warned to change their attitude." Wuhsi earlier said (11 Jan.) that the Kiangsu School of Fine Arts called a meeting to discuss thought reform among the students, too many of whom are interested in luxury and "adhere to American ideals of materialistic comfort." Another Wuhsi broadcast (20 Jan.) reported that the South Kiangsu Normal School held a meeting to consider thought reform among the teachers, who were urged to "study Mao Tse-tung's theories."

Yangchow announced (11 Jan.) that the Culture and Education Committee of North Kiangsu held a symposium on thought control, with 60 persons present, which decided that in 1952 the thought reform movement must be carried out to the 3,000 middle and 30,000 primary school teachers in north Kiangsu, "so as to wipe out the lingering influences of imperialist and feudalistic thought and establish the conception of serving the people." Yangchow said (12 Jan.) that student and youth organizations in north Kiangsu had issued a joint statement calling on their membership to support thought reform.

Hangchow reported (15 Jan.) that the local Civil Affairs Department had called on all high schools to accept students from the rural areas, even if they were not up to the entrance requirements. No explanation was given of the reason for this order. Peking's home service network announced (20 Jan.) that the Central Government Administrative Council had approved a directive raising the pay of primary school teachers. Peking in numeral code (16 Jan.) quoted from CHINA YOUTH on thought reform in the schools. Some significant quotations from the article follow:

CPYRGHT It is impractical to carry out the thought struggle impulsively if circumstances still are not matured for such a movement. In broadening the thought struggle among schools, it is necessary to avoid letting it become a form without substance Youth Corps committees and student associations in each university should, under the leadership of the Party, endeavor to understand the trend of thinking among the students and settle related problems That the thought struggle should become a far-reaching movement among primary and middle schools and in the cities is a wrong attitude Patriotic education among the middle schools hinges on the thought reform of the teachers. (Peking, Numeral Code, 16 Jan.)

Winter Schools. Nanchang reported (20 Jan.) that winter schools in the First and Sixth Chu of Tunghsiang Hsien, Kiangsi, had a successful season with 3,419 students in 66 schools. Sian said (15 Jan.) that 354,000 peasants attended the schools in the Northwest, where "the principles of land reform were taught." Wuhsi reported (17 Jan.) a successful conclusion of the winter school program with inauguration of "newspaper reading classes for the indoctrination of the peasants." Chungking said that south Szechwan had a good winter school program, with 40,000 enrolled, "after an intensive propaganda campaign."

Emphasis here was placed on teaching Soviet culture "in order that the masses could have a glimpse of their future happy life." Shanghai announced (14 Jan.) that 10 million farmers attended winter schools in Shantung, Fukien, and Anhwei. The 18 million in East China far exceeded expectations. "Cost of the schools was cared for by the farmers' sale of supplementary products." Yangchow said (15 Jan.) that the Huaiyin People's Government had called for a list of model winter school administrators, teachers, and students so they could be honored.

Hangchow announced (10 Jan.) that the 150 students enrolled in the winter schools of No. 2 Village, Tayuan Hsiang, Kiangshan Hsien, Chekiang, had "issued a challenge to other schools on their record of good behavior." This is of special interest in view of the report from Yangchow (19 Jan.) that in Shihkang Chu, Nantung, Kiangsu, corporal punishment had been inflicted on students for absence or late arrival,

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

- 17 -

"arousing the dissatisfaction of the people." Hefei (20 Jan.) clarified further the evidence of resistance to the winter school program by reporting that in two administrative districts of north Kiangsu, cadres "forced the peasants to enter the winter schools without proper propaganda." Those who did not enroll were punished, and Militiamen were posted around the schools to "force the students to study." The broadcast added that "the peasants protested."

Religious Countermeasures. Widely scattered attempts to oust foreign Catholics from China, take over missionary institutions, and infiltrate and control the local churches are still reported. Peking reported in numeral code (13 Jan.) that "local lay Catholics" in Taiyuan had accused Italian nationals Archbishop Li Lu-chia, Sister Tsui Yu-li, Fathers Ku Kao-loh, Teng Ya-i, Peng Yu-ling, Tsai Loh-seng, and Tao Tien-chueh of organizing the subversive Legion of Mary. Police searched two Catholic churches and found small arms, ammunition, and radio parts.

On 24 December, 330 Taiyuan Catholics organized a committee to support the three-point reform independence movement under the leadership of Chen Sui, Tsao Tao-chien, and 25 others. Vice Bishop Ho Nai of the Taiyuan Diocese addressed the meeting, saying he would reform himself and support the movement, in addition to expelling Fan Lan-wang and other counterrevolutionaries from the church. The meeting also adopted a membership oath and petitioned the People's Government to permit the association to take over the Joseph and Tung Erh-kou hospitals and the Hinguan, Chiala, and Hsingkuan missionary schools.

Hangchow reported (12 Jan.) that "imperialist" Mei Tsang-kwei was indicted for subversive activities at a rally attended by 400 under the chairmanship of Tsoo Mao-kun. The crowd, composed of Catholics, Protestants and Buddhists, and including People's Assemblymen Hu Hai-show and Liu Chih-fang, heard Chow So-ying and Li Yung-hsin accuse Mei of organizing the Legion of Mary and opposing the Catholic Reform Movement.

Sian said (15 Jan.) that Catholics in Shensi Province had organized a reform committee to "drive out imperialist elements masquerading as religious elements." The People's Court ordered the banishment of two imperialist elements and imprisonment of their "running dogs." Sian announced (19 Jan.) that six study groups for thought reform had been set up by 240 Catholics of Ping ling Church, Lanchow City. Thirty patriotic Catholics reported a number of imperialist elements in the Church, and several cases of criminal activity were discovered during the study.

Propaganda Network. Chinchow reported (11 Jan.) that 59 percent of the Communist Party subcommittees in Liaosi Province have established propaganda networks. The Province now has 82,515 propagandists and 1,659 reporters. "The policy for 1952 is to further expand and consolidate the propaganda network." Peking announced in numeral code (13 Jan.) that there are 4,100 rural propaganda and instruction stations in Hopei Province, with the stations regularly giving two lessons a month to propagandists. Propagandists in only two of eight adjacent villages could study regularly before establishment of the Kengchuang-chiao Instruction Station, Third Chu, Hingchin. Now all eight villages are in reach. Wuhsi announced (15 Jan.) that Communist Party cadres in Hsing Hsien, Kiangsu, have organized 700 newspaper reading programs to promote political education among the peasants. Canton (20 Jan.) quoted the Swatow City Party secretary as saying, "reactionary elements in the city still are resisting democratic progress," and calling on all cadres to wipe out feudalistic thinking.

Special Groups. Canton announced (15 Jan.) that the Canton chapter of the China Medical Association called a meeting 23 December to discuss thought reform among medical workers. A resolution was passed to send letters to medical workers in Hong Kong and Macao calling on them to carry out the teachings of Mao Tse-tung.

CONFIDENTIAL
CONFIDENTIAL

CONFIDENTIAL

- 18 -

Nanchang reported (18 Jan.) that the Militia in Huihsin Hsien, Kiangsi, was spending "day and night" in self-inspection to correct the thinking of the individuals. Cadres who formerly took no interest in politics now are "active elements."

Mukden announced (14 Jan.) that 2,000 Youth Corps members in local classes and 700 in Harbin had received indoctrination in the theories of Mao Tse-tung. Yangchow reported (12 Jan.) that the North Kiangsu Committee for the Study of Mao Tse-tung's theories was organized recently, and will work in Nantung, Yangchow, and Taichow Hsien, first indoctrinating the city masses and then moving into the rural areas. This frequent mention of Mao Tse-tung's theories, to the exclusion of "Marxism-Leninism," could indicate a new emphasis on the revolutionary problems peculiar to China, as the common quotation in the past has been "Marxism-Leninism and the theories of Mao Tse-tung."

RURAL REFORMS

Marriage Law. A marked drop in radio time given to the new marriage law is noted, but this probably results from the greater stress placed on the anti-corruption drive. There is no evidence that it indicates a significant change in policy. Hangchow reported (10 Jan.) that 19 marriage cases were adjudicated and three prison sentences meted out when the People's Court of Wenchow and the Women's League held a meeting attended by 80 cadres and 200 spectators. Wuhsi announced (17 Jan.) that the radio talks on the marriage law by personnel of the People's Court had been continued "because of popular demand."

Wuhan reported (18 Jan.) that the Kwangsi Province People's Court reviewed one marriage law case "upon the demand of the people and orders of the Central and South People's Court." When the case was reopened, Ho Peh-chung, Laiping Hsien, accused of causing the suicide of his wife, Pan Tse-lai, was given a long jail sentence. His land reform cadre accomplice, Liang Yu-keh, was given a one-year sentence in place of the original 6 months. Chinchow reported (14 Jan.) that cadres had been sent into the villages of Faku Khien, Liaosi, to explain the marriage law, "as many feudalistic cases were found to exist." Older people at first refused to accept the law, but were enthusiastic after indoctrination.

Foochow complained (20 Jan.) that many peasants still do not understand the significance of the economic advantages of the new marriage system. Therefore all leading cadres in the chu and hsien were ordered to step up publicity in such a way as to lead the peasants to invest in increased agricultural production the money saved on marriage ceremonies. Nanchang said (20 Jan.) that in Wanshou Hsiang, Yukan Hsien, Kiangsi, there was only a vague understanding of the marriage law, and little attention was paid to it. Divorces were illegally hindered, and the parents of one 16-year-old youth secretly arranged his marriage in violation of the law. All local governments in Kiangsi were warned to take action against violations.

Land Reform. Wuhan announced (11 Jan.) that the land reform program in Kwangsi Province would be brought to a close at the end of the month with completely successful results and the final overthrow of feudalistic landlords. The broadcast added that a landlord in Hsiang 16, Chu 14, Lojung Hsien, had been arrested and his 20 guns and 10,000 rounds of ammunition confiscated.

Nanchang announced (19 Jan.) that Militia Captain Fan Yu-sheng, Kungping Hsiang, had exposed local landlord Pan Chung-tao, who had hidden his wealth. As a result, a campaign to expose landlords was being revived in rural areas "where landlords supposedly were liquidated." On 22 December farmers in the Seventh Chu, Nanchang Hsien, Kiangsi, held a struggle rally against local landlords. Landlord Yen Mi-ling was accused by his son of oppressing peasants.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

- 19 -

A peasant in Shangyao killed landlord Fang Han-ping for beating him and taking his land. The reactionary authorities arrested the peasant's uncle and shot him, and the peasant now has his land and is happy. A woman landlord, Li Wang-shi, Tita Hsiang, Chingchiang Hsien, Kiangsi, was charged with obstructing land reform when she burned three houses that had been taken from her for the use of peasants. Aside from these two broadcasts from Wuhan and Nanchang, no mention of land reform was monitored except from three southern stations--Canton, Chungking and Kunming.

Canton reported (10 Jan.) that land reform cadres in Santiao Hsiang, Sixth Chu, Chungshan Hsien, Kwangtung, disclosed that 60 landlords had bribed 130 peasants to hide production tools, and 200 more to hold property for them. Landlords Li Li-shun and Li Yung-hsin were sentenced to death on the demands of farmers in Meilan Hsiang, Seventh Chu, Chaoan Hsien, for spreading rumors, oppressing farmers, and sabotaging farmers associations by infiltration. Canton reported (12 Jan.) that landlord sabotage had become widespread in Kwangtung, with landlords conniving with special agents and bandits, creating dissension, disseminating rumors, and bribing peasants. The Land Reform Committee of the Chaoshan Special Administrative Area recently issued a communique calling on the cadres to eliminate complacency and saying that the cadres "must have ideas of collectivism and heighten their vigilance toward the enemy." In this area during November and the first half of December there were 700 cases of assassination, looting, murder, arson, conspiratorial resistance, destruction of goods, rumor-mongering and creation of dissension among peasants, dispersal of property, bribery, and winning over of peasants. Similar reports were received from Chuchiang and Hsichiang, and the Kwangtung Land Reform Committee has called for an "all-out revelation of the enemy's conspiracies in every locality." Canton announced (19 Jan.) that in Lungfu Hsien 120 landlords were arrested in the period 1-6 January "in the course of a determined struggle against ruffian landlords."

Chungking announced (10 Jan.) that in Kweiping Hsien, Kweichow, land was given to 618 poor peasant families, 90 percent of whom attended winter schools and 400 of whom were able to buy clothes. Chungking said (16 Jan.) that in Ta Hsien, Szechwan, land reform had been successfully carried out with the organization of a town and country liaison committee, with 360 land-dispute cases settled, 2.3 billion yen paid in settlements, and prosperity shown by an increase of 100 percent in the number of shops and jobs given to "democratic persons."

Chungking said (19 Jan.) that cadres in Luliang, Hsiang, and Lonan Hsien had become complacent in the face of organized opposition by landlords, who had resorted to murder to hold their power. Chungking announced (14 Jan.) that Chang Chien-fu, Government employee in the Eighth Chu, Ipin Hsien, south Szechwan, had been sentenced to death for murdering a farmer and taking his wife.

Kunming reported (20 Jan.) that farmers in Hsiatang Hsiang, Suanwei Hsien, Yunnan Province, were well pleased with land reform following the arrest of landlords and counterrevolutionaries, though at first they were "fearful of landlord reprisal." "Ruffian landlord" Chao Yun-kai, Miao Chia Tien Tsun Hamlet, To Tou Tsun Village, Malung Hsien, Yunnan, staged a "make-believe struggle to protect his interests, fooling the visiting cadres by remaining in bed and pretending to be severely beaten. Later he was exposed. Kunming announced (18 Jan.) that peasants of Chinsiang Hsiang, Chuhsiang Hsien, Yunnan, had mobilized to struggle against landlords.

Chungking reported (11 Jan.) that a landlord in Lufeng Hsien, Yunnan, had been arrested when he tried to beat up the president of a farmers association. Chungking said (12 Jan.) that in Putien Hsien, Yunnan, local despots had been overthrown and land reform brought to a close. Chungking announced (13 Jan.) that land reform had been started in Kwangtung, Yuchi, Lotsu, Lufeng, and Fumin Hsien of Yunnan, with 100 villages in Lotsu now reapportioning land. Land reform and suppression of counterrevolutionaries were proceeding simultaneously in Yuchi.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL
CONFIDENTIAL

- 20 -

Farm Problems. Wuhsi (10 Jan.) quoted a model farmer, Fan Yi-fu of Pinu Hsien, Kiangsu, as telling a farmers association he planned to increase spring production by spending the winter collecting fertilizer. Tsinan said (10 Jan.) that after Party officials checked up on cadres in Wuti Hsien, Shantung, they immediately intensified their efforts and brought about higher farm production. Nanchang announced (19 Jan.) that the Second Farm Products Exhibit of Kiangsi Province would be postponed. No reason was given.

A Peking home service broadcast (10 Jan.) announced that the Northeast Ministry of Agriculture had formulated plans for creating a forest belt in the western part of the Northeast area, to be completed in 10 years. Peking said in numeral code (11 Jan.) that in 1951 the Central Government, the Southwest Military and Administrative Committee, and the Sikang Provincial Government cooperated in sending veterinarians to the Tibetan Autonomous District of Sikang, who "cured some 16,200 head of cattle and horses, eliminating the animal plague." Mukden announced (19 Jan.) that at a meeting 15 January with 600 present, the Sungkiang Communist Party secretary called for the organizing of mutual-aid teams among farmers, and "working toward collectivism as the only correct path to develop agricultural production." Apparently the Northeast has been selected as an experimental area for the development of collectivized farming.

COUNTERREVOLUTIONARIES

Propaganda. Mukden announced (14 Jan.) that more than 1,200 students and teachers in the Dairen Industrial College and the Dairen Medical College had taken part in suppression of counterrevolutionaries. Chungking said (11 Jan.) that many imprisoned counterrevolutionaries in south Szechwan had received education, and that more than half were model workers under the labor and indoctrination program. The value of the products produced by these prisoners was given at 1.2 billion yuan per year.

Canton said (10 Jan.) that "although large numbers of counterrevolutionaries have been arrested with clandestine receivers," they still carry out spying activities and transmit political, military and economic information to Chiang and imperialist agents. Unscrupulous merchants carry on clandestine transmissions to disturb the market and make illegal profits. Operators of all transmitting stations in Kwangtung were ordered to register 8-31 January. Canton added (12 Jan.) that the People's Assembly in the Seventh Chu, Chaoan Hsien, Kwangtung, heard reports 27 December that "subversive elements had not been entirely wiped out." Many gangsters had not been liquidated; leadership of the peasants was weak; the broad masses were poorly organized; and that many cadres were feudalistic and had refused to hand over power to the proletariat. Nanchang (18 Jan.) described Kwanghsin Hsiang, Lohsin Hsien, Kiangsi, as a "bastion of reaction." It was said that of the 264 families there, 90 percent were feudalistic in their thinking; 100 were members of counter-revolutionary groups; and that the power of the Party committee there did not extend to the masses.

Direct Action. Hangchow announced (12 Jan.) that farmers in Winghsien and Chenghai, Chekiang, had organized to protect the public granaries. Yangchow said (15 Jan.) that a Security Defense Committee had been set up in nine hsien, covering 380 hsien and townlets in north Kiangsu, including Taichow and Suchien Hsien.

In Huayin and Chiangyin Hsien "the basic concepts in the establishment of a committee" had been neglected, and correction would have to be made. Foochow announced (14 Jan.) that fishermen in the Third Chu, Fuhai Hsien, Fukien, had captured three pirates and four rifles. Kaifeng reported (18 Jan.) the public trial and immediate execution of Liu Kuang-han, "a lieutenant general under the Kuomintang." He was said to have buried alive 21 to 26 persons, and meted out cruel punishment to 400 cadres and Communist Party members. This is the first monitored report of an immediate execution following a public trial for several weeks.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 21 -

Dairen reported (11 Jan.) that a public trial of counterrevolutionaries was held in Village No. 3, Chu 12, Chin Hsien, 7 January. Ma Tse-lan, former puppet officer accused of killing and beating up peasants, was ordered immediately shot. Chao Tse-shan was sentenced to 3 years; Li Kung-hao and Liu Kung-teh were placed under public surveillance for 2 years; and Chen Yung-kang and Liu Hung-ta were released following public apologies. Dairen said (15 Jan.) that farmers in Chiangchia village, Port Arthur, had arrested six counterrevolutionaries.

Chungking announced (10 Jan.) that 38 counterrevolutionaries had been publicly tried in Szechwan during November and December, and that "the broad masses in Szechwan were assisting the Government in the recapture of counterrevolutionaries." Wu Hsien-chun and Kuo Lan-fang of Tungpi Hsiang, Shaohua Hsien, helped capture a local bandit chieftain, and cadres in Mapien Hsiang, Pingshan Hsien, captured escapees Kuo Chung-wen, Lin Yao-tung, and Cheng Kai-hsueh. In the latter part of December, 40 feudalistic and counterrevolutionary elements were arrested, and a rally of 20,000 was held in Chungking, 21 December, to accuse "seven bad elements."

Chungking announced (17 Jan.) that from 17 December-7 January, 96 counterrevolutionaries hiding among the workers admitted their past crimes, 24 "obstinate ones" were apprehended, 63 hiding among miners and factory workers were reported, and 1,100 members of reactionary parties were revealed following rallies. Kuming announced (19 Jan.) that Wan Kuo-chieh, charged with organizing counterrevolutionary activity in Paoshan Hsien, Yunnan, was publicly tried, "and upon demand of the people," summarily executed.

NATIONAL MINORITIES

A relatively small amount of attention was given to national minorities; what interest there was centered on the Tibetan Autonomous District of Sikang Province. Peking announced in numeral code (11 Jan.) that elementary school children in this area had increased 540 percent under the Communist regime, but admitted that high school enrollment had grown only 1.2 percent. Deputy Magistrate Lopatengchu of the Shihchu People's Government, Sikang, contributed 40 of his own yak and five-eighths of his income to the support of the Chinese Army moving into Tibet. Chief Senlangpao, Parma Village, even led his own yak corps in speeding up transport, and Tibetans from the district went ahead of the Army to repair wooden bridges.

Shihchu Hsien, with only 10,000 population, has supplied the Army in the past 2 years with 10,000 cattle, 50,000 catties of butter, and 20,000 cowhides. Tribal Chief Wang Johan, Fawang Hsiang, Tanpa Hsien, led 30 persons to enroll in the Militia. In Patang 200 of the 2,000 inhabitants joined the People's Liberation Army. Chungking reported (14 Jan.) that 134 persons are enrolled in four training classes for national minorities in one hsien in the district, where they "learn to appreciate the greatness of the Fatherland and hate the imperialists and Kuomintang reactionaries."

Chungking announced (12 Jan.) that minority groups in Szechwan, Sikang, Kweichow and Yunnan "have enthusiastically delivered spring grain levies" to Government warehouses, with 500 Miao tribesmen delivering 10,000 catties of wheat in one day. "Cooperation" is prevalent, with mountain tribes getting transport from the lowland tribes for grain deliveries. Chungking said (14 Jan.) that in Yunnan the cultural corps of the People's Liberation Army is achieving "brilliant results" among the minorities. Liberation dramas have become so popular that tribal peoples prepare months in advance for the coming of the troupe. A Chungking broadcast (19 Jan.) said in Opian Hsien, Szechwan, 1 people helped the Government to seize 98 bandit chiefs. The 1 people have stopped planting poppies on their own initiative, plan to cultivate more waste land, and achieve self-sufficiency in food production in 2 years.

Canton announced (15 Jan.) that purchase stations and cooperatives to serve the national minorities had been set up in Paisha, Luwang, and Paoting Hsien, Hainan Island, where Miao and Li tribesmen reside. Both the Kwangtung and Kwangsi Governments have set up cooperatives on Hainan, and will form special teams to develop trade among the minorities. Sian announced (18 Jan.) that women of all circles met in Tihua, Sinkiang, to honor 24 women of all nationalities selected as model makers of Army uniforms.

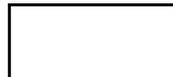
CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

- 22 -



PREFERENTIAL TREATMENT

Considerable mention was made of preferential treatment for dependents of Army men, but attention was concentrated on plans for special efforts during the spring festival, when youth groups and school children will be organized to call on dependents, present gifts and food, help with the work, and write letters to Army men in Korea. Shanghai announced (14 Jan.) that Shantung had appropriated 4.0 billion yuan to be used for this purpose during the spring festival, starting 20 January. Hangchow announced (14 Jan.) that "special indoctrination" programs would be broadcast in connection with preparations for preferential treatment, and "all schools must monitor these programs." Foochow announced (16 Jan.) that the Fukien Civil Affairs Department had set aside 250 million yuan for preferential treatment, and distributing offices were warned not to withhold these funds for other purposes. Wuhan broadcast (12 Jan.) a commentary on preferential treatment, pointing out that cadres had been lax, and "many people had done nothing to help." Kaifeng (19 Jan.) described the preferential treatment program as an "important step in winning the war in Korea."

Foochow announced (20 Jan.) that the East China Military and Administrative Committee had granted 600 million yuan to provide schooling for dependents. Chungking said (16 Jan.) that dependents in Pihsieh Hsien, Kweichow, already were being assisted with spring farming operations. Chinchow reported (18 Jan.) that the Liaosi Civil Affairs Department had sent 50 cadres to inspect preferential treatment in rural areas. On 17 January the LIAOSI PEOPLE'S DAILY attacked the laxity of rural cadres toward the program in an editorial. The plowing program, "which has broken down completely," was cited, and it was pointed out that jobs had not been provided for dependents. Cadres were warned of the danger of ultimate defeat in Korea if the preferential treatment program was allowed to lag.

MISCELLANEOUS

Relief and Disaster. Wuhan announced (10 Jan.) that famine victims in Kiangsi Province had been given 6 billion yuan in relief funds, and an embargo had been placed on food exports. Canton reported (18 Jan.) that Canton relief agencies had raised 200 million yuan to assist refugees from the fire in Tan tao Hsiang, Kowloon, and that Chinese in Indonesia were contributing 20 million yuan.

Tsinan announced (10 Jan.) that flood conditions in Tchenghsien, Shantung, had forced 4,522 families to flee and inflicted hardship on 12,754 families. In Poshan 1,519 families of 4,568 persons, 22 percent of the population, were left destitute. The suffering was entirely due to the laxity of local cadres. Some said blindly that there were no refugees, simply because they did not take the trouble to check. The Shantung People's Bank lent 1,430,500,000 yuan to flood sufferers in Techow, Huimin, Lini, and Teng Hsien to finance production and purchase native products. The Government issued 285,000 catties of grain as relief in Huimin and Pin Hsien, and other units in the province provided 37,092,480 catties of grain and 52,356 sets of winter clothing. Many cadres were lax, "both in the old and new flood areas." They thought that the grain relief and the good crops had solved the problem. Hofei said (10 Jan.) that 36 workmen were led by cadres in saving large quantities of Government property when the Huai River overflowed 30 December.

Peking reported in numeral code (11 Jan.) that the hoof and mouth disease had broken out in the western part of Inner Mongolia and had spread over six leagues. Cases were reported in Peking and in Hopei. Sinkiang had been under attack by the disease since spring, and it spread from there to North China, the Northeast, Inner Mongolia, and even to such remote points as Shanghai and Sikang Province. The Ministry of Agriculture was quoted as believing that if the disease is not brought under control it will "hinder the smooth carrying out of this year's spring farming." Bulletins will be issued prohibiting buyers from purchasing cattle, sheep, hides, or slaughtered animals from Inner Mongolia, and animal quarantine stations will be set up along shipping routes.

CONFIDENTIAL

CONFIDENTIAL

CONFIDENTIAL

25X1A

CONFIDENTIAL

- 23 -

Labor Relations. Hangchow announced (12 Jan.) that Chang Chang-ken is under arrest because of the death from beating of one of his employees, Chen Lien-chung, who opposed cruel treatment for workers as a member of the committee for organizing the Cutlery Workers Union. Hangchow reported (20 Jan.) that Chen Hua-chow had been found guilty of killing his shop apprentice in a fit of anger, and summarily ordered executed. Canton said (14 Jan.) that the privately owned manganese salt pulverizing factories were being investigated by Canton labor organizations, as 92 workers were reported sick in three factories during the past 5 months because of overwork and poor working conditions. Chungking reported (17 Jan.) that democratic reform and the expulsion of saboteurs and counterrevolutionaries had eased conditions at the Chengtu Textile Mills, where 30 work stoppages were reported prior to the consolidation in March of the Paoching, Taching, and Takang privately owned mills with the publicly owned plant.

Soviet Friendship. Chinchow announced (16 Jan.) that a preparatory committee had been set up in Liaosi Province to plan for celebration of February as "Sino-Soviet Friendship Month." Shanghai said (12 Jan.) that a move was under way in Chekiang Province to publicize in February the "great creativeness among Chinese workers and the friendly assistance of the Russian scientists." Wuhan reported (11 Jan.) that at a rally of Navy combat heroes high officials of the Central and South Military and Administrative Committee called upon all Navy men to "study the heroic Soviet Navy to build a strong Navy for the Fatherland."

Cleanup Campaign. Canton announced (14 Jan.) that the City Health Bureau had begun a cleanup campaign in preparation for the lunar New Year, or spring festival. Committees will be set up in various districts to inspect the progress of the campaign, and signs will be posted calling on the citizenry "not to spit on the streets or commit nuisances in public."

CONFIDENTIAL

CONFIDENTIAL