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CENTRAL INTELLIGENCE AGENCY

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Result of Discussion on Rent and Interest Reduction Outlines Proclaimed in
Central China, and Outlines of the Present Action of the South China
People's Armed Forces.

I. Why land reform work should be carried out in the two areas at present.

- A. The main reason is the lack of preparatory work. In Central China we are struggling for a swift victory in order to enforce the reduction of rent and interest and develop the living of farmers.

In South China we center our efforts on the opposition to conscription and requisitions.

- B. There is some difference in the outlines of rent and interest proclaimed in these two areas.

Generally speaking, "land reform" has been enforced in Central China. "Land reform" is changed into rent and interest reduction in adaptation to a new environment.

In South China, land reform is being enforced in districts separately.

II. Features of the two areas.

A. Central China.

1. Advantages:

- Possession of powerful and strong bases.
- Possession of bulk forces - armies under LIU, TENG, CH'EN Keng.
- Better equipment of cadre.

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2. Disadvantages:

- a. Owing to quick development and enlargement, cadre is lacking. (These are difficulties encountered in victories.
- b. Farmers have lagged behind, and the influence of landlords in southern and western Honan is great.
- c. Quite a number of withdrawals took place at various places in Central China, and the farmers doubt that liberation will last long, and therefore are hesitant in their attitude toward land reform.
- d. The strength of the enemy in Central China is great, so that we have to strengthen ourselves and advance step by step.

B. South China.

1. From our point of view:

- a. Bigger bases have not been established in guerrilla districts.
- b. The bulk of forces has still not been established and we are too far away from the Central.
- c. Owing to quick development and enlargement of areas, cadre is lacking.

2. From an objective point of view:

- a. South China is the last base of the United States and CHIANG, and the pressure is great.
- b. T. V. SOONG resists us by utilizing armed landlords and the reorganization of bandits (such as LI Lang-chi (李朗鷄), HUANG suo-ch'uan (黃國權) and LING Ping-ch'uan (凌炳權)).
- c. After experiencing twenty years of struggle, the cognition of politics and conservative power of the people of South China is stronger than in Central China (such as clan feuds in rural areas).
- d. South China is near the sea, and is closely connected with Britain and the United States in politics and economics. There is a large number of overseas Chinese, and industry and commerce show development. Its advantages to revolutions are that the people's cognition is strong and the cultural level is high. Its disadvantages lie in the tradition of compradores and reliance on foreigners, and in the ease with which the imperialists can aid the counter-revolution.

III. Comparison in outlines.

A. Rent reduction.

1. "Twenty-five percent rent reduction" is carried out in Central China, but in South China, apart from such reduction, another 25 percent is reduced; South China is better in comparison.
2. By-products.
3. In Chiuchau (Ch'aochow) and Swatow the "landlord shares 60 percent and the tenant farmer 40 percent." [redacted] each farmer in Chiuchau and Swatow consumes 12 piculs of grain annually (10 piculs of grain for food, and 2 piculs for clothing).

It is more reasonable for the tenant farmers to possess all the by-products.

B. Problem concerning returning of tenancy.

C. Problem concerning loans.

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1. Central China:

- a. In the past all old debts were repaid at a monthly interest of 15 percent.
- b. The farmers settled their own debts.
- c. In the future the creditors and debtors will fix the interest freely, and the Government will not restrict the rate of interest, so as to enable the farmers to solicit loans to meet their urgent needs.

2. South China:

Usury in all forms is prohibited, and the rate of interest is fixed not to exceed 30 percent per annum.

In comparison, we consider the rules fixed in Central China the more reasonable. The reasons are: (1) it is desirable to repay all old debts at a monthly interest of 15 percent; (2) the farmers should fix the loans freely, in order that they may obtain loans to meet their urgent needs; (3) the interest of 30 percent per annum is usury. (In pre-war times, the highest monthly interest in the region of Mui Yuen District was 8 to 10 percent.) This seems to be too low, in view of the present inflation, and people of means are not willing to lend money.

D. Relating to rights of farmer tenancy.

In Central China agreements concluded by both parties for a longer period (say five years) are encouraged.

In South China now agreements are concluded for a period of at least three years.

In general, if the period is longer, the tenant farmers may develop production with an easy heart. Moreover, exploitation by landlords may be decreased. For instance, in Mui Yuen District the farmers have to conclude agreements and are exploited. It is a common practice for a farmer to make a present of ten catties of chicken to the landlord, and also stand him a feast. He has to pay a sum of four dollars to the person who writes the agreement. Such exploitation may be lessened if the period is longer.

E. Problem concerning wages after the reduction of rent and interest.

F. Requisition of Government foodstuffs.

The ratio of requisition is: 5 percent from rich farmers and landlords whose annual harvest ranges from 30 to 60 piculs; 10 percent from those whose annual harvest is from 61 to 100 piculs; 12 percent from those whose annual harvest is from 101 to 150 piculs. Those whose annual harvest exceeds 151 piculs will be fixed separately. Some comrades consider this a bit low, but they have no concrete suggestions.

A reduction of 20 percent is allowed to those who till their own lands, and to soldiers and martyrs. If soldiers and martyrs are treated only as well as those who till their own lands, this appears to offer no encouragement to farmers to serve the Government. This would impede future mobilization by the Government.

As regards measurement and weight for Government foodstuffs, the size of bushels and units of weight vary at different places. Standard weights and measures should be used for requisitions.

G. Special tax. This name sounds bad. The people would think it similar to that of the K.P.* unless it were used with some restriction.

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H. Ten percent tax to be levied on luxuries.

Some think this is too low, because in Hong Kong the tax levied on luxuries is: wine, 100 percent; luxuries, 100 percent; tobacco, 60 - 80 percent. However, others think this is more reasonable and practical because our area is a guerrilla area, and when less tax is levied the merchants make profits. The merchandise is for transit only, and not to be consumed locally. They would form a good impression if less tax is levied, and might carry on propaganda for us. Furthermore, a greater number of traveling traders will help in promoting prosperity.

I. Public lands.

The formation of committees to control the villages and clans should be stipulated in the outlines promulgated in South China, and they are not to be controlled by bullies and bad gentry.

J. Sand fields.

This is a special problem relating to land reform in Kwangtung, and drafting of outlines should be taken into consideration.

K. Problem concerning water population.

Some think that the water population is a problem with regard to Government revenue and loans.

L. Problem concerning people of the salt trade.

M. Principal tenant farmers.

Public lands (see above) are used by rich farmers and landlords to exploit farmers. For instance, common farmers cannot rent temple lands for 3.5 piculs of corn, but these lands are rented by bullies and gentry for 2 piculs, and are then sublet to other farmers. In the East River regions, the middle and poor farmers cannot afford to tender for public lands.

N. Problem concerning overseas Chinese.

Concrete measures should be meted out to protect overseas remittances. In taking care of overseas Chinese, no drive for funds in any form should be carried out, for it would create a bad impression.

O. Problem concerning industry and commerce.

In the past plans were drawn up to cope with the gold yuan. The times have now changed, and other measures should be adopted.

* Comment. This presumably refers to the Kuomintang Party.

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