

CENTRAL INTELLIGENCE AGENCY

25X1A

INFORMATION REPORT

COUNTRY **COMMUNIST CHINA**

REPORT NO.

SUBJECT **INDICATIONS OF PSYCHOLOGICAL VULNERABILITIES**

RESPONSIVE TO		
1	2	3
CD NO.		
OO/C NO.		
ORR NO.		
SI/DAS NO.		

PLACE ACQUIRED BY SOURCE

**CHANGE TO
UNCLASSIFIED
PER REGRADING
BULLETIN NO. 20**

DATE ACQUIRED BY SOURCE

DATE OF INFORMATION

DATE OF DISTR. **20 JUN.** 1952

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

NO. OF PAGES **12**
NO. OF ENCLS.
(AT END)

SUPP. TO
REPORT NO. **12**

THIS IS **UNEVALUATED** INFORMATION

SOURCE **Monitored Broadcasts**

CPW Report No. 22 -- **COMMUNIST CHINA**

(May 12 - 18, 1952)

SUMMARY

Austerity Committees and People's Tribunals work diligently to settle corruption cases; workers are urged to help their employers restore production and State companies to give business to private firms, and businessmen are offered refunds on taxes and fines if only they will get business back to normal. Yet despite this anxiety to have done with the anticorruption drive, the apparent No. 1 aim of the broadcasting stations is to convince listeners that the drive has strengthened both capital and labor. Workers are credited with improving techniques, becoming more efficient, and achieving a higher plane by becoming "supervisors" of their employers. "Model accusers" and "model informers" who were rewarded with promotions are represented as accomplishing miracles in business, though it was admitted only a few weeks ago that many of them were unable to handle their new jobs. Workers are promised higher wages, new houses, and better living conditions from the gains of the drive. The need for new houses is apparent from a Kuming admission that "no regular housing is available" for 90 percent of the city's workers; further disappointment may be in store, for in the Northeast higher housing allowances now are offset by higher rents.

One noticeable result of the drive is the rising importance of the Youth Corps, which has strengthened its membership with thousands of enthusiastic anticorruption workers, many of them now assigned to Government positions, and seems to have assumed the task of supervising capital through its new members. Many of these are given special courses in business, along with political indoctrination. Another obvious result of the drive is the disclosure of inefficiency among State trading companies, which in some areas fulfilled only 80 percent of their 1951 contracts. A tightening of controls over these concerns is seen, with all major purchasing to be done through Central Government agencies, and

- CONFIDENTIAL -

SECURITY INFORMATION

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

CONFIDENTIAL

cooperative, limited to small local operations.

Cadres get their usual quota of criticism for farm ills, especially in the Southwest, where in one district they distributed loans equally among all farmers, irrespective of need, and where drought, flood, insects, and livestock disease are serious. Even more serious is the farm situation in southern Kiangsu, where only about half the cotton land is under cultivation. Medical workers are singled out for special censure, as they do not want to work for State organs; schools are accused of being reactionary; and new attacks on missionaries are disclosed.

CONFIDENTIAL

CENTRAL INTELLIGENCE AGENCY

25X1A

INFORMATION REPORT

COUNTRY

FOR OFFICIAL USE ONLY

REPORT NO.

SUBJECT

RESPONSIVE TO		
1	2	3
CD NO.		
OO/C NO.		
ORR NO.		
SI/DAS NO.		

PLACE ACQUIRED BY SOURCE

DATE ACQUIRED BY SOURCE

DATE OF INFORMATION

DATE OF DISTR.

NO. OF PAGES
NO. OF ENCLS.
(AT END)

SUPP. TO
REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES, WITHIN THE MEANING OF TITLE 18, SECTIONS 793 AND 794, OF THE U.S. CODE, AS AMENDED. ITS TRANSMISSION OR REVELATION OF ITS CONTENTS TO OR RECEIPT BY AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. THE REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS **UNEVALUATED** INFORMATION

SOURCE Monitored Broadcasts

CFW Report No. 22-A -- COMMUNIST CHINA

(May 12 - 18, 1952)

CONTENTS

ANTIWASTE, ANTICORRUPTION, ANTIBUREAUCRACY..... 1

COMMERCE AND INDUSTRY..... 2

AGRICULTURAL PROBLEMS..... 6

PROPAGANDA AND INDOCTRINATION..... 8

MISCELLANEOUS..... 9

SECURITY INFORMATION

DISTRIBUTION	STATE	ARMY	NAVY	AIR	FBI				
--------------	-------	------	------	-----	-----	--	--	--	--

ANTIWASTE, ANTICORRUPTION, ANTIBUREAUCRACY

Development of Drive. Tsinan reported (May 12) that 136,000 persons visited the local anticorruption exhibition. Dairen announced (May 16) that Dairen and Port Arthur authorities arrested 400 corrupt elements in a 20-day roundup, and that during the drive workers had made 100,000 accusations. Wuhsi said (May 13) that in Changchou the China General Merchandise Co. called a meeting of 60 model workers to publicize price reductions and "strengthen the determination of the workers to promote" the anticorruption drive. Wuhsi reported (May 12) that in mobilizing its forces to persuade corrupt merchants to confess the Wuhsi Women's Democratic League had called together family members of the merchants to hold discussions until the corrupt elements were ready to confess. In this way the owner of the Chungming Machine Shop was prevailed upon to confess and seek leniency.

Anshan announced (May 18) that 19 active shop clerks had been taken into the local Youth Corps at a ceremony May 8, after which a rally was held May 13 to "strengthen the unity" of Youth Corps members in their surveillance of the capitalist class. More than 800 cadres were told that it was their duty to watch capitalists and prevent them from carrying on illegal operations.

Adjudication and Settlement. Shanghai reported (May 12) that at a May 10 meeting of the City Council a decision was made to set up a People's Tribunal to handle serious corruption cases, while Mayor Chen called for a settlement of the cases "in the spirit of magnanimity shown by the Central Government directive, so that production could be encouraged." Shanghai said (May 13) that at a meeting of all circles in Tsinan the Mayor declared that all private traders would be given lenient treatment if they were willing to increase production, promised that corrupt elements would not be fined if they agreed to confess and resume production, but asserted that those who refused to confess would be fined heavily.

Hangchow declared (May 13) that the local Austerity Committees in the city were reviewing the cases of firms whose corruption had been adjudicated, with the idea of granting greater leniency. The case of textile merchant Jen Yeh-chai was reopened and the firm reclassified as law-abiding because Jen was willing to invest more capital and encourage production, although he had formerly obstructed the drive and had been given a heavy sentence. Chang Shui-chien, a worker in the Huafeng Textile Mills, reported that the workers had reduced the percentage of defective goods "in order to help the mill owners." Hangchow reported (May 14) that the Hangchow People's Tribunal May 12 sentenced Kao I-jen of the Te Hsin Construction Co. to life imprisonment for refusing to confess, forming mutual alliances, cheating on defense construction contracts, and stealing 4,000 trees during the Kuomintang regime; Han Erh-lao of the Han Chang Hsing contracting firm, charged with cheating on military contracts during the Chushan Island invasion, was pardoned when he confessed and made restitution; Tu Cheng was sentenced to 7 years and Fang Te-fu to 5 years; and 10 other cases were settled. The People's Tribunal of Chinhua, Chekiang, ordered the arrest of ham dealer Wang Yeh-fa because he refused to confess, and allowed lenient treatment for Li Shao-yuan, who embezzled 220 million yuan, because he confessed and made restitution.

Wuhsi announced (May 12) that the local Austerity Committee had called a meeting of all district subcommittees to discuss plans for complete adjudication of all cases in order to bring the drive to a close and "change the emphasis to production." In Wuhsien, Kiangsu, workers in the transport, hardware, textile, and food trades were expediting investigations in order to adjudicate rapidly all corruption cases, with 105 cases being investigated under the five-anti's program and 3,000 adjudications already completed. Yangchow stated (May 15) that in Nantung, Kiangsu, 3,646 firms now had been classified under the third stage of the five-anti's drive, with 95.22 percent of all cases settled. Most lawbreaking capitalists had confessed and resumed legitimate business under the leadership of the working class.

Kunming reported (May 14) that the People's Tribunal of the Chaotung Special District, Yunnan, allowed lenient treatment on May 7 for eight corrupt elements who confessed and made restitution, while two others were sentenced to prison for refusing to confess. Kunming stated (May 18) that the Kunming Austerity Committee had ordered cadres in the Yunnan Postal Telegraph Bureau to make a full investigation of corrupt elements in the Bureau, as there had been laxity in seeking the return of embezzled property.

COMMERCE AND INDUSTRY

Gains from Anticorruption Drive. Peking reported in numeral code (May 13) that as a result of the anticorruption drive officials in the State-owned Kalgan Mining Equipment Co. now consulted the workers in mapping production plans, had installed requisition, inventory, and operational systems to eliminate waste, and had increased production 28 percent. The anticorruption drive had disclosed that the company operated without any definite procedure, filed work plans without consulting them, was regularly short of materials and loaded down with dead stock, regularly wrecked machines by overloading and operating at high speeds, and wasted enough in the past 3 years to pay for construction of a new factory.

Dairen asserted (May 18) that the norms at the No. 2 Power Plant had been raised 300 percent after progressive cadres had demonstrated that older workers were wrong in saying that production could not be increased. Tsinan declared (May 12) that as a result of the anticorruption drive the Taifeng Machine Shop had increased production 33 percent and the Chunglite Machine Shop 50 percent. Private businessmen were increasing their capital and putting in more machinery, as well as allowing workers to inspect their books and offer suggestions. Shanghai stated (May 12) that in Tsingtao the Hsin Min and Min Fen Flour Mills had improved production both qualitatively and quantitatively after the anticorruption drive had led workers to sign new compacts. Shanghai said (May 17) that the Nanking Railway Administration had improved production because of the promotion of active cadres to positions of leadership and had established a record of 10 minutes in crossing from Hsiakuan to Pukou.

Peking said in numeral code (May 12) that in Canton the success of the anticorruption drive led to worker-capital consultative meetings and increased production. The Canton Textile Factory No. 2 set a new production record in February; production in the copper department of the Chieho Iron and Steel Factory for February and March was 25 percent higher than in November and December, with a drop of 70 percent in defective goods; and rice processors had increased their productivity efficiency 20-30 percent. Anshan asserted (May 14) that a "new atmosphere" pervaded the Bureau of Industry Machine Factory because of dismissal of the director, production section chief, and accounting section chief, "promotion of a number of enthusiastic workers," and resulting new production records.

Wuhan reported (May 13) that because of improved management following the anticorruption drive local transactions in rice increased 8 percent, wheat 500 percent, and increases were recorded in yarn, cloth, salt, and oil. According to Hangchow (May 14) the bureaucratic manager of the China Good Company's Hsincheng Rice Mill at Chianhsing, Chekiang, had refused to cooperate with the workers, causing frequent shut-downs and mechanical difficulties that led to huge Government losses. During the anticorruption drive the Austerity Committee removed the manager and replaced him with Ling Chi-seng, with the result that the factory now was increasing production.

Shanghai stated (May 12) that with adjudication of corruption cases and increased supervision by workers the Shanghai Sanhsing Textile Mills, Huafu Chemical Co., Changfuchi Hardware Co., and Chunghua Pharmacy had cleared out dead stock, cut costs, improved quality of goods, and bettered working conditions. Peking reported in numeral code (May 12) that after the five-anti's drive established a system of examination for factory products the Shanghai Pencil Factory was producing fewer pencils below standard and with broken leads; the Kungyu Dyestuff Co. had changed from a wholesale to a retail business; and the Huaming Tobacco Factory, which formerly sold only in Shanghai, Nanking, and neighboring areas, had sent agents to Nantung, Yinhsien, and Shaohsing, and had made plans to set up sales offices in Sian, Canton, Hankow, and Tientsin. Shanghai asserted (May 13) that the success of the anticorruption drive had made it possible for the East China Inland Navigation Co. to reduce freight charges between Shanghai and Yangchow 38.2 percent on cloth, soap, oil, and kerosene.

Hangchow stated (May 14) that with the reopening of five private factories in the city the workers increased production and cut costs because of their increased political consciousness, while the factory owners were encouraged to increase their capital investments. Wuhsi reported (May 18) that the owners of the Chengwei Pharmacy of Wuhsien lost interest in keeping the business running when they were accused during the anticorruption drive of selling fake drugs. However, when the workers cooperated with the owners and devised ways to increase sales and stock turnover, the owners were encouraged to invest more capital in the business. Wuhan asserted (May 13) that workers in Canton now held regular sessions with shop owners to map production plans and check on proper fulfillment of Government contracts, and as a result had cut costs 10 percent while still protecting "the legal profits of their employers." Wuhan reported (May 18) that Chairman Chang Nan-hsien of the Opium and Narcotic Suppression Committee of Central and South China pointed out in a meeting May 13 that corruption cases involving narcotics had been exposed during the anticorruption drive, opening the way for final suppression of the traffic.

Sian asserted (May 17) that Sining merchants had so changed their thinking during the anticorruption drive that they had drawn up compacts promising not to cheat on labor and materials in processing contracts. Sian said (May 16) that Northwest trading companies had reduced prices on wheat, rice, flour, oil, salt, and other daily necessities as a result of gains made during the drive. The Shanghai market report for East China cities (May 14) showed edible oil down 2.1 percent and newsprint down 3.4 percent in Nanking. Edible oil was up 2.5 percent in Tsinan, salt up 5.9 percent in Tsingtao, and yellow beans up 2.4 percent in Nanking. No other items were changed since the last quotations.

Peking stated in numeral code (May 12) that trade had increased greatly in Chungking because most merchants expanded their operations when they were granted lenient treatment. In order to encourage the merchants, Chungking workers and shop clerks recently called a meeting to devise plans for increasing production. Chungking reported (May 12) that in the Kweichow branch of the China Cotton and Yarn Co. new and progressive cadres in the Accounting Department had audited and corrected the books, while new cadres in the Processing Department had reduced the amount of cotton required in a skein of yarn from 425 to 395 catties, and had increased the cloth output. In the Yunnan Import-Export Co. efficiency had so improved that now five persons did the work formerly done by 18 in the Trading Department, in spite of the increased volume. Chungking said (May 17) that as a result of the anticorruption drive Chou Chi-ling had been put in charge of the Statistics Department of the Sikang Tea Co., and immediately was able to bring order out of chaos and improve business.

Technical Improvements. Mukden asserted (May 13) that adoption of the Soviet system of specifications and requisitions had greatly increased production in the Mukden No. 3 Machine

Shops and the Chinchow Textile Mills, as well as in other enterprises under the Northeast Bureau of Industry. The Northeast Machinists Union and the Power and Machine Industry Administration set up a committee to promote progressive methods, planned a general meeting for May, and had 70 cadres undergoing training in advanced techniques. Mukden said (May 14) that miners in the Northeast had been called upon to emulate the Ma Wen-chi mining team, which set several production records after adopting the Soviet method of coal drilling.

Dairen reported (May 13) that the Dairen Construction Co. and the Dairen Construction Workers Union held an exhibition at which model workers demonstrated the use of new tools and new operational techniques. Chinchow stated (May 14) that in the Chinchow Central Telecommunications Station the technicians no longer considered themselves above ordinary workers since the anticorruption drive, and assisted the workers in building machines just as good as imported ones: for instance, the air-raid alarm built by Tung Hsi-an in 20 days of effort. Peking announced in numeral code (May 13) that Northeast Machine Shop No. 20 constructed a Model O80 small-sized experimental locomotive weighing 18 tons, capable of pulling 160 tons, for use in collieries and lumber mills. Sung Jen-yuan of the Water Supply Department of the Shanghai Bureau of Public Utilities was awarded 5 million yuan for inventing an instrument, more simple and better than the American type, for checking leaks in water pipes.

Peking reported in numeral code (May 18) that the Changsha Railway Shop had succeeded in applying the "polished surface and tight joint" technique of flood gate construction introduced into China by Soviet experts. Wuhan said (May 16) that workers and technicians in the Hsitsun Power Plant of Canton worked 20 months to rehabilitate a 15,000-kilowatt generator 20 years old, worth 4 billion yuan, placing it in service May 8.

Organization and Control. Mukden announced (May 12) that large numbers of cadres had been given ideological indoctrination and commercial training to work as trade cadres in Government trading companies in order to strengthen State enterprises. Mukden (May 16) quoted the HUOCHENGPAO, official organ of the Northeast Railways Administration, as saying the Railways Commission Office had been reorganized as the Northeast Office of the Ministry of Railways, under Liu Chi-ying. Shanghai announced (May 13) that the East China Military and Administrative Committee had organized, after 6 months of preparation, the East China Electric and Power Administrative Bureau to centralize control of all power plants in East China and provide power for large-scale construction needs. Wuhan reported (May 14) that the chief of the Lake Tai Conservancy Bureau had been named as commander chief of the Huangshan Port Rehabilitation Office of Chiangyin Hsien, Kiangsu, which will be in operation by the end of the year.

Wuhan announced (May 15) that in all Central and South provinces except Honan, breweries, distilleries, liquor salesmen, liquor storehouses, and peddlers, must register with local monopoly offices and pay taxes in proportion to their profits. Only peasants manufacturing less than 300 catties were exempt. The idea of the new regulation was "to increase Government revenue and equalize production and consumption." In Honan the liquor industry was a State monopoly, while in Nanning, Kwangsi, it had been a Governmental monopoly on an experimental basis since last year, with an increase in revenue of 12 percent. Chungking reported (May 12) that all purchasing operations in the Southwest would have to be approved by the Finance and Economy Committee, with all existing organizational purchasing offices required to get permits at once or close. In leading cities such as Canton or Shanghai, purchasing would have to be done through Central Government agencies, while low-level Government offices would purchase locally. Chungking stated (May 16) that workers in private Chungking textile mills were cooperating with the capitalists to promote efficiency, and had set up work specifications and quality standards, and cost accounting systems.

Peking announced in numeral code (May 12) that, in order to encourage air transport, the Civil Air Transport Bureau had reduced passenger fares from Chungking to Hankow by 500,000 yuan, making the new rate 2.3 million yuan, and had cut the rate from Chungking to Kunning from 3.5 million to 2.52 million yuan. Chungking-Hankow freight rates were cut from 42,000 to 23,000 yuan per kilogram, and Chungking-Kunning freight rates from 52,000 to 15,100 yuan per kilogram.

Appeals to Workers. Chinchow stated (May 14) that workers Ma Yu-hua and Kao Te praised Chairman Mao and promised to increase production when the No. 2 Flour Mill increased wages.

Dairen reported (May 13) that in the Dairen No. 2 Power Plant corrupt cadres had been replaced by active anticorruption drive workers, with at least a dozen of the latter now in positions of leadership. Tsinan reported (May 13) that 155 workers, including model workers, senior workers with 10 years of experience, and enthusiastic supporters of the anticorruption drive, had been promoted to high positions, including shop foreman, by the Tsingtao Bureau of the East China Textile Administration. Wuhsi said (May 13) that in the Government-owned Wuhsien Dyeing and Weaving Co., workers had been badly treated by the capitalist agents that ran the plant, and produced only 14 bolts of cloth per day, half of which was of inferior quality, on the 33 machines. Since the anticorruption drive, workers had received meat with their meals each day, beds in their dormitories, and educational and health facilities, with the result that production had been raised to 24 bolts per day, only 10 percent of inferior quality.

Kunming stated (May 12) that workers in the Kunming Power Plant had no interest in union membership before the anticorruption drive, but after the union adjusted their wages they became enthusiastic members. Chungking said (May 18) that 16 labor unions in Chungking had been reorganized, and had increased their membership by 600, following meetings in which the unions overcame the hesitancy of members in making accusations against corrupt cadres. Formerly the unions in the Szechwan hsien of Mao, Chengtu, Mienyang, and Suining had been in the hands of corrupt elements who exploited them for personal gain, 183 of the 185 low-level unions in Mienyang Hsien being corrupt.

Dairen announced (May 18) that local office space had been reallocated to make offices available for workers unions and make buildings available for workers' dormitories. Tsinan reported (May 17) that the National Committee of the China Textile Workers Federation would complete at Tsingtao in August a workers' sanatorium to accommodate 300 persons, at a cost of 10 billion yuan. Shanghai announced (May 16) that a workers' housing project of 64 units was being constructed in Tsingtao at a cost of 100 million yuan. It would eventually provide quarters for up to 3,000 workers, and communal facilities, including a school for 1,000 pupils. Chungking reported (May 16) that the Kunming Government had started construction on Taiho Road of a workers' dormitory to house 500, and was building workers' dwellings to take care of 300 each at Fanchiswan, Changliying, and Hsiaoehangtsun. In Kunming no regular housing was at present available for 90 percent of the workers.

Dairen announced (May 16) that Dairen and Port Arthur authorities, acting under a directive by the Northeast People's Government, had raised rents on Government housing for State employees and factory workers to save 200 million yuan to be applied on construction and repair of houses. An increase in housing allowances had been granted in April.

Weaknesses and Shortcomings. Peking reported in numeral code (May 12) that North China trading companies made 1,133 sales contracts in 1951, of which 80 percent were fulfilled. In order to systematize the native goods trade, it had been decided to limit large sales at distant markets to State trading companies in 1952, and allow cooperatives to handle small local sales. To facilitate the interflow of goods, Pingyuan Province organized a system of stations to accommodate travelers handling goods. Peking said (May 15) that the Contract Arbitration Committee of the North China Trade Conference had cited the Northeast trading organizations for their failure in 1951 to fulfill contracts. Some failures resulted from a disregard for marketing conditions. For instance, Pingyuan Province bought 600,000 cattles of licorice from Suiyuan, where it was highly marketable, and stocked enough of the material to last for 3 years, while Chahar bought peppers and tobacco on the higher-priced Pingyuan market. The Pingyuan Native Products Co. bought 580,000 cattles of tung oil in Hunan for 6,550 yuan per catty, while the Pingyuan Oil Col bought the same product in Henkow at 5,445 yuan per catty. In another instance Chahar rejected an order of native cloth from the Hopei Federation of Cooperatives because of substandard quality, though the contract said nothing about quality.

Tsinan reported (May 12) that the Austerity Committee of Chaicheng Chu, Tsingtao, at a meeting called to persuade factory owners "to resume business," pointed out that State trading companies had placed processing orders, workers had increased their enthusiasm for production, and financial assistance had been offered, even to the refunding of evaded taxes and fines. Tsinan announced (May 16) that relief workers in Laiwu, Tungping, Feicheng, and Wehnsan Hsien, Shantung, had been employed in transporting goods, and in making straw mats and bags. Shanghai reported (May 12) that Shanghai State trading

companies had "greatly increased" their orders with private firms, with the result that trade was making progress, while bank loans were 10 times as great as last year. Shanghai said (May 14) that the East China branch of the China General Merchandise Co. had signed processing contracts with 53 private firms that "made satisfactory confessions" during the anticorruption drive and were producing high-quality merchandise.

Hangchow reported (May 14) that the Chekiang Finance Department had ordered warehouse cadres to make careful checks of stocks to prevent spoilage, which had been heavy, because some cadres knew nothing about warehousing, and through "erroneous thinking of cadres that they should concentrate on the antiwaste, anticorruption, antibureaucracy drive and drop everything else." In Chuchou Hsien Hsu Liang and Pao Wei-kang, cadres later removed for corruption, left 2,000 logs to rot in the water, and in Chiangshan Hsien a cadre thought it "only natural" when rain leaked through the warehouse roof, and did nothing about it. Wuhan announced (May 13) that State trading companies had placed orders with 312 firms in 13 Wuhan trades "to tide them over the dull season." Wuhan added (May 16) that the Government had placed orders with 800 firms in 11 trades "to revive private trade."

Chungking reported (May 15) that Chungking workers had called numerous meetings with capitalists to urge them to expand production "to promote the national economy and support the Korean war." Processing charges of private merchants had been reduced 5-30 percent. Kunming stated (May 14) that in a meeting of leading cadres in State and private industries May 7 to review the achievements of the anticorruption drive, the local Party Committee criticized cadres in the Yunnan Textile Mills, No. 203 Factory, Taifeng Factory, Yuanfeng Mills, Yunnan Tobacco Co., and Yunnan Power Co., for "failure to work closely with workers, and assuming a superior attitude." Kunming asserted (May 16) that cadres in the Kunming Labor Bureau had shown bourgeois leanings during the anticorruption drive. On the plea that they were busy, they ignored the protest of Kunming Bristle Factory workers when the owners stopped their food; and they strengthened the position of the capitalists by refusing to act when owners in the hardware and transport trades withheld workers' wages and bonuses.

Peking asserted in numeral code (May 13) that many of the 447 export-import firms in Canton, which made up 50 percent of Canton's private firms, had brazenly flouted the laws by engaging in illegal smuggling. In March, 15 of these smuggling rings, doing an estimated business of 130 billion yuan in the past 2 years, were apprehended. These export-import firms included many former bureaucratic capitalists, compradores, vicious landlords, gangsters, and bandits of the "three mountains and five peaks groups." They depended upon 10,000-20,000 "water travelers" who moved about like ants, smuggling goods and peddling narcotics. They retained "smuggling specialists" who laid out routes, deployed smugglers, and bribed customs officials. The various rings smuggled out gold, silver, oxen, rice, wolfram, tin, antimony, and other items useful to imperialist aggressors, and brought in such things as morphine and opium. They injured the farmers heavily by shipping out tung oil and cassia oil when the prices were to be pegged, depressing the world market.

AGRICULTURAL PROBLEMS

Plans and Programs. Sian announced (May 16) that the Ninghsia Party Committee had sent 44 cadres to the nomadic areas to lead in developing the livestock industry through veterinarian stations and attacks on preying wolf packs. Peking reported in numeral code (May 12) that the Northwest Government had called upon the Governments of Shensi, Kansu, and Ninghsia to improve the economy of the old revolutionary bases by spending 5.7 billion yuan on education and health; implementing the preferential treatment program; and developing forestry, agriculture, and the livestock industry. Shanghai announced (May 14) that the East China Government would issue 1.2 billion yuan in production subsidies and 4 billion yuan in relief to people of the old revolutionary bases in Fukien Province.

Wuhan reported (May 18) that various localities in Kwangtung Province had held meetings attended by 7,000 cadres to prepare them for the coming work in implementation of land reform, and to promote 307 cadres and make cadres of 124 active elements. Chungking announced (May 12) that in Hsinfan Hsien, Szechwan, and in Kueichu, Tsunyi, Luangli, Chinglung, Chinsha, and Kweiyang Hsien, Kweichow, the old feudalistic methods of water distribution had been abolished, with farmers signing "water rights agreements" to set up a rational system. Wuhan reported (May 15) that the Fanchiao Water Reservoir on the upper Ju River, the second largest reservoir on the Huai River project, was completed May 1. Built with 145,000 civilian laborers working 6 months, the new reservoir would store 244 million cubic meters of water and irrigate 150,000 mou.

Drought, Floods, and Pests. Kunming reported (May 14) that because of the long drought in the Wenshan Special District of Yunnan, crops were rapidly dying and cadres were "working feverishly" to lead the farmers in digging wells and opening irrigation systems. Cadres throughout Yunnan were warned that although the antidrought campaign had been "basically completed," they must avoid complacency and continue to lead the farmers in assuring a steady water supply.

Hangchow announced (May 14) that 5,000 mou of wheat and 130 mou of rice had been lost in Lungyu Hsien, Chekiang, because of defective dikes and flooding, while farmers were still battling to save the crops in Chinhua, Linan, and Chuchou Special Districts. Wuhan reported (May 13) that Central and South China cadres had been warned to "overcome their indifference" and take immediate action to repair dikes and drain swamps, while positive steps had been taken to guard against floods in Kwangsi, Kwangtung, Hainan, and Hupeh. Nanchang stated (May 12) that in Loping Hsien, Kiangsi, the Office of Production had issued an urgent directive to farmers to plant emergency crops to replace the rice ruined on 50,000 mou of flooded farmland. Nanchang added (May 13) that in Shangjao Hsien, Kiangsi, the laxity of cadres in failing to lead the peasants in building flood-prevention dikes had been responsible for the failure of hundreds of dikes and the flooding of 3,000 mou. Water-wheel groups had been organized by 190 peasants in an effort to drain the flooded paddy and save the spring rice crop.

Chungking reported (May 14) that Government cadres, teachers, and students had joined in a mass pest extermination campaign in Tai, Chiunglai, and Kuanghan Hsien of western Szechwan, Tungchiang Hsien of northern Szechuan, and Fushun and Changning Hsien of southern Szechwan. Chungking added (May 15) that Party Committees in various areas of the Southwest had called for all-out action on eradication of pests, pointing out that crops were seriously infested in Chinfu and Shuangliu Hsien, Szechwan, while caterpillars and other insects were attacking crops in other parts of Szechwan, in Sikang, Yunnan, and Kweichow. Chungking reported (May 18) that livestock plague prevention stations had been set up in the Chengtu and Mienyang areas of western Szechwan since the outbreak of plague among the hogs, which killed 17 percent of the 59,000 hogs in one hsien.

Resistance and Weaknesses. Peking stated in numeral code (May 15) that peasants of Shulan Hsien, Kirin Province, had been accused of spending their time in "sideline economic activities" rather than in farming, under the erroneous idea that they could find an easier way to make money. Mutual-aid teams had made large sums of money and stored large quantities of grain, which the peasants used as capital and blindly engaged in trade at the expense of farming operations. The Liu Cheng-chang mutual-aid team organized a farmers' cooperative, but instead of buying fertilizer and farm tools, they used 2 million yuan to open a sugar and flour shop, and when the bean crop failed they did nothing about it. In many cases such cooperatives were stocked with items that moved slowly, causing losses of millions of yuan.

Tsinan reported (May 16) that the Shantung Work Relief Committee called a meeting to review relief work, and dispatched cadres to inspect conditions in Techou, Huimin, Taien, and Teng Hsien, and the Linyi Special Administrative District. Although natural disasters decreased in intensity in April, storms had damaged crops, native products had not been salable, and the cadres had been lax, leaving many peasants in a precarious condition. Tsinan said (May 18) that in Tangyi Hsien, Shantung, the cadres had shown irresponsibility in organizing mutual-aid teams, holding constant meetings without accomplishing anything until the peasants refused to attend the meetings. According to Shanghai (May 13) the production program was failing in the southern Kiangsu cotton-growing region, with only 1.2 million mou in 10 hsien, or 50 percent of the farm land, under cultivation, with only 40 percent being farmed in the entire area, and only 10 percent planted in some major producing centers. Yangchow announced (May 12) that four inspection teams had been sent to check warehouses in northern Kiangsu, where damp weather had caused rotting, and there was considerable damage from insects and rats. Yangchow reported (May 13) that because cadres had not adequately carried out the preferential treatment program, inspection teams had been sent to Hsinghua Hsien, Kiangsu, to correct the situation.

Nanchang declared (May 12) that in Lungshi village, Shangjao Hsien, Kiangsi, the cadres had neglected to lead the farmers, saying that farming was not their concern, while the peasants had caused crop shortages by failing to prepare for spring farming. In addition, well-to-do farmers refused to take part in communal affairs or aid the poor farmers.

In Paoweh Hsiang, Nanchang Hsien, peasants were skeptical of the Government issue of commercial fertilizer, steadfastly refusing to believe the cadres who tried to get them to use it, until farmer Mao Hsu-~~ten~~ finally decided to experiment by using the commercial fertilizer on half a mou and regular fertilizer on a similar area. Nanchang reported (May 13) that in the Pinghsiang Hall of Culture, Pinghsiang Hsien, Kiangsi, an exhibition was held recently to show how local landlords and despots had caused suffering and death to the peasants until these evils were corrected by land reform.

Kunming asserted (May 13) that in Yuchi Hsien, Yunnan, cadres quited the peasants' fears of reprisal from ruffian landlords and thus broke down their reluctance in confiscating the landlords' assets. Chungking announced (May 14) that the Agricultural Affairs Office of the Southwest Finance Department had ruled that grain levies should be fixed locally because of various calamities, should be limited to wheat, should be eliminated entirely where the crop was a total failure, and should normally be fixed somewhere between 5-25 percent. Chungking reported (May 17) that although 90 percent of the agricultural loans had been allotted in 53 hsien of Kweichow, the cadres had been careless in distributing the money. In Shun Hsien loans went only to a few peasants; in Chinchin Hsien rich farmers and landlords got the loans; and in Tungtzu Hsien every peasant was allotted the same amount, regardless of his needs.

Chungking reported (May 17) that in Wan Hsien, Szechwan, peasants had been charged with abusing their oxen. Ma Chin-yung of Paiyang Hsien received an ox from confiscated assets and almost worked it to death in half a day; Pei Wen-hsien of Kung Chia village did work his ox to death; and Yu Fang-li slaughtered his ox when it died from disease, sold the meat, and caused all the villagers to become ill. In Chu 2 the peasants signed a mutual pact to protect their oxen.

PROPAGANDA AND INDOCTRINATION

Thought Control. Chungking announced (May 18) that in Kweiyang, Kweichow, the anti-corruption drive had reached the stage of eradication of capitalist thought among workers and correction of bourgeois leanings among physicians. Medical personnel at Paochang Hospital were charged with indifference in their care of patients, and with preferring to become capitalists engaged in private practice, or to work with private firms, rather than accept positions with public organizations.

Kunming stated (May 13) that a Dutch Catholic missionary named Anderson had been arrested by the security police in Kaiyuan Hsien, Yunnan, and tried for sedition. After he signed a confession he was sentenced to banishment. Kunming announced (May 16) that an American missionary named Morse was arrested for deportation by the Yunnan Bureau of Public Safety. Morse first arrived in Sikang in 1921, coming to Yunnan in 1926. After he obstructed the People's Liberation he was arrested in Chuchi Hsien in May 1951 and sentenced to a year in prison for statutory rape, to which he confessed. Kunming announced (May 15) that the Yunnan Catholic Association had called upon all Catholics to cease religious activities during the land reform procedures.

Indoctrination Procedures. Dairen announced (May 18) that the local People's Government had issued a directive calling upon the people to implement the preferential treatment program by providing educational facilities for dependents of Armymen. Chinchow reported (May 13) that a propaganda corps at the Paichentzu Railway Station in Hsiao Hsien, Liaosi, indoctrinated 50,000 railway passengers on the antigerm warfare campaign. Tsinan announced (May 14) that the Shantung Government had issued a directive calling upon all local Governments to give proper burial and erect suitable memorials to martyrs of the war against the Japanese and the War of Liberation, the memorials to include halls properly constructed for the storing of martyr rolls and records. Tsinan reported (May 17) that the anticorruption exhibition sponsored by the schools closed May 16. It exposed imperialist infiltration of China educational institutions for gathering intelligence and enslaving the people; exposed the waste in schools, with large quantities of equipment stored away and rotting; and exposed the bureaucratic management of the schools.

Peking in numeral code (May 14) quoted from an article by the Soviet adviser, (Roshenko), in the PEOPLE'S DAILY: "On Agricultural Techniques." The article attacked "bourgeois scholars" who hold the opinion that "human population grows much faster than production, and to supply human needs the excess people should be exterminated." This reactionary theory was described as a fabrication of Wall Street warmongers.

Chinchow announced (May 14) that 17 "progressive workers" who showed an "active interest" in the anticorruption drive had been selected from among local State and private industries to enter the Northeast Workers Institute of Political Science. Peking reported in numeral code (May 18) that 100 cadres from the Northeast Party school had been assigned to positions in State trading companies following an 8-month course in trade subjects and indoctrination aimed at correcting "their erroneous thinking that trade is beneath them and not easy to learn." Hangchow announced (May 15) that the local Federation of Labor was holding classes for low-level cadres who were outstanding in the anticorruption drive, giving them indoctrination to increase their class-consciousness. Shanghai said (May 17) that several thousand cadres were attending the Hangchow classes. Sian announced (May 15) that 28 Ninghsia Youth Corps members had been awarded citations in Yinchuan for "model behavior in various fields of endeavor." In Sian the Central Ministry of Education granted a scholarship for study in Nanking to factory school teacher Chang Shou-te.

MISCELLANEOUS

National Minorities. Sian announced (May 12) that a Uighur mutual-aid team in Tihua, Sinkiang, had issued a bumper crop challenge to cotton farmers. Sian said (May 16) that 400 Han, Uighur, Moslem, and Kazakh children were attending the school for all nationalities organized in Tihua by the kolkhozes. Kunming stated (May 13) that a national minority autonomous district Government recently was organized in the Liang Ho area of Yunnan, and immediately sent a message to Mao Tse-tung expressing the gratitude of minority peoples. Peking reported in numeral code (May 15) that the Tibetan People's Autonomous District of Sikang had established small-scale State farms in 14 hsien.

International Trade. Mukden stated (May 12) that the Fushun Colliery had received a letter from the British workers' delegation touring China offering thanks for the cordial welcome extended them and expressing a determination "to struggle for international comity among the working class." Peking reported in numeral code (May 12) that Robert Chambeiron, secretary general of the Committee for Promotion of International Trade, attended the meeting May 4 when the China committee of that organization was established under the direction of Chairman Nan Han-chen and Secretary General Chi Chao-ting.