

LAWRENCE SULLIVAN
COORDINATOR

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Executive Registry

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U. S. HOUSE OF REPRESENTATIVES
COORDINATOR OF INFORMATION
WASHINGTON, D. C.

April 30, 1962

Dear Stan:

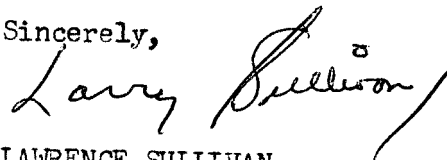
Mass famine in China marks the collapse of world communism. Russia is not in famine, but is vastly undernourished. Cuba is in famine.

This round-up summarizes public and private intelligence reports over the last eighteen months.

Communism simply can not deliver the goods! It is tragic, I think, that the facts on communist agriculture cannot be presented generally in America.

Cordial regards.

Sincerely,



LAWRENCE SULLIVAN
Coordinator

Colonel Stanley J. Grogan



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What Is Austrian Economics?

REV. I. E. HOWARD

STUDENTS of freedom are indebted to Mr. Frederick Symner for having made available several publications of the Austrian school of economics, the last one being *Shorter Classics of Eugene von Bohm-Bawerk*. Austrian economics is particularly relevant today because it furnishes a penetrating analysis and devastating answer to Marxism. Austrian economics is also noteworthy for having corrected the errors of the English classical school and for having rescued their deductive method from the cheap skepticism of the German historical school of economics.

The Austrian school was pioneered by Karl Menger of Vienna (1818-1911), expanded by Friedrich von Wieser and brought to a climax by Eugene von Bohm-Bawerk (1851-1914) who had the distinction of being also Finance Minister of Austria. At present, the leading exponent of this school of economics is Ludwig von Mises at New York University.

The Austrian criticism of government intervention is much needed at this juncture of history, but the heart of the Austrian system is the theory of marginal utility. For the serious student, *Shorter Classics of Eugene von Bohm-Bawerk* will provide an excellent introduction to both of these aspects of the Austrian school of thought.

In *Shorter Classics*, Eugene von Bohm-Bawerk applies the theory of marginal utility to several practical problems, including wage determination. Wages in a condition of free and perfect competition, he explains, would be determined by the value of the product which the last, most easily disposable laborer of any given type produces for his employer. His wages would go higher, for the employer would gain no advantage by employing this "last" (marginal) laborer and the employer would prefer to reduce the number of his workers by one. Neither could wages be substantially lower for that case the worker would produce a substitute

tial surplus gain and there would be a strong incentive to add another worker, or workers, until the margin was reached in which the last worker barely justified his employment. Wages are determined by this margin.

For the modern reader, the effect of labor unions on this analysis immediately becomes a major question. Bohm-Bawerk deals with this in Chapter III of *Shorter Classics*, "Control or Economic Law?" He does not deny the power of social control but he demagogically affirms economic law. Rather, he spends pages carefully analyzing all the various effects, the power of labor unions and other institutions might have upon economic phenomena and the consequences that would inevitably follow. Most readers will grow weary following this economical through a labyrinth of causes and effects, but the quest is worth the effort. After exploring all possible contingencies, Bohm-Bawerk comes to the carefully considered conclusion that coercion "can never effect anything in contradiction to the economic laws of value, price and distribution; it must always be in conformity with these; it cannot invalidate them; it can merely control and fulfill them."

Labor unions can raise wages by force, but they never raise them permanently without one, or a combination, of three things happening. In the first place, other factors will enter to increase production, usually technological improvements which will make it possible for fewer workers to produce more and thus keep the higher wage level won by union coercion, but it will be at the price of unemployment for other workers. Next that workers will be laid off immediately. They will not be rehired so that eventually a state of equilibrium will be reached with fewer workers doing "as much" (marginal) labor and the employer would prefer to reduce the number of his workers by one. Neither could wages be substantially lower for that case the worker would produce a substitute

those attacks—creeping socialism or otherwise—which affect the profit potential. Yet Internal Revenue has declared it is a non-deductible expense for a company to spend money in its own defense. Thus, the stockholders—15,000,000 of them—are the first and only group in the country which is formally denied by a bureaucracy its constitutional right to petition Congress through the modern methods used by other groups.

Legislation was before Congress in the late session to correct inequity, and presumably it is to be reintroduced. Such legislation would seem to offer an important field for action by management to defend the rights of their investors.

The stockholders are potentially one of the most powerful forces for retaining the American system of enterprise upon which the greatness of our Republic and its political system are so dependent.

of living to go up so that the higher wage is an illusion. The worker will be working at the same level of earning power that was formerly, but more money will be passing through his hands. Inflation is a great deceiver. This alternative is one with which we have become all too familiar during the post-poor inflation of post-war America. Again, economic law triumphs over the coercive power of social control.

The third alternative, when some form of social control forces wages above the level justified by economic law, is for the entrepreneur to go out of business. This would have happened to the New Haven railroad had not the government come to its rescue. Other industries have changed their location, which is tantamount to going out of business in the place where continued operation has become economically unsound. When government intervenes with its monopoly on coercion, a new complication is introduced, but economic law is not repealed as even Russia has discovered. Government intervention can conceal the operation of economic law from the casual observer, but never negate it.

After his careful and extended investigation, Eugene von Bohm-Bawerk concludes that while labor unions can have many effects upon the social situation, such as hastening changes which would have come more slowly, it is impossible for them permanently to raise real wages.

If the truth in this closely reasoned, heavy title book could be communicated to a world that has been dazzled by the errors of Marx, it would prove more revolutionary than *Das Kapital*. The revolution I would envision, however, would be in the spirit of 1776, a revolution of free men against increasing bondage to organized labor and to government, but a revolution of ideas not of violence.

Shorter Classics of Eugene von Bohm-Bawerk, Volume I, Libertarian Press, South Holland, Illinois, 1962. 376 pp. \$7.50.

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Letters

REV. I. E. HOWARD

THANK you for your excellent work. It is exceedingly difficult for some folks to convert that to which we have such responsibilities in this arena of thought. The present trend is dangerous, and men are being led without an anchor. As an evangelical, I am greatly distressed. A new generation is arising that knows not...

IN THE past I did not always thought of CHRISTIAN ECONOMICS, but I do now. We must have some common sense conversation. Thank you for your paper.

WE LOOK forward eagerly to each issue of CHRISTIAN ECONOMICS. It has been a wonderful blessing in our lives and most helpful for the practical Christian approach to the great issues of the day.

EVERY minister of Jesus Christ ought to be a member of the CHRISTIAN ECONOMICS society. Christ came to the world to help the poor and the oppressed.

IN 1948 I was invited to give the address at the annual meeting of the Christian Economics Society in Washington, D.C. I was honored to be invited to give the address at the annual meeting of the Christian Economics Society in Washington, D.C. I was honored to be invited to give the address at the annual meeting of the Christian Economics Society in Washington, D.C.

Voice of the Editor

REV. I. E. HOWARD

"You Are Directed..."

THE HEADLINE of a newspaper on my desk announced, "Goldberg directs strikers to return to jobs..." The article quotes from a letter by Mr. Goldberg, acting as Chairman of the President's Missile Labor Commission. He wrote to the unions: "You are directed to instruct members of your organization to return to work and remain at work at Cape Canaveral, the missile base or other critical defense work; but just the same it is a new note for the unions. You are directed."

We have little sympathy with striking defense workers at Cape Canaveral, the missile base or other critical defense work; but just the same it is a new note for the unions. You are directed. These expressions underline the fact that freedom is not automatic. It must be earned. The way we earn it is to practice self-discipline—voluntarily to do right, be honest, decent and fair.

Society cannot exist without discipline and if it is not voluntary, we bring upon ourselves the authoritarian control of government, and become slaves instead of free men.

We can take our choice, self-control or secret police control.

Back Road to Communism

THE LATE Bill Foster was a militant Socialist and after the Communist Revolution in Russia an unflinching worker in the Communist conspiracy to destroy capitalism and impose communism upon the world. Stalin advised him that the American people would never accept socialism or communism and that the only hope of imposing a Red regime in the United States was "a consistent but gradual increase in local and federal public ownership projects." Public-owned operations, he pointed out, had little if any taxes and in the end... resulted in a final acceptance of complete government ownership and operation. That, he explained, is communism.

"Every new local or federal public ownership project," said Stalin, "is an added nail in the coffin that will finally consummate capitalism. The tax burden will become greater every year for the American people, and each government-owned operation will bring an added burden on our private taxpayers. It is obvious that the curbs on capitalism will finally break under an unbearable burden." Stalin told Foster "... that the average following American liberal, who would be insulted at being called a Socialist or a Communist, would nevertheless use all of his influence to bring about more and more public ownership operations in the field of natural resources, transportation and other commercial lines. That is the way we must call the following liberals in all walks of life, not only in the United States, but in all Latin America as well."

CHRISTIAN ECONOMICS

APRIL 17, 1962 • TEN CENTS

WORLD communism is long breathing fire. China, Russia and Cuba are the three focal points of Communist intransigence today; and all are hungry in various stages of malnutrition. China is prostrated by mass famine. Russia is consumed by persistent intransigence in all her industrial centers. Hungry as the hallmark of communism was officially introduced in Cuba early in March this year when Castro announced general rationing of all foods.

Food books are issued only by the neighborhood chiefs of the Cuban security police. These who have resisted the Castro program in any degree are denied food. A British tourist reported in Washington, March 3: "Cuban officials are not honoring all ration cards. There is no meat, no eggs, and scarcely any milk. A friend in Havana told me this week the last egg he ate was on January 24."

Sugar grinding mills are currently producing about one-fifth their normal daily capacity of finished sugar for export.

After 44 years of collective farming, the Russian cupboard is bare. As Khrushchev states the problem here fits the model blackboard: "We have been fighting for 40 years to achieve the present level of production. Now we have to do two to three times as much in two or three years."

Of course, no nation can hope to double or triple its food production in two or three years. Hence, the food crisis portends the early collapse of socialist agriculture in Russia and the European satellites. Individual farmers, under lifetime lease, now are discussed publicly by non-party communists throughout Russia. Khrushchev faced the problem squarely in his historic seven-hour harangue before the Central Committee on March 5: "If we fail to solve this task, we shall confront the country with great difficulties, and the cause of building communism will be seriously damaged."

Russia farms 500 million acres of crop land, against 379 million acres for the U.S.A. But because of shortages in farm machinery, fertilizer, and other short goods, her crop yields run only about 40 per cent of the

U.S. averages. And Russia has 30 million more mouths to feed at home, before she starts her foreign aid program. A current on-the-spot survey by the World Food Organization in Rome as reported through the Department of Agriculture here, concludes: "Soviet communism is low for meat, milk, eggs, fruits, and vegetables. Also, the Soviets have less edible fats and oils." These shortages explain Khrushchev's vituperous demand last September for "more horse meat." Official figures now available from Rome show that in 1961, Russia consumed 500 million pounds of horse meat for human food.

With the Russian people on the brink of famine and Cuba issuing ration cards for what she may have to ration, the third party in this Communist triumvirate of hunger is witnessing mass starvation on a scale never before known in human history. It is sweeping Communist China in a scourge which challenges gravely the 12-year dictatorship of Mao Tse-tung.

A special research task force from the U. S. Department of Agriculture, now in Hong Kong, reports that the Chinese famine situation is entering its fifth successive year.

Food supplies for China's 700 million population are at a dangerously low level which could take "an enormous toll in health and ability to work."

Masses of workers in the cities have not the energy strength to operate their accustomed tools and machines. Hunger mobs denude the fields of the collective farms by night, destroying many crops before maturity. All livestock is disappearing from the rural landscape. Even dogs are prized as city meat.

Over vast areas, China cities today on the brink of a second Dark Age of nomadic cannibalism.

In 12 short years since Mao Tse-tung took over in Peking, communism has come to full ideological flower in China—abysmal chaos, in a land still recording a population growth of 14 million a year.

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CHRISTIAN ECONOMICS

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I. E. Howard, Assistant Editor
John A. Hoffman, Assistant Editor
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Voice of the Editor (Continued)

vocating all of these things which Stalin told Foster would eventually completely communize our country. We do not need to fall into this trap. Now that it has been exposed, let the American people put an end to further socialization by taxation and government ownership and control of our industrial operations. The sad fact is that government now owns and operates 700 large business corporations in our country and thousands of smaller ones. Nearly all of them operate at heavy loss. Government now owns 33.8 per cent of the land surface of our country. We need a retro-rocket to brake our descent into socialism and a new booster charge to put us back in the freedom orbit.

Destructive Foreign Aid

FOR YEARS we have said that having ill-considered foreign aid often does more harm than good. The tragic experience in Iran affords ample proof of this view. During the past 13 years, the United States has poured more than \$11,000,000,000 into Iran. During this period, Lebanon has grown from 600,000 people to almost 2,000,000. The enormous flood of dollars has created a wild boom which has now collapsed. Of course, we are called upon to pick up the pieces and we are now sending about \$15,000,000 a month in an effort to hold the regime together.

It is said that there is about \$60,000,000 worth of road-building equipment in Iran and no more roads to build. About 40,000 television sets and 100,000 electric refrigerators are in warehouses, awaiting sale. Supermarkets have sprung up in which refrigerators, coolers, television sets, radios, recorders and other modern equipment are sold on long term credit. Many expensive houses have been built by millionaires who have grown rich in land speculation based on the golden flood from the United States.

Every money, squandered out of long-suffering and overburdened American taxpayers is not the answer to the problems presented by the underdeveloped countries. The real answer is a little slower and more permanent and beneficial. It consists in limited government, free enterprise, sound money, and laws assuring fair play to domestic and foreign savers who wish to invest their money in industrial development. That is how America and other Western countries won their higher standards of living and it is the only way that other countries can progress toward the same goal. The alternative is the slavery of communism which may offer a certain type

A Slumbering Giant

THERE is a question whether the stockholder, as a collective entity, is a corporate hero or villain—or a victim—with an "X" eventually marking the spot unless he learns to use the mentality which statistics say he has.
The capitalistic system has been likened to a stool with three legs, called capital, labor and management. If that analogy is correct despite the efforts of Walter Reuther and other socialist-minded politicians, it is the stockholder who puts the CAP in capitalism.
There are some 15 million stockholders. Yet, as they have grown to an extent where they should be a potent political force, they are instead a principal victim for socialist experiments.

Another Defeat

THREE and one-half years ago the United States was well ahead of Soviet Russia in its knowledge of nuclear science. The Kremlin devised a strategy to overtake this lead. It agreed to a moratorium on testing and entered into a long discussion with the Western powers on the subject of nuclear disarmament. Meanwhile, Russian scientists were perfecting their plans for making an elaborate and extensive series of nuclear explosions designed vastly to increase their knowledge of the subject.
When all was in readiness, the Soviet Government renounced the moratorium and quickly completed a series of about 50 atmospheric tests. It is believed that Russian scientists gained very important information as a result of this great variety of tests including bombs of heretofore unheard of strength.
It now appears that the long moratorium was arranged by the Soviet Union to stop the free world from perfecting its knowledge of nuclear science while the Communists endeavored to catch up with and to surpass the West. The talks provided the time necessary for the extensive preparation and it stopped Western progress in nuclear science.

Western civilization depends upon keeping ahead of the Communist countries in this desperate race. To stop to allow them to overtake us. When and if they do, we shall be faced with an ultimatum to surrender or die!
Nuclear warfare is horrible to contemplate, but surrender with the blurring out of the values developed by Western Civilization is even a greater catastrophe.

This false moratorium has been of great advantage to the Kremlin. Our government was duped by it just as it was duped into accepting stalemate rather than victory in Korea. We cannot stand any more such defeats. Our leaders must shun their wish and steel their determination to defend the right of the West to survive at whatever cost may be necessary. Moreover, we cannot continue to live under a strategy of mere defense. We must move over to aggressive prosecution of the cold war until communism is destroyed. The alternative is our own destruction. Believing as we do that Western civilization is incomparably better than communism, we must implement our faith and press forward with inflexible determination not only to prevent Communist expansion but to discredit it in the minds of men throughout the world and to defeat and dislodge its gangsters who have enslaved so large a portion of the world's people.

No! No! Mr. Ribicoff

LED BY Secretary Ribicoff, the Administration is pushing hard to provide medical care for elderly people under Social Security. He told a cheering audience recently:

"One hundred eighty thousand members of the American Medical Association are not going to frustrate the will of 180 million Americans."
Secretary Ribicoff is wrong in claiming that 180 million Americans support his plan for socialist medicine. Large numbers of them, in my opinion an overwhelming majority, oppose it. To name two, the editor and his wife, although in the age group that would benefit, do not want any part of the Ribicoff plan. I am sure that many others for us not are speaking for tens of millions of Americans who oppose the socialism you are trying to clamp upon us.
Your proposal would provide free medical care for elderly people at the expense of younger people being paid the added burden. What you propose is no less

Dissemination

BY UNANIMOUS vote the National Assembly of Panama is demanding the scrapping of treaties with the United States establishing the Panama Canal and the Canal Zone. When former President Eisenhower, near the end of his second term, acceded to Panama's request that the Panama flag be flown in the Canal Zone, I predicted that in this case, as always, appointment leads to further demands and finally to surrender.
I won't be long till Cuba will demand that we surrender the Guantanamo Naval Base. If the Connally Reservation is repeated, we may expect to be hauled before the World Court by Russia, demanded for the return of Alaska and perhaps the southwest part of our own country to Mexico.

What is remembered that no Communist nation adheres to the World Court, yet a national from each of them is eligible to sit as a judge upon that court, making it possible for a majority of the judges at any given time to be Communists. It appears apparent that the Connally Reservation is our only safeguard against forcible dissemination by our enemy. It would deprive us of the right to decide these matters for ourselves and put our fate in the hands of UN and its World Court with the strong probability that Communists from Communist nations may at any time be in control and exercising the power of life and death over our country.

If the American people want voluntarily to surrender by putting these vital questions into the hands of hostile Communist judges sitting on the World Court; that is exactly what they will do if they permit our government, urged on by many leaders in education, literary, political and religious circles to repeal the Connally Reservation to the resolution providing for the adherence of our country to the World Court.

Dizzy Spending

ABOUT the turn of the century when I was a small boy, I remember the sensation created by the first billion dollar Congress. For the years 1898 and 1899 the Federal government expended about one billion dollars. Sixty-two years later we are spending approximately 200 times that amount and there seems to be little concern on the part of the public. Our dollar is more than half gone. A few years more the present rate of deterioration and most of its value will have disappeared. Economy and reduced spending are imperative if we would not more than double the inflation and the loss of our prosperity and of our industrial leadership.

It is a phenomenon to see 15 million persons, most of them women who are not known for being pushed around without scratching back, being pushed under in a collective group.
Politicians of the left, socially-inclined professors, administrators of government and labor leaders join in a conspiracy to hoodlum about taking cooperation money, and giving a great share of the earnings to employees.
Hopes of corporations has become a national game. Whenever more money

THE SERMONETTE—Armed with the Power of the Lord

AT EASTON, N. Y., in the year 1777, a little band of Friends gathered together in their meetings of rough-hewn logs, were surrounded by a band of Indians. Allies of Burgoyne, they had come to slay all but changed their minds and stayed to meeting.
"It would show little faith," the Quakers said, "to leave our homes and go with the other settlers to Albany. Armed with the power of the Lord, we fear no man." They exercised their own judgment without blame to the authorities, who had urged evacuation.
Robert Nesbit, a visiting Friend, had walked two days through the untamed wilderness from East Housatonic, near Adams, Mass., to bring them comfort. He had come because he knew of the dangers that threatened the life of the clearing.
"The beloved of the Lord shall dwell in safety," he told them. "He shall cover their heads with his feathers, and under His wings shall they trust." He ingured over the words. The Indians, 13 of them, in war paint and feathers, with tomahawks and gory scalp-dangling from their belts, came noiselessly through the doorless entrance. Twelve poisoned arrows were ready to fly at the signal from their chief, whose piercing eyes searched every corner and took for weapons. Finding the Friends unarmed, he signalled his warriors, and the 12 arrows were placed back in their quivers. The braves seated themselves on a bench and bowed their heads, but not before a silent, terrible struggle had taken place between the forces of love and hate. The fierce, dark eyes of hate looked into the calm, blue eyes of love belonging to

finding only steady friendship in Zebulon's unwavering gaze, the dark eyes finally fell and himself unarmed, the Indian chief sat down, his dinky braves ranged around him. The silent meeting continued, increasing in solemnity. The whole room was filled with the presence of a living, intense Power.
The next moments passed. At last the hour of silent worship ended. Old Zebulon shook hands with the Elder on the facing bench beside him and then advanced and shook hands with the Indian chief.
"Indians come to kill white people," the chief explained to broken English and sign language. "Find no guns, no arrows, no knives." While men worship Great Spirit, Great Spirit inside Indians, too, Great Spirit, "No kill men." Selecting a white feather from his arrows, he placed it over the doorway as a sign of peace between

the Indians and the Quakers. It was one of the strangest Friends meetings ever held. A New York State historical marker near the road commemorates the incident. It has been many years since that brave little band of Quakers in Easton, N. Y., was surrounded by Burgoyne's Indian allies, but the spirit of those first staunch Friends who refused to leave their homes in the wilderness because it showed "little faith to be afraid" is still there, and their descendants keep the story of their faith and courage alive.
"The beloved of the Lord shall dwell in safety" is just as true and comforting in this atomic age, with its dreadful threat of nuclear weapons, as it was in 1777, with its threat of poisoned arrows and tomahawks.
Ruth G. Campbell
Reprinted from "The Freeman," Oct. 1, 1955

Hunger—The Hallmark of Communism

Our Department of Agriculture talk force will submit its final documentary report through routine channels, probably within three months.

Meanwhile, all U. S. intelligence agencies are sifting their daily probes for material bearing directly upon the spreading Chinese famine and its demoralizing impact upon the whole fabric of civilization on the Asiatic Mainland.

These reports come every day from Tibet, Japan, Burma, Formosa, Thailand, Malaya, Hong Kong, India, Nepal, Australia, Canada and Indonesia. Even in remote Mongolia, 1961 already is fixed in the primitive folklore as "the hunger year."

One report from Shanghai, the most important industrial center of all China, outlines the food crisis in these words: "The current ration in Shanghai consists of two ounces of rice per week; two ounces of pork every ten days; four ounces of biscuit per month; four ounces of fish each week; four ounces of sugar per month; four cokes per month; one pair of cotton cloth per year."

This official ration measures out to little more than two ounces of food per day. The Western standard is about three pounds a day.
National scientists in Washington have been poring over tons of these chance intelligence fragments for some ten months. Their conclusion is that daily food intake for the masses of China has been at the malnutrition level so persistently for the last two years that the entire population now has fallen into a state of physical lassitude which avoids all self-sustaining effort in whatever direction—in the fields, shops, streets, factories, or mines. Before the Communist take-over, the average village farm was 2.5 acres, and carried 5.3 persons. After the Red land reform of 1950 the average distribution was 1.3 acres for each 5.3 people.

State collections from the communes are roughly 60 per cent of the harvest.
Translating these figures to a per capita return, we get a return of approximately 20 per cent of the pre-revolutionary average for each villager after taxes. The rural communes cropped traditional family life in every aspect, setting up the pattern of a thousand years. The 60 per cent return, payable in kind, destroyed all local incentives to production.

As a result, many farmers burned their crops, flooded their farms, permitted grass and weeds to grow, but more than that, they increased the loss of our prosperity and of our industrial leadership.

Next, they killed their livestock, let it be seized by the commune directors in retaliation for short grain deliveries. Science has recognized for more than 20 years that mass starvation first manifests in human passions. Personality undernourished populations have sufficient food to sustain life, but not enough to sustain normal mental and motivational activity. From day to day starving people become more and more unresponsive to their physical surroundings.

The last stage is total inactivity: the streets, or in the field, turn into a mass of dead people.
From Malaya comes the report of a farmer refuge from a decaying Chinese commune. When he left China, there were 35 men in his work force. Fifteen of them suffered from feasting beriberi, an unflattering symptom of advanced malnutrition.
Hong Kong reported the arrival of 69 refugees from a model Chinese commune in Chingnan province.

The Mainland Comes to the Fore

The Mainland comes to the fore abandoned

long had been a showplace for China's Great Leap forward. All overseas visitors had been guided there to see for themselves the rich abundance of the Chengde-aptin Village commune.

The intrepid band of 69 who risked their lives to escape this model village made up the largest group of refugees ever to reach Macao, the Portuguese clearing center to freedom. This group included 34 starving children. Starvation and forced labor are the new way of life in a house under the Chinese Communists: runs a report from Tibet. "Barley and wheat grown around Lhasa were being shipped elsewhere, leaving the natives only dried corn, which they formerly used as fodder for animals."

Red China has purchased 1,250,000 tons of grain and flour from Canada and Australia during the last year, but now has exhausted her credit. All future purchases in those areas must be for international cash, which Peking has not.

The regime is extremely hard pressed, and the situation will get worse before getting any better," says a reliable private report from Hong Kong.
Hong Kong officials have been recording the location of many hungry refugees for five years. One recent statement in literal translation, runs:
"Since the happening of the food scarcity the rural economy has become persistently depressing, and people's pauperism has constituted a vicious circle which provides an essential factor in bringing about general bankruptcy under the Communist regime."

A concurrent report from Hanoi Province relates that for many people the famine has been alleviated "as a result of using words for food."
"In consequence of the concentration policy in food production," says another literal translation, "many of the Communist cadres have sunk in the depth of vice, ... which in turn have spoiled the Communist organization, and have driven the Communist themselves into self-destruction."

Another literal translation runs:
"As a consequence of the famine, the life of the people was engulfed in a most wretched plight, which influenced greatly their attitude for China, and the greater reduction of food production."
Another refugee recently reported in Hong Kong: "The Chinese food crisis has been a famine on the Mainland every year."

All of these tragic details of the China famine have been suppressed by the fact that only pro-Communist reporters have been allowed Hong Kong. Unfortunately, they have glossed over the mounting food crisis with such euphemisms as "drought," "flood," and "natural disasters."
The UN Famine Relief Mission to Peking was told frankly that the commune system had proved a total failure. But, at best, one more report will be in the transition to the new system, whatever it is to be.

The Chinese food disaster bears directly on the whole structure of world communism, for China had pledged 300 million bushels of grains to Russia in 1961, and defaulted on every ton of it.
Our own food experts are not permitted to announce their conclusions because China has published no food production goals since 1955; therefore, there are no official statistics to be relied on.
The pro-Communist press of the entire world is happy

The Twilight of Morality

It is common knowledge that when a government attempts to coerce the people by a fiat of power, there is an inherent weakness in the moral and ethical fiber of that nation.

When a government becomes a police state and rules by the club and the gun, it thereby signs its own death warrant. There is a total in the use of the club as there is in the power deployed in the breach of its rule. Morality once shattered destroys the people and the ruler. Outside of prison and this side of hell men are not bound together by the club but by the consciousness of moral obligations. The best which a club can do is to destroy morality and brutality. When a nation builds walls to contain the people, morality fades and in time that nation dies behind its own barricades.

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TRANSMITTAL SLIP		DATE
TO: <i>ER</i>		
ROOM NO.	BUILDING	
REMARKS:		
FROM:		
ROOM NO.	BUILDING	EXTENSION

FORM NO. 241
1 FEB 55

REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

MEMORANDUM FOR: DCI

Executive Registry
62-30891

F.Y.I.

Larry Sullivan has a very interesting
"famine" story that may interest you.

*Handled by
DCI
5-9-62*

[Redacted]

STANLEY J. GROGAN
Assistant to the Director

9 May 1962

(DATE)

STAT

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

65-2769

27 APR 1962

Honorable Richard B. Russell
United States Senate
Washington 25, D. C.

Dear Senator Russell:

I believe that the briefing on 12 April by Agency representatives of the CIA Subcommittees of the Senate Armed Services Committee and the Senate Appropriations Committee served a most useful purpose. As you know, it is my desire to keep the CIA Subcommittees of the Congress informed of Agency activities as well as to provide them with the necessary intelligence background to assist them in the discharge of their legislative responsibilities. My hope is to meet with these Subcommittees at least monthly and more often if you or other members find it desirable.

Particularly I want to express my appreciation for the necessary arrangements made by you on short notice to call the Subcommittee meeting. Your interest in the work of the Agency and your support and guidance are most gratifying to me personally.

Sincerely,

(Signed) JOHN A. McCONE
John A. McCone
Director

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OGC/LC:mks (13 Apr)

STAT

MEMORANDUM FOR: THE DIRECTOR

Attached is a proposed letter to Senator Russell referring to the briefing on 12 April. Basically I am suggesting this letter to thank Senator Russell for setting up the meeting on short notice particularly since he actually cancelled another scheduled Committee meeting to make room for the Agency's appearance.

Recommend signature.

JOHN S. WILSON
Legislative Counsel
16 Apr 62
(DATE)

STAT

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)