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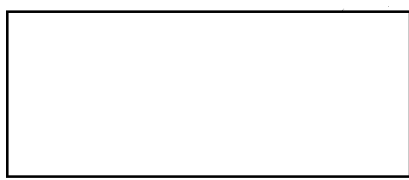
*Four Great Families*  
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COUNTRY : China  
SUBJECT : China's Four Great Families, translation of a Communist book  
DATE OF PUBLICATION : December 1946  
AUTHOR : CH'EN Po-ta, member of Central Committee of Chinese Communist Party  
EVALUATION : Document

The attached is a translation of China's Four Great Families (中國四大家族), a book written by CH'EN Po-ta (CH'EN Pai-ta 陳伯達). The author is a member of the Central Committee, Secretariat and Politburo of the Chinese Communist Party and a known economist and research analyst. The book is admittedly Chinese Communist propaganda; however, some of the facts and figures are relatively unknown and may be useful; the detailed reference list and the biographical data are also of value. The book has been banned by the National Government of China, and much comment has been made in press releases about the contents.

This translation was completed at the request of some American Government agencies in China and a minimum number of copies have been distributed.



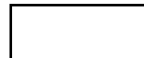
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TITLE : China's Four Great Families  
 AUTHOR : CH'EN Po-ta (陳伯達)  
 PUBLISHER : Ch'ang Chiang (長江) Publishing Agency  
 DATE OF PUBLICATION : December 1946  
 REMARKS : It is to be noted that, except when otherwise stated, the monetary unit used in this document is the Chinese dollar. It is to be noted, further, that "China's Four Great Families" has been banned by the National Government of China and that, according to Anna Louise Strong in a radio broadcast from Yenan, "this book of CH'EN Po-ta may be regarded as semi-official, for the author is a member of the Central Committee of the Chinese Communist Party".

FULL TRANSLATION OF DOCUMENT

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### Preface

Everything that is written in this book is based upon irrefutable facts. This book reveals the secret of how the four great families, the CHLANG ( 蒋 ), SOONG ( 宋 ), KUNG ( 孔 ) and CH'AI ( 蔡 ) families, with CHLANG Kai-shek ( 蒋介石 ) as their head, have stolen the national wealth by transforming it into their private property, of how in the name of the "country", the "government", etc., they have ruthlessly robbed the people of what rightfully belonged to them. They have become the richest and most blood-thirsty men in history, whose record even the monarchs of old could not equal. For the past 19 years, according to a rough estimate, the total wealth, (including the property and deposits in foreign banks) that was accumulated by the four great families through their monopolies in the financial, commercial, industrial, agricultural, real estate, newspaper and publishing fields, etc., amounts to at least US \$20,000,000,000. Because of this theft, innumerable Chinese people have become bankrupt, and have even starved to death. Not only have the common people suffered such misfortunes, but many of those persons who were formerly rich have also become penniless. Every important fact that we could garner we have tried our best to include in this book. The analyses of the various problems discussed in this book are all based on true facts; there is not one statement that does not have its foundation in fact. The suppression of the freedom of press by the CHLANG Kai-shek entourage can never conceal the truths that are now becoming known by all the peoples of the world. History has always ridiculed the rashness of those dictators who have tried to conquer the world single handed.

From the analysis of the facts contained in this book, we can arrive at the following conclusions:

1. The reason why the four Great Families, with CHLANG Kai-Shek as their head, favor the civil war, is that their fortunes were acquired by civil wars; the accumulation of their wealth would have been impossible without the occurrence of civil wars. They realize too that war, and war alone, can furnish them the advantageous means by which they can rob the people. Thus, it is utterly useless to hope that the Four Great Families will ever stop the civil war and establish peace.
2. The so-called Kuomintang one-party autocratic government is in reality only a fascist, despotic government of the Four Great Families. The desire of these families for an economic monopoly is insatiable. In order to effect this economic monopoly, they must first achieve a political monopoly, which in turn could not be gained except through civil war and terroristic activities. Thus, it is obviously useless to hope for the four Great Families to give up the Fascist, despotic form of government and establish democracy.
3. The accumulation of wealth by the four great families, with CHLANG Kai-Shek as their head, is also closely related with the compradore movement. In order to control absolute economic and political monopolies, they have waged war on all the people. Thus, standing absolutely alone, they could rely only on foreign help to slaughter the people. This help was obtained by selling to the foreign powers the national rights of China. They have thus made China into a dependency and a colony of the foreign nations. Therefore, it is absolutely futile to hope that the Four Great Families will ever work for the independence of our people and not continue to be the instrument of the imperialistic United States.

The struggle between the Four Great Families and the Chinese people is one between four feudal compradores and the whole Chinese race. This is a battle of life and death. All this is amply proved by the facts stated in this book. If the Four Great Families of feudal compradores continue to have a monopolizing control over the economic and political situations, it will mean the extinction of the

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Chinese people. On the other hand, the collapse of the Four Great Feudal Families will mean the regeneration of the Chinese people. There is no middle way, and there can never be one.

Naturally, quite a number of the Chinese people are misled by the Central News Agency and other news organs which are controlled by the Four Great Families. Further, many are illiterate because of the "ignorant people" policy of CHIANG Kai-shek's government. These people have certain illusions of attaining peace, democracy and independence through the regime of the Four Great Families. Even among the liberals there are some who, not having yet seen the light nor having been given the opportunity to learn the true facts, are also laboring under similar misapprehensions. The purpose of this book is to collect all the necessary materials, to analyse them and then to present them to the general public. In order to clarify the true state of affairs, we had to include in this book a considerable amount of figures as references, but these figures are not uninteresting in themselves for they show how the Four Great Families are daily destroying the lives of innumerable Chinese people. The historical events of the past and the present prove all that is said in this book, and we firmly believe the future events will still continue to confirm the statements made. The way of life of the Chinese people is absolutely clear and fixed. Rise, ye people of China!

.....

I. THE LAST RULERS OF "OLD CHINA"

The total population of China is approximately 450,000,000. Of these, 140,000,000 in the liberated areas have already become their own masters, but there are still 310,000,000 who are being ruled by the Four Great Feudal Compradore Banks, which, in turn, are controlled by the Four Feudal Compradore Families. The Four Great Banks are The Central Bank of China, The Bank of China, The Bank of Communications and The Farmers' Bank of China. There is a Central Office controlling all four banks, known as the Combined Main Office of the Four Banks. The four great families are (1) the CHIANG Family of CHIANG Kai-shek, (2) the SOONG Family of T.V. SOONG (宋子文), (3) the KUO Family of H.H. KUO (孔祥熙) and (4) the CH'EN Family of CH'EN Kuo-fu (陈果夫) and CH'EN Li-fu (陈立夫). Their "Supreme leader" is CHIANG Kai-shek, Chairman of the "Combined Main Office of the Four Banks" and head of the Kuomintang.

The outstanding characteristic in the rule of the Four Feudal Compradore Banks and the Four Feudal Compradore Families is that they directly combine their economic and political controls into one, making use of their political power to obtain economic control. Moreover, they continue to use their political power openly and maintain it through force, so as to increase their overall power. The four banks have direct political control over the Kuomintang, and, as "national banks" of the Kuomintang regime, directly control the economy of semi-colonial and semi-feudal old China. The heads of the four families not only have direct control over the four banks, but also over the military, the party, the secret service, the political and the financial affairs of the Kuomintang regime, thus giving themselves the opportunity of maintaining a one-party, feudal and fascist dictatorship.

The so-called "Mandarin capital" of modern China represents the profits of imperialism and feudalism. Thus the "Mandarin capital" is none other than the capital accumulated by those persons with political power, who used their power to rob the farmers and the small-scale producers, and to suppress the free enterprise of the people. The four banks and the four families are examples of the most concentrated form of such "Mandarin capital". The "Mandarin capital" is therefore the financial capital of the semi-colonial and semi-feudal modern China. It differs completely in its formative process and fundamental nature from the financial capital monopolized by the imperialistic nations. As the "Mandarin capital" is supported by foreign imperialism, it can only be subsidiary to the monopolized financial capital of the foreign imperialistic nations. Thus the "Mandarin capital" is just another name for the "compradore capital". It is the "mixed-blood child" of the compradore and feudal systems. It is the product of the economic union between the compradores and the landlords. The four banks and the four families are its last and most important champions.



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The four banks and the four families are mentioned in Communist MAO Tse-tung's "The Revolutionary Period of the New Chinese Democracy" (中國的新民主主義革命時期). This, according to MAO, is a period of the most intense and decisive struggle between the common people and those that are against the common people, between revolution and counter-revolution, between liberation and imprisonment, and between light and darkness. The Chinese people, under the leadership of the enlightened working class, must stand up bravely against imperialism and feudalism and fight for the survival of their liberty. As comrade MAO Tse-tung has said, "the great transformation is taking place in China; it is unquestionably the greatest in China's history. A new China is already standing at our doorstep". However, in order to maintain control over China, and to keep forever as slaves the 450,000,000 Chinese people, the imperialists, the compradores of foreign firms, and the feudal slave-masters created a counter-revolution around the four great families; thus they have established a last feudal compradore regime of the rulers of "old China". The four families, relying on foreign nations for financial support, have ruthlessly massed the wealth of the nation into their own hands, thereby threatening the very existence of every individual in China. They have thus become the greatest, the cruellest and most destructive force in crippling the productive power of modern China. All this, however, only shows that the imperialists, the compradores and the feudal slave-masters are having their last death-struggle. This is the last period of their decadent rule. No matter how perverse or cruel their actions are, they are but digging their own graves, and nothing can ever save them. The people shall ultimately become independent, peaceful and democratic masters of all China. As demonstrated in the past, this is inevitable, because the people will, beyond the shadow of a doubt, eventually learn to understand the real situation.

## II. THE FAMILY FORTUNES BUILT ON CIVIL WARS AND COMPRADORE PRACTICES

### (A) "A Pair Of Bloody Hands"

In this book, we are not concerned with the family histories of the four families. CHIANG Kai-shek, in his "China's Destiny" has declared himself to be a descendant of WEN Wang (文王). Further, there is a certain person named CHIANG (蔣) who, in his biography of CHIANG Kai-shek, stated that the latter is definitely descended from WEN Wang and CHOU Kung (周公). H.H. K'UNG has also contended that he himself is descended from Confucius. Though they may try their best to seek historical justification for becoming rulers of China by proving their superior ancestry (just as was done by those Fascist rulers of Germany, Italy, and Japan), these Fascist fairy-tales are, at most, only ridiculous. They need not be considered in our scientific study of the subject, because the legend about their superior ancestry concocted by members of the four families has nothing to do with their actual lives. Further, a scientific study must be based on actual facts and not on fairy-tales.

CHIANG Kai-shek comes from a salt-merchant's family, and he himself was, at one time, a broker in the Shanghai Stock Exchange. (In the book, "The Biography of CHIANG Kai-shek" by CH'IN Shou-ou (蔡瘦鵬) and published by the Shanghai San Min Book Co. (上海三民書局), there are such statements as the following: "He is very good as a speculator..... He was only in business for not longer than a half year when he was already making tremendous profits..... He is a wealthy man." See page 34 of "The Biography of CHIANG Kai-shek"/). H.H. K'UNG's family controlled a small "native" bank in Shansi, (a bank that issued bank drafts), and he too has been in the banking business. T.V. SOONG and CH'IN Kuo-fu have also been in the Stock Exchange business, CH'IN Kuo-fu working together with CHIANG Kai-shek during the boom years in the Shanghai Stock Exchange. Their wealth then, when compared with what they have now, was so small as not to be worth mentioning. At present they are so wealthy that there is not a single Chinese militarist nor official that can hold a candle to them, as far as private fortunes are concerned. And never in all Chinese history has there been an Emperor as wealthy as they. Undoubtedly, their origins and their experiences in the Stock Exchange and in other businesses prepared them for their future plunge into politics. However, this alone could not have made them into monopolistic, feudal and financial autocrats they are, nor could it alone make them into the wealthiest men in China's history.

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A reporter once wrote that "The Profit-earning Class" and "The Profit Stealing Class" are really one and the same. "Earning" is really the same as "Stealing". Every member of the "Profit Earning Class" has "a pair of bloody hands". (See Ref. No.1 at the end of this chapter). This describes clearly how the four families built up their family fortunes. The heads of the four families are all military and political figures in China. Right up to 1927, before the split between the Nationalists and the Communists, the wealth of the four families was not very large. It was not until the Bloody Incident of 12 April (TM-the purge of the Communists) that the four families became really wealthy. This Bloody Incident was the result of the request made of CHIANG Kai-shek by the imperialists, the land-lords, the compradores and the bankers. After the beginning of the Sino-Japanese war of aggression, there was a book entitled "The Selling of The Bund" (賣賣黃浦灘, written by a foreigner, in which we find the following passages - "In Shanghai..... the attitude of the compradores has changed towards the Commander-in-chief, CHIANG Kai-Shek. After seeing with their own eyes his sincerity in purging the city of the Communists..... they immediately collected \$3,000,000.00 for the Commander-in-chief, and promised to collect more in the future.....". Also, "the anti-Communist action of CHIANG was welcomed by the compradores.....It goes without saying that CHIANG, the Commander-in-chief, was demonstrating his ability..... He chose Nanking as the capital of China and established an anti-Communist Kuomintang Government..... Thus the financial circles in Shanghai increased enthusiastically their support of the Banking Government."

CHIANG Kai-shek has replaced the war-lords of Northern China and become the new political representative of the compradores, landlords, and anti-Communist, anti-people, and anti-democratic groups. He has established a fascist, feudal and dictatorial regime around the "financial magnates of Kiangsu and Chekiang". At the same time, he has used the bloody methods of the fascists and his dictatorial power in politics to build a feudal, monopolistic power in financial circles around the four families, with himself as the head and the three families of K'UNG (his brother-in-law), SOONG (another brother-in-law) and CH'EN as his assistants. Step by step, yet speedily, the four families have crushed their former supporters, the old, feudal compradores. Thus came about the downfall of the "Financial Magnates of Kiangsu and Chekiang", they becoming only satellites of the Four Families.

The economic control of the Four Families has led to political power, and their political power has further strengthened their economic control. Thus, the feudal, compradore wealth may be said to be the cause, while CHIANG Kai-shek's fascist military dictatorship, the result. But the result also has become the cause. Thus, the fascist military dictatorship of CHIANG Kai-shek has created the most feudal, compradore concentration of wealth as represented by the four great families. The wealth and power of the Four Families were created as a result of the military might of CHIANG Kai-shek. In short, the Four Families are "robbers" with "a pair of bloody hands". Without the military might of CHIANG Kai-shek, the Four Great Families would not be in existence. Wherever the military might of CHIANG Kai-shek extended there the monopolistic and financial power of the Four Great Families was also felt. Therefore, there is a feudal, compradore, and military concentration of capital which is generally known as the "mandarin capital." In the past, "mandarin capital" exerted a tremendous influence on the Chinese banking business. It started to acquire its feudal and compradore nature about the end of the Ch'ing Dynasty when the modern banking system was just introduced in China. However, during the regime of CHIANG Kai-shek and the Four Families, the influence and the feudal, compradore nature of the "mandarin capital" became much more intensified. During the reign of the war lords of North China the military control over the banking business was rather clearly manifested, but in the present regime of the Four Families, this military control has become even more evident and direct. All the members of the Four Families, under the feudal and fascist dictatorship of CHIANG, naturally do not hold military posts, nor are their financial influence, position and enterprises the same. There is a definite division of activities among the four families. CHIANG Kai-shek is the military and financial boss, and also the executive head. SOONG and K'UNG have direct control in the financial field, and often hold concurrent government positions as either president or vice-president of the Executive Yuan. The CH'EN brothers control the Kuomintang political machine, and though at first their power in the financial circles could not compare with that of SOONG and K'UNG, they gradually gained partial control over the financial circles by using the influence of the CC Clique. The four families not only have a divided rule, but also constantly fight among themselves as demonstrated by the fight for financial supremacy between SOONG and K'UNG,

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resulting in the rise of the one and the fall of the other. It is also widely known that ten years ago T.V. SOONG's fully modern-equipped "Tax Guards Corps" was taken over by CHIANG, the former losing also his position as the financial head of the Four Families. The CH'EN family which, at present, controls directly the Bank of Communications and the Farmers' Bank of China (the General Manager of the Bank of Communications being CHAO Ti-hua (趙錫華), a member of the CC Clique of the CH'EN family, and the present Chairman of the Board of Directors of the Farmers' Bank of China being CH'EN Kuo-fu) has sometimes played SOONG against K'UNG and vice versa in order to gain for the CH'EN more power and more control in finance. In spite of all the intrigues, the Four Families' fate is linked inseparably with the military dictatorship of CHIANG Kai-shek, and CHIANG's military power is the nucleus of their activities. It does not matter whether the positions of the president, chairman or general manager of the four banks are held by this or that family, or by some persons appointed by the families. The fact that counts is that the controlling power of the four banks is always in the hands of the four families. It naturally follows that the control of the banks is vested in CHIANG Kai-shek's military dictatorship.

## (B) Profits Gained from Civil Wars

CHIANG's regime is the most war-like regime in Chinese history. Even the war-lords of North China cannot hold a candle to him. By now the Chinese people are waking up and, as a result, the Four Families find it necessary to intensify their fight against the people. In order to maintain their monopoly in politics as well as in the economic system, the four families have intensified their fight against the people and against all those new parties and organizations that are springing up against them. Some people have calculated that, from the birth of the Chinese Republic up to 1928, the number of civil wars instigated by the war-lords of Northern China amounted to eleven. The average was, therefore, less than one per year, and the total duration of the wars was only 385 days. However, during CHIANG's reign, from the establishment of the capital at Nanking up to the Sian incident, there were ten years of incessant warfare. The civil war has not ceased for even a single day. This is the special characteristic of the fascist, feudal, and military dictatorship of CHIANG Kai-shek. The more CHIANG expanded, and the longer he maintained his war-like activities, the greater became the war expenditures (i.e. the expenses incurred as a result of the civil wars). The total war expenditures publicly announced (the amounts drawn secretly from the treasury not being included) in 1928 were \$210,000,000., in 1929, \$245,000,000., in 1930, \$212,000,000., in 1932, \$321,000,000., in 1933, \$373,000,000., and in 1934, \$440,000,000. (See Ref. No.2). Thus, in only seven years, the expenditures had more than doubled. The burden of such enormous war expenditures was all placed on the shoulders of the people. Various methods of meeting the war expenditures were used, such as taxation, the issuance of domestic bonds, and foreign loans. Being experts in such things, the four families thus obtained, on the one hand, the necessary funds for military purposes, and, on the other hand, new means of increasing their wealth. The latter has become a motivating force in the prosecution of the civil war because the more intense the civil war becomes, the greater the wealth the Four Families can acquire. As long as their greediness is insatiable, their interest in the civil war will be unlimited.

In the following we shall discuss, in particular, the issuance of domestic bonds. All the important bonds issued since the acquisition of power by CHIANG were closely related to the civil wars. An economist made the following statement concerning the bonds issued in 1933:- "Of the government bonds issued (in 1933) 86% was for military purposes, 9% for business enterprises, 4% for relief work, and 1% for enterprises that can just barely be called "constructive" (such as the Kiangsu and Chekiang silk enterprises and various irrigation projects). (See Ref. No.3). All the bonds issued by CHIANG Kai-shek were of this militaristic type. It was not the people who benefited from the bond issues but the financial magnates. As everybody knows, the government bonds are usually floated through the Four Great Banks at a discount of 40 to 50 percent. As the interest on the bonds is from 6% to 8% per annum, the banks made a net profit of about 30% to 40% per annum by purchasing the government bonds. For example, from 1927 to 1933 the amount of government bonds issued was about \$1,141,000,000., but, according to the financial report of the Ministry of Finance, the actual amount of money

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received by the Government was only about \$645,000,000.-; thus, the bank received a discount of about 43 percent. In 1934, \$320,000,000 worth of government bonds were issued to finance the civil war activities, but the Ministry of Finance received only 164 million. Thus the banks got a discount of 49 percent. (See Ref. No 4). However, when it came time to pay back the interest and the principal on the bonds, then payment was made according to the full face value of the bonds. Such high interest loans are nothing more than a source of tremendous profits resulting from the prosecution of the civil war. The more the war expenditures of CHIANG increased year after year, the faster were CHIANG's government bonds issued. And the speed with which these bonds were issued far surpassed that with which the bonds of the war lords of Northern China had been issued. "From 1911 to 1936 the amount of government bonds issued totalled \$2,888,000,000.; of this, the bonds issued after 1927 amounted to \$2,268,000,000., which is a little less than 80% of the total, while the bonds issued from 1912 to 1927 (15 years all told) only amounted to \$620,000,000., which is only a little over 20% of the total". (See Ref. No.5). Thus, during only 9 years rule, the amount of government bonds issued by CHIANG was already four times that issued by the war lords of North China in their 15 years of rule. This is additional proof to the effect that the continuous civil war during the ten wars of CHIANG's reign were far more intense and far more cruel than those during the reign of the war lords of Northern China. Now, it must be remembered that such domestic bonds multiplied the wealth of the feudal, compradore financial magnates. Thus the interests of the financial magnates became tied up with the military successes of CHIANG and the Four Great Families. When CHIANG had succeeded in obtaining the support of the financial magnates, he speedily made the Four Great Families into the monopolistic, feudalistic autocrats of finance. Thus the profits derived from the government bonds became the monopolistic profits of the Four Great Families. According to the "Year Book of the Banks in China", published in 1937, the bonds held by the Four Great Banks in 1934 were 45% of all the bonds in all the banks in China. (Almost all these bonds were Government bonds). In 1935, it increased to 59% and in 1936 it became 30% (the decrease in 1936 being caused by the issuance of paper notes by The Central Bank of China). The above figures show clearly the profits the Four Great Banks, that is to say, the Four Great Families, made from the issuance of the Government bonds. Thus, there resulted the following paradox:

In order to wage civil war, the Four Great Families, representing the National Government, borrowed from the banks which they themselves controlled; then again representing the Government, they spent the money on their own families. After this, once again representing the Government, they paid the debt back to themselves. Thus the Four Great Families profited tremendously from the borrowing of money for the government, in the spending of the money, and in the payment of the debt to the Four Great Banks. In such manner, the Four Great Families and their satellites made immense profits from the issuance of government bonds and thus accumulated more and more "andarin capital". Government bonds must be backed up by money derived from taxation; therefore, the more Government bonds issued the higher would be the taxes and, consequently, the heavier would be the burden to be borne by the people. In China, the burden of taxation rests mainly on the shoulders of the farmers. Thus, the more Government bonds issued, the wider would become the chasm between the rich and the poor. The issuance of bonds would therefore have the effect of robbing the poor and making the rich richer; for the poor people, the issuance of bonds has not the slightest advantage. (See Ref. No:6). "Even in a reactionary book published in 1934 it was stated that various banks made immense profits from the issuance of government bonds. Though it might be said that these profits came directly from the Government, indirectly they came from the rural districts". (See Ref. No:7). The actual purpose, then, for the issuance of the government bonds was to transfer speedily the wealth of the people (mostly that of the farmers) into the hands of the Four Great Families and their satellites. Such robbery was founded on the semi-feudal and semi-colonial system of suppression of the farmers, the common people, and free enterprise

.....

(C) Conditions Compradores

In modern China, compradore activities cannot be distinguished from feudalism, and, furthermore, from those activities connected with anti-people civil wars. The Four Great Families created their wealth through the waging of civil wars, that is to say, from their compradore activities. CHIANG Kai-Shek knew very well

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that the imperialists who were oppressing China desired civil war, and that, with out the support of the foreign reactionaries, he would never be able to carry on this civil war. Thus he knew he must associate with the foreign reactionaries in order to succeed in his designs. and thus, the Four Great Families, with CHIANG Kai-shek as their head, became the greatest compradores of modern China, starting just as "munitions compradores". In a book published in 1936 an American wrote the following concerning the nature of the Chinese civil war: "China depends almost completely on foreign countries for its munitions and, therefore, has become the world's greatest munitions customer....The amount of munitions supplied by Japan to China in 1930 was 37.50% of the total amount of munitions imported by China in that year.....Though the importing of munitions was prohibited for a time, this only resulted in the springing up of middle-men and in foreign countries taking advantage of the free-port facilities of Shanghai, but the flow of munitions from Japan to China did not meet with any obstruction. The China Weekly Review stated that, if all the foreign countries stopped supplying China with munitions, the numerous civil wars in China would come to an end. The militarists of China can do nothing if they do not get any foreign help..... Whether the supply of munitions comes from Japan, Great Britain, the United States or Germany, it is an indisputable fact that the civil wars of China must depend heavily on the munition supplies received from foreign countries." (See Ref. No:8). Everything stated above has been based on real facts, the truth.

If the war lords of the Northern China were guilty of these crimes, what can then be said, in this connection, of the regime of CHIANG Kai-shek, which is far more war-like, far more cruel and far more foreignized? As stated previously, 86% of the income from the issuance of the domestic bonds was used on civil wars, and it can be said with certainty that most of this was spent on munitions. CHIANG's militarists were anxious to show off before the people such modern equipments as airplanes, cannon, etc., and as the Four Families could not manufacture this themselves, they had to buy it from foreign countries. Thus the instigators of the civil wars were the munitions compradores. The four families gained their wealth not only from the manipulation of domestic bonds, but also as a result of their being munitions compradores. In the book mentioned above, (Ref No.8), there is also the following statement: "On February 28, 1933, Morgan Jones, a Laborer member of the British Parliament, reported before the House of Commons that a certain munitions company was supplying both Japan and China with munitions. One day the Chinese and the Japanese representatives met accidentally in the reception room of the same company. Instead of being angry with each other, they compared the prices they were paying for munitions; then the two of them went in to see the president of the munitions company and requested lower prices. The price is said to have been already cut down 20%." (See Ref. No.9).

Japan's purpose in purchasing munitions was to invade China, and CHIANG's purpose, to conduct the civil wars. Both had a common aim, i.e. to slaughter the Chinese people. It was therefore no wonder that the representatives of the two nations did not flare up in anger at each other. From this little anecdote we can also see that CHIANG had obtained a discount from the munitions company, but in China's Treasury reports, there was, of course, no mention made of the reduced price. A long and intensive civil war requires a large supply of munitions, which has become an important (but secret) item of international trade in CHIANG's regime. The greater part of the profits gained from such international trade was of course shared by the Four Great Families. Besides earning profits from their compradore activities in connection with munitions, the Four Great Families made tremendous profits from their various commercial enterprises and from the borrowing of foreign loans. As an example of such large compradore profit, we can cite the American Cotton and Wheat Loan of 1934. This loan was an important factor in supporting CHIANG Kai-shek through the civil war, and it made T.V. SOONG so popular that it even caused a rift between him and CHIANG Kai-shek.

Generally speaking, the Four Great Families built up their fortunes from the civil wars and from compradore activities. The civil wars and the compradore activities made the four families rich, and made it possible for them to gain control of a monopoly in China's finance. Thus the Four Great Families are extremely militaristic and consider the civil wars as the sinequa non of their existence. They also bow their heads low before the imperialists because their monopoly in China's finance depends on the latter's support. Naturally, the above-mentioned historical facts are only a part of what the Four Great Families have done, and do not cover the whole story of how they acquired their vast wealth

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## (D) An Economic System that Aims at Killing People

The Four Families openly used utter brutality and treachery in overcoming the democratic power of the people and in protecting the interests of a minority, the financial magnates; then, after winning the support of the latter, they used that very same power to suppress the financial magnates and to become the undisputed leaders in finance themselves. Then, continuing their brutality and treachery, they sacrificed the interests of the whole Chinese race for their own personal gains. This is a truly fascist method of acquiring wealth. The Four Families have represented Chinese Fascism and have followed the same course taken by the Fascists of other countries. But there is one difference between the Fascists of the semi-colonial and semi-feudal China and the Fascists of the capitalistic countries. The principal source of wealth of the Chinese Fascists lies in the robbery of the farmers; thus their main economic policies are concerned with preserving the feudal and colonial state of the agricultural society and with acting as compradores of foreign capitalists. Thus the Chinese Fascism is feudalistic and compradore in nature, and the methods used by the Chinese Fascists in the acquisition of wealth have their own special characteristics. CHIANG Kai-Shek has written in his book, "China's Economic Principles" (中國經濟學說), "China's economic principles differ from the economic principles of the western countries in that China does not take one individual person or one individual thing as the unit, but the human race and society, as a whole, as the unit. We take human nature as our starting point, and the livelihood of the people as our aim. All economic systems and policies must be in accordance with human nature, and must serve to improve the livelihood of the people". However, if we expressed the above statements in a scientific way, what CHIANG meant by "the human race and society, as a whole, as the unit" was simply that the Four Great Feudal Compradore Families were to be considered the unit, and what he meant by "human nature as our starting point" was that the homicidal and grasping nature of the Four Great Families was to be considered the starting point. And by "the livelihood of the people" he meant the death of the people and by "all economic systems and policies must be in accordance with human nature and must serve to improve the livelihood of the people", he meant "all economic systems and policies must be in accordance with the homicidal and grasping nature of the Four Great Families and must serve to bring about the death of the people."

- Ref. No. 1 "Ta Kung Pao" (大公報) Chungking edition, May 3, 1946.
- Ref. No. 2 "The Financial Problems of China Today" (中國當前的財政問題) by CHIA Chia-Ch'u (千家駒), taken from the "Eastern Magazine" (東方雜誌), No.13, 32nd Vol.
- Ref. No. 3 "China's Finances in the Last Two Years" (最近兩年度的中國財政) by CHIA Chia-Ch'u, taken from the "Eastern Magazine", Page 25, No.4, 30th vol.
- Ref. No. 4 "Banking in China during the war" (戰時中國的銀行業), by SHOU Chin-hen (壽進文), page 51 and 52.
- Ref. No. 5 "The Financial Problems of China" (中國財政問題) by HSU Hsieh-Han (徐雪寒). See "Discussions of Economic Problems of China" (中國經濟問題討論).
- Ref. No. 6 "The Banks of China" (中國的銀行) by WU Ch'eng-Hsi (吳承禧), Page 81.
- Ref. No. 7 "Rural Economy in Kiangsi" (江西農民經濟), Page 91.
- Ref. No. 8 "Munitions and Profits" (軍火與利潤) by an American - Ts'ai erh Teh Sze (蔡爾特斯) (TN-transliteration from the Chinese), translated by SHAO Tsung-Han (邵宗漢), Pages 76 to 80.
- Ref. No. 9 Same book as in Ref. No.8, Page 124.

R E S T R I C T E DIII. A FEUDAL, COMPRADORE AND MILITARY ABSOLUTISMIN FINANCE

## (A) Fusion of the Four Great Families and the

## Four Great Banks

The Four Great Banks are The Central Bank of China, The Bank of China, the Bank of Communications and The Farmers' Bank of China. The Central Bank of China was established in November 1928. This bank is completely different from the one with the same name established in Kwangtung by SUN Chung-Shan (孫中山), for it is a product of CHIANG Kai-shek's financial monopoly after his establishment of a fascist, military dictatorship in Nanking. The capital of the bank came from the government bonds issued by the CHIANG Kai-shek government for that very purpose. CHIANG's political power has created the monopolistic position of the bank in financial circles; thus the bank enjoys special privileges in the management of the "State Treasury", the issuance of drafts, the printing of national currency, and the issuance of domestic as well as foreign bonds. The CHIANG Kai-shek government calls it the "national bank", but it is a "national bank" in which the people of China do not have any share; it is merely a "national bank" of CHIANG's feudal, fascist and dictatorial regime. Thus, what CHIANG meant by "national bank" was "private bank", and what he meant by "Treasury" was "family wealth". All that which the bank controls belongs to the people, yet the people have absolutely no right to look into its business transactions and its records. The first Governor of the Central Bank of China was T.V. SOONG, brother-in-law of CHIANG Kai-shek, and the second Governor was H.H. K'UNG, another brother-in-law of CHIANG Kai-shek. At present PLI Tsu-i (貝相詒) of the SOONG clique is the Governor of the Central Bank of China.

When CHIANG Kai-shek established his fascist military dictatorship at Nanking, he used his political power to gain control over the Bank of China and the Bank of Communications. (These two banks had been established towards the end of the Ch'ing Dynasty and had become the twin financial pillars of the regime of the North China war lords). In 1927, the main office of the Bank of China was moved to Shanghai, and \$5,000,000 in so-called "government shares" were added to the capital of the bank. In 1928, the Bank of Communications also moved its main office to Shanghai, and CHIANG increased the capital of the Bank to the extent that he finally controlled 20% of the capital. Thus CHIANG insinuated his way into control of these two banks. But this was not enough for CHIANG. The capital of the Central Bank of China was still only \$20,000,000, while that of the Bank of China was but \$25,000,000 (including the \$5,000,000 in "government shares" which resulted in the capital of the Central Bank of China being smaller than that of the Bank of China). Therefore, CHIANG thought it necessary to increase the capital of the bank in order to insure his monopolistic control. Further, the CHIANG government paid to the Bank of China \$5,000,000 in "government shares", which was equivalent to only one-fifth of the total capital; and of the total \$10,000,000 capital of the Bank of Communications, only half (i.e. \$1,000,000) of the promised "government shares" of one-fifth of the total capital has been paid up. Therefore, CHIANG felt the necessity of also increasing the "government shares" in these two banks in order to maintain his monopoly. Therefore, in the spring of 1935, CHIANG, using as an excuse the financial crisis caused by the American "silver policy", issued \$100,000,000 in government bonds as a reserve fund for the three banks- The Central Bank of China, The Bank of China, and the Bank of Communications. He further increased the capital of the Central Bank of China to \$100,000,000; to the Bank of China he added \$15,000,000 in "government shares" which, together with the original \$5,000,000 in "government shares", amounted to half of the total amount of the capital of the bank. To the Bank of Communications, \$10,000,000 in "government shares" was also added, so that, together with the original "government shares" of \$1,000,000., the "government shares" became 55% of the total amount of the capital of the bank. All this was accomplished through political compulsion, and, consequently, through the military dictatorship of CHIANG Kai-shek. The so-called "increases in capital" were nothing but empty speculations. The CHIANG Government cunningly did not hand over cash to the banks but government bonds issued as a result of its political power. Thus, "the figures in the account book show an increase, but the cash in the safe has not increased". At this time, "though the paid-up capital of the three banks was (as was recorded in their accountbooks) a little less than three-fifths of the paid-up capital of the Central Bank of China, over one-half of the paid-up capital of the Bank of Communications, and 37.50% of the paid-up capital of the Bank of China were in government bonds". (See Ref. No.1). Though these were the facts, these banks were fast falling into the hands of the four families. T.V.

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SOONG was replaced as the Governor of the Central Bank of China by H.H. K'UNG in 1932, but he was then appointed to the position of the Chairman of the Board of Directors of the Bank of China. Thus SOONG and K'UNG shared the controlling power in these two Great Banks. (In January 1944, K'UNG again replaced SOONG and held, concurrently, the post of the Chairman of the Board of Directors of the Bank of China. However, actually the SOONG clique still holds all the important posts in the Bank of China).

The fourth of the Four Great Banks, the Farmers' Bank of China, was originally established in 1933 as the "Farmers' Bank of Honan, Hupeh, Anhwei, and Kiang-si Provinces". The name was changed to the "Farmers' Bank of China" in 1935, and it was allowed to function with "special approval" of the Headquarters of CHIANG Kai-shek's "Expeditionary Force for Extermination of the Bandits". This "Farmers' Bank of China" not only has nothing to do with the farmers, but is an outgrowth of the civil wars and is directly opposed to the farmers. This bank is a direct product of the feudal Fascist dictatorship built up as the result of the bloody gospel of "knife and gun". Without the slightest exaggeration, this bank is merely the private property of the Four Great Families. The controlling power of the bank is in the hands of the CC Clique. H.H. K'UNG was the first Chairman of the Board of Directors; he later was replaced by CHIANG Kai-shek; then once again it was H.H. K'UNG, and finally the present chairman is CH'AI Kuo-fu. The Four Great Banks - the Central Bank of China, the Bank of China, the Bank of Communications and the Farmers' Bank of China - have been the centers of the financial activities of the Four Great Families during the civil wars. In addition to the Four Great Banks, the Manufacturers' Bank of China Ltd. (中國國貨銀行), established in 1929, belongs also to the Four Great Families. H.H. K'UNG was the Chairman of the Board and T.L. SOONG (T.L. a brother of T.V. SOONG) was the General Manager. Then there is also the Hua Trust & Savings Bank (新華信託銀行), which was reorganized (with an increase in its shares) by the Bank of China and the Bank of Communications in 1931, as a result of an order from the Ministry of Finance. Between May and June of 1935, the CHIANG Government also gained control of the Commercial Bank of China (中國通商), the Ningpo Commercial & Savings Bank, Ltd. (四明銀行) and the National Industrial Bank of China (中國實業), through the usual method of "increasing the capital and changing the personnel". When a crisis occurred in the three banks as a result of a sudden, unexpected run on the banks, the CHIANG government took advantage of this opportunity to "support" them. Thus the original general manager of the Commercial Bank of China was replaced by KU I-tzu (顧詒穀), formerly Head of the Business Department of the Central Bank of China. YEH Cho-lang (葉詒學), formerly a standing member of the Board of Directors of the Central Bank of China, became the general manager of the Ningpo Commercial & Savings Bank Ltd., and HU Leng-shia (胡孟嘉), formerly Head of the Treasury of the Central Bank of China, the general manager of the National Industrial Bank of China. Later, the CHIANG Government added "government shares" to the original private shares of the three banks, thus taking one more step towards making them practically subsidiary banks of the government banks. In other words, these three long-established and large second-rate banks came under the control of the Four Families (See Ref. No.2). In 1936, the Bank of Canton (廣東銀行) resumed its business in Hongkong with T.V. SOONG as the Chairman of the Board of Directors of the bank. Thus this bank served the SOONG family as the center of their financial activities in South China.

Among the banks mentioned in the above, the Central Bank of China has only "government shares", while the Bank of Canton has none. All the other banks have both "government shares" and "private shares". But, as everyone knows, the so-called "government shares" represent only the regime of the Four Great Families, while the so-called "private shares" also represent, in the main, the Four Great Families. For example, after the reorganization of the Bank of China in 1935, T.V. SOONG and his brother, T.L. SOONG (宋子良) became "government share" directors of the bank, while H.H. K'UNG, then head of the Ministry of Finance and concurrently Governor of the Central Bank of China, became a "private share" director of the bank. After the general meeting of the shareholders of the Bank of China in 1944, T.V. SOONG and H.H. K'UNG then became the "private share" directors of the bank while T.L. SOONG remained as the "government share" director. CH'AI Kuo-fu is at present a "private share" director of both the Bank of Communications and the Farmers' Bank of China. Naturally, the same applies to the satellites of the four families; they also switch over from being "private share" directors of one bank to being "government share" directors of

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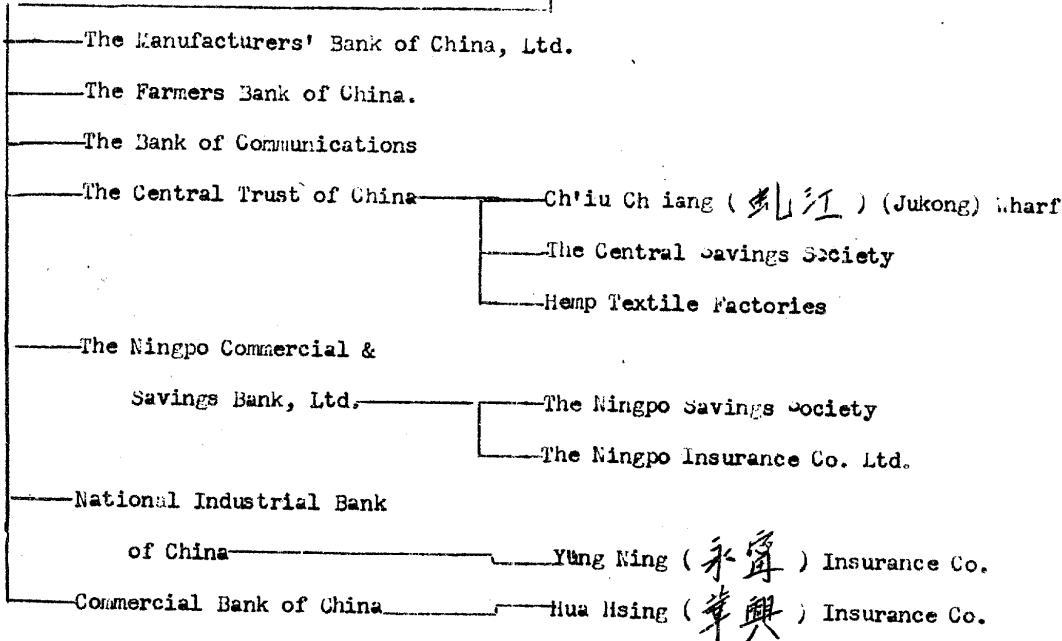
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another, and vice versa. For example, PEI Tsu-t (貝祖詒) of the SCONG clique, who is at present concurrently the Vice General manager of the Bank of China and the Governor of the Central Bank of China, is also a "private share" director of the Bank of China. CHAO Ti-hua (趙錫華) was originally a "government share" inspector of the Bank of Communications, but now he is a "private share" director of the same bank. Generally speaking, the four families are both the "private shares" and the "government shares" owners. Their power extends in all directions. In the "Regulations of the Central Bank of China", published in 1935 by the CHUNG Government, the clause, stating that, if necessary, the bank could issue "private shares", was inserted no doubt in order to reserve a place for the "private shares" of the four Great Families in the Central Bank of China.

(B) Financial Monopoly and the Rapid Concentration of wealth

The banks and firms that were under the direct control of the Four Great Families, (with H.H. K'UNG as head of the Central Bank of China and T.V. SCONG as head of the Bank of China) up to the time of the Sino-Japanese war of aggression are shown in the following two diagrams appearing in the Shen Pao Weekly (申報週刊):-

THE CENTRAL BANK OF CHINA



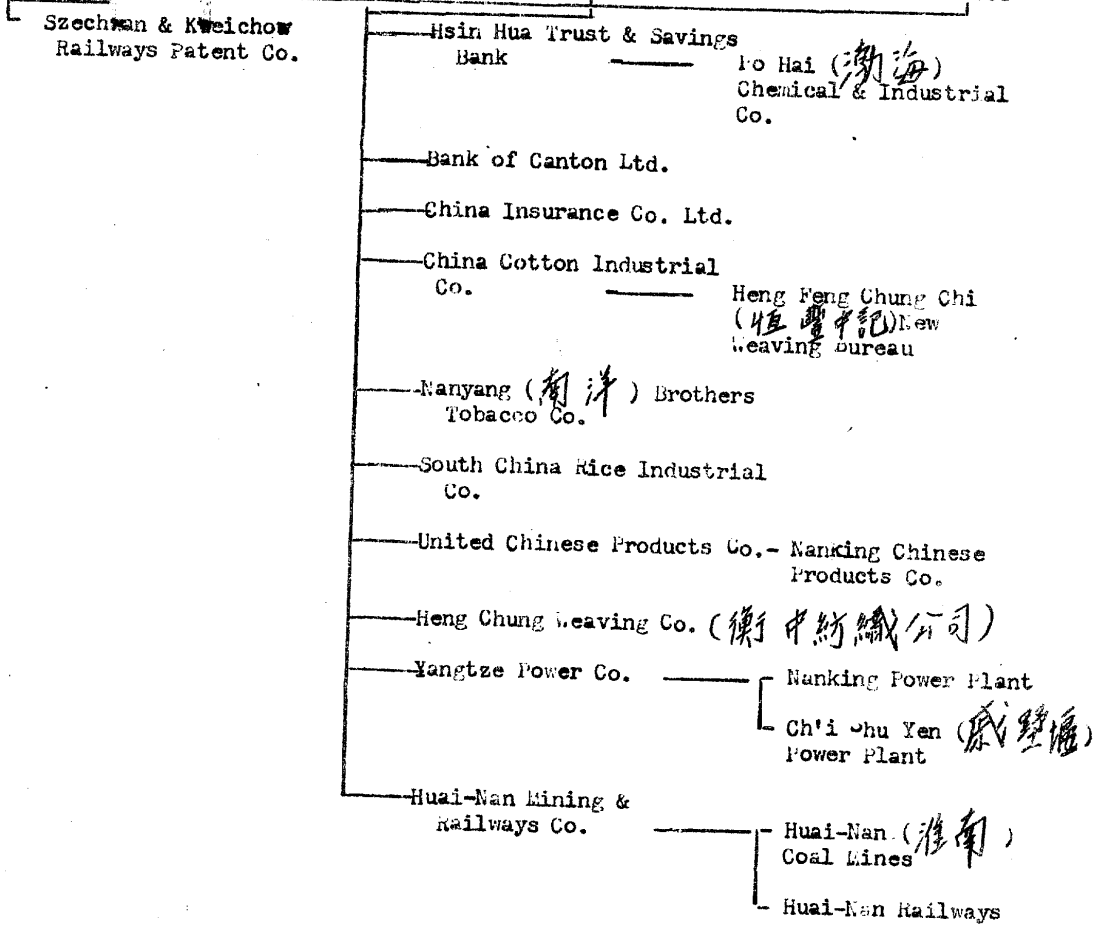
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National Reconstruction  
Banking Corporation

Bank of China

National Economics  
Committee



(See Reference #3)

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The detailed organization of the above industrial and commercial firms shall not be given here. The following diagram is from the "1937 Year Book of Banks". From the paid-up capital, the total capital, the deposits, the drafts issued, and the net profits, we can easily see the relative position of the Four Great Banks (directly controlled by the Four Great Families), among the 164 banks in China.

POSITION OF THE CENTRAL BANK OF CHINA, THE BANK OF CHINA, THE BANK OF COMMUNICATIONS  
AND THE FARMERS' BANK OF CHINA IN CHINA

		1934	1935	1936
Paid-up Capital	Actual amount (Chinese dollar as unit)	136,715,650.-	166,915,750.-	167,500,000.-
	Index	100	122	123
	% in respect to all the banks in China	40%	45%	42%
Total Capital	Actual amount (Chinese dollar as unit)	1,904,930,406.-	3,072,686,046.-	4,288,150,128.-
	Index	100	161	225
	% in respect to all the banks in China	44%	56%	59%
Deposit	Actual amount (Chinese dollar as unit)	1,267,514,961.-	2,106,260,976.-	2,676,366,658.-
	Index	100	166	211
	% in respect to all the banks in China	42%	56%	59%
Drafts issued	Actual amount (Chinese dollar as unit)	408,937,936.-	676,841,045.-	1,270,221,400.-
	Index	100	166	311
	% in respect to all the banks in China	66%	78%	78%
Net Profit	Actual amount (Chinese dollar as unit)	17,959,326.-	14,537,622.-	21,998,020
	Index	100	81	122
	% in respect to all the banks in China	45%	39%	44%

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The above diagram shows that the paid-up capital, in 1936, of the Central Bank of China, the Bank of China, the Bank of Communications, and the Farmers' Bank of China amounted to 42% of the paid-up capital of all the banks in China. (However, if the paid-up capital of the Commercial Bank of China, the Ningpo Commercial & Savings Bank, Ltd., the National Industrial Bank of China, the Manufacturers' Bank of China, the Main Hua Trust & Savings Bank, and the Bank of Canton were also considered, then the percentage would be 47%). The total capital of the Four Great Banks amounted to 59% of the total capital of all the banks in China. If the total capital of the Manufacturers' Bank of China, the Main Hua Trust & Savings Bank and the Bank of Canton were included, (there are no data giving the total capital of the other three banks), then the percentage would be 61%. The percentage of the deposits in the Four Great Banks was 59% (if the deposits in the above-mentioned three banks were included, then it would be 61%). The percentage of drafts issued by the Four Great Banks was 78% and the percentage of their net profits was 44%; however, if some of the other provincial and municipal banks which have connections with the four families were included, then the percentages would naturally be much higher. Thus, the monopolistic position in the financial circles of the Four Great Banks (which are under the control of the Four Great Families) can be clearly seen.

The rapid concentration of wealth in the four Great Banks can also be clearly seen from the above diagram. Taking the index of the total capital in 1934 as 100, in 1935 the index of the Four Great Banks increased to 161, that of the provincial and municipal banks to 116, but that of the other banks in China decreased from 100 to 84. In 1936, the index of the four banks further increased to 225, that of the provincial and municipal banks jumped to 290, but that of the other banks in China remained at 100. Taking the index of the deposits in 1934 as 100, in 1935 the index of the Four Great Banks reached 166, that of the provincial and municipal banks, 171, while that of the total deposits in the other banks in China decreased to 87. In 1936, the index of the Four Great Banks became 211, that of the provincial and municipal banks became 209 while that of the other banks decreased to 98. Taking the index of the drafts issued in 1934 as 100, in 1935 the index of the Four Banks increased to 166, that of the provincial and municipal banks to 189, while that of other banks decreased to 58. In 1936, the index of the Four Banks further increased to 311, that of the provincial and municipal banks became 457, while that of the other banks dropped to only 67. In other words, the "mandarin capital", represented mainly by the Four Great Families, had rapidly increased, while all the other capital had steadily decreased.

If we wished to know in greater detail how rapidly the Four Great Families had amassed their wealth, it would be best to look again at the rate of increase of the total capital, the deposits, the drafts issued, and the net profits of the Central Bank of China from 1928 to 1936. The following table was drawn up from the data collected prior to the Sino-Japanese War of Aggression.

THE GROWTH OF THE CENTRAL BANK OF CHINA FROM 1928 TO 1936

	Total Capital		Deposits		Drafts Issued		Net Profits	
	Actual amount (TK-in Chinese dollars)	Index	Actual amount (TK-in Chinese dollars)	Index	Actual amount (TK-in Chinese dollars)	Index	Actual amount (TK-in Chinese dollars)	Index
1928	47,470,796	100	15,410,468	100	11,712,923	100	239,360	100
1929	86,869,794	183	39,984,707	259	15,379,292	131	1,692,683	707
1930	124,336,245	262	66,042,175	429	22,669,228	194	2,726,341	1139
1931	145,331,820	306	89,750,920	582	25,173,349	215	4,870,404	2035
1932	216,424,748	456	133,803,743	868	35,160,996	300	6,468,475	2702
1933	363,561,179	765	244,678,864	1581	71,063,301	607	10,724,245	4480
1934	478,240,246	1007	272,592,827	1768	86,048,617	735	14,821,505	6108
1935	931,542,769	1962	634,000,095	4114	179,923,546	1536	9,048,340	3780
1936	1,231,236,273	2594	757,043,176	4912	340,375,372	2906	17,095,868	7145

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In the following we shall compare today's conditions with those of the past. The Research Department of the Bank of China has made a statistical report on the transactions of the 27 most important banks in China during the period from 1921 to 1931 (See Reference #5). Of these 27 banks, the Central Bank of China, the Kuo Hua Bank (國華銀行) and the Land Bank of China, Ltd. were established after 1928. Therefore, prior to 1927 there were only 24 banks. The total capital of these 24 most important banks in 1921 was \$759,254,117 but by 1927 it had increased to \$1,462,098,581; thus, if we make the index of 1921 100, then the capital had increased to 192.57 by 1927. However, the total capital of the Central bank of China alone during the space of 9 years from 1928 to 1936 had increased to \$1,231,236,273; as can be seen, this amount is almost equivalent to the total amount of the capital of the 24 most important banks in China just prior to the time the Four Great Families replaced the War Lords of Northern China as rulers of China. The index of the Central Bank of China also increased from 100 to 259.4. In 1921 the deposits in the 24 most important banks amounted to \$496,897,041 and by 1927 had increased to \$976,122,496; its index, which was 100 in 1921 had by 1927 increased to 196.41. However, in 1936 the deposits in the Central Bank of China alone reached the sum of \$757,043,176; the index increased from 100 in 1928 to 491.2 in 1936. The drafts issued by the 24 banks in 1921 amounted to \$102,751,362, but had increased to \$278,730,410 by 1927; thus its index of 100 in 1921 had increased to 271.17 by 1927. However, the drafts issued by the Central Bank of China alone in 1936 already far exceeded the total amount of drafts issued by the 24 banks in 1927 and reached the sum of \$340,375,372, the index increasing from 100 in 1928 to 290.6 in 1936. The net profit of the 24 banks was \$13,254,445 in 1921. If the index for this amount be set at 100, then in 1926 the net profit of the 24 banks being \$16,914,797, the index reached 127.62. In 1927 the net profit dropped to \$11,442,000, the index becoming 86.33. Nevertheless, the net profit of the Central Bank of China alone in 1936 had already reached the sum of \$17,095,868, thus exceeding the total amount of net profit of the 24 banks for the year 1926. The net profit index of the Central Bank of China increased from 100 in 1928 to 714.5 in 1936.

From an examination of the above figures, one can readily perceive the nature of the Four Great Families' financial monopoly and their methods of acquiring wealth. (And yet, what we have described above is only part of the story and not the whole story).

It is because the Four Banks (especially the Central Bank of China), being the so-called "national banks" of the CHUNG regime or the "bankers' banks", engaged in some special kinds of business neither feudalistic nor compradore that they became so very rich? The answer is no. Long ago, writers wrote the following about these banks:

"Though there are various kinds of banks, are they not all doing the same kind of business?" (See Reference #6). "Many bankers are dissatisfied with the Central Bank of China for not fully performing its duties as the 'bankers' bank', and some, with a sense of humor, often call it the 'government's bank'". (See Reference #7).

"As a rule, the central banks of other nations do not vie with other banks to increase the volume of their bank deposits. The bank deposits business of the Central Bank of China is very prosperous. If this prosperity is the result of high interest rates being paid by the bank, then the policy being pursued is an abnormal one." (Same reference as above).

"The nation is suffering from an economic crisis and the bank-notes of various banks are being gathered back by the banks, but the circulation of drafts of the Central Bank of China has, on the contrary, increased. This is an abnormal situation". (Same reference as above).

"At present all the capital of the Central Bank of China comes from the National Treasury, so what is the use of issuing more government bonds?"

"A central bank should not aim at making profit. Thus, the increase in the net profit of the Central Bank of China does not necessarily imply a sound condition of the Bank". (Same reference as above).

"Almost all business is at a stand-still and bankruptcy occurs everywhere, but the banking business alone is prosperous. In the 1933 fiscal statements of all the banks in Shanghai, that of the Central Bank of China showed a net profit of more than \$12,000,000 while even those of the small banks showed profits of not less than \$50,000 or \$60,000. The source of profit of most banks lies in dealing with government bonds; there is no other possible source". (See Reference #8).

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All these facts prove that the nature of the business of the Central Bank of China and the other so-called "national banks" does not differ from that of all the other compradore and feudalistic banks. They are not capitalistic in nature but extremely compradore and feudalistic. Their expansion does not reflect a corresponding expansion of the national economy or of capitalism but rather the collapse of the national economy and the impossibility of the expansion of capitalism. The banks which were under the direct control of the Four Great Families could succeed in concentrating the wealth of the nation so rapidly into their own hands and in suppressing those banks which were not under their control simply because they had the support of the feudal, military, and dictatorial power of CHIANG's fascist regime, and also because the Four Families never hesitated to use their political power to gain control of the financial circles. The source of their great wealth was, of course, the people, and the chief source, as already stated in the previous chapter, was the farmers who were under the oppression of the semi-feudal and semi-colonial governmental system. "Over 85% of the total population of China consists of farmers, and, therefore, every enterprise is built on the foundation of the farming population - why not then the financial enterprises?" (see reference #9).

The Four Families not only made use of their political power to create the above-mentioned financial monopoly, but also to win over to their side the formerly prominent persons in the financial circles by making them either directors of the Four Banks or members of the CHIANG government. For example, after CHIANG Kung-ch'uan ( 蔣公權 ) was removed from his original position in the Bank of China, he was given an official rank and the post of Vice-Governor of the Central Bank of China. LU Ting-Ch'ang ( 盧鼎常 ), manager of the Salt Industrial Bank ( 鹽業銀行 ) and Head of the Savings Society of the Four Banks ( 四行儲蓄會 ), was also given an official rank and the concurrent post of a director of the Bank of Communications. CH'EN Kuang-fu ( 陳光甫 ), general-manager of the Shanghai Commercial & Savings Bank, was given the post of director of the Central Bank of China and of the Bank of Communications and also that of standing member of the Board of Directors of the Bank of China; he also did a good deal of diplomatic work in the financial circles for the CHIANG regime. LI Ling ( 李 詒 謀 ), chairman of the directors' board of the Chekiang Industrial Bank ( 浙江實業銀行 ) and concurrently the general-manager, became also a director of the Bank of China and of the Bank of Communications and, at the same time, an Inspector of the Central Bank of China. Conversely, the important persons of the Central Bank of China, the Bank of China, Bank of Communications, and the Farmers' Bank of China also took concurrent posts in the so-called "privately owned" banks. For example, H.H. K'UNG became a director of the Shanghai Commercial & Savings Bank, PAI Tsun-<sup>1</sup> became an Inspector of the Chekiang Industrial Bank, etc. Almost all the so-called "middle-class" banks had such types of "mixed" personnel and, consequently, became the subsidiaries of the four families. The "mixed" personnel served as a means for the Four Great Families to gain absolute control in the financial circles and to concentrate all financial power into their own hands. The feudal, compradore regime of CHIANG used such means to form a nation-wide financial dragnet of the Four Families. Thus the monopolistic position of the Four Great Families in the financial circle became much more extensive, and the concentration of wealth was much more rapidly effected than ever before.

- (C) The "Fa Pi" (TN-Chinese National Currency) System is  
 Paramount to a Feudal, Compradore and Military Robbery  
 of the People.

Everyone knows that the CMC Policy was a decisive and important step taken by the Four Great Families in achieving their financial monopoly. The CMC Policy gave the four families a freer hand, or rather enabled them to use more cruel methods of concentrating the wealth of the people into their own hands. Further, this policy enabled them to bring the financial circles more and more under their control. The CHIANG government which issued the CMC<sup>1</sup> is a wicked government which does its best to maintain the feudal social system by which it can suck the life blood of the people, and by which it can establish its own financial system; it is a wicked government which makes demands of the people unceasingly, but which does not give anything at all back to the people; it is a wicked government which stops at nothing in suppressing the liberation of the farmers

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and in preventing the growth of democracy. The issuance of the CNC did not help in liberating the farmers nor in expanding the production of the people (i.e. in expanding the national economy), but, on the contrary, it helped to strangle the national economy by a feudalistic robbery of the production of the people. The issuance of the CNC did not signify an increase in the wealth of the people under the CHIANC regime, nor an improvement in their livelihood, but, on the contrary, it only proved that the poverty of the people had increased and that their **standard of living was** getting from bad to worse. Thus the CNC system is tantamount to a feudal robbery of the people. The nature of the currency issued in the Chinese Liberated Areas by the People's Democratic Government is directly opposite of that of the CNC issued by the Four Great Families of the Kuomintang. The issuance of currency in the liberated areas has as its aim the liberation of the farmers and the increase in the productive capacity of the people. The currency is used in the enterprises that serve the people and increase production. It comes from the people, and it goes back to the people. It is the people's own currency and it helps to make revolutionary changes in the living conditions of the people.

Without the support of the financial magnates of the U.S. and Great Britain, the Four Families would never have been able to put into effect their CNC policy. In 1935 the person who proposed to the CHIANC government that it adopt such a financial policy was Leith Ross, Chief Economic Adviser of the British Government, who had come to China in September of that same year via Japan. At that time some observer stated that "of all the important persons who have come to China during the past ten years, Leith Ross has the greatest mission". On November 3, of the same year, after the conference held by H.H. K'UNG, Minister of Finance of the CHIANC government, with Cadogan, the British Ambassador, and Leith Ross, "The Order for the Amendment of the Currency System" was issued at 11 o'clock that same night. It stated that the paper-notes issued by the Central Bank of China, the Bank of China and the Bank of Communications were to be the "Fa Pi" (FN-CNC) and it also stipulated that "silver belonged to the Government". Since the term "Government" meant the Four Great Families, and therefore, "anti-people", the collecting of the silver by the Government meant really concentrating the money earned by the people with their sweat and blood into the hands of the Four Great Families. On the morning of the 4th (FN-of November 1935), the British Ambassador also issued an order to the British residents in China to obey the "Order for the Amendment of the Currency System" issued by the CHIANC government. In other words, the change in the currency system and the concentration of silver by the CHIANC government were first inspired, decided upon and supported by the foreign banks in China under the leadership of the British capitalists in China who held the absolute power of deciding the fate of China's economy under the CHIANC government. Since the CHIANC government was established on a feudalistic, compradore, military, anti-people, and anti-production economic basis, (that is, established on a parasitic and military system which prevented the expansion of the national economy), it stood alone among the people. Being unable to secure the trust and support of the people, it had to depend on foreign support and decisions for its policies. What, then, was the price the CHIANC Government paid to the British Government for the latter's support of the new policy in connection with the currency system? This was the price paid: The Chinese currency became dependent on the British pound sterling. The CHIANC Government, by fixing the foreign exchange rate at 1 Chinese dollar to 1s. 2½d., linked the national currency with the pound sterling. The fundamental compradore characteristic of the "CNC" is that it has foreign exchange as its unit, and that its credit value is decided by the rate of foreign exchange. Thus, "CNC" system is tantamount to a compradore robbery of the people. The subordination of the Chinese national currency has now become a "legal" fact through the "CNC" policy of the CHIANC Government. Besides depending on the help from Great Britain, the Four Families did not mind paying a high price to secure also the help of American capitalists. Thus, they "legally" had transported to the United States a large quantity of silver which had been accumulated for thousands of years by the Chinese people with their sweat and blood. The following paragraph has been extracted from an official magazine:-

"Under the present new currency system, the Chinese Government must have in reserve a large amount of foreign currency in order to maintain the stability of the foreign exchange rate. The Chinese Government consulted with the U.S. Treasury Department, and the result was that the Chinese Government sold to the U.S. Government 50,000,000 oz. of silver at the current price of 65¢ per oz. By this method the Chinese Government obtained a large amount of foreign currency. T.V. SOONG, in his report to the Bank of

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China, stated that a definite agreement was reached between the United States and the Chinese Government and that the U.S. Government would buy a large quantity of silver from the Central Bank of China. Thus, within half a month, the total amount of silver transported to the United States was valued at \$64,000,000.-. This was the result of the conference held by the Chinese Government, the Chinese bankers and the U.S. Treasury Department."

The Four Families robbed the people and paid "tribute" to foreign nations. This "tribute" was paid in order to protect the credit value of their important instrument of robbery, the "CNC". The British Imperialists originally had the most advantageous position in China, but gradually the capitalists of the United States caught up with them. Thus the "CNC" soon came to be as dependent on the U.S. dollar as on the pound sterling. During the Sino-Japanese War, the U.S. dollar gradually assumed a monopolistic grip over the "CNC". At present the "CNC" is completely dependent on the U.S. dollar. Consequently, the Four Families are now entirely subject to the U.S. capitalists.

Since the credit value of the "CNC" was not based on the expansion of production of the people (i.e. the development of the national economy) and since the paper notes are of a feudalistic, compradore and "robber baron" nature, in order to circulate them among the people and to crush other small financial groups, the Four Families had to depend upon the oppressive fascist, dictatorial might of CHIANG Kai-shek. As we already know, without this oppressive fascist and military might of CHIANG Kai-shek, the Four Families would never have attained their present status in financial circles. Likewise, if it were not for the oppressive, fascist and military might of CHIANG Kai-shek, the "CNC" would have become so many worthless scraps of paper. Wherever the military might of CHIANG Kai-shek could reach, there the value of the "CNC" could also be maintained, but where the military might of CHIANG Kai-shek could not reach, there the "CNC" had absolutely no value. Thus, the "CNC" policy of the CHIANG Government is inseparably bound up with the fascist military might of CHIANG Kai-shek. The success of this policy can only be guaranteed by CHIANG's military might. Moreover, the "CNC" policy has further increased the military might of the Four Families. Their desire to drain the life-blood of the people. Therefore, the CNC system of the CHIANG government, besides being tantamount to a feudal and compradore robbery of the people, is also a robbery of the people through military force.

## (D) Financial, Military Dictatorship, Feudal Robbery and New

## Developments in Compradore Practices

During the anti-Japanese war of aggression, the Four Great Banks became an even more powerful instrument of financial rule for the Four Great Families. The latter exploited the patriotism of the people in the anti-Japanese war only to make themselves richer. They relied on military suppression to strengthen their financial power and to increase the circulation among the people of "CNC", which is based on a feudalistic, compradore, and military system. The Combined Head Office of the Four Banks has been the all-powerful financial organization of the CHIANG government. CHIANG Chung-cheng (TN-another name of CHIANG Kai-shek), H.H. K'UNG, T.V. SOO and later CH'EN Kuo-fu have been undisputed heads of this organization, CHIANG Chung-cheng being the Chairman of the Combined Head Office. "The chairman controls all affairs". "The Ministry of Finance has conferred upon the Chairman of the Board of Directors of the Combined Head Office of the Four Banks the power to take, in case of emergency, whatever step he might consider necessary in connection with the affairs of the Central Bank of China, the Bank of China, the Bank of Communications and the Farmers' Bank of China, even to the extent of managing the affairs of the Four Banks". What was meant by "specially appointed by the Kuomintang government" and by "power conferred by the Ministry of Finance" was simply that the Four Families, with CHIANG Kai-shek as their head, had appointed themselves and conferred power upon themselves. With them there was no difference between official appointment and personal appointment. Thus CHIANG Kai-shek, besides being openly a political and military dictator, also became the dictator of finance. This open dictatorship in finance, which is dependent upon the military dictatorship, on the one hand, gave the Four Families more opportunities for a "legal" feudalistic robbery with their "CNC" manipulations and, on the other hand, created more opportunities for them to develop their relations with the foreign capitalists in order to attain their goal of a "legal" compradore monopoly. On 1 July, 1942 the Central

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Bank of China obtained the sole right to issue bank notes and to control the reserve funds of all the banks. Each of the other three banks increased its total to 60,000,000, while the Central Trust of China increased its capital to 50,000,000. Thus the Four Families advanced one more step towards their complete monopoly in finance. One State Councillor has stated that "The Central Bank of China enjoys all kinds of special privileges, and as it has in deposit the reserve funds of all the other banks, the proportions of its capital can be equaled by no other bank in China". However, though the Central Bank of China occupied such a monopolistic position, it never stopped "competing for business" with the other banks. "The nature of the business transactions of the Central Bank of China is no different from that of the other ordinary banks". "The ordinary banks do not have the least possible chance in their competition against such a powerful bank as the Central Bank of China". (See reference #10).

During the anti-Japanese war the speed of the transition from the monopoly of the financial system to the monopoly of wealth by the Four Families was very fast. Naturally, the correct figures are difficult to ascertain because the four families are past masters in keeping the figures of their "illegal wealth" a deep secret. All we can do here is to deduce certain conclusions from the figures published by the Four Great Banks. For example, during the anti-Japanese war, of all the banks in China, the Central Bank of China, the Bank of China, the Bank of Communications and the Farmers' Bank of China showed the greatest increase in the amount of deposits. In 4 years their deposits had increased 6 times; further, the actual amount of deposits was very great, comprising on an average of about 80% to 90% per year of all the deposits of all the banks in China (See Reference #11). Comparing this with the 59% in 1936 (as given earlier in this book), we can see that there was a tremendous increase.

As another example, let us examine the following report given in the "Central Bank of China Monthly" on the war-time savings deposited in the Four Banks and Two Bureaus. The Two Bureaus are the Central Trust of China and the Chinese Postal Remittance and Savings Bank:-

The percentage of foreign currency and gold deposited in the Four Banks and Two Bureaus during the anti-Japanese war were:-

1940	1%
1941	5%
1942	16%
1943	26%
1944	32%
1945 (June)	75%
1945 (July)	74%

(See Reference #12)

From the above figures, we can see how the gold and foreign currency, which were considered comparatively safe and dependable during war-time, were year by year being rapidly concentrated into the hands of the Four Families.

The most important method used by the Four Families in their accumulation of wealth at the expense of the people during the war, as everybody knows, was the issuance of the "CNC" in astronomical figures. According to a report given by YU Hung-shun (俞鴻鈞), the new Minister of Finance of the CHIANG regime, at the meeting of the Political Council on 25 March 1946. "The Government issued during 8 years of war, CNC \$10,319,000,000,000". (See Reference #13). Naturally, the true and secret figure would be greater than this amount.

The Four Feudal Compradore families were upstarts, although even before the Anti-Japanese war, they were the richest in China. However, since the beginning of the Anti-Japanese war, they have taken every advantage of the country's misfortunes to make themselves richer, and thus have become unbelievably wealthy. They used an infinite number of ways to acquire their wealth, and the "CNC" method, which has been "approved" by the foreign capitalists, was only one of their many "legal" methods. This worthless "CNC", which caused the collapse of the national economy and the destruction of the productive power of the people, was forced by the Four Feudal Families upon the people governed by the CHIANG Government so that the property and wealth of the people could be taken away from them. (This includes people of all classes, but mainly the farmers). (Some one has said that "the Government" (meaning the CHIANG Government) "just took a piece of paper and like magic, transformed it into the money of the common people".) The Four Families benefited from the inflation of the currency by intensifying their speculating activities, while the common people under the Chiang regime were forced to accept the worthless CNC for their products and other valuables. As long as the issuance of such feudalistic CNC is unlimited, there can be no end to such robbery. Under the unlimited issuance of the CNC and because of the speculation caused by the inflation of

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the currency, the Four Families have become richer and richer, while the struggle for existence of the common people has become increasingly more desperate, and bankruptcies have occurred everywhere.

The U.S. and the British capitalists continued to support the "CNC" system, which was stripping the people, to maintain its credit value. During the first and middle periods of the Anti-Japanese War, the U.S. and the British imperialists adopted a "hands off" policy and merely observed the progress of the war. They allowed the Japanese to invade China, and even supplied Japan with war materials. Such an attitude was the direct opposite of that adopted by Soviet Russia which was righteously helping China. It also differed from that of the common people of the U.S. and Great Britain who, as a whole, wished to help China fight the war. As the credit value of the "CNC" was based on its foreign exchange rate, it became completely dependent on the British and American financial powers; thus the British and American capitalists were quite willing to maintain the credit value of the CNC because such support was quite advantageous to both the Four Compradore Families and themselves. From the beginning of the Anti-Japanese War until February of 1942, the British Government had loaned a total of 118,500,000 pounds sterling to the CHIANG government. Of this sum, 88,000,000 pounds (over 74% of the total loan) were designated to be used for "the readjustment of the Chinese domestic bonds", "the maintenance of a stable rate of foreign exchange for the CNC", "a reserve fund to balance the CNC", "the stabilization of foreign exchange rate", and "the strengthening of the national finances". During this same period the U.S. Government gave a total loan of U.S. \$747,800,000 to the CHIANG Government; of this sum, U.S. \$625,000,000 (about 85% of the total loan) was designated to be used to "back up Chinese remittances in foreign countries", "the readjustment of the Chinese Currency", "the stabilization of the foreign exchange rate", and "the strengthening of the national finances". (We must note that the United States began transporting munitions to China on a large scale only after the Japanese surrender - in other words, the munitions were sent to help Chiang conduct the civil war). The above use of the loans showed clearly the real purpose of the British and American loans - to drain the life-blood of the Chinese people by helping the four compradore families maintain their control over China's finances. Thus the British and American governments had to support the private currency "CNC" of the Four Families. Besides the above mentioned loans of a financial nature, there were British and U.S. loans, all which had a life-saving effect on the CNC. As stated in an official magazine, "the various kinds of loans, no matter whether they were currency loans or loans to be used as reserve funds for the stabilization of foreign exchange, or barter loans, or loans of commercial goods, or loans of building materials, etc., they all, either directly or indirectly, assisted in the maintenance and the stabilization of the CNC". (See Ref. #14). Thus, the loans from Great Britain and the United States had the effect of giving foreign aid to the Four Families so as to cripple Chinese national production and to issue an unlimited amount of CNC which was killing the Chinese people. The reason for the four compradore families coming to depend more on the United States than on Great Britain is that the amount of money borrowed from the United States was much larger than that borrowed from Great Britain.

Before the Anti-Japanese War, the amount of domestic debts of the CHIANG Government was greater than that of the foreign debts, but since the carrying out of the "CNC" policy which won for the CHIANG Government the support of the U.S. and British capitalists, the issuance of the CNC (free issuance) gradually became an important factor in China's financial system. At the same time the foreign debts also became an important factor. Thus, during the anti-Japanese war, the amount of foreign debts became far greater than that of domestic debts. For example, up to 1944 the domestic debts of the Chiang government amounted to CNC \$22,306,000,000 (see Reference #15) whereas up to 1942 the foreign debts of the Chiang government, according to the rate of exchange at that time, amounted to CNC \$43,800,000,000 (see Reference #16). This excess of the foreign debts over the domestic debts proved an intensification in the compradore nature of the CHIANG Government. These foreign loans protected and fostered the unlimited issuance of the CNC by the Chiang government and the foreign remittances obtained from these foreign loans further increased the wealth of the Four Families. Thus, the Four Families gave to the Chinese people another chain of bondage in the form of the foreign debts, and, because of these

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foreign debts, the "CNC" chain that bound the people became increasingly tighter. Meanwhile, the Four Families were reaping all the profits. Taking another point of view, in certain cases the foreign debts became the domestic debts; for example, the 2 kinds of domestic bonds (the Allied Victory U.S. Dollars Government bonds and the Allied Victory Government Bonds) issued by the Chiang government in 1942 were guaranteed by the U.S. government loan of U.S. \$500,000,000 and by the British loan of 50,000,000 pounds sterling. Thus, because of these bonds, the Chinese people incurred foreign debts as well as domestic debts, while the Four Families became enriched by both the foreign and domestic debts. That was not all. All the domestic bonds of the CHIANG government also became the reserve fund guaranteeing the issuance of bank notes. "Most of the government bonds were handed over to the Four Banks by the Government, and the Four Banks then advanced money to the Government". "Since the money advanced to the Government by the Four Banks was not drawn from the various deposits in the banks, nor from their capital nor from the government bonds' fund, the money must have come from the issuance of more bank notes for the Four Banks could use the government bonds as the reserve fund to back up the increase in the number of bank notes issued. Thus, if the Government used the above method of floating the government bonds, the more floated the bonds the greater would be the amount of money advanced to the Government by the Four Banks, and consequently the greater would be the increase in the number of the bank notes issued". "The floating of the government bonds is in name only; actually it is inflation of the currency" (See Reference #17). Thus the people, having borrowed the "domestic debts" from the Four Families, had to pay back these debts through taxation. At the same time, because of these domestic debts the oppression of the CNC system on the people became heavier. Meanwhile the Four Families, without spending any of their own capital, reaped the interest of the bonds from the sweat and blood of the people. Furthermore, they obtained a "foundation", in the shape of the "CNC" system, which enabled them to levy on the wealth of the people on a much larger scale.

The economic foundations for the establishment of this feudal, compradore, and military absolutism in finance and of this monopoly of the Chinese economy by the Four Great Families were a result of the super-economic, fascist, open robbery and the direct assistance given the Four Families by foreign capitalists. The CNC, through the oppressive military and political power of the Four Feudal and Compradore Families, became an important factor in the robbery of the people and in the creation of a financial monopoly. The transformation of the foreign loans into CNC, the transformation in turn of the CNC into the domestic bonds, the retransformation of the domestic bonds into CNC, etc. - this complicated cycle continues endlessly. While, on the one hand, the people were suffering, the Four Banks and the Two Bureaus of the Four Families created, on the other hand, a one-sided situation in the financial field in which the Four Families had absolute advantage. The four families exploited the war-time sufferings and hardships of the people to increase their wealth further. But this also created a wider and more acute division between the people and the Four Families; that is to say, the chasm between the various classes and the Four Families became progressively wider. Thus the four families became more isolated than ever. At the same time, the runaway inflation of the CNC of the Four Families caused and aggravated the economic crisis in the country, thus further hastening the final collapse of the economic structure of the Four Families.

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## (E) Robbing the People of the "Fruits of Victory"

After the Japanese surrender, the Four Great Families took advantage of the help rendered by the American reactionaries and relied on their military forces, which were equipped with foreign arms but which had always run before the Japanese armies, to rob the people of the "fruits of victory" by means of civil war. After the Four banks and the Two Bureaus had "taken over" the various enemy and puppet financial organs and had confiscated the money, property, etc. which the enemy and the Puppet government had stolen from the Chinese people, the control of the Four Families over the finances of China became even more one-sided. For example, the regulations issued by the CHIANG government governing the "take over" of the Japanese financial organs in Nanking and

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Shanghai were as follows:-

- "(1) The Bank of Korea is to be taken over by the Central Bank of China;
- (2) The Yokohama Specie Bank and the **TEI HWA** Bank (德華銀行) are to be taken over by the Bank of China;
- (3) The Bank of Formosa (台灣銀行) is to be taken over by the Farmers' Bank of China;
- (4) The **SHANTOLO** Bank (住友銀行), the Shanghai Banking Corporation and the Shanghai Branch of the Hankow Banking Corporation are to be taken over by the Bank of Communications;
- (5) The **MITSUBISHI** Bank, the Imperial Bank (帝國銀行) and their subsidiary organizations are to be taken over by the Central Trust of China."

As to the financial organs of the Puppet Government, the **CHIANG** Government issued the following regulations:

- "(1) The puppet Central Reserve Bank of China (偽中央儲備銀行), the puppet **HUA HSING** Bank (偽華興銀行), the Shanghai branch of the puppet Bank of Manchuria (偽滿洲國銀行上海支店) and the puppet Provincial, Municipal and Local Banks (偽省市地方銀行) are to be taken over by the Central Bank of China;
- (2) The puppet Central Trust Co. (偽中央信託公司), the puppet Central Insurance Co. (偽中央保險公司), the puppet Central Savings Society (偽中央儲蓄會), etc., are to be taken over by the Central Trust of China;
- (3) The puppet Postal Remittance & Savings Bank (偽郵政儲蓄匯業局), the puppet sino-Japanese Industrial Bank (偽中日實業) and the puppet **CHANG CHIANG** Industrial Bank (偽中江實業銀行) are to be taken over by the Postal Remittance & Savings Bank."

(See Reference #18)

Such were the conditions in Nanking and Shanghai. It goes without saying that all the financial organs were taken over by the Four Banks and the two Bureaus wherever the military forces of **CHIANG** could reach. All the wealth and property that had been taken away from the people by the most ruthless, compulsive methods of the Japanese and the Puppet government, and especially by the compulsive circulation of the Japanese and puppet paper currencies, were once more taken away ruthlessly from the people by the Four Families. In robbing the people, the Four Families were not the least bit different from the Japanese or the Puppet officials, and those things stolen by the Japanese and the Puppet officials have by now all become the private property of the Four Families. Thus the robberies committed by the Japanese in China only further enriched the Four Families, vastly strengthening their feudal, compradore and military absolutism in finance. No wonder the Four Families should thank the Japanese, and **CHIANG Kai-shek** should issue the order to "love your enemy". But while **CHIANG** and his colleagues talked about loving the enemy (the Japanese), the people in the areas under the control of the Kuomintang and under the oppression of their financial absolutism were daily becoming more and more wretched and destitute.

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(F) Hastening Final Ruin

The Four Families' hunger for wealth increased more and more after they had tasted the "fruits of victory". According to the Statistics of the Central Bank of China as of 30 June, 1946, since the "tyrrhic victory", the number of the various provincial and municipal financial organs under the **C** regime has increased to 4,634. Among this number there<sup>were</sup> in all, 3,489 banks (including the head offices of the banks), of which 2,416 banks were "government-owned". Thus the number of "government-owned" banks was over 2/3 of all the banks in China. Without doubt, these so-called "government-owned" banks were all either under the direct or, at least, the indirect control of the Four Great Families. In other words, the net of financial absolutism of the Four Families became tighter than ever, and by tighter than ever we mean that the Four Families have become

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more bloated than ever with wealth, and that they are nearing their demise.

Since the "pyrrhic victory", the robbery of the people by the Four Families with their "CNC" system has become more ruthless and more intensified. As everyone knows, the fixing of the exchange rate at 200 to 1 between the Central Reserve Bank notes (of the puppet Government) and the CNC was equivalent to a great plundering of the people in the "recaptured areas". Also the amount of CNC in circulation and its inflation were far greater than during the war. The financial conditions of this year (1946) can be seen from the report made by YU HUNG-CHUN (俞鴻鈞), Minister of Finance of the CHANG regime; at the Fourth Financial Conference held in Nanking during the early part of June (1946). "From January until May the Government has already spent the sum of CNC \$1,500,000,000,000 out of the total current year's budget of CNC \$2,500,000,000,000. During the same period, the income derived from taxes was only CNC \$250,000,000 which came to about 1/6000 of the amount already spent. This large deficit was balanced with the issuance of more bank-notes". From this report we can see that the average deficit for each month of the first five months of this year (1946) was approximately CNC \$299,550,000,000 and that all this was balanced with the issuance of more bank-notes. The above figures further reveal that the Chiang government had already spent in the first five months of the year 3/5 of the total budget of the year. Owing to the large-scale civil war caused by the CHANG regime, the military expenditures increased by leaps and bounds. Thus, by June 4/5 of the total budget of the year was already spent, i.e. the amount of expenditures paid out in June reaching CNC \$500,000,000,000. By the end of July, the budget was said to have been all used up. Some persons have estimated that "the expenditures of each month following July will reach the sum of CNC \$1,000,000,000,000, but it is still hard to foretell what the future will bring". (See Reference #19). The more the CHANG government spent, the greater would be the inflation of the CNC. CHANG Kai-shek and the Propaganda Minister of the CHANG government (in fact we should call the latter the "Minister of Lies") stated that there was no increase in the issuance of "CNC" during the month of July; really, however, they were merely trying to cover up the real facts, because the issuance of "CNC" increased more rapidly than ever. In the discussion so far we have considered only the financial expenditures, but the issuance of "CNC" was not confined only to such expenditures. The Four Great Families had many other ways of finding excuses for issuing more "CNC".

As has already been stated, the financial system of the Four Great Families became Americanized during the war, but it has become even more so since the "pyrrhic victory". That is to say, the Four Families have become principally compradors of the Americans. After the Second World War, the American imperialists, in their desire to establish an imperialistic control over the whole world, took over where Hitler and the Japanese militarists had failed. They wished to transform China into a monopolistic colony of their own and thus, besides endeavoring to obtain a direct military control over China, the American imperialists also gave help to the Four Great Comprador Families in military, political, financial and economic matters in the latter's war against the Chinese people, in order that, through the hands of the Four Great Families, they might be able to realize their imperialistic designs. Considering, for example, the loans since the start of the anti-Japanese war to the time of the writing of this book, the American government has given to the CHANG regime fourteen loans amounting to US \$1,314,500,000. (This includes all those war-time financial loans which have already been described in the fourth section of this chapter). By various methods of transferring the accounts, the deposits of the CHANG regime in the United States still amounted to U.S. \$700,000,000. According to an Associated Press dispatch on 21 July 1946, in addition to these loans, the United States Government had turned over to China since 1942 over U.S. \$1,500,000,000 worth of war equipment, war supplies, etc., under "Lend-lease", of which about 3/5 was delivered to China after the Japanese surrender. On 1 September 1946 the United States Government and the CHANG regime officially issued a joint statement stating that the United States Government had agreed to sell to China surplus goods and equipment valued at U.S. \$825,000,000. The majority of these loans were investments of the American imperialists in the civil war of China. At the same time, no matter of what nature the loans were, they all served the purpose of either strengthening the military forces of the CHANG Government in its fight against the people or, as has already been pointed out in Section 4 of this chapter, of protecting the "CNC" and the financial system by means of which the Four Families were robbing the people. Further, these two factors (the Chiang's military might and CHANG's financial system) are closely linked together. The civil war was brought about by the CHANG regime in order to protect the interests of American imperialism (which was tantamount to destroying

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democracy in China and to transforming China into another Philippine Islands) and also to protect the feudal, comprador financial system of the Four Families by means of which the latter were robbing the people. Thus, the interests of American imperialism and the feudal, comprador financial system of the Four Families were the two motivating forces for the civil war activities of the Four Families. The American investments in the civil war of China gave the Four Families another opportunity for gaining immense wealth, and also caused them to increase the burden of foreign debts to be borne by the people. But such American investments in the Chinese civil war also fed and intensified the flames of civil war which is daily destroying the economic structure of the CHANG regime and also hastening the inflation of the "CNC" of the Four Families to a hopeless condition.

The inflation of the "CNC" of the Four Families is in direct proportion to the extent of the robbery of the people in the areas under CHANG Kai-shek's control. In other words, the financial system of the Four Families is itself accelerating the speed of its own final ruin. This is an inevitable historical consequence. The financial system of the Four Families and the inflation of the "CNC" are creating confusion in, and hastening the bankruptcy of, the agricultural, industrial and legitimate commercial enterprises in areas under CHANG Kai-shek's control, thus pushing them against the wall; that is to say, the financial system is on the brink of ruin. And the final ruin of the financial system of the Four Families will cause a total collapse of the whole social economy of areas under the control of CHANG Kai-shek. This is the inevitable end.

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### (G) Countless Treacheries

What we have stated up to now concerned principally the unbridled, monopolistic position that the Four Great Families have held in financial circles under the pretense of "officialism". But besides this, the Four Families also controlled various "private" financial organizations. For example, during the war there was the Shansi YU HUA Bank (山西華華銀行) of H.H. K'UNG, the Chinese Industrial and Mining Bank (中國工業銀行) of CH'EN Kuo-fu, etc. The Four Banks and the Two Bureaus were the "Big Family Treasuries" of the Four Families, but each family also had its own independent "Small Family Treasury" to run its own independent family business. Further, each of the families used all sorts of methods to transfer the wealth from the "Big Family Treasuries" to its own "Small Family Treasury"; thus fierce competition has existed among them. The activities of the Four Families in the private monopolization of finance under the cover of their official positions, and the various treacherous and ruthless methods adopted by them are, indeed, countless. They had to go to extremes to keep such activities a dark secret, and they often made their relatives (sworn subordinates) or other pseudo-representatives to carry out their activities for them and run their "private" businesses. CHANG's clique was the most secretive in its activities. But no matter how much they may try to guard their secrets, the people would always manage to find them out. As the saying goes, "If you do not want others to find out what you are doing, don't do it". Everybody knows that in all the shady financial dealings in the areas under the control of the CHANG regime the Four Great Families were the leading protagonists. The following examples will prove this.

an example in connection with government bonds:-

In 1936, the CHANG government prepared to issue new bonds called "United Government Bonds" in exchange for all the old government bonds, and to refix the rate of interest. At this time, the K'UNG family sent its agents out to spread the rumor that the Government was in financial straits, and that the reason for having the old government bonds exchanged was to stop payment of the interest on them. The people believed this rumor, and the speculators in government bonds all dumped their bonds on the market for sale, causing the price of the bonds to drop tremendously and creating an unparalleled financial crisis. The K'UNG family took advantage of this and secretly ordered its agents to buy up with money taken from the Central Bank of China all the bonds being dumped on the market. By buying and selling, the K'UNG family made CHC\$30,000,000 but many people who speculated in government bonds became bankrupt, and some even committed suicide. A more recent example is the "collapse" of the Shanghai government bonds market in June of this year. The SOONG family played the leading role in this situation. After the Japanese surrender, the rumor was spread wilfully and purposely that the pre-war "United Government Bonds" would be redeemable at "a high interest rate plus the original capital".

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This rumor was spread in a masterful manner, and the SOONG family, which was then heading the government, <sup>never</sup> denied nor confirmed it. At first, the price of the C class "United Government Bonds" increased from its par value of \$100 to over \$300. By April, it reached the maximum price of CNY8,400 which exceeded its par value by more than 80 times. Until the early part of June, the news of the "return of capital with high interest" was still prevailing, and those speculators who claimed to have close connections with the authorities put a large number of their bonds on the market to be sold at CNY6,000 per share. But, in the end, the dream of the "return of capital with high interest" was shattered. T.V. SOONG finally made the following statement: "The pre-war government bonds are redeemable at their par value". The price of government bonds dropped sharply, resulting in the bankruptcy of those who had bought the government bonds. Over ten investment and bond companies closed down, while some banks (notably the T.Y. Bank / 大業銀行/) also suffered the same fate. A few money exchange shops transferred their business to the Yangtze Interprising Co. (揚子建築公司) of the K'UNG family. According to the estimates in the banking circle, the loss incurred by the various banks and exchange shops through this government bond crisis amounted to CNY150,000,000,000. Who made the immense profits from this treacherous speculation in government bonds? Every one knows.

Let us now consider an example concerning the buying of foreign exchange. In July 1940, MA Yin-ch'u (馬寅初) wrote in an article that "there are some high-ranking officials who, taking advantage of the national crisis, are exerting their political influence and are associating with one or more banks to expand their own businesses or to buy foreign remittances. In business they use "controlled trading" as a means of enriching themselves. Thus the so-called "control" is only a kind of control whereby no distinction is made between public and private interests. And as for the buying of a large amount of foreign exchange by these high-ranking officials, this fact is well known among the Chinese people as well as among the foreigners." Here Mr. MA further proved his point by referring to a statement made by a foreign reporter to the effect that "there seems to be some speculators in China who have a special facility for obtaining CNY. These speculators could possibly be directly controlled by the Chungking Government" (See Reference #20). As to whom the reporter was referring it is of course clear to everybody. There are to be sure many other evidences to prove the facts. The following are only a few of them:-

Exhibit #1 - Dispatch from Hongkong in the Shanghai Tai Mei Weekly (上海大美週刊) of 6 August 1939 -

"Last week, before the Committee for the Stabilization of the Currency stopped supporting the CNY, the wife of a certain government ministry head of the Chungking government telegraphed a certain foreign broker empowering him to buy \$40,000 in foreign exchange" (See Reference #21). Who is that "important government ministry head?" There is almost no need to say that he is H.H. K'UNG, and that his wife is none other than SOONG ai-ling (宋美齡), who is referred to by the Chinese people as the "money bag of the Chinese people".

Exhibit #2 - 26 May 1946 edition of a Shanghai newspaper -

"Almost all the foreign exchange is concentrated in the Bank of China which makes a daily profit of about CNY 200,000,000,000 from fees charged for the selling of foreign exchange. Of the foreign exchange sold, there are more promissory drafts than cash drafts. In buying promissory drafts, ordinarily a buyer has to make deposit payment of 50% or 30%, but if the buyer has some special connections, then he need not make the deposit payment in buying the promissory drafts of foreign exchange". (See Reference #22). By "special connections" of course is meant the special connections of the Four Great Families.

Exhibit #3 - 29 May, 1946 edition of a Hongkong newspaper -

"The Chairman of the Board of Directors of the Chinese Rural Education Motion Pictures Company (中國鄉村教育電影公司) is also CH'EN Li'ch'u. Just before the removal of restrictions on foreign exchange in March of 1946, he bought American remittances totaling \$1,190,000 at the official exchange rate of CNY20 to US\$1, and thus made a great deal of money. (See Reference #23). This self-styled "moralist" has innumerable ways of becoming wealthy, the above mentioned way being but one of them, and an insignificant one at that!

MA Yin-ch'u severely criticized the "members of the Kuomintang" (meaning, of course, the Four Great Families) on their taking advantage of their monopoly in foreign exchange to buy foreign remittances at the rate of CNY20 for one U.S. dollar, while the common people had to pay CNY4,000 or CNY5,000 for one U.S. dollar. He

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declared that "such a way of making money does not demonstrate ability; only beasts like pigs and dogs use such methods!" (See Reference #24). However, among the methods used by the Four Families to enrich themselves, are there any which could be considered "nobler" or "kinder" than the above:

Let us take another example to prove our point. Let us discuss the dealings in gold bars. One writer once wrote the following:- "As a result of the "gold bar policy" it is not known how many parvenus were created by the sudden circulation of rumours. Of these parvenus, only those who were in a position to create the rumours were sure of becoming wealthy. Let us observe what happened from the start of the war to the end of the war and up to the present. The government first announced that all gold bars were to be government-owned; then it reversed its decision and annulled the order and restored free transactions in gold bars. On one occasion it would advocate free transactions in gold bars. Then suddenly it would fix an official rate and buy gold. After V-J Day, the buying and selling of gold no longer were uncontrolled, but the prices were officially fixed by the government. Later the official rate of gold bars was cancelled and free transactions were once again allowed. Before and after each change, rumours spread like wildfire in the market, and 90% of these rumors always proved true later. So it is easily imaginable what kinds of treacheries were played behind the scenes" (See Reference #25). The puppeteers behind the scenes were the Four Families, while the puppets were the people. Since they monopolized the gold market, they could employ any treachery at any time they saw fit to enrich themselves. A mosquito newspaper in Shanghai, writing about the transactions of the Central Bank of China in gold bars between April and May 1946, stated on 29 April "that last week's black market price in the gold market suddenly jumped from CNY1,600,000 per gold bar to over CNY1,900,000. The sudden rise is said to be chiefly the result of the Central Bank of China's changing on that day the official price of the gold bars allotted to the various banks from CNY1,600,000 per gold bar to CNY1,680,000, an increase of CNY80,000". What were the reasons for the change? "If the Central Bank of China sells gold to call in the CNY, will not the gold in the National Treasury be soon completely depleted? The facts are not this simple. Although the Central Bank of China often sells out large quantities of gold, it also just as often buys it back; and thus between the buying and selling, the bank can make profits. "or example, suppose that the bank had bought in the past 866 gold bars at CNY1,600,000 and sold them at the present rate of CNY1,680,000. It would then have made a profit of CNY69,200,000". It must be remembered that this was only one of the numerous tricks employed by the Four Families to enrich themselves by means of gold transactions. One of the outstanding tricks played by the Four Families in finance in order to make themselves wealthier was that of lending money at high interest rates. In order to indulge in such feudalistic robbery, they organized various banking associations and also arranged for the Combined Head Office of the Four Banks to make various kinds of loans. The interest rates of these loans increased day by day. In pre-war days the interest rate per month was less than of the total loan. At present however, the official rate of interest is as high as 5% per month, and at one time even reached a maximum of 7% after the loan had been processed through the various channels. Under the effect of such high official interest rates imposed by the financial monarchy, the monthly interest rate in the market has increased to over 10%. In the history of "interest rates", this is a tour de force of the Four Families.

We shall not cite any more financial treacheries of which the Four Families are guilty.

Generally speaking, the Four Great Families, with CHIANG Kai-Shek as their supreme leader, obtained their present financial status and influence purely through force, robbery, cheating and artful management. Never has such a financial monarchy existed in past feudal society of China. This is a feudal, compradore military absolutism in finance. This is the final, special product of the semi-colonial and semi-feudal modern China. As was stated in Chapter 1, this financial absolutism of the Four Families emerged at a time when the semi-colonial and semi-feudal system of China was dying and new ideas of democracy and liberty were being born among the people, replacing the old. This financial absolutism is the ultimate, unified product of political and economic forces and is "anti-people", blood-sucking and parasitic. The Four Families believe that the ethical standards and the economic and political setup of old China are the best in the world, but at the same time their way of dressing, eating, etc., and the way they act are entirely foreignized. They want everything to be in the "American style". They could afford to lead such a foreign way of life because of their vast wealth which they built up by feudalistic, colonial, fascist and barbarous methods. Though they



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may have the support of the foreign imperialists, they are standing absolutely alone among the people of China and are waging a war against China itself. Though they have the wealth of the whole nation in their hands, their economic position is built upon an extremely weak foundation and is nearing collapse.

In the following chapters we shall continue to explain the activities and the monopolistic system of the financial absolutism of the Four Great Families in commerce, industry, agriculture and cultural pursuits. All these monopolistic activities are linked up with the feudalistic, compradore and military nature of the financial absolutism of the Four Families. At the same time, these activities are all of a weak, rotten, decaying and parasitic nature. They furthermore accentuate the absolute isolation of the Four Families from the people.

Ref. No.1 - "The Tendency of China's Banking" by WANG Tsung-wei (王家塔) from the "SHEN PAO Monthly" (申報月刊), Vol.4, No.5.

Ref. No.2 - "Chinese Banking Circles in 1935" (民國二十四年度中國銀行界) by WU Cheng-hsi (吳承禧) from the "Eastern Magazine" (東方雜誌), 33rd Vol., No.7.

Ref. No.3 - "Recent Developments in China's Financial Situation" (最近之中國金融界) by WANG Tsung-wei (王家塔) from the "SHEN PAO Weekly" (申報週刊), 2nd Vol., 23rd edition.

Ref. No.4 - "The Development of the Central Bank of China and the Future of China's Banking System" (中央銀行之發展與銀行制度之將來) by YIN Shuang (若雙) from the "Eastern Magazine" (東方雜誌), 30th Vol., No.14. Also refer to "The Banking Business in China During the Last Two Years" (最近兩年中國各銀行之業務) by WANG Wei-xin (王維新) from the "Eastern Magazine" (東方雜誌), 32nd Vol., No.15.

Ref. No.5 - "The special Characteristics of the Chinese Banks" (中國銀行之特點) an article from the "Eastern Magazine" (東方雜誌) 30th Vol., No.21.

Ref. No.6 - "Circumspection of China's Financial Problem" (中國金融問題之考察) by YAO Ching-an (姚慶三) from the "Eastern Magazine" (東方雜誌).

Ref. No.7 - "The Development of the Central Bank of China and the Future of the Banking System" (中央銀行之發展與銀行制度之將來) by YIN Shuang (若雙) from the "Eastern Magazine", Vol. 30 No.14.

Ref. No. 8 - "The Crisis in connection with the Chinese Banks and their Immediate Problems" (中國銀行之現狀與其急迫問題) by YIN Iso-tsun (葉作舟) from the "Eastern Magazine", 31st Vol., No.6.

Ref. No. 9 - "The Latest Developments in Banking and their Effects on the Rural Economy" (銀行界最近之業務與農村經濟之影響) by HSU Pao-ho (許望和) from the "Eastern Magazine" (東方雜誌), 31st Vol., No.6.

Ref. No.10 - Decision of the Third General Session of the Third Term of the People's Political Council.

Ref. No.11 - "Information on Finance" (金融智識), 2nd Vol., 2nd issue, page #78.

Ref. No.12 - "Central Bank of China Monthly" (中央銀行月報), 1st Vol., 2nd issue, page #101.

Ref. No.13 - "Criticism of the Financial Situation" (財政評論), 14th Vol., 5th issue, page #86.

Ref. No.14 - For the loans mentioned in this chapter refer to "Criticism of the Financial Situation", 7th Vol., 2nd issue, page #136 to #141.

Ref. No.15 - "Criticism of the Ministry of Finance" (財政部評論), 14th Vol., 5th issue, page #67.

Ref. No. 16 - "Information on Finance" (金融智識), 3rd Vol., 4th issue, page #55.

Ref. No. 17 - "Information on Finance", 3rd Vol., 4th issue, page #46 to #48.

Ref. No. 18 - "Central Bank of China Monthly" (中央銀行月報), 1st Vol., 1st issue, page #2 to #3.

Ref. No. 19 - Refer to "A year of the Chinese Economy" (一年來的中國經濟) by LOU Li-chi (魯希奇), from the "Reconstruction of China" (中國建設), 2nd Vol., 6th issue. Also refer to "Causes and effects of surplus Goods" (剩餘物資之原因與影響) by LUNG Cheng-shih (龍成志) and "The Road to Destruction" (絕路) by CH'IN Pen-li (殷本立).

The last two articles were taken from the "WEN HUI PAO" of 9 September 1946.

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- page 282. Ref. No. 20 - "Collection of War-time Economic Treatises of MA Yin-~~shu~~" (馬寅初)
- ust 1939. Ref. No. 21 - See editorial of "HORN H" Daily" (新華日報) of 21 Aug-
- 日報) of 26 May 1946. Ref. No. 22 - See evening edition of the Shanghai "LIXEN HO Daily" (聯合
- Ref. No. 23 - See the Hongkong "CHUNG PAO" (中報) of 29 May 1946
- Ref. No. 24 - "SHIH TAI Daily" (時代日報) of 18 May 1946.
- Ref. No. 25 - "Purifying the Economic Circles of Mandarin Capital" (經濟上揚黨官僚資本) by CHUNG I-feng (張一風). From the "CHOU KAO" (周報), 36th issue, 11 May 1946.

IV. THE FEUDAL, COMPRADORE AND MILITARY MONOPOLY IN CHINA

(A) Beginning of the Commercial Monopoly

Since the establishment of CHUNG's Fascist military government, the excess of imports over exports has increased by leaps and bounds. Let us take the index of excess of imports in 1911 as 100; in the years before 1928, the index of excess of imports fluctuated, sometimes increasing and sometimes decreasing. The highest it ever reached was in 1921 when it went up to 297.21. But from 1928 to 1932, the rate of increase of the index far exceeded that during the reign of the warlords of North China. In 1928, the index was 199.47, in 1929 it was 243.81, in 1930 it was 404.49, in 1931, it was 510.85 and in 1932 it reached 542.62. (See Reference #1). "In China's international trade, although the amount of imports exceeded the amount of exports enormously each year, the financial structure of China was not only collapsing but also expanding". (See Reference #2). This clearly explains the special characteristic of the financial absolutism of the Four Great Families which is of an intensely commercial compradore nature. In the years following 1932 the index of excess of imports dropped. This drop is explained by the following statement: "The decline in the import trade is a sign of the weakening of the purchasing power of the people; thus the decrease in the excess of imports is not caused by an increase of exports". (See Reference #3). Undoubtedly, this weakening of the purchasing power of the people was caused jointly by the absolute corrupt feudalistic rule of the Four Families and by the invasion of the foreign imperialists. The private commercial activities of the Four Families are the best example of such a feudal, compradore society. The commercial activities of the Four Families prior to the Sino-Japanese war can be seen from the following:

"It is a well known fact that most of the property of H.H. K'UNG, one of the leaders of the Four Families, consists of capital invested in commercial enterprises. His first business venture was a shop in Tientsin called "HONG CHI" (程記) which specialized in buying and selling of cloth, dyes, kerosene, etc. Branch shops were later established in Shanghai, and in all the other big cities of China. Besides these, he also owns seven or eight large shops all of which have names beginning with the character "KUNG" (廣) such as KUANG-MAG BSING (廣茂興) at Lin-an Road in Chungking". (See Reference #4). This was the first step taken by the K'UNG family towards gaining a feudal compradore monopoly in business. The business activities of T.V. SOONG, another head of the Four Families, are on a much larger scale and covers the whole country. He built up a very extensive commercial trust. For example, the China Cotton Industrial Company, organized in 1936 with T.V. SOONG as the chairman of the Board of Directors, had an original capital of CMC\$500,000; in Spring of 1937, the capital was increased to CMC\$2,000,000 CMC, and in May of the same year, it was further increased to CMC\$10,000,000. Such a rapid increase in the capital of the company proved beyond any doubt that it was already monopolizing all business in cotton, yarn and cloth (See Reference #5). (This company did in 1936 about CMC\$13,000,000 worth of business in cotton, sold about CMC\$5,000,000 worth of yarn and cloth, and did about CMC\$3,000,000 worth of business on consignment. Thus the total amount of business done in that year amount to over CMC\$20,000,000, which was a vast amount of money at that time). Then there is the HUI KANG

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Rice Company (華南米業公司) established in April 1937 of which the chairman of the Directors' Board is also T.V. SOONG. This company has a fixed capital of CMC\$10,000,000 and a floating capital of CMC\$20,000,000 and it has the largest monopoly in the importing of foreign rice. Two days before the establishment of this rice company, WU T'ieh-sh'eng (吳鐵城), one of the Directors of the company, cabled the CHIANG Government requesting to be exempted from import tax on foreign rice. (See Reference #6). Thus this monopolistic company further obtained a special, compradore privilege. At that time public feeling ran high against this import exemption and the Commercial Guilds' association even cabled a protest to the Government, but the compradore families were concerned only with their money making, and, under the protection of CHIANG's military dictatorship, they ignored any obstacles in their way. Another company under the control of the SOONG Family is the China Domestic Products Corporation, established in April 1937. (SOONG Tzu-liang / 宋子良 / is one of the Directors). By means of this Corporation it was planned to organize a commercial network covering the whole country and thus monopolize all buying and selling of domestic products, including all products of modern industry and the handicraft industry, and various other domestic products. Of course, in reality, this meant also a monopoly of the foreign goods and the foreign goods disguised as domestic products. According to an article in a newspaper at that time, "since the formation of the China Domestic Products Corporation, branch domestic products companies have already been set up in the following twelve places: Shanghai, Cheng-Chou (鄭州), Changsha (長沙), Wenchou (溫州), Chen-Chiang (陳江), Fuchou (福州), Tsinan (濟南), Hsian (西安), Hsü-chou (徐州), Chungking, Kunming and Canton. It is also planned to set up 17 more branch companies at Nanking, Hankow, Peiping, Tientsin, Chengtu, Kweiyang (貴陽), Wuchow, Swatow, Sha-shih (沙市), K'ai-feng (開封), Yang-ch'ü (陽西), Nan-chang (南昌), Chiuchiang (九江), Wu-hu (蕪湖), Kunming, Hangchow and Yin-Hsien (寧波). The ambition of the SOONG family to monopolize all business in farm products, industrial products, and foreign goods is amply manifested by the above plans. Such extensive commercial enterprises of the SOONG family is directly backed up by their political influence. "The National Economic Reconstruction Association and the Ministry of Enterprises notified all public services agencies that, because the China Domestic Native Products Corporation has been established, all public services agencies are asked to purchase all they need from the said company in order to promote domestic production. When goods are needed, it is only necessary to notify the company and the latter will send a representative to handle the negotiations". (See Reference #7).

As in the financial monopoly, the Four Families in their commercial monopoly are also dependent on their political and military power. The above mentioned directive to the public services agencies is but one bit of evidence.

## (B) The Most Concentrated and Open Commercial Monopoly in history

During the Sino-Japanese war the Four Families advanced one more step in transforming their open financial monopoly into an open commercial monopoly.

It is a well known fact that, since the Sino-Japanese war, the commercial speculations of the banks have become more intensified. As for example, according to a report by K'ANG Yung-jen (康永仁):

"At the end of 1939 more than 89% of the total loans of the 15 banks in Chungking were commercial loans, and only 11% of the total was loaned to the mining, manufacturing and farming industries. At the end of 1940 over 96% of the total loans of the 26 banks in Chungking were commercial loans, while only 3% of the loans went into mining, manufacturing and farming. At the end of 1941, 89% of the loans from 36 banks in Chungking were commercial loans and only 7% went into the mining and manufacturing industries. In the latter part of March 1942, 80% of the loans from 60 banks in Chungking were commercial loans while only 12% were industrial loans for such industries as mining and communications". The leaders of these commercial speculations were the Four Great Families and their dependent Four Banks and Two Bureaus. As can be seen from the following: "Most of the loans given by the Joint Committee of the Four Banks were loans

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granted with commodities as mortgage, and, according to reliable information, the total amount of special loans approved by the Joint Committee of the Four Banks for the period of September 1937 to December 1939 was \$530,000,000, of which only \$20,000,000 went into the mining and manufacturing industries - which is equivalent to only 5.6% of the total. During 1940, the total amount of loans approved was \$560,000,000, and only \$109,000,000 - about 19.33% - went into the mining and manufacturing industries. In 1941, though the total amount of industrial loans increased to \$210,000,000, their percentage in respect to the total amount of loans had dropped down to 13.91%. In the first half of 1942, though the percentage of the industrial loans of the national banks increased to 38.65%, they still only amounted to \$344,000,000. The total loans made by the Joint Committee of the Four Banks during the five years amounted to \$3,539,000,000 of which only \$699,000,000 went into mining and manufacturing industries - an equivalent of only 19.76%. From the above facts we can gather a general idea of the war-time business tendencies of the national banks". (See Reference #8). In other words, the principal business activities of the "national" banks of the Four Families during the war consisted of commercial speculation. Since the "official" banks of the Four Families indulged in these practices, the "private" banks of the four families naturally did the same. Let us take for instance the famous FU HUA Bank (福華銀行) in Shansi belonging to H.H. K'UNG. An investigation of the loans given by this bank and the Bank of Chungking in December 1940 showed that 87.58% of the loans were commercial loans. (See Reference #9). With these commercial loans there are infinite ways of dealing in treacherous commercial speculations. The four families, with their background of financial monopoly, with their political and military influence and with their widespread special intelligence service, have obtained a monopolistic position in commercial speculations.

During the Sino-Japanese war there were two types of organizations of <sup>the</sup> commercial monopoly of the Four Families, one "official" and the other "private". The "official" organizations were as follows: The first was the well known Trading Commission and the three large companies under its control. In September 1937, under CHIANG's Military Council, three so-called "re-adjustment" commissions were established. One of them was the "Trade Re-adjustment Commission", and a fund of \$20,000,000 was set aside by the National Treasury for this commission. This was an open step to put the trade of the whole country under the direct control of CHIANG's Military Council. Thus the military nature of the commercial monopoly activities of the Four Families has become more and more manifest. In February 1938, the Trade Re-adjustment Commission was transferred to the Ministry of Finance and renamed simply the Trading Commission. Under it were three companies: The FU HSING Company (復興公司), The FU HUA Company (富華公司) and The China National Tea Corporation. All important exports such as silk, tea, wood-oil, and bristle were controlled by the above commission. (Other important export items such as tungsten, antimony, tin and mercury were under the control of the National Resources Commission). H.H. K'UNG was the chairman of the Board of Directors of both the FU HSING and the FU HUA Companies. (The latter was merged with the former Company in 1942). The third company, the China National Tea Corporation, was controlled by the Chen Family. The CHIANG Government has set up very rigid regulations to facilitate their commercial monopolies; for instance, regarding wood-oil, a regulation read: "In all areas where the FU HSING Company has branch collecting offices, no individual nor other organization is permitted to collect or transport wood-oil". Concerning bristle, the regulation was as follows: "All details of the collecting and transporting of bristle shall be controlled by the Central Trust of China". After the out-break of the Pacific War when exporting became difficult, the commercial interest of the Four Families shifted to the domestic trade. Thus their monopolistic activities entered into keen competition with the people. Besides the monopolies mentioned above, there were other large-scale "official" commercial monopolies of the K'UNG family. Let us take for instance the FU HSING (農務局) Company which is under the control of the Agricultural Affairs Bureau (農務局). This Company monopolized all buying and selling of cotton, yarn and cotton cloth. Later, this commercial monopoly came openly under the "control" of the political monopoly. In February 1942 the Bureau of Resources was established. The Agricultural Affairs Bureau then bought all the cotton yarn at the fixed price set up by the Bureau of Resources, the textile mills having first been prohibited from selling their products freely. Meanwhile, the textile mills and other organizations were not permitted to purchase their cotton themselves, this right having been reserved for the Bureau of Resources which bought its cotton at fixed prices. In January 1943, the Bureau of Resources was dissolved and the Agricultural Affairs Bureau and the FU HSING Company were both re-organized to form the Textile Control Bureau with branch offices all over the country. Thus the CHIANG

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and K'UNG families advanced another step in their commercial monopoly of the textile industry.

The government monopoly system developed from the official commercial monopoly system of the Four Families. Actually, the monopoly in the selling and buying of various products by the three companies and the FU SHING Company mentioned above was already a form of government monopoly. In April 1941 the First Plenary Session called by the Kuomintang passed the resolution for establishing a government monopoly system. This ensured the survival of the commercial monopolies of the Four Families and opened new fields for their monopolistic activities. In 1942, salt, sugar, tobacco and matches became, successively, government monopolies. The monopoly regulations guiding the various monopolies were as follows: "Without the approval of the Government and without registering with the monopoly office, no factory is permitted to begin or cease manufacturing". "Locations of factories, amount of production, quality, standard, and packing shall be regulated by the monopoly office". "Manufacturing and importing of machinery and raw materials necessary for the manufacture of monopolized goods require the permission of the Government". "The monopoly office is authorized to inspect the manufacturing processes, the amount of production, the stocks, account books and receipts of the manufacturer whenever it is deemed necessary". "Manufacturers of tobacco and matches shall store their products in the government warehouse or in the private warehouse designated by the monopoly office within ten days after the goods are finished". Also, "without the permission of the monopoly office, these goods shall not be transported from the warehouses". Lastly, "all monopolized goods, the manufacture and import of which have already been approved, shall be purchased by the monopoly office". (See Reference #10). The attitude of the Four Families towards the producing class (including the laborers, farmers, small-scale producers in cities and industrialists) is exactly similar to that of the feudal lords towards their slaves; it is exactly the attitude of a conqueror towards the conquered. All this is fully demonstrated in the barbarous regulations stated above.

The "private" organizations under the commercial monopoly of the Four Families during the Sino-Japanese war were the HSIANG CHI Company (祥記公司), the CH'ING CHI Textile Company (慶記物產), the CH'ANG HUA Company (張華公司) and the TA YUAN (大元) Company, all in Chungking. The CH'ING CHI Textile Company (which could be compared with the "official" FU SHING Co.) controlled all the yarn and cloth markets in the areas under the control of the Kuomintang. The CH'ING-USA Company was in control of the transportation service and of importing and exporting, and the Ta Yuan Company dealt in automobiles and in hardware. The widely-known HENG I HENG (恒興) Company at Chungking was managed by H.H. K'UNG's second daughter. An economist wrote: "All political conditions are favorable to H.H. K'UNG, and his ability for evading taxation can be equaled by no other merchant; therefore, the business of his companies is many times better than those of other merchants". (See Reference #11).

Companies that belong to the K'UNG family, or are within its sphere of financial influence, and the companies that belong jointly to the K'UNG and CH'EN families are as follows: The China Cotton Trading Company, the Chungking China Native Products Company, the Szechuan Stock-Breeding Company, the Szechuan Silk Industrial Company, the HSI-MING (西寧) Enterprise and Corporation, etc. As an example of the companies that belong solely to the CH'EN family we have the famous HUA HUA (華華) Silk Company. "This company makes the biggest profit; it has branch companies in Chengtu and Kweilin and it speculates in all kinds of merchandise. By utilizing the close connections between its branch companies and the San Ti Company (三德公司) and with the aid of its own trucks, it controls the market very effectively. Thus business mounts daily". (See Reference #12). The CH'EN family also owns the HUA CHEN (華建) Trading Company, the Cotton Transporting & Selling Company, etc.

All the companies mentioned above are either "official" or "private" organizations of the commercial monopoly of the Four Families. All those independent companies that are under the protection of the Four Banks and the Two Bureaus have not been mentioned yet. "The banks either invest their capital directly in business or loan their money to their own companies. Generally, the responsible persons of these companies are concurrently important employees of the banks. Thus, the banks are able to carry on their commercial activities under the names of the companies, and the companies utilize the loans from the banks to intensify their commercial activities. This practice is not only widely spread among the commercial banks, but also even among the national banks (which are really the private banks of the Four Families), and the provincial banks". (See Reference #13). In the areas controlled by the Kuomintang, especially during the Sino-Japanese war, the profits from productive enterprises under the feudal and comprador system were less than the interest obtained from the banks and the interest from the banks were smaller than the commercial profits; therefore, all the banks invested their money in commercial speculations

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from which immense profits could be made in the twinkling of an eye. The banks, besides investing their money in all kinds of public commercial organizations, also had their own companies; thus, figuratively speaking, the banks themselves became commercial companies. The Four Banks and the Two Bureaus were in fact commercial companies. A pro-  
 pos of this, an editorial of the T. K. W. in December 1941 stated: "The public has been complaining that the national currency is not going back to the banks, but the fact is that even when the currency does go back, the banks put it back in circulation through commercial speculations. This is not only the case with the commercial banks but also with the "National Banks". (writer: The latter should really be referred to as "the private banks of the Four Families"). Each of the National banks has a Trust Department which, by offering over 20% interest, encourages the deposit of large sums of money. This money naturally goes into commercial speculations". (See Reference #14). As a rule, publication of news concerning the commercial speculations of the Four Banks is forbidden; but at the meeting of the People's Political Council on 19 July 1945 the following statements were made concerning the Farmers' Bank of China: "The Farmers' Bank of China has been giving large amounts of commercial loans. This affects the market and is also a violation of the regulations limiting its scope of business". Also, stated as a conclusion: "The Farmers' Bank of China has been transporting salt, selling oil, and speculating in food stuffs. It is "suspected" of participating in illegal practices". The above quotations clearly describe the whole situation. Besides the above-mentioned activities, the Four Banks have invested in various so-called "enterprising companies", the principal activities of which consist also of speculating; as an example we have the Kweichow Enterprising Company in which 68% of the stock belongs to the Bank of China, the Bank of Communications and the Farmers' Bank of China.

Thus, no matter what form the commercial monopolies of the Four Families take - official or private - the nucleus of their commercial monopolies is the Four Banks and the Central Trust of China. The supreme leader of this commercial monopoly net is CHUAN Kai-shhek, chairman of the Joint Committee of the Four Banks, who is also the open or secret protector of all large-scale commercial speculations. The Four Families have the most financially powerful commercial monopolies not only because they have the direct protection of all military, official and special intelligence organs, but also because they have special rights over communication facilities, as for example, the monopoly of radio stations, first priority on railways and highways, the South Western Import and Export Goods Transportation Company which is under the control of the Military Council (formerly it was the South Western Transportation Company headed by SOONG Tzu Liang (宋子文)), the CNAO (a Sino-American Corporation), etc. Having all these incomparable advantages, there is no question of competition from all the other merchants. This is the most concentrated and open commercial monopoly in the history of China.

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### (C) The Barbarous Cruel Practice of Buying Low and Selling High

As already described, the scope of the feudal, compradore and military monopolies of the Four Families in commerce in both "official" and "private" forms is extremely wide. It covers practically all the ordinary producers' goods and consumers' goods produced by the people. The economic system of China was originally a semi-colonial and semi-feudal backward system in which small-scale farming and small and medium-scale industries were important factors in the national production, the small-scale farming being especially important. These small-scale producers were widely scattered and isolated. The rich merchants took advantage of this situation to carry on their local commercial monopolies and to exploit the small-scale producers by buying low and selling high. This was the special characteristic of the feudal and colonial economy. After the establishment of the new Government by the Four Families, the production conditions in China underwent no fundamental change, except that the Four Families became the wealthiest merchants in China's history, replacing the old feudal lords. Their desire to monopolize the production of the small-scale producers and other free industrialists knew no bounds, and never in China's history had the robbery of the people been so unbridled as during the Sino-Japanese war.

Let us examine the statements made by several councilors concerning the difference between the official prices, with which the three large companies purchased their goods, and the current market prices. For instance, with reference to silk, one councilor wrote: "Though the committee (meaning the Trade Committee) gives "the promotion of the exporting business" as the excuse for fixing the official purchasing price, in reality, the difference between the official price and the market price is widening year by year. Take

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for example the prices of cocoons woven by the autumn silk-worms. The difference between the official price and the market price in 1938 was CNC\$300 per picul; in 1939, it went up to CNC\$1,580; in 1940, it was CNC\$2,050, in 1941, CNC\$5,000, in 1942, CNC\$8,500, but in 1943 the difference decreased to CNC\$6,000. With reference to wood-oil, one councilor wrote: "The difference between the official price fixed by that company (FU SHANG Co.) and the current market price was CNC\$100 per picul in 1942; in 1943, it increased to CNC\$1,100". (See Reference #15).

In statements made by the councilors the official purchasing price of tea was not mentioned. However, by examining the statements of other observers we can compare the official purchasing price of tea and the current cost of production. One observer states that "the average official price of coarse tea leaves in areas of production is lower than the actual cost of production, in 1940, the cost of production of fresh T'UN LU (桐綠) tea being CNC\$61.05, but the official price of T'UN LU tea that year being fixed at a minimum price of CNC\$44, an intermediate price of CNC\$65 and a maximum price of CNC\$66. In the same year the cost of production of WU LU (烏綠) tea leaves was CNC\$69.7, but the official price was CNC\$60.84. In 1941, the cost of production of T'UN LU tea, according to information obtained from the four well-known tea merchants at CH'IL-~~IAN~~ (祁門), was CNC\$118.22, but the maximum official purchasing price in the T'UN LU area was only \$105, the average price being CNC\$85 and the minimum price CNC\$68.00. In the Wu-yuan (婺源) area the cost of production of coarse tea leaves was CNC\$88.33 according to one investigation, and CNC\$130.60 according to another, but the official price was fixed at CNC\$90" (See Reference #16) (Note: The information concerning the cost of production is not very reliable. The same writer also states "that investigators of the cost of production often ignored the labor contributed by the farmer's family and did not deem it necessary to take it into consideration. Therefore, the accuracy of the findings of these investigations is to be doubted. For instance, the cost of production of coarse tea in the Wu-yuan area was CNC\$88.33 according to one investigation and CNC\$130.60 according to another, the difference between the findings of the two investigations being greater than CNC\$40." The discrepancies between the findings of these investigations indicate that there might be an even larger difference between the official price and the cost of production. This should also be remembered in connection with all the following comparisons between the official prices and the cost of production of various farm-products).

Another report on the price of tea is the one concerned with the investigation of tea prices at Anhua (安化) in Hunan province: "In 1942 the cost of production of one picul of coarse red tea leaves was CNC\$150.50, taxes and commissions not being included, but in that same year the official price on coarse, red tea in Hunan province was fixed at only CNC\$100". (See Reference #17).

Concerning bristle, we have on hand the 1944 prices: "The difference between the official price and the cost of production of one case of bristles was CNC\$19,000 which was equivalent to 38% of the actual cost of production". (See Reference #18).

Under the "control of the textile industry" by the CHIANG Government, the differences between the official price of cotton and cost of production are found to be as follows:

In September and October of 1942, the price of Shensi cotton was fixed at CNC\$1,260 per picul. However, according to an estimate made in April 1943, the price of cotton should have been raised to CNC\$3,000 per municipal picul to meet the cost of production; thus the official price at that time was only 42% of the cost of production. In 1943, the official price of cotton was CNC\$6,000, but in August and September 1944 the cost of production went up to CNC\$15,000. Thus the official price at that time was only 40% of the cost of production. In June, 1944, the market price of cotton everywhere went up to over CNC\$15,000 or CNC\$16,000 and in north Szechwan, it even reached CNC\$20,000; therefore, various local authorities requested the Central Government to raise the official price of cotton in order to help the cotton farmers, but the request was rejected. In March 1945, the official price was fixed at about CNC\$10,000 per picul but in Honan, Hupai and Hunan, in areas near the Japanese occupied territory, the price of cotton was over CNC\$30,000 per picul. Thus the official price of cotton was only 33% of the cost of production.

After the government controlled sugar, the situation in the sugar-cane business was found to be as follows:

"One catty of dry bagot costs more than two dollars, <sup>CNC</sup> but one catty of sugar-cane costs only a little over 60 cents <sup>CNC</sup>. (See Reference #19)

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The official prices on food-stuffs varied in the different areas, but the robbery was still more cruel and merciless. As we shall describe this point in detail in the chapter on "The Control of Agriculture by the Four Families", we shall content ourselves here with a simple statement of the fact.

The above-mentioned examples illustrate how barbarously the Four Families are robbing the farmers of their products. Now we shall see how they rob the independent industrialists.

The control in the buying and selling of cotton yarn started with the large textile factories around Chungking in February 1942. In September of the same year, at a party for the press given by four textile mills - Yu Feng (裕豐), Yu Hua (裕華), Shen Hsin (申新) and Sha Shih (沙市) - the news reporters were told that "the cost of production of one bale of cotton yarn was CNC\$13,000, but the official price was only CNC\$8,580". (See Reference #20). Since then, the difference has become larger and larger. "In December 1942, in areas around Liuchow (柳州), Kukong (曲江) and Kweilin (桂林), the price of one bundle of 20 gauze yarns was between CNC\$180,000 and CNC\$190,000 but the official price in Chungking was CNC\$19,000 which was only 10% of the market price". (See Reference #21). In general, the price at which the Army Service of Supply purchased yarn from the mills was even lower than the official price set up by the Bureau of Resources. For instance, in September 1942, the official price of one bundle of yarn was fixed by the Bureau of Resources at CNC\$8,580, but the purchasing price of the Military Service of Supply was only CNC\$5,300 which was CNC\$3,280 less than the official price. In January and February 1944, the Textile Control Bureau paid to the textile mills under its control only CNC\$420 per bolt of cloth to cover production costs (including food and wages for the employees, depreciation of machinery and other miscellaneous expenses) for spinning cotton into yarn and for weaving yarn into cloth. The net cost of production per bolt of cloth was CNC\$720. Thus the difference between the two figures was CNC\$300. In April re-adjustments were made, the payment was increased from CNC\$420 to CNC\$540, but then the net cost of production also went up. The textile mills under the control of the Army Service of Supply received even less than those under the control of the Textile Control Bureau. Take for example, the notification published by 64 textile mills:

In 1944, "from January to March, the Army Service of Supply paid CNC\$220 as the production cost of one bolt of cloth; from April to May, CNC\$320, and in June CNC\$400; since 1<sup>st</sup> August, it was readjusted to CNC\$480. In the Chungking area alone, the mills manufactured 25,000 bolts of cloth per month for military use; and, because on each bolt of cloth CNC\$470.70 was lost, the monthly loss of the mills amounted to CNC\$11,761,500 (TW-CNC\$11,767,500?). If the situation does not change, the total loss of the mills will amount to CNC\$41,138,000 (TW-CNC\$41,210,000?) per year".

Under the salt monopoly of the Four Families, the purchasing price of salt in March 1944 at Tzu-lu-ching (自流井), Szechuan Province, was only CNC\$8 per catty, but if we take the price index of 11 March of the same year as standard, the minimum purchasing price should have been CNC\$20 per catty. That is to say, the purchasing price was only 40% or 45% of the net cost of production. The salt merchants of P'ang Ch'i (彭溪), in their appeal to the Chungking Government, stated <sup>that</sup> the purchasing price fixed by the Government was only 30% of the net cost of production.

Concerning sugar, the purchasing price of white cane-sugar fixed by the Szechuan and Sikang Monopoly Office in June 1943 was CNC\$144,000 (per 10,000 catties) which, compared with the production cost of CNC\$186,043, was only 77% of the latter. The purchasing price of CNC\$60,300 for brown-sugar was only 70% of the cost of production - CNC\$86,080. The purchasing price of honey was CNC\$34,800 which was only 66% of the cost of production of CNC\$50,832. (See Reference #22).

Concerning the minerals exported such as tin, according to a newspaper dispatch in March 1944, the production of each ton of tin cost CNC\$500,000 but the official purchasing price was CNC\$110,000, only 20% of the cost of production.

Under the commercial monopoly of the Four Great Families, buying was low; but selling - that was totally another question. In order not to bore the reader, only a few examples shall be given.

The following is a report of the control of textiles in 1945: "40 bolts of cloth can be woven from one bundle of cotton yarn. The cost of production plus the profit (TW\$) for weaving this quantity of cloth add up to more than CNC\$300,000. However, the Textile Control Bureau only paid a little over CNC\$100,000 for 40 and one half bolts of cloth which it sold for more than CNC\$300,000; recently they even sold for over CNC\$800,000.

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Thus, the Bureau robbed the producers of at least CNY\$200,000 to CNY\$800,000 in the complete process of spinning and weaving one bundle of cotton yarn. During their two years of control, in addition to CNY\$2,000,000,000 for transportation expenses, the Bureau made more than CNY\$15,000,000,000. (See Reference #23).

Actually, once a certain commodity falls into the hands of the Four Families either "officially" or "commercially", the price of this commodity increases immediately. After the establishment of the monopoly system, the monopolized commodities took the lead in the general inflation of prices. Not only was the rate of inflation of monopolized goods faster than that of the non-monopolized goods, but also the inflation of the monopolized goods was always one jump ahead of that of non-monopolized goods.

In 1943, an editorial entitled "Comment on the Monopoly System", which appeared in the Kweilin edition of *Ta Kung Pao*, stated: "Taking an example before our eyes, in May and June, the price of salt in Kweilin was CNY\$7.7 per catty, in August, it increased to CNY\$12, in October, to CNY\$15 and in November, to CNY\$26. Within six months, the price of salt has tripled...this gives the impression that the monopolized commodities are leading the general increase in prices". The profits from such inflation did not go to the factories which manufactured the monopolized goods. These factories either received nothing or, at most, only a fraction (a quarter or one-fifth) of the profits, while most of the profits went into the hands of the Four Families through their organs of commercial monopoly. There is an old saying that "an official is allowed to set fire to the whole town but the people are not permitted even to light their lamps", which means that the officials were allowed to do anything they wished, even to setting fire to the whole town, but the people did not even have the freedom of lighting their own lamps. The Four Families have always practiced this philosophy to the fullest extent in their commercial activities. For instance, on 15 January 1943, the Generalissimo signed the order for a general freezing of prices of commodities. On 14 January, just one day before the order came into effect, H.H. K'UNG, the Minister of Finance, announced an increase of 60% in the official price of sugar - thus, the price of sugar jumped from CNY\$176,000 per 10,000 kilogram to CNY\$222,000. (According to information obtained from the sugar merchants, the new price exceeded even the black market price which was CNY\$220,000). At that time, a certain monopoly organization stocked secretly several million dollars worth of sugar and made an overnight 60% net profit. Since the Four Families monopolize all the commodities, only they can regulate the prices; therefore, they are the real black-marketeters. "Once the commodities which are under their control enter the market, black market speculations follow". (See Reference #24). "The public sales shops are really the birth-places of black market activities". They monopolized the prices of the open market as well as those of the black market, and, further, transformed the prices of the black market into those of the open market. Such a paradoxical cycle goes on and on, and, as a consequence, the prices keep mounting and the commercial profits of the Four Families also keep on multiplying.

The profits the Four Families gained from their commercial monopoly are so large as to be almost impossible to compute. Concerning the "official" commercial monopoly, the report submitted by the executive Yuan to the People's Political Council in September 1942 contained the following remarks: "Since the enforcement of the salt monopoly in 1 January 1942 till the end of August, over CNY\$711,650,000 have been collected; this amount exceeds by almost nine times that which was collected during the same period in past years. The income from the sugar monopoly (during the period of 15 February 1942 when the monopoly was first enforced to 31 July 1942) from the Szechuan and Sikang area alone amounted to CNY\$53,920,000. The match monopoly was enforced in 1 May 1942, and the income up to the end of June amounted to over CNY\$1,090,000. The profit from monopoly of tobacco in 1942 amounted to CNY\$120,000,000." However, the figures given above indicate only the income of the "national treasury" of the Four Families, namely, the income of the large family treasuries of the Four Families. Besides these, the Four Families have also small individual family treasuries. An editorial in the Kweilin edition of the *Ta Kung Pao*, published on 19 May 1944, stated: "Only one-tenth or two-tenths of the income from the monopoly and revenue offices goes into the national treasury; the rest goes into the pockets of private individuals". It is not known how much of it has already gone into the small family treasuries of the Four Families before the money went into the national treasury; and, furthermore, there are still various ways of converting the money of the national treasury into that of the small family treasuries. The above are only profits from the "official" commercial monopoly of the Four Families; the profits obtained from their "private" commercial monopoly are even more difficult to ascertain.

The profits from the "private" commercial monopoly of the Four Families plus the profits from their monopoly in foreign exchange compose the profits of the compradore

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monopoly of the Four Families. Naturally, the foreign exchange gained through the export of goods by the three large companies all falls into the hands of the Four Families. Besides these, on other items ~~exported~~ the selling prices are fixed by the Trading Commission and all procedures on foreign exchange are handled by either the Bank of China or the Bank of Communications; after a business deal is closed in a foreign country, of the foreign exchange obtained, except for 20% or 30% which the exporter is allowed to keep to pay for his business expenses in that country, all the rest must be sold to the Bank of China or the Bank of Communications. According to the Export Regulations set up by the CHANG Government, all the foreign exchange gained by the export merchants must be "sold to the Government", that is, sold to the Four Families. The rate at which the merchants sell their foreign exchange to the Government is invariably much lower than the prevailing rate, and, of course, the profits from this difference in rates go to the Four Families. With their commercial monopoly in buying, the Four Families are not only robbing the farmers, the handicraft workers and the free industrialists of their legitimate profits, but also of their cost of production and their wages. In selling, the Four Families are robbing all the consumers. Aside from these, there are also all kinds of direct military robbery. All these are fatal blows to the national agricultural and industrial production. One of the representatives in the People's Political Council said concerning the control of the three large companies and the Trading Commission, that "they are destroying the spirit of co-operation between the Government and the people in commerce and in agriculture, and are disrupting the economic setup of the country". In fact, once a certain commodity goes under the control of the Four Families, its production is immediately "choked." Members of the People's Political Council wrote concerning silk, that "since the control of silk by the Trading Commission, the production of silk has greatly decreased. In Szechuan, the current production of silk is less than half of the pre-war production". Concerning wood-oil, they wrote: "In villages, farmers chop down their Tung trees and throw the seeds in cesspools, the contents of which are later used as fertilizer".

After the cotton came under government control, the decrease in cotton production in the Kuomintang area was as follows:

<u>Province</u>	<u>Production for 1936</u>	<u>Production for 1943</u>	<u>Production for 1944</u>
Shensi	1,100,000 market piculs	900,000 market piculs	500,000 market piculs
Honan	2,400,000 "	500,000 "	200,000 "
Hunan	400,000 "	450,000 "	200,000 "
Hupei	2,800,000 "	500,000 "	250,000 "
Szechuan	800,000 "	400,000 "	300,000 "
Others		200,000 "	100,000 "
Total	7,500,000 "	2,950,000 "	1,550,000 "

The production of sugar-cane along the <sup>(岷江)</sup> Min River in Szechuan decreased 30% from 1941 to 1943. In 1944, when CHANG Ch'un (張 春), governor of Szechuan, was on his way to Chungking from Chengtu, the farmers threw their sugar-cane on the highway, checking the progress of the governor's car, in protest against the official price of sugar-cane which was too low for maintaining production.

What is the situation in the manufacturing and mining industries? Let us take as an example the spinning factories: The number of spindles in operation in 1942 was 74.7% of the total amount. By the end of 1943, "the number of spindles in operation in the spinning factories had decreased tremendously". The original capacity of production of yarn of the spinning factories was "an average of four thousand bundles per month, but now it has decreased to only a little over three thousand". In 1944, according to an investigation, the actual average monthly production of the Yu-Hua Spinning Factory was only 66% of its maximum capacity of production, while that of the Chengtu Factory of the Hsin Hsin Textile Co. was only 53%. The total number of spindles in operation in Chungking in 1944 was only 77% of that in 1943. (See Reference #25).

Concerning the weaving factories, the Hsin hua Jih rao stated on 13 June 1944: "Of the hundred odd factories in Chungking which had contracts for making army uniforms, 80% is said to have stopped operation. As a direct and indirect result of this, over 20,000 workers will lose their jobs". Another economic periodical stated: "At <sup>(壁山)</sup> ~~the~~ 22 weaving factories accepted contracts for weaving cloth for the Army but the difference between the wages fixed by the services of Supply of the Ministry of War and the cost of living is too great, and the quality of yarn issued to the factories

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is too low; as a result, production has decreased considerably".

"During the year 1943, over 20 of the original 30 odd weaving factories in Kunming closed their doors".

Since matches came under government control, all small match factories have closed down, while the larger ones have decreased their production. At Kwei-yang, three of the ten match factories closed down immediately after the enforcement of the monopoly. The Kwangsi Match Factory could produce, in the past, 80 cases of matches per day. By August, 1943, the production had dropped to 20 cases; by September, it had further decreased to 17 cases.

Prior to the enforcement of the tobacco monopoly, there were 40 tobacco factories at Lung-yen hsien (龍岩) in Fukien Province. By the spring of 1944, only nine were left.

Concerning mining, let us take for example the tin mine at Ko-chiu (箇舊) in Yunnan Province. According to a report in January 1944, production in the mine has decreased to a degree: "There were about 40 ore-refining furnaces in the eastern part of the town, but now less than ten are in operation. There were more than 100,000 miners, but now there are only 5,000. In 1938, the figure for the yearly tin production was 10,730 tons; in the first half of this year it has been only 200 tons.... tin mining at Ko-Chiu is on the eve of total collapse, 95% of all private mining companies having either declared bankruptcy or closed down". (See Reference #26).

Let us now take an example in the coal mining industry. There were more than 200 coal mines at Min-Chiang, Szechwan Province, with a combined monthly production of 70,000 tons before they went under Government control in 1939. Since the enforcement of control, "more than 50 coal mines, representing one-fourth of the total number, closed down during 1943 and 1944. By the spring of 1945, there were only 70 coal mines still in operation and their combined monthly production was only 30,000 tons. (See Reference #27).

The commercial monopoly of the Four Families also ruined the small merchants. Shortly after the enforcement of control on textiles and not long after the commencement of the monopoly system, the situation of the small merchants was as follows: "Speculators and some of the specially privileged merchants are the only fortunate ones benefiting from the acute inflation. All the industrial and commercial profits and all the money of the consumers simply roll into their pockets. For the past two years, all industrial developments were at a stand-still; not a small amount of industrial capital was transformed into commercial capital, and the commercial capital further became speculative capital, because the profits from commercial activities were higher than those of industry, and the profits from speculations were higher than those of commerce. All honest industrialists and technicians are gradually being impoverished while the government officials and speculators are growing fat with profits. However, the small merchants doing legitimate business are not among the fortunate ones. Having but a limited capital, a small merchant must depend on a rapid circulation of his capital to maintain his business as well as his living; therefore he can neither wait for nor create opportunities. He can only look forward to gaining ordinary profits. But with the present difficulties in transportation and the heavy taxes, an ordinary profit of 20%-30% is not really very much when considered in respect to the ceaseless inflation of the currency. Moreover, at present in all the big cities in the interior of China, wealth is endlessly concentrating; large wholesale dealers are swallowing the smaller ones and the speculators are swallowing the legitimate merchants. The longer the commodities are hoarded the higher the prices, and the weaker become the purchasing power of the people. Consequently, if a small wholesale dealer or a small merchant wants to sell his merchandise, he can only sell it to a large merchant at the price dictated by the latter". (See Reference #28).

Towards the end of the war, the control of the Four Families of the various commodities became more rigorous, and the condition of the small merchants became even more hopeless. As in the case of Chungking and Chengtu:

"another factor which caused the commercial depression in Chungking was the multifarious controls of the government. Because Chungking was the wartime capital of China, the commercial control there was much more rigorous than in other places, and it was especially so after the enforcement of a new credit policy by the government in September 1944. This policy limited the sphere of credit and affected mainly the middle class and the small merchants. With the resulting shortage of funds and with various heavy expenses piling up, how could the small merchant avoid disaster?"

"We have only to look at the bankruptcies of the shops in Chungking since October 1944 to realize the seriousness of the situation there. First, in October, the Chao-fung (交通銀行) Import Co., the Li-hsin Co. (立信洋行), and the Hsing-li Co. (興利) closed down; then in November, the Hsi-fei Co. (西北洋行), and the Ta-yu Co. (大有洋行) on Lien Hua Street, the Chiu-t'ai Department Store (久泰洋行) at Ta-liang-tzu (大梁子) and the Hua-feng Co. (華豐洋行) on Shensi Street. These shops were only those with

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over ten million dollars capital. If we also take into account those shops with smaller capital, then the number would really be considerable.

In 1944, in Chengtu, numerous shops also became bankrupt. Among the silk~~business~~, woolen ~~stores~~, and department stores especially, over 80% of the 300 shops closed. Most of the leather shops also closed down. All these are signs of the worsening of the commercial depression". (See Reference #29).

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(D) Tremendous Profits Obtained by the Four Families and the Enemy Through Smuggling.

In the previous chapters we have discussed how the Four Families became wealthy during the war by a ruthless robbery of the people with their feudal and military methods in commerce. The Four Feudal Families are ambitious and avaricious to the extreme and look upon the Chinese people as something worse than dogs and pigs; thus they can have no real conception of the real enemy of the nation. During the anti-Japanese War, therefore, smuggling was one of their major commercial activities. They transported large quantities of enemy goods into the interior and, in return, sent to the enemy large quantities of goods collected from the people, and thus made profits both ways. A certain economist once wrote:

"After the outbreak of the war, because of the loss of our sea-ports, all commerce with the outside world was cut off. A portion of the "mandarin capital" was left behind in the Japanese occupied area, and was used for business collaboration with the Japanese both openly and secretly".

"There were two indispensable conditions necessary to the successful carrying on of war-time smuggling activities - the first was to have an economic foundation in the enemy-occupied area, and the second was to have military protection and facilities in the 'free area' (meaning the area under the administration of the Kuomintang). Thus, except for the mandarin capitalists, none of the ordinary people could ever hope to operate such businesses. For this reason, the war-time smuggling activities were monopolized by the mandarin capitalists. Since they controlled the telegraph stations, they could send their orders for goods by wire directly to Shanghai and Hongkong. They had money in the banks in the occupied area to pay for the goods they ordered; they had every transportation facility and, moreover, had special armed troops to protect their goods. Outwardly, the government used "wresting of supplies from the enemy" as the excuse for the smuggling in of goods, and also restricted the outflow of important mining and agricultural raw materials. But such restrictions did not in the least hinder the mandarin capitalists; rather it greatly facilitated their smuggling activities. This again illustrates the saying, "officials are allowed to burn down the whole town, but the people are not allowed even to light their lamps". In the beginning, the smuggling activities of the mandarin capitalists were carried on secretly, but later on, openly military supplies such as rice, cotton, timber and ore were loaded on trucks displaying large national flags and were transported to the enemy-occupied area under open protection".

"The war-time smuggling not only resulted in excess commercial profits, but also in monopolistic profits, for the mandarin capitalists controlled financial as well as communication organs. In the first few years of the war, with the exception of a small portion of the foreign exchange<sup>and</sup> reserve funds seized by the Japanese and the puppet governments, most of the rest was taken by the mandarin capitalists. Thus the mandarin capitalists have made large profits from the robbery of the foreign exchange and from the exchange of materials with the enemy". (See Reference #30)

This kind of armed-smuggling, "encouraged by high government officials", was known to practically everybody during the war. (See Reference #31). It was a military compradore practice. In the Kuomintang-controlled area, the Four Families were the only principal mandarin capitalists as well as "high government officials". They controlled both the army and the communication network of the nation. Thus they and their satellites were the only ones who could support the armed "smuggling" and who could monopolize the profits of such armed "smuggling". (We are not concerned here with which one of the Four Families obtain the most profit). Moreover, such "smuggling" made their interests common with that of the enemy and consequently hastened the collapse of China's national economy. This is how the Four Families demonstrate their so-called "patriotism"!

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## (d) Further Cruelty After the "Take-Over"

After Japan's surrender, the Four Families took-over, by means of the "anti-people civil war", a huge amount of enemy property which the Japanese had stolen from the Chinese people. The methods used by the Japanese to strip the Chinese people were various, but in this respect, the students excelled their master.

"As the Japanese were preparing for a prolonged war, they constantly stripped the people of all supplies in the interior of China and stored them in the leading cities of China. In Shanghai alone, several thousands of large and small godowns were stocked with all kinds of supplies - supplies which the Japanese bought forcibly from the Chinese people at the lowest possible price". (See Reference #32).

According to figures published by the CHUNG Government, a total of "one trillion dollars (CNC)" worth of enemy property has been taken-over in the Kiangsu, Chekiang and Anhwei area. The total within the whole country was over "four trillions (CNC)". (See Reference #33). The majority of the property taken-over consisted of the so-called "supplies". No doubt, these figures published by the CHUNG Government cannot be true, in fact, it is almost impossible to obtain an exact idea of the amount of all "public" and "private" robberies. Through the hands of the Japanese, all the products of the blood and sweat of the Chinese people are now become but the private property of the Four Families and of their trusted followers, and moreover, are now used by the Four Families as the foundation of their commercial monopoly in the "recovered areas".

The Four Families and their satellites have not only taken-over the supplies which the Japanese had stolen from the Chinese people, but have also directly robbed the people living in the former Japanese-occupied area of the property which had not been taken by the Japanese. Following is the comment of a certain writer:

"As a result of the general jubilation following the victory, the prices of commodities took a sharp downward trend. This worried the mandarin capitalists for they still had large quantities of hoarded goods, gold bars, and U.S. dollars in their possession. Somehow, they had to stop the prices of commodities from dropping. They wanted the prices to go higher, higher and still higher! They all rushed to Shanghai from the interior by the first plane, determined to do everything in their power to attain their aim. Once in Shanghai, with all the capital that they could lay their hands on, they began buying up all the goods. It was learned that they bought over several billions dollars (CNC) worth of cloth alone. They bought up all the supplies of cloth that were in the market, regardless of prices asked. As the scarcity of supply began to be felt in the market, the price of cloth mounted immediately. Simultaneously, the price of cloth in Chungking also went up. Thus they succeeded in attaining their aim of raising the value of their hoarded goods". (See Reference #34).

An even more cruel robbery of the people by the Four Families was the establishment of the exchange rate at 200 to 1. This step facilitated infinitely the commercial monopoly of the Four Families. The circulation of CMB by the puppet government has had the simple effect of creating for the Four Families a new and more convenient way of acquiring wealth. As one merchant sighed: "What a pitiful situation for the people! The exchange rate of 200 to 1 means that their savings of years of hard work have all come to naught!" (See Reference #35)

Even a pro-CHUNG Government newspaper was forced by the situation to make an "appeal to the government on behalf of the people in Kiangsu and Chekiang"....."Innumerable people, who once rejoiced over the nation's victory, are now suffering untold hardships. They find living even more difficult than before V-J Day. Though the victory over the enemy has been won, many find themselves bankrupt. The change is so great that every man feels it in his daily life. What is this change? It is the great redistribution of wealth. The changing of hands of property is apparent and limited, but what is undiscernible and limitless is the flow of wealth from those people holding puppet currency to those people possessing CNC. The latter group of people, who brought with them from the interior large sums of CNC and customs gold units, were the ones who really ruined the people in Shanghai and Hankow areas.....The main reason for the above mentioned state of affairs was the fixing of the exchange rate at 200 to 1.....This exchange rate reduced immeasurably the value of the property of the people in the Kiangsu and Chekiang provinces. The devaluation of the property in many cases was so great that it would not be an exaggeration to say that the property was confiscated by the government". (See Reference #36) Actually, the new exchange rate enabled the Four Families and their satellites to absorb (and almost to confiscate) the property and wealth of the people who

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formerly lived in the Japanese-occupied area. It has thus augmented their hoarded goods and at the same time strengthened their position in the commercial monopoly.

All measures enforced by the Four Families and their satellites in Chungking to attain their monopoly in commerce were similarly enforced in full in the "recovered areas". The example of the monopoly system in Formosa is the most notorious: "Through vigorous efforts, the Formosa Provincial Government resumed successively the monopoly of sugar, salt and tobacco. This again put chains on the people of Formosa, for the so-called 'monopoly' is nothing more than the buying of sugar, salt and tobacco from the people at a low price and then selling them elsewhere at a high price. This is just a high-handed policy of the Chinese government to increase its mandarin and comprador capital..... The government thus followed the exact pattern set by the Japanese Fascists". (See Reference #37). It is obvious that since Japan's surrender the people who live in the area under the administration of the Kuomintang are suffering untold hardships under the military and feudal monopoly of the Four Families in commerce. This can be illustrated by the following examples in connection with silk and tea: This year, the China Silk Company (which is principally controlled by the SOOCH Family) set an official price of CMC\$100,000 for one picul of cocoons. The official price is CMC\$50,000 less than the production cost of CMC\$150,000 per picul. However, the actual buying price of the government is even below CMC\$70,000 per picul. In other words, it is less than half of the production cost. (See Reference #38) Formerly, the price of one picul of tea was equivalent to that of 3 piculs of rice, but in 1946, the purchasing price was equivalent to only one and a half piculs of rice. (See Reference #39) For the price of commodities sold by the government, we can take the example of Formosan sugar: The Formosa Sugar Company (which is also mainly controlled by the SOONG Family) was organized in May of this year (1946). After its formation, the company bought large quantities of Formosan sugar at an extremely low price to be sold in Shanghai. At the end of April, the current price of sugar in Shanghai was CMC\$50,000 per picul, but the opening price of the above-mentioned company in mid-June was CMC\$73,000 and by the end of the same month the price of sugar had gone up to CMC\$123,000 per picul. Meanwhile, the production cost of the company per picul of sugar, including all transportation expenses, was only CMC\$50,000. Comparing the situation during the war with what has happened since the end of the war, it is apparent that, though the Four Families have become infinitely richer since Japan's surrender, their thirst for wealth has not in the least bit abated. On the contrary, they have become even more presumptuous, more cruel, and their robbery of the people more excessive than during the war.

One of the most notorious cases which occurred in Shanghai was the rice loan case. (The **TA KUNG PAO** called this case one of the 'most startling'). The one billion dollar (CNC) rice loan which the CHUNG Government issued on 12 April of this year was merely a transferring of money from the official treasury of the Four Families to the private treasuries of the K'UNG and SOONG families. K'UNG's Yangtze Company was one of the principal receivers of the loan. "After the issuance of the loan, the market price of rice jumped from \$30,000 to \$63,000 per picul. The **SAN TAI** (三泰米店) Rice Shop and the **YANGTZE** Company were still not satisfied, and they purposely bought up large quantities of rice at the rate of CMC\$55,000, while the market price was only CMC\$51,000 per picul, in order to raise the price of rice above CMC\$63,000". (See Reference #40) Because the CH'EN (陳) family did not get any share of the profit, the CH'ENs exposed the whole scheme to the public. As a matter of fact, this incident is but one of thousands along the same lines. Moreover, to the Four Families, it was just a small affair.

Generally speaking, the monopoly of commodities, the monopoly of prices and the monopoly of commercial profits by the Four Families became even more intense after Japan's surrender. But the monopoly is only one of the factors bringing about the collapse of the national economy. Another factor, which is even more deadly, is the promotion of American goods by the Four Families, that is to say, their comprador activities.

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(F) Compradores of American Goods

Regarding the American commercial plan and activity in China, in an article in the American "New Masses" Periodical of December 1945 it was stated:

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"For the sake of our (American) covetous, imperialistic elements, our government is carrying out a nefarious mission in China. It is trying to transform China into a divided, weakened and semi-colonial nation in conformity with the wishes of the American Trusts, such as the Standard Oil Company. We must remember that Mr. Hurley, the former American ambassador to China, is one of the leading oil merchants. Our government is serving the bankers and the industrialists who profited from the war and is helping them in seeking control all over the world. They want to control China, and for this reason America is making plans to increase first her export trade to China. (Before the war the amount of exports to China from America was approximately 2.5% of her total exports and now the government is planning to increase it to 20%). Now (December 1945) that the war is over and that trans-oceanic shipping has been resumed, American goods are pouring into China in tremendous quantities. Some merchants are even adopting the method of openly smuggling goods into China". (See Reference #41)

Before the war the best customers of the American goods were Britain and Canada. In 1936, the amount of American exports to Britain was 17% of the total exports and to Canada it was 15.7%; both were under 20%. What then is the meaning behind America's planning to send 20% of her total exports to China? (We wonder how much purchasing power China still has under the oppression of the feudal compradore system of the Four Families). The purpose of course is to make China, with her 450 million people, into a principal colony and oversea market of the American imperialists. In the past, China has been the common semi-colony of all imperialistic nations. After the 18 September 1931 incident, the Japanese Imperialists attempted to transform China into her own special colony. After the Japanese were driven out of China, the American Imperialists, taking advantage of the United States' favored position as one of the "Allied Nations", attempted to make China into America's own colony with the assistance of the Four Families who needed foreign support to carry out their dictatorial and civil war plans. This is one of the main policies of the American imperialists since the termination of World War II. This is also one of the special features of the world situation, especially, of the situation in the Far East. The Four Families became the brackets supporting the interests of the American imperialists in China, and also combined in themselves the dual personalities of political and economic compradores. Through the assistance of the Four Families the American imperialists have obtained the sole rights of sale in China. "Nine out of ten foreign items imported are from America". (See Reference #42)

The sole rights of sale of American goods in China follow the following three principal patterns:-

(1) The first pattern is that of the American firms opening their business in China in conformity with the "New Company Laws" of the CHUNG government. According to newspaper dispatches in July of this year "many American firms have opened branch offices and companies in Shanghai and according to an investigation, 115 branches have already been opened; 40 of them are the branch companies of firms in America and the other 75 are authorized sole agents. The majority of them deal in exports and imports". "Some of them have connection either with the Chinese government or with Chinese firms."

(2) The second pattern is that of the Americans cooperating with the members of the Four Families or other compradores in establishing commercial firms. These firms are principally under the management of the Americans. The "Sino-American Industrial Company" which is being organized by the so-called "Flying Tiger" - General Chennault - is a good example. We all know that Madame CHIANG is the head of the National Aeronautical Commission of the CHUNG Government, and that General Chennault's "Flying Tigers" were backed by Madame CHIANG; so actually the so-called "Sino-American Company" is nothing but a private firm being organized jointly by Madame CHIANG and General Chennault.

"The company's business regulations clearly show that this company is being organized with the Chennault Air Transportation Group and the Chennault Company as its nucleus. Its head office is located in Shanghai and branch offices are in Nanking, Hankow, Changsha, Huhu, Chiukiang and Hengyang. The Company has its own steamships and trucks to transport goods between the above-mentioned places, and always cooperates closely with the Chennault Air Transportation Group. Chinese exports to America, such as tea, bristles, fur, bones, tung oil and Hunan embroidered goods are to be handled by the Sino-American Company for the Chennault Company. Meanwhile, all American goods which China needs, such as machinery, medicine, chemical raw materials and all other necessities are to be purchased in the States by the Chennault Company and then to be entrusted to the Sino-American Company to be sold in China. The Chennault Company has also been authorized to secure credit directly from Chinese firms". (See Reference #43) This company is thus a big trust syndicate which handles all kinds of commercial transactions.

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Moreover, it is a large commercial trust of the American militarists whose aim is to control China's economy. This company aims not only at monopolizing all American imports to China, but also at monopolizing all Chinese exports. After Japan's surrender, all monopolies of the National Trading Commission and of the three large companies were transferred to the Central Trust Company which is, in reality, an organization under the supervision of Madame CHIANG. From these facts we can deduce that the monopolies of the Central Trust Company have been in effect turned over to the "Sino-American Company".

The third pattern is that of the Four Families opening their own commercial companies. Mr. MA Yin-ch'u (馬寅初), in his lecture in June to the students of the TA TUNG University in Shanghai, said: "At present, all our foreign trade is under the monopoly of the three trading companies all owned by 'mandarin capitalists'. One is the YANGTZE (揚子) Company owned by the K'UNG family, the second is the CHIN SHAN (金山) Company owned by the SOONG family and the third is the Li Tai Company jointly owned by the K'UNGS and SOONGs". (See Reference #44) K'UNG Ling-ch'ieh (孔令傑), the son of H. H. K'UNG, is the chairman of the Board of Directors of the "YANGTZE Trading Company" (揚子建業公司). This company has a capital of U.S.\$500 million. (Many even say that this company can compete on equal footing with any other foreign trust companies). It has contracts with 18 leading American factories to be their sole representatives in China. (See Reference #45). Besides the above companies mentioned by Mr. MA, there are also the GIANG GIANG (長江) Company of the K'UNG family, the China Import and Export Trading Company (中國進出口貿易公司) of the SOONG family, the FOY CHUNG Trading Company (阜陽貿易公司), established by the son of YU Ch'ia-ch'ing (裕廷卿) in close cooperation with the K'UNG and SOONG Families, and the TAI F'UNG Trading Company (太平興業公司) of CH'EN Ch'i-ts'ai, a member of the CH'EN Family. These "Compradore Companies" of the Four Families have the following special facilities:

1. They have a large amount of foreign exchange deposited in the United States. Therefore they can transact any business by simply sending a radiogram to the States.
2. They can obtain a large amount of foreign exchange from the Central Bank of China at any time.
3. They have the privilege of utilizing all government means of transportation, such as the utilization of the China Merchants' Steamship Company by the SOONG Family, as well as the recently founded shipping group (which has 200,000 to 300,000 tons of shipping and is under CMRA) to transport American goods to the interior of China to be sold in large quantities.
4. Because they always order goods in large quantities, most of the American firms prefer to do business with them.

The above-mentioned three business patterns <sup>are</sup> all characterized by the desire of the American imperialists to monopolize the Chinese market with the help of the Four Families.

The Four Families have many ways and means of opening the door of China to American goods. The first way is by armed smuggling, the second, by the abolition of tariff protection, the third, by low foreign exchange rates, and the fourth, by selling the inland navigation rights. Through these various ways the American goods are pouring into China and its interior in tremendous quantities.

According to the statistics compiled by the Chinese Custom House, from the time of Japan's surrender until May of this year (1946), the total amount of American goods imported to China and already registered at the Custom House is valued at over U.S.\$700 million. This figure does not include the value of cargo on the way to China and the value of goods which have been ordered by the Chinese firms from the States. Since China became a semi-colony there has never been such a surprising and sudden excess of imports over exports. This illustrates the fact that the compradore power of the Four Families is by far greater than those of all other compradores of the past. There can be no comparison. But this is only one side of the picture. As stated in one of the newspapers, "such a tremendous amount of foreign goods is pouring into China that it is impossible to get an exact idea of the amount from only the Custom House's statistics. We know that any amount of goods can be smuggled into China by steamships, war ships and airplanes. As the Customs has no way of inspecting the war ships and the airplanes, these have become the media for smuggling foreign goods into China". The same newspaper also pointed out that the total income of the Customs in the past five months "is at least two to three times less than what it should have been." (See Reference #46) Another newspaper,

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discussing conditions in Canton, stated that "90 percent of the American goods that are now flooding all the markets in Canton are smuggled goods". (See Reference #47) Another newspaper, quoting from the cable sent by its correspondent in Shanghai, stated that "at present, Shanghai is full of smugglers. The main problem is still that of free navigation and anchorage of ships, including the warships. The Customs authorities are finding it almost impossible to check on the smuggled goods on board the merchant ships and warships. In addition to the large number of smugglers and their wide fields of operation, corruption is widely spread among the officials of the Customs and the government inspection offices. The situation is completely under the control of the smugglers. The smuggling situation in the Yangtze area is the worst, being even worse than the Japanese smuggling activity there before the war". (See Reference #48)

The facts are such that even the newspapers that are ordinarily pro-Four Families and pro-American imperialists are finding it hard to deny them. We can safely say that the amount of American goods that have been smuggled into China is, at least, double or triple that of the goods that were registered with the Customs. That is to say, over 90 percent of the American goods imported to China are smuggled goods; from this, we can easily see that the presence of U.S. armed forces in China has become the direct motive for promoting American goods in this country. The American goods are becoming more and more the tools of rabid American militarists. This importing of American goods through smuggling has not only profited the American imperialists but also the Four Families, for the majority of the smuggled goods never failed to fall into the clutches of the "compradore companies" owned by the latter. As stated by a certain newspaper: "Through various mysterious channels which are far beyond our imagination, the Yangtze and the Chin Shan Trading Companies have smuggled a large quantity of foreign goods into our country. Another plain fact is that all business speculators who have even the slightest connection with these firms have made fortunes" (See Reference #49) "All non-necessities and luxury articles are pouring into the Chinese market and have sold at a tremendous rate. This clearly shows that there must be some powerful and influential 'mandarin' compradore capitalists controlling the situation. An importer or exporter need only to have connections with certain high government ministers or certain trading companies in order to succeed, regardless of the kind of goods he imports. This fact is well known to the public but one can do nothing to stop it." (See Reference #50).

In the above-mentioned manner the Four Families have flooded the Chinese market with the American goods. They are not only importing goods which China does not have, but also those that China already has. For instance, we know that China is a large producer of cotton and yet, under the control of the Four Families, American cotton has become one of the chief imports. American oranges are on sale all over Shanghai, and even our producers of Szechwan oranges are finding the competition too keen. Even at "an official tea party, American peanuts were served". What of the industrial products? Naturally, "we have our own domestic products of which large quantities are in stock. Yet the Four Families are still buying them from America". (See Reference #51)

Why has all this happened? According to the business principles of the Four Families, "this kind of business has multiple profits. For example, one ton of white newsprint (which costs only U.S. \$130) imported from America can be sold for U.S. \$700 in China. This is conclusive proof of how much profit there is in such an import business". (See Reference #52) "When the price and quality of the American, Chinese goods are compared, the American ones are found to be cheaper and better". "A Szechwan orange costs CNY\$800 to CNY\$900 in the area where it is produced, but an American orange costs only CNY\$300 to CNY\$400 on the streets of Nanking". (See Reference #53) "The cost of one gallon of American gasoline in Shanghai is only CNY\$700 while a gallon of boiling water in Nanking is the same price. One ton of American coal costs CNY\$70,000 while one ton of Chinese coal costs CNY\$130,000". (See Reference #54) According to a certain industrialist: "The foreign products, 80 percent of which machine-made and 20 percent manual-made, are causing the disappearance of Chinese products, 20 percent of which is machine-made and 80 percent man-made". (See Reference #55)

In addition to this, the Four Families have, moreover, facilitated in all ways the importing of American goods into China. Under such circumstances it is no wonder that China has become a wholesale market for American products. The American capitalists could make extra profits from goods sold to China by increasing their prices for the goods, which would still be much cheaper than the Chinese products. For the same reason, the Four

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Families could still further increase the price of their goods imported from America and make a "tremendous profit". Thus our own industrial and agricultural products would naturally disappear because of the flood of the American products.

"A certain well known economist stated that the life line of China's national industries is supported by the importing of goods. If an investigation of the records of the Customs office is made and if it is found that large quantities of a certain foreign product have been imported recently, then it can safely be said that the death sentence of Chinese factories manufacturing that certain product has already been pronounced. As for instance, since the importing of large quantities of chemical products in March of this year (1946), our chemical industry has received a great blow and some of the chemical factories even had to close down". (See Reference #56) In fact, many of our national industries, because of the presence of American goods on the market, have already closed down and others are breathing their last. A number of our agricultural products are suffering the same fate. A certain American named Mei Fei (transliteration from the Chinese) (梅斐) once admitted that "the sale of American goods in China in such large quantities would make it impossible for China's industries ever to develop". China today is already poor as a result of the administration of the Four Families; she will be worse if the resources of the people keep leaking out of the country and if the agricultural and industrial production keeps decreasing. As it has been said, "whatsoever a man soweth, that also shall he reap!". Thus also shall the Chinese people, when pushed to the extreme, be forced to resist the importing of American products by boycotting them. (Here we are considering only the economic situation. An economic aggression will always give rise to political opposition, which, moreover, will result in an intensification of the political boycott. This has been borne out by history). The writer of the article entitled "The Total Economic Collapse!" quoted next to the title the following stanzas from a famous Chinese poem of the T'ang Dynasty:

"When you joked back in the old days about the things that would come to pass in the future, you never realized that they would actually happen". (See Reference #57)

An industrialist once sighed: "China did not fall under Japan's rule, but she will yet fall under a total economic collapse!" (See Reference #58) However, all these things do not in the least concern the Four Families. Their object is to gain money, more money and still more money. As long as they can gain money, what is the total economic collapse or even the loss of the country to them?

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## (G) "Squeeze First and Don't Worry about the Consequences"

In the minds and the vocabulary of the Four Families, we can neither find the word "patriotism" nor "conscience". So long as they can become rich, they are willing to betray their country and to ruin the entire population. They have various nefarious ways of getting rich, ways which are beyond the imagination of an ordinary human being. Ostensibly, the so-called "Readjustment of Foreign Exchange Rate", put into effect by the CHUNG government on 19 August of this year, seemed very reasonable, but actually, "the reason behind the readjustment of the foreign exchange rate just at that moment was that the three large trading companies (the three companies owned by the WANG and SOONG families) wanted to make extra profits on 10,000 some odd tons of American goods which they bought at the old exchange rate of CIO\$2020 to one U.S. dollar and which were on their way over from the United States. (See Reference #59)

One American reporter wrote: "Economically, China is becoming poorer and poorer! She is living on under a treacherous economic system.....the present economy consists of the inflation of the currency and the government-sponsored black market.....One night an American lawyer, who is very anti-Communist, told me that "the Chinese Government is not a government. It is a bunch of shameless money-seeking officials whose principle is to squeeze first and not worry about the consequences. They have completely lost the people's confidence". (See Reference #60) Then, the same reporter gave this example to prove his point: "A foreigner who is engaged in transportation work told an American friend of his the following story: He is an employee of the Chinese government and is engaged in shipping the American surplus medical supplies from the Ryukyu Islands to China.

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He said that one week after the relief supplies were turned-over to the government they had already become some person's private belongings and stored in a godown in Shanghai before being sold on the black market". Naturally, this reporter's remarks and the illustration he gives are both extremely understated. Everybody knows that all the relief supplies from UNRRA become eventually the private, black-market wealth of the Four Families and their satellites. We know too that wherever "relief goods" are sent new disasters are visited upon the people. People who are under the administration of the Four Families, instead of welcoming "relief", are afraid of it. Another American reporter wrote: "Shanghai has 'a black market', 'a black-black market' and 'a black-black-black market'". A foreign stock-broker has said it is illegal to deal in gold bars, U.S. currency and CMC, yet, in the crowded markets of Shanghai people are still dealing in them openly. This is simply the ordinary 'black market'. As to the 'black-black market', it is conducted in comparative secrecy and usually through the introduction of friends. The existence of the 'black-black-black market' is known to everybody, but no one wants to talk about it. For example, UNRRA turns over its flour to CMC which sells it to the "people", (Note: The word "people" here must be put between quotation marks) or to a certain class of men who might be called "people" at the rate of CMC\$9,000 per picul. However, in a certain unaccountable manner, this flour ultimately finds its way to Tientsin where it is sold for CMC\$20,000 per picul. The government not only does not interfere, but also goes so far as to say that if this flour does not in some way, reach Tientsin, then it would be impossible to provide flour for the people in Tientsin because of the present disruption in land and sea transportation and with the lack of fuel and pilots to fly our American planes". (See Reference #61.) Let us consider this; if it is not the Four Families, who else can be the master of the "black-black-black market?" Black, black, and black.... not only three blacks, three times black, but also endlessly and infinitely black. This is the real market which is a special creation of the feudal, compradore and military monopoly of the Four Families in commerce. This market is daily ruining the lives of innumerable Chinese. Regarding the sale of "relief" supplies in the black market in order to enrich oneself at the expense of millions of people, a comrade of ours once said passionately: "The wildest of beasts can only devour a few persons at a time, but the Four Families are killing thousands of people at one stroke!" However, such mass killing of people by these "super-animals" have been authorized by the "civilized" imperialists. Moreover, these self-styled "civilized" people are even now applauding from the other side of the Pacific Ocean and saying: "You Chinese compradores! You are doing wonderful work and you please us very much by "killing" as many of your people as you can. The mission of our "civilization" is to support you. Though there are some simple-minded persons in our relief organizations who are really trying to do what you may call "relief work", the main motive behind our sending relief supplies to you is to help you and to encourage you to maintain your "man-killing system"."

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- Ref # 1. "1934 Shen Pao (申報年鑑) Year Book", page 757  
 2. "The Eastern Magazine", page 55 Volume 30, No. 9  
 3. "The 1936 Shen Pao (申報年鑑) Year Book, page 812  
 4. An article entitled "Discussion on China's mandarin capital" (談官僚資本) by CHENG Sheng (陳聲)  
 5. "Shen Pao", dated 13 May and 2 June, 1937.  
 6. Ta Kung Pao, Tientsin edition, dated 21 April 1937.  
 7. Ta Kung Pao, 12 April 1937.  
 8. "Bank Credits and Price Control" by CHUNG Ch'ing-hsiang (姜慶祥), published in the bi-monthly magazine, "Wen Ts'ui" (文萃) Volume 2 No. 4, November 1942.  
 9. "The War-time Monetary Situation of Szechwan" (抗戰以來四川金融概況) by CHUNG Yu-chiu (張鏡九) published in the "Szechwan Economic Quarterly", page 73, Volume 1 No. 1.  
 10. "Comments on the Kuomintang Monopoly Policy" (國民黨專賣政策之評) by T'ENG Li-ch'uan (鄧力脣).  
 11. "The Mandarin Capital in China" (中國官僚資本) by CHENG Sheng (陳聲)  
 12. Same as ref # 11  
 13. "Discussions on the War-time Financial Trend" (戰時金融動向之探討) by CH'EN Chia-ch'iu (陳家駒) published in the "Kwangtung Provincial Bank Quarterly", page 181, No. 3 Volume 3.  
 14. Editorial of the "Ta Kung Pao", dated 13 December 1941.  
 15. The "Readjustment of Foreign Trade Policy and Reorganization of the National Trading Commission" proposal, submitted to the 3rd General Meeting of the

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- 3rd Session of the People's Political Council, by HUANG Yen-p'ei (黃炎培)
16. "Suggestions for Changes in the Purchasing Methods used in the Tea Industry, and for Changes in the Methods for Purchasing Tea already Boxed" (收購茶葉收購方法及調整茶葉收購辦法) by Y.H. Chih-shui (葉知水) published in the "Chinese Farmers" No. 1-2 Volume 2.
  17. "The Economic Conditions of the Tea Farmers in An Hua" (安化茶農之經濟概況) by CHANG Chao-sung (鄭兆松), published in the "Chinese Agricultural Monthly" No. 11 Volume 4.
  18. "The Kuomintang's Foreign Trade Monopoly Policy" (國民黨外銷行產壟斷政策) by T'ENG Li-ch'ün (鄧力羣)
  19. "The Sugar-Cane Industry and the Sugar-Cane Farmers of Nei Chiang" (內江的蔗業和蔗農) by LI Chung-shi (李志義) published in the "Modern Farmers", Volume 7, #5.
  20. Dispatch of the Central News Agency, dated 16 September 1942.
  21. "How to Restore Industrial Production?" (如何挽救工業生產) by CHANG Hsi-ch'ang (張駒昌), published in the "Chinese Industry", #23.
  22. The majority of these quotations are from the articles entitled "The Control of Textile Production" (花紗布管制) and "The Monopoly Policy of the Kuomintang" (國民黨專賣政策) both written by T'ENG Li-ch'ün.
  23. "How to Increase Textile Production", by the Native Cloth Industrial Guild, published in the "Commercial Daily", dated 29 March 1945.
  24. "How to Increase Textile Production", by the Domestic Cloth Industrial Guild.
  25. "Comments on the Textiles Control Policy" (花紗布管制政策述評) by T'ENG Li-ch'ün.
  26. "My Trip to Ko Chiu" (感慨巴蜀舊) by FAN Shih-shih (范式之) published in the "Commercial Daily", 4-6 January 1944.
  27. The "Commercial Daily", 18 March 1945.
  28. "Discussions on the Problem of Current Prices of Commodities" (論當前物價問題) by CH'IA Chia-chü and others, published in the "Cultural Magazine", dated 25 June 1942, #4 Volume 2.
  29. "Commerce in Szechwan in 1944" (三十四年四川之商業), by LIU Chi-ping (劉吉丙), published in the "Szechwan Economic Quarterly" #2, Volume 2, dated 1 April 1945.
  30. "The Rise of the Chinese Mandarin Capitalists", by TI Ch'ao-pai (狄超白) published in the "Wen Hui Pao" of 4 July 1946.
  31. Editorial of the "Southeastern Daily" (東南日報), 18 December 1939.
  32. "The National Wealth Concentrated in the Hands of a Few", by CHANG Chiung-pai published in the "Wen Hui Pao" of 9 July 1946.
  33. Editorial of the "Ta Kung Pao", 30 July.
  34. "Mandarin Capital" (論官僚資本), by CHANG Cher-to (鄭振麟) published in the "Chi Ma" #5. (集鱗)
  35. "Stop Talking about Chungking" by CHANG Hung-t'seng (張鴻增) published in the "Ta Kung Pao" of 24 October 1945.
  36. Editorial of the "Ta Kung Pao", 24 October 1945.
  37. "Half Year after the Taking Over of Formosa, by YANG Feng (楊風) published in the "Wen Hui Pao" of 4 July 1946.
  38. Editorial in the "Hsin Wen Pao" (新聞報) of 26 June 1946.
  39. "Kung Shang Tao Pao" (工商導報), 28 July.
  40. "Shanghai on the Road to Collapse" (崩潰中的上海), by CHANG Hsi-ch'ang (張駒昌), published in the "Central Weekly", No. 22, Volume 8.
  41. This paragraph is quoted from the "Hsiao Shih Pao", 19 July 1946.
  42. "The Hsin Wen Pao", page 5, 18 June 1946.
  43. The "Lion Ho Daily", evening edition, 20 June 1946.
  44. The "Cheng Yen Pao" (正言報), 4 June 1946.
  45. The "Hsin Pao", Kunming edition, 10 May (1946?) and also the "Commercial Daily" 12 May (1946?)
  46. Editorial of the "Social Welfare Daily" (益世報), Peiping edition, 1 August 1946.
  47. "The Commercial Daily", 25 July 1946.
  48. "The World Daily", 17 August 1946.
  49. Editorial on the "Commercial Daily", 24 July 1946.
  50. The "Kung Shang Tao Pao", of 12 July 1946.

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51. Speech made by YU Yün-sh'ü (吳鑑初) published in the "Economic Weekly" Volume 2, No 18.
52. Same as the Reference #40
53. The "Hsiao Shih Pao" (小時報) 19 July 1946.
54. The "Kung Shang Tao Pao", (工商導報) 10 July 1946.
55. The "Kung Shang Tao Pao", 24 July 1946.
56. "What are the Leading Imports?", by YU Szü (歐愚) published in the 20 June evening edition of "Lien Ho Daily".
57. The "Total Economic Collapse", by CH'Ü CHI (去疾) published in the "Hsiao Shih Pao", 19 July 1946.
58. Speech by HU Hsi-t'uan (胡西園), published in the "Commercial Daily", 8 July 1946.
59. Nanking dispatch in the "Ta Kung Pao", Tientsin Edition, 21 August 1946.
60. "The Evil Government" (惡政府), by KE-lui (K.-transliteration from the Chinese) (Grew?), published in the American "Time Magazine", 1 June (1946?)
61. "The Feature of Shanghai", by Lao T'e ia Ha (L.-transliteration from the Chinese), published in the "Life Magazine" of 21 April (1946?)

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V. THE FEUDAL, COMPRADORS AND MILITARY MONOPOLY IN INDUSTRY

(A) Cooperation with Fascist Germany as the Main Monopolistic Activity

From the financial and commercial transactions of the Four Great Families we can readily understand how their wealth was amassed through their unbridled economic, and political robbery of the people and through their treacherous speculations. From 1935 to 1936 they completed their financial control; then, when a new crisis arose in the national industries, they immediately attempted, by means of their political power, to gain control also of all industries. Their motive was not to further the development of free enterprise, but, on the contrary, to prevent its development. From the beginning of 1936, the CHIANG regime was already formulating its plans for the control of industry. Meanwhile the so-called "Principles of, and Plans for, the Reconstruction of the National Economy" were also conceived. Actually, they were the plans of the Four Families to gain exclusive control of the national industries. One of these most responsible for these plans was HSÜ Hsi-t'ung (徐恩曾), an important figure in the Secret Service System of the CHIANG family.

The Four Families operating under official methods, besides seizing such "mandarin industries" as the China Merchant Steamship Navigation Company (招商局), set up the National Resources Commission (資源委員會) to gain control systematically of all industries. This commission was originally directly under the Military Council (軍事委員會) of the CHIANG family, and thus, even from the very beginning, it was of a military nature, and, moreover, was controlled directly by CHIANG Kai-shek (蔣介石). This organization began its activities with the control of all the exporting of antimony and tungsten. Its "principle" is "the utilization of foreign capital". (It also believes that "there is no harm in loosening a little the restrictions of the Government concerning the utilization of foreign capital"). This is a clear indication of the extreme measures employed by the Four Families in obtaining feudal, compradore, and military monopoly in industry.

"The National Resources Commission cooperated in technical problems with Germany in the tungsten and iron industries, with both Great Britain and Germany in the smelting industry, again with Germany in the kerosene and nitrogen industries, with the United States and Switzerland in the machine tools industry, and finally with the United States, Great Britain and Germany in the electrical equipment factories". "Many industries, such as the steel and the kerosene industries would be in a hopeless state, if arrangements for loans had not been made in advance with these foreign countries". (see Reference #1) From all this, it can be seen clearly that the Four Families, in order to maintain their large-scale monopoly of industries, must cooperate with foreign imperialists, and also must first cooperate with Japan's ally, Nazi Germany. An article in the 2nd issue, 5th Volume of "Current Events" (時事類編) concerning the German investments in China stated as follows: "In August of 1933, Germany loaned CMC\$50,000,000 to China to enable China construct iron and steel factories. The total capital of the Sino-German Cooperative Enterprise, the Chiang Hsi (江西) Mining Company, is CMC\$6,000,000 and Germany has also invested CMC\$20,000,000 in the Szechwan Mining Company; there are the

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projects for the joint Sino-German construction of arsenals and of Hai Chou (海州) harbor. Materials were also loaned to the Yu Ping Railroad (玉萍鐵路), etc.". In addition to all this, the loans of German materials to the Europe-Asiatic Air Lines (歐亞航空公司) and the Hunan-Kweichow Railroad (湘黔鐵路), and the German investments in the electrical and chemical industries have also been considerable. (See Reference #2) The tungsten and iron factories controlled by the National Resources Commission were managed in complete cooperation with Nazi Germany. All their installations, machinery, and technicians came from Germany. The then famous Central Iron and Steel Factory was also a product of Sino-German cooperation: "With the 'approval of the Generalissimo CHIANG', its installations were setup under the supervision of the KRUPP Company, and its buildings were constructed by the construction department of the Siemens Company". Since June 1936 "metallurgical technicians from China and abroad were sent to Germany for advanced training in various localities designated by the KRUPP Company. Excellent results were obtained". (See Reference #3) All these were masterful achievements of the compradors of Nazi Germany.

Among the business methods frequently used by the Four Families to gain control of long established private enterprises was the increasing of the capital of the banks or the complete reorganizing of these banks. Another favorite method of theirs was to form new monopolistic enterprises either with their own or together with other people's capital. The gaining control of the Nan Yang Tobacco Company and of various other textile mills by the SOONG family is a good example of the use of the first method.

In connection with the textile industry, according to a newspaper dispatch in 1934, there were already then rumours of all textile and flour mills going under the control of the Banking Group. In the spring of 1936, it was reported in the newspapers "that the seven principal textile mills, including the Ta Hsing (大興), the Yi Feng (毅豐), and the Chin Hwa (錦華) Textile Mills in Hopei (河北), Honan (河南) and Shansi (山西) provinces have jointly organized a United Textile Industry Association (紡織業經營協會) under the sponsorship of the Bank of China". (See Reference #4) This news clearly exposed the ruthless ambition of the SOONG Family to gain control of the entire textile industry in China. Before the start of the Sino-Japanese war, several textile mills had already lost their business rights, or their rights of distribution of profits, to the Bank of China because of debts owed to the latter. Among these were the Chung Yi (中一) Textile Company of Su Hu (蘇湖), factories #2 and #5 of the Shen Hsin Textile Works (申新廠) of Shanghai, the Ting Hsin Textile Works (鼎鑫紗廠) of Shanghai, the Heng Yuan Textile Works (恒源紗廠) of Tientsin, and the Pei Yang Textile Works (北洋紗廠) of Tientsin. The Heng Feng Chung Chi (恆豐中記) Textile Mill of Shanghai was leased to the China Cotton Goods Co. (中國棉業公司) of the SOONG Family. Among the textile mills that were directly financed and managed by the Bank of China were: the Yi Feng (毅豐) in Cheng Chou (鄭州), the Jen Feng (仁豐) in Szechuan (四川), and the Yunnan (雲南), the Heng Chung (衡中) and the Cheng An (成安) textile companies in Kuming (昆明). (See Reference #5) At the same time newspapers reported that "the Bank of China and the China Reconstruction Bank (中國建設銀行) have made bigger plans for further investments in the textile industries. They planned to establish five large textile mills in Szechuan (四川), Shensi (陝西), Honan (河南), and Shansi (山西) provinces, respectively." (See Reference #6)

Other semi-private and private enterprises controlled by the SOONG Family were the Yangtze Electric Company (揚子電業公司), the Huai Nan Mining and Railway Company (淮南礦路公司), and the Chi Chi Hydro-Electric Company (既濟水電公司) in Hankow. Those controlled by the CHEN Family were the China Auto Manufacturing Company (中國汽車製造公司), the Chung Yi electrical supply factory (中電工廠) and the Ta Kung Iron Works (大公鐵廠). The then famous Sen Chi Paper Company (溧陽紙廠) was jointly managed by the K'UNG, SOONG, and CHEN Families. Among the above-mentioned enterprises, the Chi Chi Hydro-Electric Company in Hankow received aid from the Nazi businessmen. The CHEN Family's China Auto Manufacturing Company in the beginning was also managed with the cooperation of Nazi Germany. Although the Four Families cooperated with all the imperialist countries, they depended mainly on Nazi Germany to gain control of the Chinese industries. This was the principle road followed by the Four Families from before the war until the beginning of the war. This road branched off in all directions.

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(B) **Rapid Establishment of an Absolute Monopoly Based on the Liquidation of Free Enterprise and on the Robbery of the Farmers**

During the Sino-Japanese war, the Four Families, taking advantage of the increasing difficulties encountered by the free enterprises, intensified their activities of monopolizing the industries by demanding more and more on the use of forces.

Simultaneously with the formation of the Trade Regulations Committee (貿易調整委員會) in September of 1937, the CHIANG regime set-up, under the Military Council (軍事委員會) the Industrial and Mining Regulations Committee (工業調整委員會). "The Committee has two principal methods of regulating conditions in the mining industry and other industries:

(1) To give financial assistance to those "government-operated" factories and mining companies which do not have sufficient funds and to those new factories and mining companies which are still in need of capital. (Note....The so-called "government-operated" factories and mining companies are really the private business enterprises of the Four Families).

(2) To add government shares to, or to take over, the private-operated factories and mining companies, and to put them under government management or a combined private and government management. (Note....the so-called "government" is the government of the Four Families)." (See Reference #7) From this it is clear, that the first method is simply to aid the "mandarin" enterprises, and the second is to gain control of the people's private industries. The barbarous and cutthroat practices of the Four Families and their satellites are fully revealed in the two regulations mentioned above. "The Four Families are just like those high officials who, having all the power in their hands, officially decree that they must have shares in all of the very important companies in order that they may be able to nominate or appoint men of their own choosing to important positions; those companies that refuse to go under their control are either officially or secretly forced into bankruptcy. Moreover, they recklessly regulate and restrict private industries and utilize government funds and funds from the national banks to buy shares in the private companies, then these self-styled largest share-holders forcibly take over positions of authority in the companies." (See Reference #8) During the early stages of the war, a certain government inspector once wrote the following confession:

"The government officials have always considered investments as a kind of donation or contribution to the government or as a special privilege granted by the government. When business is in a bad way, the interests of the government must be considered first. Consequently, people usually show slight interest in business ventures. Numerous private enterprises making large profits were confiscated by the government under the pretext of 'control'. A large number of mining companies are now under this 'control' so that their products can be purchased at a low price and then resold at a high price. For instance, tungsten was purchased at CMC\$30.00 per ton, but was sold for as high as CMC\$200.00 per ton. The government uses its power of 'control' on private industries to enable the government-organized companies to make huge profits". (See Reference #9)

Although this letter is a short one, it describes clearly the attitude of the Four Families towards the private industrialists as being similar to that of the feudal land-lords towards their tenant farmers and slaves. This method of "control" which results in "low-price" buying and "high-price" selling as already mentioned in the preceding chapter on commercial monopoly, is also an important factor in the seizure of private enterprises by the Four Families, and in their acquisition of great wealth. Other, and even more important, effects are the robbing of the farmers through taxation, the CMC manipulations and the public distribution of shares by force among the people (mainly farmers), as in the case of the shares of the Chuan K'ang Industrial Development Company (川康興業公司) and of the Hunan Industrial Company (湖南興業公司). The Four Families have built up their industrial monopoly by using their tremendous economic, political power to seize the private industries, and to rob the farmers and other small producers. In the factories, the Four Families still maintain a semi-feudal, barbarous labor system in order to gain more profits.

The National Resources Commission (資源委員會) and the Ordnance Bureau are the two main organizations of the "official" enterprises of the CHIANG, SOONG and K'UNG families. (Note....CHIANG refrained from all direct participation in the activities of monopolizing the nation's economy and industries in order to maintain his reputation as the country's "great leader". But, actually, he is a prominent figure in all "government-operated" industries, and these so-called "government-operated" industries, especially those under the control of the two great organizations



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mentioned above, are really CHIANG's private property). Until 1944 the number of industrial units under the National Resources Commission, including all those joint government and privately operated enterprises, totalled 105 units - 40 factories, 42 mining companies, and 22 electric companies. (TN-These numbers add up to 104). The number of office workers totalled 12,000 and laborers, 170,000. (See Reference #10) "Under the Ordnance Bureau, there were no less than ten munition factories manufacturing military supplies". "The total capital of the enterprises, both private and government-operated, based on the report of the former Ministry of <sup>Business</sup> Enterprises of the CHIANG Government, was CMC\$250,844,098 at the end of 1935. The capital of the government-operated enterprises amounted to only CMC\$30,199,729, which was less than 11% of the total capital". But according to the statistical report at the end of 1941, "the total industrial capital in the Kuomintang controlled area was estimated at CMC\$1,600,000,000. That of the government-operated enterprise, was estimated at CMC\$800,000,000, which was about half of the total capital. The capital of the enterprise, under the control of the National Resources Commission already amounted to CMC\$600,000,000 and those of the various provincial government-operated enterprises amounted to CMC\$200,000,000". Actually, "the total capital of the government-operated enterprises far exceeded the above figure of CMC\$800,000,000, because the capital of the military industries was not included. Moreover, most probably, the amount of capital of the government-operated enterprises under the National Resources Commission and that of the provincial government-operated enterprises would by themselves exceed the figures given above". (See Reference #11) The Ta Kung Pao reported that, according to a rough estimate, during the war the capital of governmental enterprises amounted to over 70% of the total industrial capital of the country. (See Reference #12) The rapid concentration of "mandarin" industrial capital in the Kuomintang controlled area has completely crushed the free enterprises. The Four Families not only control the governmental enterprises that are under the National Resources Commission and the Ordnance Bureau, but also all those so-called "public-operated" enterprises in the various provinces. Many of these companies are called the "joint government and privately-operated companies". As examples of the latter, we have first the famous Kweichow Company (貴州企業公司) in which 68% of the capital is invested by the three banks - the Bank of China, the Bank of Communications and the Farmers' Bank of China. The shares of these banks are called "commercial shares". Then we have the Chuan Kang Industrial Development Company of Szechwan (四川康樂公司), which has a total of 700,000 shares. 300,000 are the so-called "commercial shares", over half of which are owned by the Four Banks and the Szechwan Provincial Bank. (See Reference #14) From these examples it can be seen that whether the shares be "government shares" or "commercial shares", the majority of them are all owned by the Four Families. The Hunan Industrial Company (湖南工業公司) has government and private shares. But the largest of these private shareholders is H.H. K'UNG. Such is the comedy resulting from the dual roles - official and private - of the Four Families.

Having discussed the capital invested in the government-operated industries, let us now consider the horse power of the principal industries. Based on statistical reports of 1942, there are, in all, 114 iron foundries in the country (16 of which are government-operated and 98 are privately-operated), having a total power of 5,669 H.P. The power of government-operated foundries amounted to a total of 4,089 H.P., while that of the privately-operated foundries amounted to only 980 H.P. In other words, although the privately-operated foundries comprise about 86% of the total number of foundries, their power is only 19%. The government-operated foundries on the other hand comprise only 14% of the total number, but their power is 81% of the total. Here is another example based on statistical reports of the same year. There are, in all, ten steel works, 6 of which are government-operated and 4, privately-operated. Of the total power of 2,628 H.P., the government-operated works totalled 2,307 H.P., while the privately-operated works totalled only 321 H.P. In other words, the government-operated works had 88% of the total power while the privately-operated works had only 12%. (See Reference #15) But we must also realize that among the so-called "privately-operated" iron foundries and steel works, the one with the largest capital - the Iron and Steel Works of the China Industrial Development Company (中國鋼鐵公司) (See Reference #16) - is owned by none other than H.H. K'UNG. Thus if we do not count the Iron and Steel Works, then the horse power of the privately-operated works would be even more overwhelmingly less. The above concerns only the metallurgical industry. As to the general condition of all enterprises, it is as follows: "Comparing the government-operated enterprises with the privately-operated enterprises, we find that the average capital of the government-operated enterprises is CMC\$2,000,000 while that of the privately-operated enterprises is less than

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CNC\$200,000. The average power of the government enterprises is 100 H.P. while that of the privately-operated enterprises is only 30 H.P. The government-operated enterprises have an average of over 200 employees while the privately-operated enterprises have only a little over 50 employees". (See Reference #17) In other words, the average capital of the privately-operated enterprises is less than 10% of that of the government-operated enterprises, while the average power of the former is less than one-third of that of the latter. Concerning manpower, the former has only 25% of that of the latter.

The government operated enterprises, with the Four Families as their nucleus, have step by step increased their production at the expense of the privately-operated enterprises. In iron production for example, in 1940 the government-operated enterprises produced only 5.76% while the privately-operated enterprises produced 94.24%. In 1941, the government enterprises produced 15.09% and the private enterprises produced 84.91%. In 1942, the government enterprises produced 25.64% and the private enterprises produced 74.36%. In 1943, the government enterprises were producing 50.96% against the private industries' 49.04%. In the steel industry, in 1940, the government enterprises produced 41.06% while the private enterprises produced 58.94%. In 1941, the government industries produced 54.17% against the private enterprises' production of 45.83%. In 1942, the production of the government industries had jumped to 80.86% while that of the private industries dropped to 19.14%. and in 1943, the government enterprises were producing 91.65% against the private industries' meagre 8.3%. In other industries, in 1940, the government-controlled enterprises had a production of only 22.95% as against the private enterprises' 77.05%. In 1941, the government production dropped to 13.20% while the private production increased to 86.80%. But in 1942, the government was again producing 36.45% as against the private enterprises' 63.46%. And in 1943, the government was producing 34.45% as against the private industries' 65.46%. In the production of raw materials in 1940, the government produced only 13.58% against the private industries' production of 86.42%. In 1941, the government production increased to 19.42% and the private production decreased to 80.58%. In 1942, the government production became 24.84% to the civil industries' 75.83%. While in 1943, the government was producing 24.84% against the private enterprises' production of 75.16%. In the production of consumers' goods in 1940, the government production was 38.79% and the private production 61.21%. In 1941, the government production was 39.12% and the private production 60.88%. In 1942, the government production had increased to 50.33% while the private production decreased to 49.67%. and in 1943, the government was producing 51.83% while the private enterprises were producing 48.17%. (See Reference #18)

The above discussion of the degree and the speed of concentration of the power used by, and the production and capital of, the government-operated enterprises during the war clearly demonstrates the scale and the speed of monopolization of all enterprises by the Four Families. The sphere of their monopolistic activities not only include the heavy industries but also all the light industries. at the same time the figures given above clearly show us that the speed of concentration of capital in the government-operated enterprises far exceeded the speed of concentration of production. They also show us that the industrial monopoly of the Four Families is dependent on the tremendous economic robbery of the people and on the control of the country's treasury.

Next let us investigate further the "privately-operated" industries of the Four Families. Let us use the afore-mentioned China Industrial Development Co. of the K'UNG family as our first example. During the war there were over 390 large factories in the industrialized province of Szechwan with a total capital amounting to over CNC\$344,000,000. among these factories, the China Industrial Development Company, with a capital of CNC\$120,000,000, was the largest. (See Reference #19) Another example is the Yung Hsing Industrial Company Ltd. (裕興實業股份有限公司) of the SOUNG Family, established in 1940 with the investments entirely from the Bank of China. According to newspaper reports in May 1943, there were already eighteen industrial units either already formed or being formed in the north-west known as the "Industrial Giants of the Northwest". They are, no doubt, large trusts formed by the Four Families to gain monopoly of the north-western industries. Then there are the Ta Hua Enterprises Company (大華企業公司), the Hua Hsi Reconstruction Company (華西建設公司), the China Industrial and Mining Reconstruction Company (中國工業礦業建設公司), etc., of the CHEN Family, which are all of a monopolistic nature. Therefore, the Four Families are not only trying to gain control of the free enterprises by means of their government-operated enterprises, but also by means of their privately-operated enterprises.

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This barbarous method of doing away with the free enterprises for the benefit of their own, this feudal, compradore and military monopoly of the Four Families in industry was, as has already been explained, attained through the utilization of force and of foreign capital. But this is only one aspect of the robbery. The second aspect is the utilization of force against the opposition of the people and against democracy. The third aspect is the corrupt nature of their management of industrial production. The details of the third aspect will be discussed later in this chapter.

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(C) The Sphere of Monopoly Widens After the "Pyrrhic Victory" over Japan

After the "Pyrrhic Victory", the huge enterprises formed from the blood and tears of the Chinese people by the Japanese with their barbarous methods of forced-labor and forced-seizures all fell into the hands of the new conquerors - the Four Families. The Four Families and their satellites first fought over the prizes, but no matter which family gained possession, they eventually took possession of all the enterprises in good condition under the name of the "nation". (as has already been pointed out, to the Four Families, the term "the nation" means "The Four Families). "Those almost destroyed and worthless companies were auctioned off to the people...a 'sucker's bait". As in the case of their financial and commercial monopolies, the Four Families thus gradually extended the sphere of their industrial monopoly. Based on the rough estimate of a certain individual, in May of this year, "the capital of the government enterprises amounts to over 80% of the entire industrial capital of the nation". (See Reference #20) But the actual amount may be even greater than this rough estimate.

On the one hand, the Four Families and their satellites utilized the taking-over of the Japanese industrial foundations in China to organize various industrial monopolies of a national character, and on the other hand, to organize various industrial monopolies in every district of the country. As examples of the former, we have the China Textile Development Co. (中國紡織建設公司), the China Textile Machinery Co. (中國紡織機械公司), the China Silk Co. (中國絲綢公司), the China Petroleum Co. (中國石油公司), the Central Electrical Supplies Factory (中央電工器材廠), the Central Shipbuilding Co. (中央造船公司), and the still being formed mail liner Company of the Chung Hua Marine Co. (中華水產公司). The monopoly spheres of all these companies are very large: At present, of the 4,000,000 spindles in the entire textile industry, over 2,000,000 spindles belong to the China Textile Co. which, moreover, is planning for still greater expansion. The original capital of the China Petroleum Co. was CEC\$1,000,000,000. At present, it is planning to increase this amount to CEC\$5,000,000,000. It is further claimed that the company will shortly put forth all its efforts to the development of oil wells in Yu Kien (玉門), Formosa (臺灣) and areas in the Northeast; it is, moreover, planning to establish branches in the seven following areas - Chungking (重慶), Lanchow (蘭州), Hankow (漢口), Shanghai, northern, central and southern China, in order to spread its net-work all over the country. It is also claimed that the Central Shipbuilding Co. will become the largest of its kind in the nation's shipbuilding industry. As examples of the organizations under the industrial monopoly in the various districts, we have, in the Shanghai area, as already announced in the newspapers, such organizations as the Shanghai Material Supply Office (上海材料供應事務所), the Electrical Machinery Factory (電工機器廠), the Shanghai Machine Factory (上海機器廠), the Shanghai Shipbuilding Factory (上海造船廠), the Shanghai Oil Refining Plant (上海煉油廠), the Chiangnan Electric Co. (江南電氣廠), the Shanghai Chemical Industrial Factory (上海化工廠), the Shanghai Branch Factory of the Formosa Sugar Refining Mill (台灣糖業公司上海分廠), the China Radio Materials Supply Co. (中國無線電材料公司), etc. In Central China, as announced in the newspapers, we have the Central China Iron and Steel Co. (華中鋼鐵廠), the Central China Mining Co. (華中礦業公司), etc. Concerning the Central China Iron and Steel Co., it is claimed that, when the company attains its full capacity, it will have about 5,000 office workers, over 20,000 laborers and 300 American technicians. In Formosa, as also announced in the newspapers, we have the Formosa Power Co. (台灣電力公司), the Formosa Sugar Industrial Co. (台灣糖業公司), the Formosa Electrochemical Co. (台灣電化公司), the Formosa Fertilizer Co. (台灣肥料公司), the

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Formosa Paper Industrial Co. (台湾纸业公司), the Formosa Shipbuilding Co. (台湾机械造船厂), etc. among these, the Formosa Sugar Industrial Co. is already very famous, having taken over four large Japanese trusts which have a total of 42 factories, 2,000,000 mou (1 mou = 733.5 sq. yds), and an annual sugar production capacity of 1,400,000 tons. (Note... At present, three of its factories have resumed operation with a total number of 5,000 office workers and 15,000 laborers). This company is planning to control the sugar industry of the entire nation. The following is a detailed report from the Hsin Hua News Agency (新華社).

"Peiping Dispatch" - The 'mandarin capitalists' of the Kuomintang's SOONG family took advantage of the taking-over of enemy property to gain control of the light and heavy industries of the Peiping-Tientsin area and to seize control of the few remaining private enterprises. In heavy industry, there are in all 33 units and large factories to be taken-over by the Ministry of Economic Affairs and turned over to the National Resources Commission of the Executive Yuan to be organized into the so-called "Eight Large Companies of Northern China". They are the Chi Tai Iron Co. (东北钢铁公司), the Northern China Iron and Steel Co. (华北钢铁公司), the Northern China Cement Co. (华北水泥公司), the Tientsin Machine Factory (天津机器厂), the Tientsin Automobile Factory (天津制车厂) which was the former Japanese Showa Automobile Factory (昭和汽车厂), the Tientsin Chemical Co. (天津化学公司), the Tientsin Paper Manufacturing Co. (天津造纸公司), and the Tientsin branch of the Central Electrical Supply Factory; all are under the direct control of the National Resources Commission in Nanking, and under the supervision of SUN Yueh-chi (孙越崎), the Assistant Chief of the National Resources Commission, whose position is somewhere between that of T.V. SOONG and WANG Wen-tao (翁文灏). Besides the above mentioned companies, there is also the Ching Feng Coal Co. (承德煤矿公司), which is now being formed, and which will be operated jointly by the National Resources Commission and the Hebei Provincial Government. Thus, the entire network of heavy industries established by the Japanese North China Development Co. (华北开发会社) has been taken-over by the "mandarin capitalists" of the SOONG Family. Among the comparatively large light industries in Tientsin, those with the most profit - the textile companies - are also monopolized by the mandarin capitalists of the SOONG Family. The sixteen units of textile mills taken-over by the Ministry of Economic Affairs including the Tientsin branch of the Yu Feng Textile Mill (裕丰天津分厂), the Chung Yuan Textile Mill (中元纺织厂), the Tientsin Textile Mill (天津纺织厂), the Tientsin branch of the Shanghai Shuang Hsi Textile Mill (上海双喜纺织天津分厂), the Ta K'ang Textile Mill (大康纺织厂) and the Yun Ta Textile Mill (云大纺织厂), together with the carpenter shops and the machine repair factories, were all turned over to the Tientsin branch company of the China Textile Co. (中国纺织建设公司天津分公司) to be reorganized into the Tientsin Branch Mill (also called the Seventh Mill) of the China Textile Co. This branch has a total of over 320,000 spindles which is 84% of the entire amount in Tientsin. The president of the Tientsin branch of the China Textile Co., YANG Jen-chou (杨人周), (former branch manager of the Bank of China) is also one of SOONG's satellites. Other companies taken-over by the Ministry of Economic Affairs, but later returned to their rightful owners, are the British-owned Kai Luan Coal Mine (开滦煤矿), the Anglo-American Cooperative Enterprise, the Yi Chung Tobacco Co. (颐中烟草公司), the Yung Li Chemical Factory (永利化学厂), the Chi Ta Salt Refining Co. (天大精盐厂), the Chi Hsin Cement Co. (启新洋灰厂), etc. However, when they were returned, all except the first two foreign-owned companies had either additional capital (so-called "government" investments) or a portion of their raw materials and products retained by the Ministry of Economic Affairs to serve as the foundation for "official" shares in those companies. Moreover, "mandarin capitalists" became new members of the board of directors of the companies, of which they gradually gained control. As for instance we have the Yao Hua (耀华) Glass Factory in which the Japanese investments of CN\$5,000,000 was divided into 50,000 "official shares", this number being half of the total number of shares in the factory. Further, WANG Wen Hao (翁文灏), one of the new official shareholders of the factory, became the chairman of the board of directors. With the exception of the above-mentioned factories, the other factories should have either been auctioned off or rented out to private parties; but instead, the larger ones among these factories, such as the East Asia Tobacco Co. (东亚烟草公司), the Chung Hua Latch Co. (中华火柴公司), the Hsin Yuan Chemical Co. (新源化学公司), the East Asia Paint Co. (东亚油漆公司), and the Asia Leather Manufacturing Co. (亚细亚皮革厂), are still being directly managed by the Ministry of Economic Affairs for its own benefit. Those factories which were actually auctioned off were mostly chemical and machine tool factories, and had a minimum opening bid of 3,000 times the price as estimated by the Japanese at the time of transfer. Those factories which are in comparatively good shape all cost over \$200,000,000

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which an ordinary industrialist can never afford. This was the case of LI Tu-chen (李 獨 塵), an industrialist and a representative in the Political Consultative Conference (政治協商會議), whose bid was rejected because it was below the minimum opening bid.

In the Northeast, wherever the Four Families and their satellites went, the drama of the 'Battle of Taking Over' was enacted. Their subordinates fought against each other: "You take-over, and I also take-over; you steal, and I also steal. Literary men fight against soldiers, and officials against people. Those with power rob without fear, those without power steal secretly". (See Reference #21) According to a newspaper report in July, "prominent figures are beginning to organize companies in preparation for enacting the old drama of 'mandarin capitalism'. The Northeast, neglected and abandoned by the CHIANG regime, was for 15 years washed with the blood of the Chinese people and of the Chinese Communists; when finally the Japanese imperialists were driven out of the Northeast with the help of the Soviet Red Army, the tentacles of the Four Families began again to be felt. The people of the Northeast have already begun calling the CHIANG regime in the Northeast the 'Second Manchukuo'. The heavy industries and the important light industries in the Northeast have already become the private property of the Four Feudal, Compradore Families, and, moreover, they are becoming important instruments of the latter in conquering the Chinese people.

Some of the newly acquired enterprises of the Four Families are still called "joint government and private cooperative enterprises"; for instance, 60% of the capital of the China Textile Co. is "official shares" and the remaining 40%, "private shares". The "official shares" naturally belong to the Four Families; but what about the "private shares?" They belong to the Bank of China. One of the tentacles of the Four Families is "official" while the other is "private"; thus the so-called "joint government and private cooperative enterprises" is nothing but the cooperative joint management by the two tentacles of the Four Families. When the free industrialists voiced their opposition against the government management of the China Textile Co., T.V. SOONG announced that, after two years, the government would transfer the management of the company to private parties. Actually what he meant was, after a certain period, the company will be transferred from the "official management" of the Four Families to the "private management" of the Four Families.

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## (D) Transforming China into the "Industrial Frontier of the United States"

Simultaneously with the "taking-over" of all Japanese and puppet companies which rightly belong to the Chinese people, the Four Families transformed these companies into the subsidiary, compradore property of large American companies. At present almost all of the Four Families' important heavy and light industrial companies are partly or entirely financed with American capital, and all installations and techniques are supervised by American technicians. In short, capital, techniques, personnel, supervision, training....etc., all must be "American compradorized", all must be "American styled". Before, and at the beginning of, the Sino-Japanese war, the Four Families cooperated with Fascist Germany. But after Germany's defeat, the Four Families turned to the American imperialists for help. In March 5, 1946, the following was reported by the Central News Agency:

"According to the American magazine, 'The China Aid Monthly', the United States is whole-heartedly assisting in the industrialization of China. (??!!) At present the United States is far advanced in its plans for China and many of the plans are already in execution.

(1) Before 1947, 5,000 American technical experts will be sent to China.

(2) Two American engineering companies have already completed all necessary surveys for the construction of huge electric-power iron and steel works and for the installation of railroad equipment. Moreover, several American cement companies have already established factories in China with American materials, and these factories are staffed with American-trained technicians.

(3) In the silk industry, American experts are hired as advisors to supervise the standardization of working techniques and the quality of the products. It is estimated that the annual production of Chinese silk may reach U.S.\$500,000,000. Other

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Chinese products that are in demand in the United States, such as tea, and chinaware, are also being standardized.

(4) Prospecting for oil is going on in the interior of China, backed by a powerful corporation of American oil companies. It is said that this corporation will shortly organize in China a consolidated enterprise to manage the oil industry. The principal motivating power behind the above-mentioned plans for the industrialization of China is the Sino-American Industrial and Commercial Association (美華工業協會), which represents 350 companies from 50 different American industries. Based on the estimates of the Sino-American Industrial and Commercial Association, China will purchase from America U.S.\$125,000,000 worth of chemical equipment, U.S.\$85,000,000 worth of generators (elec.), U.S.\$180,000,000 worth of iron and steel, U.S.\$24,000,000 worth of machine manufacturing machinery and U.S.\$160,000,000 worth of pipes for the coal mines. In order to restore the industries in Formosa and the Northeast to their normal production capacities it will require U.S.\$200,000,000. The transportation equipment such as is needed in railroad transportation, sea transportation, air transportation and highway transportation, and to improve the existing 15,000 miles of highway, and to complete, within two years, a new 6,000 miles of highway, it will require a total of U.S.\$840,000,000. (See Reference #22) As it is impossible to list every one of the examples of American "comprador-ization" of various enterprises that are under the control of the Four Families, we shall give in the following the conditions existing in the electrical industry as only one example. According to a dispatch of the United Press on 8 August (1946):

IUCAS (?) (傑克新), of the Westinghouse International Electric Company, has revealed that the company has signed a twenty-year contract with the National Resources Commission of China for the right of instituting production methods, training the personnel, and supplying all the necessary machinery for the electrical Supply Manufacturing Factory which shall have a capital of U.S.\$40,000,000.....He added that at present negotiations are being conducted for 15 to 20 similar contracts".

China, under the Four Feudal and Comprador Families, will soon become a colony of the United States. From the industrial point of view, this fact is even more clearly evident. The businessmen of California were told by Mr. Nelson, formerly of the wartime Production Board, that "American businessmen must consider China as the industrial frontier of the United States. Although this frontier might not be more important than was the western frontier of the United States in the beginning of the 20th century, it is, at least, very important". He further added: "In this way the United States can maintain its industrial leadership in the Far East". (See Reference #23) The Chinese people must understand that the American imperialists are not only considering China under the rule of the Four Families as another "Philippines", but as the western frontier of the United States.

But the Four Families' making of China into the industrial frontier of the United States by cooperating with the United States in the building of factories, etc., is only one side of the actual situation. The other side is the Four Families' opening of China's doors to welcome the American capitalists to set up factories in China. The so-called "new company laws", as conceived by the Four Families, are designed merely to give the American capitalists more privileges in China. Concerning this question, Ma Yinchu (馬寅初), independent economist of the people, has frequently cried out: "The seventh and 192nd articles of the "new company laws" recently announced by the government do not stipulate that the head company of a foreign branch company in China must be in business in its own country.....This is a grave mistake, for, according to the new company laws, the branch company of a foreign company in China need not submit to the Chinese government the amount of its capital. Therefore it can at any time increase its capital and thus avoid payment of income taxes to the Chinese government. On the other hand, the head office can claim to its own government that, as it is not yet in business in that country, naturally its share holders need not pay any income tax to the government. Similarly, they can also avoid the payment of all other miscellaneous taxes. Under such circumstances, how can the Chinese industrial and commercial companies compete with the foreign companies? This is one of the ruthless schemes of the foreign capitalists to strip the Chinese people of everything they possess. Mr. MA further added that those legislators who foresaw the adverse effects of the new company laws on the entire national economy opposed them energetically. Their opposition was finally over-ridden, however, by several high-members of the Supreme National Defense Council. The majority of the latter consisted of wealthy mandarin capitalists who, joining hands with the comprador capitalists, wanted to make use of the opportunity to acquire more wealth. This is another bit of evidence to prove that the political power is in the hands of the Four Families and not in the hands of the legislators. Despite

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the opposition of the legislators, the new company laws were finally passed. According to a news dispatch in May, "it has been reported that several American oil companies are organizing companies in preparation for doing business in China. Further, the Westinghouse Electric Company has contracted with China to construct an electrical power plant in China. Moreover, a few foreign companies - several cement factories, one shipbuilding yard and one chemical manufacturing factory - have already contracted with China to build factories in China. The Bird Brand Condensed Milk Company is also negotiating for a contract to set up a plant in China". (See Reference #2). However, these are only a few of the reports that are trickling in now. This is just the beginning.

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(E) A Death Blow to Free Enterprise

The cross-fire of the "mandarin capital" of the Four Families and the financial capital of the foreign imperialists in China's industries is tragically eliminating the free enterprises of the people. During the war, with the exception of those industries controlled by the Four Families, all other industries suffered innumerable hardships, as has already been described in the previous chapter on the commercial monopoly. An industrialist pointed out the following facts: "The government factories take advantage of the enormous capital of the nation (meaning the nation controlled by the CHIANG regime) and of the privileges accorded them, (such as the exemption from taxation, and a priority in the purchasing of raw materials) to reduce their production costs. Thus the private companies have no earthly chance in competing against them". The private enterprises of the Four Families are similarly dependent on the latter's political and financial monopolies and on numerous super-economic priorities; moreover they have special financial assistance. For instance, of the CNC\$150,000,000 industrial loan of the Four Banks to private industries, H.H. K'UNG's China Industrial Development Co. received CNC\$70,000,000. Not so long ago, a writer, on the basis of his experiences since the "Pyrrhic Victory", wrote the following article regarding the suppression of the free enterprises by the "mandarin" capitalists:

"First there is the invasion of the various productive enterprises: - Under the two slogans of 'Merchants Unable to Continue in Business' and 'Government Industries Fighting for the World Market', the "mandarin" capitalists, disguised as government representatives, monopolized the various productive enterprises. As for instance, the China Textile Co. monopolized all the dyeing, spinning and weaving companies, the China Silk Co. monopolized all of the silk industry in Kiangsu and Chekiang provinces, the Ministry of Economics monopolized the whole nation's production of coal, iron, steel, tungsten, zinc, tin, mercury, antimony and petroleum and also the machinery, electro-chemical, and sugar refining industries. The Ministry of Communication monopolized the railroad, ships, automobiles and aviation and also all their associated industries. The Ministry of Food monopolized the flour, grain-husking, and "oil-extracting" industries. The Ministry of Agriculture and Forestry took over the farms and the factories manufacturing agricultural implements. And finally the Ministry of Education took over all the industries associated with the cultural activities. Thus the private industries met stiff opposition in every industrial field."

"Secondly there is the control of power: - One of the most important requirements in industrial production is power, and the main source of power is coal. After the victory, all the transporting and selling of coal came under the control of the Fuel Control Administration of the Ministry of Economic Affairs. All coal required by the government and private enterprises are supplied through this Control Administration, but the private enterprises not only cannot get coal for the same price as that paid by the government enterprises but also they have to guarantee a steady supply. In fact, there is no guarantee of coal supply for the private industries but from the blackmarket and the price of black-market coal is from one to ten times that of the official price. The selling price of coal of the Fuel Control Administration to the government enterprises is from a minimum of CNC\$30,000 to a maximum of CNC\$180,000 per ton but the cost of black-market coal is around CNC\$300,000 - this increases the production costs of the private enterprises and thus diminishes their chances of competing against the government controlled enterprises."

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"Third, is the monopoly of raw materials and equipment: Raw materials and equipment are also important requirements in industrial production. At present whether they are produced in China or are imported, they are all taken-over and controlled by a corporation of the "mandarin capitalists". For example, all imported cotton and wool, raw materials of the textile industry, are monopolized by the China Textile Co. The paper pulp and all paper-manufacturing installations left by the Japanese were all used by the various paper mills managed by the Ministry of Economic Affairs. Soon after the victory, these paper mills were manufacturing only banknote paper for the Central Printing Office which prints the currency. Later, because of the fixing of an unreasonable foreign exchange rate, the prices of the domestic commodities exceeded those of the foreign commodities. Therefore the Central Printing Factory reduced its scope of activities and turned over the work of printing banknotes to foreign firms. As the demand for banknote paper decreased, the paper mills began to manufacture other kinds of paper. When the supply of paper pulp left by the Japanese ran out, the paper mills, now but empty shells, were sold at auction. The small Chin Cheng Paper Mill (金豐造紙廠) was up for auction for 200 gold bars. Under such conditions, how can the private enterprises hope to survive?"

"Fourth, is the competition for the markets - The government enterprises claim that they are fighting for the oversea markets sounds impressive. Actually, however, these pseudo-government enterprises of the "mandarin capitalists" are competing with the private enterprises for the domestic markets. For example, outwardly, the China Textile Co. claimed that, as the factory installations left by the Japanese were more suited for the weaving of fine yarn of over a 40 gauge, and as the domestic market for such yarn is somewhat limited, it can be exported to foreign countries to win overseas markets, which will in turn re-enforce China's foreign exchange. Toward the end of December of last year, T.V. SOUNG, in a press conference, further emphasized the above-mentioned aims of the China Textile Co. But at present the China Textile Co. has discontinued the weaving of fine yarns and has reverted to the weaving of coarse yarns of 20 and 16 gauges. Is not this the abandoning of the oversea markets by the China Textile Co. and a return to competition in the domestic market? The installations of the private mills are somewhat primitive and mainly suitable for the weaving of coarse yarns, yet the government mills insist on competing with the private mills. How, then, can the private mills, under such unfavorable conditions, compete in any way at all with the government mills?"

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"Fifth, is the cooperation of the "mandarin capitalists" with the compradore capitalists:- In the fight for commercial profits, the domestic market declined and became less profitable. The "mandarin capitalists" then joined hands with the compradore capitalists and used their political power to set up an unreasonable exchange rate; when, as a result of this new rate, the prices of domestic products became higher than those of the foreign products, they took advantage of this opportunity to steal the commercial profits from the people. For example, although there was an inexhaustible supply of domestic cotton for the weaving of the coarse 16 and 20 gauge yarns, the "mandarin capitalists" insisted on importing American cotton. Although spindles could be manufactured domestically, they insisted on purchasing 500,000 spindles from the United States. Because the import business was profitable, they planned to organize a large-scale import and export company to take over all the import business by means of their political power. Thus they hoped to run all the independent import and export firms."

"The facts mentioned above concern only the suppression of private enterprises by the "mandarin capitalists". Besides this, the private enterprises are also suffering unreasonable political suppression. For example, the private enterprises are paying taxes in accordance with the regulations of the Central Government (CHIANG's Central Government), but the taxes are frequently increased without any regard to the said regulations". (See Reference #25)

Naturally the "mandarin capitalists" mentioned by the writer quoted above are the "mandarin capitalists" of the Four Families. Some of the statements of this writer are erroneous, as, for instance, the statement that the "mandarin capitalists are cooperating with the compradore capitalists". In reality, the "mandarin capitalists" became "mandarin capitalists" because they were at the same time "compradore capitalists". They are not two classes of capitalists, but one and the same class. Some of the examples given by the writer are also incomplete. For instance, he neglects to mention the monopoly of transportation by the Four Families. The Four Families monopolized the railroad network, the highway network, the steamship companies, (of the 500,000 tons of shipping now owned by China, the China Merchant Steamship Navigation Co. of the SOUNG family owns about 250,000 tons), and the aviation companies. (Some of the latter are managed by China and foreign countries and some are directly under foreign management, as the Europe-

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Asia Airline Co., which was formerly jointly managed by China and Nazi Germany, the Sino-American China National Aviation Corporation, and the recently established Chennault Air Transportation Co., to which the Four Families have sold all aviation rights). During the war, the Four Families even monopolized the donkey-cart transportation network. Thus, in addition to being able to supply CHIANG's military forces with transportation, the Four Families were given innumerable advantages in obtaining not only a monopoly in commerce, but also in industry. The writer mentioned above also failed to mention the profits made by the private enterprises are not only taken away from them by the Four Families through heavy taxation but also through high-interest loans and the insurance companies. (According to a news dispatch, excluding the insurance companies with foreign investments, the capital of the so-called government-operated insurance companies of the Four Families amounts to over 90% of the entire capital of all insurance companies in the area under the control of CHIANG).

Such an industrial monopoly of the Four Feudal Compradore Families alone is sufficient to exterminate all free enterprises of the people. (See Reference #26) With the additional influx of American products and of American capital, it is then no wonder that the free enterprises everywhere are gasping for breath. Even those factories which rendered CHIANG meritorious service during the war are suffering the same fate. "The factories in the interior of China asked the government for relief. But the government not only refused (saying that, because of the lack of factory machinery and poor management, these factories were not entitled to any relief), but also revoked the privileges which these factories had enjoyed during the war". (See Reference #27) "All the factories that moved to Chungking managed to survive the war, but now they are facing bankruptcy. The small and the medium-size factories are hit the hardest." (See Reference #28) According to a news dispatch in July of this year, "of the total 470 factories which are members of the Chungking Branch of the China National Industrial Association, about half have ceased operation. Of the total 380 factories which are members of the United Association of Factories (which moved to Chungking during the war), 122 have legally closed down. and of the 1,100 registered factories of the "Small and Medium-sized Industrial United Association" about 30% have ceased operation; moreover, those that are still in operation are so in name only. (See Reference #29) This is the condition in Chungking, and the conditions in all the other areas would naturally be the same. If a factory is large enough to attract the attention of the Four Families and their satellites, then it is inevitably seized by the latter under some pretext or other. As stated in the following report:

"After the victory, the workers of several large factories in Chungking went on strike demanding a bonus.....The government took a hand in the matter and utilized the opportunity to reorganize the factories, putting them under government control. During the reorganization, the officials of course got their hands on most of the stock. Not long after, they claimed that it was no longer necessary for these factories to be under government control and they reverted them to their former private status. However, most of the controlling shares were already in the hands of these 'part official and part merchant' potentates". (See Reference #30)

Naturally the profit-hungry Four Families and their satellites not only ruined those private factories which had rendered meritorious service during the war but also abandoned their own "government-operated" and "privately-operated" factories, whenever there were greater profits to be gained by doing so. Thus, if they find that the importing of a certain American product (which is cheaper and of better quality than the domestic product) would bring a bigger profit, then they unhesitatingly close their own factories which are manufacturing that particular product. An example of this is the closing down and auctioning of the Four Families' government-operated paper mills. (See Reference #31) In other words, the Four Families are fully prepared to become commercial compradores of United States products. A news report in July of this year stated: "The only feature of 'industrial reconstruction' that is of interest to the government is the purchasing of foreign factories and the building of new factories in cooperation with foreign capitalists. Thus the old and obsolete factories and mines in the interior of China have no choice but to close down. This is true not only of the private enterprises, but also of the government factories and mines". (See Reference #32) In other words, the Four Families are also fully prepared to become industrial compradores of United States capital. Thus no matter what the Four Families actually are doing, they are always dealing fatal blows to the private enterprises and to the entire national economy.

There is no way out for the private enterprises as long as they remain under

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the control of the Four Feudal, Compradore Families. This is the absolute truth which cannot be denied! This is the conclusion drawn from 19 years of experience - from experience gained since the start of the war and especially since the "Pyrrhic Victory"!

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## (F) A Thing Rotten to the Core Cannot Exist

The Four Families have done all they could - They have betrayed the country, slaughtered the people, and destroyed the productive capacity of the entire nation - They could hardly do anything more. Comparing the productive capacity of the Four Families' monopolized enterprises with that of the private enterprises, we find an example of complete historical retrogression.

The business methods of the Four Families' government-operated enterprises are well-known. As one writer said: "Ever since the CHING dynasty the methods used in managing business enterprises in China have been like those used in government organizations and not at all like those used in industrial and commercial enterprises". All the monopolized enterprises of the Four Families are like huge governmental courts. The purposes of these courts are to suppress the free enterprises and not to increase production. During the war, someone wrote: "The management of a privately-operated department store requires only 20 or more persons, but if it is converted into a government-operated department store, it will then require 6 departments, 20 sections and 300 employees". (This person, referring to the commercial enterprises, but it is the same in the industrial enterprises). "Matters, which can be done in a few days, take weeks or months or even longer to finish". "A receipt requires the stamping of 30 seals". (See Reference #33) Any description of the corruption in the government enterprises would be infinite. After the "Pyrrhic Victory" the situation remained the same. Let us take the famous China Textile Co. as an example. A certain writer once said: "The larger a factory is, the better it can conform to the ideals of economy, which are the reduction of manpower and the lowering of the production costs. At present, however, the China Textile Co. is doing just the opposite. The head company alone has a staff of over 700 persons who, like those in government organizations, are just hanging around doing nothing. The skilled technicians in the various factories have no chance of displaying their skills, and good-for-nothing loafers are appointed to important positions at the general manager's say. A textile mill in the eastern part of Shanghai, having 50,000 spindles and 80 weaving machines, before being taken-over by the China Textile Co. was run by the Japanese with only a staff of 37 persons. Five of them were office workers, and the remaining 32 were technicians. Now this factory has a regular staff of over 60 employees, forty of whom are office workers and only about 20 are technicians. As for the raw materials, the company buys cotton in China and from the foreign countries and distributes it carelessly to the various factories. Thus sometimes cotton for weaving 40 gauge yarn is distributed to a factory weaving 20 gauge yarn, and sometimes when cotton for weaving 60 gauge yarn is scarce, cotton for weaving 32 gauge yarn is substituted. Yet the factory managers cannot complain. In case any machine goes out of order, the permission of the general manager must first be obtained before the necessary parts - even such small items as a few screws - can be purchased. Even after a requisition for the necessary parts has been turned in, it may take three to four weeks before a reply is received, or sometimes there may be no reply. Meanwhile the damaged machine remains unrepaired". (See Reference #34)

Actually, all productive enterprises taken-over by the Four Families in the "recovered areas" are being destroyed by the latter. The majority of the factories have not yet resumed operation, and huge quantities of equipment and raw materials are rotting away.

The above-mentioned type of management in the government enterprises has greatly reduced their production capacities. During the war, for instance, "the factory manager of a certain government-operated electric light bulb factory stated: "When the factory was under private management, it could manufacture 10,000 light bulbs with only 22 employees; but now, with 70 employees it can manufacture only 3,500 bulbs". (See Reference #35) This difference in the production capacities emphasizes the historic retrogression of the government-operated enterprises under the Four Families. For conditions since the victory, let us again take the China Textile Co. as an example. The majority of its spindles are still idle, but we shall not discuss this. Instead we shall discuss only the operating conditions. According to a news report in Lay: "The average daily output of each spindle is about one pound of 20 gauge yarn. At present, however, the company with 750,000 spindles produces only 700 bundles of yarn, which is equivalent to about 4/10 pound per

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spindle. This average is only comparable to that of the small mills in the interior of China during the war, and it should be the cause of the ultimate dissolution of the company". (See Reference #36) A female employee in one of the factories of the company said: "In the days when the Japanese were in charge, any damage to the machinery was repaired instantly, but now everything is conducted in a listless manner. Small damages are ignored and the machines continuously used until they run completely out of order. I fear that the majority of the spinning machines of this company will be out of working order by the end of two years". (See Reference #37) The above-mentioned two views - "the ultimate dissolution of the company" and "the majority of the spinning machines out of working order" - are two accurate diagnoses of the ultimate end of the monopolized enterprises of the Four Families.

Naturally, to insure their monopoly of the industrial profits, the corrupt government industrialists exploit the laborers without any compunction. We may even say that they are extremely determined on this score. The Four Families do not consider the laborers free men. In July 1943, an order from President CHIANG directed that "all laborers in government or private factories must accept mutual responsibility for their actions. Also, hereafter, any laborers without a guarantor will not be hired. (See Reference #38) In other words, the Four Families are treating the laborers as slaves of compulsory labor. This is an important characteristic of the feudal, compradore and military monopoly of the Four Families in industry, and another indication of their utterly corrupt practices. The Chinese labor class suffers extreme hardships under the cruel suppression of the semi-feudal and semi-colonial system of the country. The wages of the laborers are very low, their working hours are very long and their strength is very often inhumanely overtaxed. The Chinese laborers are not only overworked, but also even their earnings, which are absolutely necessary for their very existence, are frequently taken away from them. The Four Families, headed by CHIANG Kai-shek, treat the laborers as slaves of compulsory labor, because it is therefore easier to exploit them.

Next, among the numerous enterprises owned by the Four Families, speculation plays an important part. Besides taking over private factories under the pretext of promoting production, members of the Four Families are also ever on the lookout for business speculations to enrich themselves further. In the preceding chapter we have already mentioned the famous **KHEICHOV** (柯州) Enterprises Co. whose transactions have really been very shady. Let us now take the **CHUAN KANG** (川康) Industrial Development Co. as an example: "Its business consists of purchasing and hoarding tung oil, wool and brown sugar, and speculating in gold.....Tung oil, for instance, is usually purchased at CRC\$5,000 per ton and then sold at over CRC\$100,000 per ton". (See Reference #39) Another example is the hoarding of huge quantities of medical supplies by the Central Drug Manufacturing Co. (of which H.H. FUNG is the chairman of the board of directors) for the purpose of commercial speculation. (See Reference #40) The industrial monopoly of the Four Families and their feudal, compradore business speculations are interwoven one with the other. No wonder their illegal wealth continues to pour in.

For conditions existing since the "Rythmic Victory", let us again use the China Textile Co. as an example. A certain writer once said: "The government is running its textile mills, it seems, for the purposes of pure speculation and temporary profit-making". This remark fits perfectly the China Textile Co. which is actually another huge commercial speculation company. In May of this year, one newspaper appeared with the following headlines: "The China Textile Co. Offers Compradore Services". "Huge Quantities of Mexican Cotton Cloth Shipped to Shanghai Being Offered for Sale by the China Textile Co.". (See Reference #41) Cotton imported from America by the China Textile Co., besides being used by the latter's mills, is also being sold, thus enabling the company to realize profits from two sources. (See Reference #42). Moreover, the cotton yarn produced by the company's own mills are utilized for commercial speculation: "The production of yarn in Shanghai is monopolized by the China Textile Co. Thus if the latter discontinues supplying yarn, the entire weaving industry will become paralyzed. Therefore, the China Textile Co., with its power of 'life and death' has full control over the weaving industry. Taking advantage of this point, the company often unreasonably increases the price of yarn in order to make larger profits. At the same time, it neither aims at full production nor at supplying the weaving mills with sufficient yarn, so that the demand for the raw material (yarn) is always greater than the supply on the market. Consequently the price of yarn rises and the company makes larger profits". (See Reference #43) The difference between the selling price of yarn

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and its cost of production is frightening. According to one investigation, "the production cost of the China Textile Co. of one bundle of yarn is less than CMC\$600,000, but its selling price is over CMC\$1,100,000. (See Reference #44)

Actual facts prove that the Four Guilty Families are parasites rotten to the core and cannot survive. On the other hand, the free enterprises, though at present they are being persecuted by the American imperialists and by the Four Families, will always survive because, by their very nature, they are progressive. The Trotskyites have supported this feudal, compradore monopoly of the Four Families in industry, but history has already amply proved the Trotskyites to be a group of insignificant "vermin".

From this comparison of the production capacities of the government and private enterprises, it can be safely inferred that the Four Families, in the course of events, shall become extinct. But until then there will be a bitter struggle. The Four Great Families, with the assistance of the American imperialists, will stop at nothing to annihilate the free enterprises. If the free enterprises are to avoid this fate, the free industrialists must join hands with the farmers. They must present a united front, fighting for industrial freedom and for the farmers' emancipation. In this way they can insure the emancipation of the people and the development of the nation's production capacity. This is the one and only way out for the free enterprises. There can be no other way.

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VI. THE FEUDAL, COLONIAL, AND MILITARY MONOPOLY IN AGRICULTURE

(a) Nation-wide Feudal Slave Masters

The sudden rise in wealth of the Four Families and their financial, commercial, and industrial activities have already been discussed in the previous chapters. These activities of the Four Families were directed mainly against the farmers, and the immense fortunes of the former were mainly acquired by a robbery of the farmers. This semi-feudal or feudal, semi-colonial or colonial, and retrogressive agricultural economy was the system by means of which the imperialists and the Four Feudal, Compradore Families fleeced the farmers.

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Since the beginning of the reign of the Four Families, the number of tenant farmers in China has rapidly increased. According to a statistical report of the Central Agricultural Research Bureau of the Kuomintang Government from 1911 to 1939 the percentage of tenant farmers increased from 28% to 38%, and the percentage of "part-owners", from 23% to 27% of the total population. (The figures for 1937 and 1938 are the averages of the 15 provinces under the control of the Kuomintang). But these percentages are only approximate because in the more fertile areas the increase of tenant farmers should have been greater. For example, according to surveys conducted during the war years, in the Chengtu (成都), Hsintu (新都) and other hsien of Szechuan province, the percentage of tenant farmers reached over 70%, in Ta Hsien (巴縣) and Chiangpei Hsien (江北縣) of Eastern Szechuan Province, the percentage of tenant farmers being approximately 80% (See Reference #1). Generally speaking, the increase of the tenant farmers is in direct proportion to the concentration of land tenure. For example, on the plains of Chengtu, 8% of the landlords own 80% of the total acreage of farm-land and, in Chungking, the landlords, (about 2% of the population) own 95.6% of the total farm-land. (See Reference #2) Szechuan Province can be regarded as a good example of the rapid concentration of land tenure in the hands of a few. "From 1937 to 1941, the area of land owned by landlords in Szechuan Province increased by 69 to 70%, and in Sikang Province, by 69 to 73%" (See Reference #3). A concomitant effect of this increase in private land ownership has been the heavier land rentals that the tenant farmers must pay. The Chinese landlords had always charged the farmers exorbitant rentals. In many cases the rental amounted to 50%, 60%, 70% or even 80% of the total amount of crops gathered in during the harvest. Because of the feudal system of agricultural production in China, the amount of surplus products is extremely small, the percentage of surplus products being usually between 10 to 20% of the total production. On the best farm land, under the most favorable conditions, the percentage of surplus products is still not more than 50%, but then the better the land, the higher always the rent. Thus such high rents would not only take away the whole of the farmers' surplus products but also the greater part of what he absolutely needs for subsistence. However, they are, on the other hand, the source of wealth of the Chinese feudal landlords. Such rent "robbery" under the reign of the CHIANG regime has become more and more pronounced. In the pre-war days, for example, "according to the 1934 annual report from Tai Shan Hsien (泰山縣) of the Kwangtung Province Administration, the rent for each "mou" (Chinese acre) of farmland in that Hsien has increased within a 5 year period from CMC\$20 to CMC\$30, i.e. an increase of 50%". (See Reference #4) The total rent of the 27 families of tenant farmers in a certain hsien in Szechuan Province increased by 81.4% during the war years from 1938 to 1944. (See Reference #5) The agricultural situation in other provinces under CHIANG's regime was practically the same. All these figures show clearly that the reign of the Four Families has greatly encouraged "feudal robbery".

The concentration of land in the hands of a few feudal lords, and the latter's intensified robbery of the tenant farmers were in complete harmony with the concentration of wealth in the hands of a few compradores and their intensified activities in the agricultural field. Under the rule of the Four Families there was a rapid change in the social positions of the new and old landlords in the various localities. The old landlords were gradually dying-off, while the new landlords were rapidly rising to take their place. According to investigations conducted in 10 hsien in Szechuan Province in 1935, the new landlords comprised 31% of all landowners, but they owned 90% of the total land owned by all the landowners, while the old landlords, comprising 69%, owned only 10% of the land. The above is a classical example. The old landlords were merely "native wealthy landlords". The new landlords, however, are close followers of the four compradore financial heads of the Kuomintang, and they are generally known as the "new westernized landlords". They are the bureaucrats, the militarists and the party scalawags of the Kuomintang who rely on their political power to "grab" everything for themselves and, at the same time, to suppress the old landlords. They have become the new social pillars of the Four Feudal, Compradore Families. They are making the reign of the Four Families the blackest and most feudal monarchial period in the history of China.

The Four Families own land and property in villages, towns, at important communication junctions, and in harbor areas. They are thus the nation's biggest landowners. In the old feudal China there was an old saying: "There is not one piece of land under heaven that does not belong to the Emperor". At present the "Emperor" is CHIANG Kai-shek. All the land owners in China are playing either second or third fiddle to the Four Families. All the farmers in areas under the rule of CHIANG, including all tenant-farmers, "part-owners", and independent farmers, are slaves of the Four Families. The Four Families not only rob them financially, commercially and industrially, but also collect rent (on the land) from them. The collecting of rents by the Four Families is done by means of taxation, either by taxing the farmers directly, or indirectly by taxing the local landlords. In most cases the former direct method is used. The "inspectors" and the "land commissioners" who collect the rent for the Four Families are generally the soldiers, petty government

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officials or the local scalawags. Everyone knows that the various direct and indirect taxes imposed upon the farmers during the pre-war days by the CHIANG regime were extremely heavy. There were various kinds of miscellaneous taxes, too many to be listed, which gave the corrupt officials infinite opportunities for "squeezing". According to a report by F. H. H. (transliteration from the Chinese), during 1929 to 1933 "there were altogether 188 kinds of rural taxes in China. The rate of the Chinese land tax was CNG\$6.34 per British acre which was equivalent to US\$1.79 per acre. However, in 1932, the rate of the land tax in the United States was only US\$.46 per acre". (See Reference #6) The surtax levied on the farmers exceeded by more than 10 times the normal amount of land tax. These were the methods used to collect large rentals. (Up to the fall of the CHIANG Dynasty, the surtaxes never exceeded 1/12 of the total taxes. The Four Families are thus robbing the farmers on a far greater scale than either the officials of the CHIANG Dynasty or the warlords of North China). In addition to these taxes, there are also forced labor, the conscription of young men, the use of the private land by the Government without payment, etc., all of which the farmers have to bear. At present, we shall not discuss these subjects, but shall, instead, elaborate further on taxation since the start of the Sino-Japanese war.

Paying Land Rent with Crops - This was one of the most striking and ruthless methods by which the Four Families collected their rent from the farmers. According to calculations made by one of my comrades, "in the year 1942, in Szechuan Province where the land tax was higher than in other places, the average harvest for each "mou" of rice field was 4 piculs. Of this crop, 2 piculs 3 tou (斤) 8 sheng (升) (Chinese dry measures) of rice or 59.5% of the harvest of each mou of rice field went to the Government in the form of land-taxes payable in crops, compulsory sale of rice to the Government, rice to support the Hsien Government, rice for the local emergency granary, and the fixed crop-tax of 15% on all profits. Likewise, in Hunan the farmers in 10 Hsiens located in the lake area paid crop taxes amounting to 52.79% of the yield. In Yunnan the amount of crop taxes paid by the farmers was 49% of the harvest. The above percentages for the year 1942 do not include the miscellaneous additional expenses charged by the land and other agents". (See Reference #7) As one writer has said, "ostensibly, the burden of the various taxes and of the lending of land to the Government falls on the land-owners but, actually, a part, or rather all, of the burden falls either directly or indirectly on the shoulders of the farmers. The big landlords shift their responsibilities to the middle and small landlords who, in turn, place them on the shoulders of the tenant farmers..... Though less than half of the big landlords in Szechuan Province were actually producing rice from their lands, (see the editorial in the Shanghai Peace Daily / 上海和平日报 / of 11 June 1946), the amount of rice produced was always adequate for the payment of taxes to the Government and, at times, was even in excess. At the same time, all the big and small landlords have tried their best to raise the rent of their land, taking as an excuse the increase in the land tax by the Government. What was originally paid for with money is now paid for in crops. In addition to the increase in the normal land rent, there have also been increases in rent deposits and additional rental fees. Since the enforcement of the system of paying land rent with crops in 1941, there has been dissension in all of the provinces in the interior of China because of the increase in rentals or because of the eviction of the tenant farmers from their farms by the landlords, who had wanted to shift a part, or the whole, of the burden of taxation onto the shoulders of the tenant farmers. (See Reference #8) During the anti-Japanese war a certain political councillor personally investigated the pitiful conditions of the farmers in Szechuan Province and found that the farmers, after paying their taxes with crops and after laying aside a considerable amount of their crops to be purchased by the Government, had, in the end, practically nothing left for themselves. (See Reference #9) After the "Myrrhic Victory", CHIANG Kai-shek announced that all the farmers in the "recovered areas" would be exempted from paying land taxes during the year 1945, and those in the "interior" during the year 1946. This was indeed a "noble gesture" of the great feudal lords! It was proclaimed, according to the feudal lords, in the spirit of "loyalty, filial piety, benevolence, love, faith, righteousness and peace". But what was behind this "noble gesture"? Let us see. After the issuance of the order of "exemption from land taxes", another order - "Intensify the robbery of the farmers" - was issued by CHIANG to his followers. "In 1945, the so-called 'recovered areas' (actually the newly conquered areas of the Four Families) were exempted from land taxation for a year; however, the farmers in the various Hsiens were obliged instead to offer money and food to the Government, and the amount of these presentations to the Government, in most cases, exceeded the amount of land tax from which

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the farmers had been exempted for that year. Further, a 'one-price' policy was enforced. (Whatever was demanded by the Government had to be given by the Farmers without any questions asked). Many disturbances occurred whenever those persons who had failed to hand over the food and money required by the Government were arrested and their property confiscated". (See Reference #10) What about the farmers in the interior of China in 1946? "Despite the exemption, they still had to pay the land tax either in crops or by permitting the Government to borrow their land. The tax rate was extremely high. The land tax was fixed at 4 'tous' of rice (unhusked) for each Chinese dollar that had to be paid for taxes. In addition, 4 more 'tous' were 'borrowed' by the Government, and over 30% of the harvest had to be donated to the Government for public use. All this amounted to 9 'tous' and 2 'shengs' of rice (unhusked) - or 5 'tous' more for each Chinese dollar that had to be paid for taxes. This tax rate exceeded the pre-war rate by more than 4 times". (See Reference #11) The "recovered areas" were not exempted from land taxation in 1946 as a result, the farmers expected no "kindnesses" from the Government. "During the pre-war days, in the most heavily taxed areas of Kiangsu and Chekiang provinces, the taxes (including all kinds of surtaxes) levied were approximately CMC\$1.40 per 'mou', which, on the basis of the current price of rice at that time, amounted to from only 1 'tou' 5 'shengs' to 2 'tous' per 'mou'. Since then the tax rate has increased to more than 6 "tous" per "mou" (including the crops donated to the government for public use, etc.). This increase, caused by the indirect taxation, has not only exceeded the amount of the rental of the fields (the rent for each mou of field is 3 to 4 tous in Haining / 海寧 /, Chihsing / 嘉興 / and the surrounding areas) but also exceeded the net profit of the farmers after one year of hard work. (The average yield for each mou is about 1 picul, 5 "tous"; after the deduction of the taxes and donations, what is left is not even sufficient to pay for fertilizer and labor)". (See Reference #12)

The so-called "purchase of food by the Government" is not different from confiscation. There is a popular song containing the following lines: "The market price of rice is CMC\$10,000 for picul - then why is it that the official price is only CMC\$2,000?" (See Reference #13) This is really not the worst, though "during the war, in certain hsiens in Kiangsi Province, the magistrates of the hsiens, the village chiefs and the heads of the 'fao Chia', all put the 'squeeze' on the farmers when making 'purchases' for the Government. Theoretically, the government purchasing price was CMC\$1.00 for 2 tous of rice but, actually, the farmers had to give more than 12 'tous' for CMC\$1.00". (See Reference #14) In Kunshan ( 崑山 ) of Kiangsu Province, "the price of rice this year (1946) is over CMC\$50,000 per picul. Though the government purchasing price of rice has been raised to CMC\$13,000 per picul, the farmers have received only CMC\$5,000. Thus the farmers, in selling to the Government have received only 1/10 of what they would normally receive in the market. This is nothing less than a veritable donation of rice to the government. The purchasing method used by the Government has been as follows: First, several thousands of piculs of rice are bought directly from the rice merchants. Then the rest of the rice needed is bought from the farmers. For each mou of land, 6 "shengs" of rice must be set aside for sale to the Government; and regardless of whether the fields are cultivated by the owner or rented out to others to be cultivated, it is always the farmer who pays....." (See Reference #15) As to the so-called "borrowing by the Government", it is even more of a case of confiscation by the Government.

If we were to take into account all the money that goes into the pockets of the land agents who work for the 'Four Families, all the "squeezes" of the petty officials, and the transportation and food expenses incurred by the farmer in transporting the crops, the exact total burden of the farmer would be extremely difficult to compute.

According to the Shanghai cable of a certain foreign news agency on 17 August, 1946, "it is estimated that the crops taken in land taxation and the grain 'borrowed' by the government this year in the Kuomintang controlled-areas amounted to approximately 117,567,000 piculs. Of course this is only the official figure publicly announced by the Government. The publicly-announced official figure for last year was 59,000,000 piculs. But this year, notwithstanding the fact that famine and hunger is prevalent everywhere, the figure is exactly double that of last year's. The total rice production in the CHIANG controlled-areas decreases year after year, yet the taxes levied by the CHIANG Government increases year after year!"

How true is the remark that "there is a limit to farmland, but no limit to the "squeeze"! (See Reference #16) Such inhuman crimes of the CHIANG regime as these are so numerous that "all the bamboo (竹- from which writing-brushes are made) on the mountain" would be used up before we could even fully record them. A resident of Hsia Kiang Hsien in Kiangsi Province ( 江西 ) stated, "after the plundering carried on by the Japanese, there are now only a little over 30,000 people remaining in Hsia Kiang Hsien. Yet we have to sell as "surplus rice" more than 100,000 piculs to the government. This means that, according to the present population (including babies) each person has to be responsible for an average of 3 piculs. Now, in fact, we do not have even enough rice for ourselves.

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How then shall we have "surplus rice" to give away?" (See Reference #17) "But dispatches from the CHIANG hierarchy, which is founded on "moral principles", became more urgent day by day, demanding the required quantity of rice. There were more than ten orders on this score directly issued by Generalissimo CHIANG himself". (See Reference #18) For example, in Anyang, Honan Province ( 河南 ), (it must be noted that the following examples are but common occurrences), there was a person named LI Chin Sheng ( 李金生 ) of Ai T'ing Village ( 艾亭村 ) in Hun Ling district ( 隰陵縣 ). This last year he harvested 70 piculs of wheat, but the amount demanded by the Government was 90 piculs of wheat. After he had "faithfully" given all that he could get from his harvest to the Government, nothing was left for his family of twelve. As a result, the whole family committed suicide. A similar tragedy happened to CHANG Chin-jan ( 張金鑑 ) of the same village. The tax rate on his land was 3<sup>6</sup>, which amounted to 6<sup>6</sup> bus of wheat. However, as he only got "3 tous" from his harvest, after he had offered all his harvest to the government, he, his wife, and his son all committed suicide by jumping into a well. There was also a widow, 47 years of age in the 4th House of the 5th Chia ( 五甲區 ) of Chang Mu Village ( 張暮村 ), which is the 15th Tiao in Chi Sheng District ( 濟生鄉 ). After she had given up all her harvest, she still owed half the amount of taxes due. She could find no way out but to hang herself and her ten year old son, her only son." (See Reference #19)

Such methods used by the Four Families in collecting rent and in confiscating property were not only utterly ruining the farmers but also some of the middling and small landlords. The Four Families could, and sometimes did, seize a portion of the rent which rightfully belonged to the middling and small landlords. Moreover, they sometimes even seized the entire amount of rent from those middling and small landlords who had no connection with, or had no political influence in, the Kuomintang Government. "In Fuyang ( 富陽 ) of Chekiang ( 浙江 ) Province, there was a certain landlord who received 800 or more piculs of rice in rent, but after he had submitted the entire amount as taxes to the Government, he still lacked 100 piculs; he therefore had to sell a part of his property in order to make up the difference." (See Reference #20) In Kunshan ( 崑山 ) of Kiangsu ( 江蘇 ) Province, "the government could no longer rob the farmers (because the farmers were so poor that they had nothing left which could be stolen from them). Consequently, it shifted its line of attack and picked as its next victim the landlords. An order was issued to the effect that every landlord must submit CNC\$300 per mou to the government for the purchase of military provisions and to defray military expenditures. The landlords must voluntarily have all their lands registered. If it was discovered that a landlord had not faithfully registered all his land, then he would be fined at the rate of CNC\$1,000 per mou". (See Reference #21) The Four Families are the most barbarous champions of the feudal land system, and through their economic monopoly in agriculture they hope to reap in all the profits from the feudal system. Thus they wish to ruin the local small, middling as well as some of the big landlords by the same ruthless methods that they have used on the farmers.

In regard to the crops levied or confiscated by the Four Families, one part of them goes into black-market speculations, another part to feed the CHIANG army, and the remainder to fill the bellies of the agents of the Four Families. CHIANG's army, fed with the rice of the people, is used to oppress the people and to carry on the civil war to protect the interests of the Four Families. The agents of the Four Families, fattened with the rice of the people, are made into the "loyal" and "faithful" servants of the Four Families.

However, the <sup>and</sup> payment of taxes with crops at the purchasing and the "borrowing" of crops are only one part of the levies of the Four Families. The other part—"irregular contributions" and "peculiar taxes" - is as popular with the Four Families as ever. For example: "In the rural districts of Szechuan Province, the people must provide the Government every year with exactly 25,000,000 piculs of rice for land taxes and for Government "borrowing". In addition, they must support over 100 other miscellaneous burdens demanded by the Government.....In the villages of certain hsiens near Chungking, the farmers had to bear the expenses of the hsien office, the Tiao Chia expenses, the food expenses of the government officials and soldiers in the hsien, the expenses of the local garrison force, the supplying of vegetables for the garrison troops and forage for the horses of the garrison, the expenses for the repairing of the barracks, weapons and equipment, the expenses for special protection, the token payments to support the families of the young soldiers, the expenses for the upkeep of schools in the district, the food expenses of the members of the Fire Brigade, the expenses for the storage of foodstuffs, the air transportation expenses, airplane maintenance expenses, the contributions for the reconstruction and rehabilitation of the nation, etc.-27 kinds all told. All this was more or less permanent, but there were still other disbursements which came up unexpectedly, such as money collected at the marriages and funerals of the Tiao Chia heads and money presented to the various

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officials at New Year and other festivals." (See Reference #22) It does not matter how much of the money collected from these "irregular contributions" and "peculiar taxes" goes into the pockets of the Four Families and how much into the hands of their agents and servants, but what matters is that the farmers are always compelled to pay more than they are able. In regard to forced labor, the drafting of youths, the distribution of man power, the use of land without compensation, etc., the situation has become much worse than during the days before the Sino-Japanese war.

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(B) Nation-Wide Usurers

The Four Families are not only the nation's greatest landlords, but also the nation's greatest usurers. The Chinese farmers, under the constant oppression of the Four Families, have no choice but to borrow money, in spite of the high rate of interest, so as to be able to exist. During the pre-war days, according to an investigation conducted by the Central Agricultural Bureau (中央農業實驗所), 56% of the farmers in China borrowed money, and 48% borrowed foodstuffs. An investigation made by the Bank of China in Szechuan Province revealed that "out of 1,556 farmers interviewed, 61% were in debt. If we consider only farms smaller than 30 "mou" of land, the percentage in debt is even greater than 61%. Another thing to note is that the percentage of farmers in debt tends to increase day by day". (See Reference #23) Seeing that the farmers were a good source of revenue, the Four Families seized the opportunity to become the greatest usurers in China. The first financial organization established by the Four Families for the so-called "benefit" of the farmers was the Farmers' Bank of Kiangsu Province (江蘇農民銀行). It was established in July 1928 when the Four Families violated the Three Principles of Dr. SUN Yat-sen by persecuting the Communists and oppressing the farmers. The capital of the Farmers Bank came indirectly from SUN Ch'uan-fang (孫傳芳), a warlord of North China. In 1926, in order to defend himself against the Northern Expeditionary Army (the combined army of the Nationalists and Communists known as the Revolutionary Northern Expeditionary Force before the violation of the Three Principles of Dr. SUN Yat-sen by CHIANG Kai-shek), SUN Ch'uan-fang, who was urgently in need of funds, ordered every hsien in Kiangsu Province to pay an additional tax on their farm-lands at the rate of CMC20¢ per "mou". But because of his military reverses he was unable to use or take with him the money which he had collected by force from the people. This money was later used as the capital for the Farmers' Bank of Kiangsu Province. In places where the above-mentioned additional tax had not yet been collected, the Kiangsu Provincial Government insisted that it should be collected in order that the additional money be used as capital in setting up branch offices of the Farmers' Bank throughout the province". (See Reference #24) Thus, the robbery started by the feudal warlords of North China was next continued by the Four Families. Thus the capital of the "Farmers' Bank" is the sweat and blood of the farmers, and the aim of the bank is to swindle the farmers. The Farmers' Bank gradually became the tool of the CC Clique of the CH'EN family. CHAO Ti-hua (趙錫華), a staff member of the CC Clique is the present general manager of the bank.

In Chapter III we have already stated how the Farmers' Bank of China was founded. This is also a bank established with the blood of the farmers, and is another of the many anti-farmers banks of the CH'EN family. The Farmers' Bank controls all "agricultural loans" and all agricultural finance. It finances and directs "cooperative" business enterprises, and has a monopolistic right in real estate finance. It shares with the Central Bank of China, the Bank of China, and the Bank of Communications the use of the National Treasury and the special privilege to carry on transactions in gold. During the civil war the CC Clique promoted the formation of "cooperative societies", and set up provincial cooperative banks in Kiangsi, Chekiang, and Szechuan provinces. After the termination of the anti-Japanese war, it, moreover, took over some of the rural cooperative business enterprises of the propertied class. As far back as 1941, the CC Clique attempted to advance another step in its activities by setting up the "Central Cooperative Bank". However, it did not succeed because of the friction between numerous officials and capitalists and especially because of the numerous set-backs suffered by the Kuomintang two years ago (1944) in Honan, Hunan, Kwangsi, and Kweichow provinces. Recently, the CH'ENs tried again to establish the "Central

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Cooperative Bank". Half of the capital was supplied by the National Treasury, one-third by the Farmers' Bank, and one-sixth by the various cooperative societies and provincial cooperative banks in the Kuomintang controlled-areas. The chairman of the board of directors of the "Central Cooperative Bank" is CH'EN Kuo-fu, and the following important staff members of the CC Clique, KU Cheng-kang (谷正綱), CHAO Ti-hua (趙錫華), CHANG Li-sheng (張勵生) and CH'EN Fu-lei (陳和儔) became directors and supervisors. (Note: As a matter of fact, the other 3 families also have shares in the Central Cooperative Bank). From now on, nearly 500 cooperative banks in the various hsien and provinces in China will become the subsidiaries of the Central Cooperative Bank of the CC Clique, thus greatly enhancing the financial system of this clique. (See Reference #25)

At the beginning, agricultural loans were issued by all Four Banks. According to the "Report on the Agricultural Loans of 1941", of all the agricultural loans issued by the Four Banks and Two Bureaus, the total amount of agricultural loans issued by the Bank of China was 39.1%, by the Bank of Communications, 7.8%, by the Central Trust of China, 5.8%, and by the Farmers' Bank, 47.3%. (See Reference #26) After 1942, CHIANG gave the Farmers' Bank the sole right to handle all agricultural loans. The Four Families have by now become the modern monopolistic usurers, replacing the old rural usurers. For example, "according to investigations conducted in 1941 in the various provinces by the Central Agricultural Bureau to determine the classification of the different kinds of organizations from which loans were given out, it was found that private loans amounted to 27%, shop loans, 11%, mortgage loans, 9%, money-exchange bank loans, 2% - All this totaled to 49%". (See Reference #27) In other words, loans from those banks that had connections with the Four Families amounted to 51% of all the loans issued in that year. The replacement of the old rural usurers by modern monopolistic usurers was extremely rapid: "In 1935, the various banks (chiefly the banks of the Four Families) issued loans amounting to about CNC\$24,000,000 through the "cooperative societies" in the rural districts. (Note: "These cooperative societies" are pseudo-cooperative societies controlled by the Four Families and their agents).....The mortgage loans to farmers in that same year amounted to approximately CNC\$106,000,000. From this we can see that in the pre-war days the loans issued by the various banks through the rural "cooperative societies" and known as "cooperative credit" loans, only amounted to 1/5 of the amount of loans issued by the mortgage firms and pawn shops. But since the start of the Sino-Japanese war, what has become of the rural mortgage loans? They have amounted to only 1/4 of the amount of "cooperative credit" loans. Comparing these two figures we find that the "cooperative credit" loans, as the result of an extensive agricultural loan policy, have assumed an important role in rural finance." (See Reference #28)

The interest rates of the agricultural loans of the Four Families depend upon the time element. Most of the loans are only for a period of one year. "Such yearly loans are called "loans for the relief of the Rural Districts", but, on the contrary, the farmers are all the more robbed by them. Why? Because during the food shortage in the spring (at which time all agricultural products are just being planted) the prices of commodities are necessarily high; thus though the farmers can borrow a small amount of money, they can not buy many things with the money (which has a low purchasing power). After the autumn harvest, at a time when the prices of commodities are dropping, the farmers are forced to sell their agricultural products at a low price in order to pay back the loans which are becoming due. An illustration would make this clear. Let us suppose that the sum of CNC\$50 borrowed by an honest farmer in spring from a cooperative bank can only buy 1 picul of rice. When autumn and winter come, he must sell at least 1½ to 2 piculs of rice before he can have enough money to pay off his loan to the co-operative bank". (See Reference #29) This is one of the most merciless of all high-interest loans!

The interest rates on the agricultural loans of the Four Families also depend upon who the borrower is. "The agricultural loans do not benefit the poor farmers who are most in need of capital, but only those farmers who are already rich and who own land. Moreover, a portion of the loans sometimes even goes to the rural usurers". (See Reference #30) The financial organs of the Four Families either first give out the loans to the so-called "rural co-operative societies" or to the heads of the Lien Pao (聯保). "But under the rule of the Four Families, the "co-operative societies" are only tools of the landlords and the local gentry and serve only to increase interest rates on loans; thus, automatically the poor farmers are excluded from enjoying the privileges of these co-operative societies". (See Reference #31) "The loans given out to the heads of the Lien Pao (聯保)

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next go to the heads of the *rao Chia* (孫家)..... Finally, the poor farmers receive the loans at a very high interest rate. (See Reference #32) The rural usurers who have some connections with Four Families thus can make handsome profits from the agricultural loans, and these profits can in turn enhance their financial power which is used to oppress the poor farmers.

From what has been stated above, we can see that the purposes of the agricultural loans of the Four Families are first, to concentrate the wealth of the farmers into their own hands and, second, to give financial aid to the new social structure being set up in the rural districts. These are the great ambitions of the Four Families. Recently CHIANG Kai-shek called CH'EN Kuo-fu, KU Cheng-tung (谷正綱) and other leading figures of the CC Clique to a meeting and "instructed them to intensify the activities of the "co-operative banks" so as to make them the fundamental economic organs to expedite the realization of the aims of the Four Families". (See Reference #33) A feudal and colonial rural district is the pre-requisite for the setting up of Fascism and for the acquisition of wealth by the Four Families. CHIANG Kai Shek has known this very well. He has therefore tried to make the "co-operative banks" the fundamental economic organs for carrying out the ideals of Fascism, thereby strengthening the Four Families' power and control over the rural districts. It was for this same reason that the fascist CC Clique became the core of the reactionary group in the CHIANG regime.

The result of the "return the capital to the farmers" drive sponsored by the Four Families was that "the debts of the debtors became greater day by day". (See Reference #34) The debts of the farmers became greater, the rural districts became poorer all because the capital was returned, not to the farmers, but to the "cooperative banks" of the Four Families. Another result of the agricultural loans was the robbing of the farmers of their agricultural products. The agricultural loans were "limited to those areas where communication facilities existed and to those areas where there was business done in agricultural products". (See Reference #35) Also, "unscrupulous persons utilized the agricultural loans to hoard large quantities of foodstuffs". (See Reference #36) It was, indeed, a method of killing two birds with one stone. With the agricultural loans, the Four Families and their agents were, on the one hand, able to obtain high interest rates. On the other hand they could sell agricultural products at a high price when giving out the loans, and buy back agricultural products at a low price when the time came for them to take back the loans.

The secret behind the so-called "granaries" will also be revealed here. The Four Families and their agents - the hoarders, the landlords, and merchants - all use these granaries as warehouses for their commercial speculations. "They buy in the agricultural products at a low price and hoard them in the granaries to sell them later at a still higher price. Moreover they borrow money at low interest rates and use the money as their capital in buying more agricultural products at low prices". (See Reference #37)

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(C) Agricultural Corporations that are Robbing the Farmers

The Four Families are the greatest feudal compradore capitalists in the rural districts. This point we have already discussed in Chapter IV in connection with the Four Families' monopoly of Commerce. The Four Families have also established numerous types of commercial corporations to monopolize the agricultural industry. For example, we have the China Foodstuffs Trading Co. (中國糧食貿易公司) jointly owned by the K'UNG and CH'EN families, which is a very large corporation. This company not only monopolizes the buying and selling of domestic foodstuffs and sets up numerous factories to process farm products, but also monopolizes the buying and selling of foreign rice (even buying rice from Brazil and numerous other South American countries). It thus has transformed China into a market for all foreign foodstuffs. Another large corporation is the CH'EN's Cotton Transporting and Selling Co. (棉紗運銷公司).

Besides these commercial corporations which monopolize all the farm products, the Four Families also own various types of agricultural corporations and large farms.

The Hua Hsi Land Reclamation Corporation (華西墾殖公司) of the CH'EN family was famous during the Sino-Japanese war. This is a large feudalistic real estate company. A writer once wrote that: "in all land reclamation projects, the CH'ENs have paid more attention to the development of the (Hua Hsi) corporation than to the work of

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land reclamation. Moreover, under the guise of "land reclamation" they would purchase land. Then they would either hold on to the land to sell it later at a higher price or rent the land to the tenant farmers at a very high rental. The above-mentioned Hua Hsi Land Reclamation Corporation, with the special assistance of the Government and banks, obtained through both legal and illegal methods, more than 100,000 "mous" of farm land along the central section of the French-Indo-China-Yunnan Railway line. The corporation then held on to the land, waiting for the value of the land to go up before selling it. Meanwhile part of the land was rented out to tenant farmers. At present in the various provinces, wherever large-scale irrigation projects are in progress, there are also land reclamation corporations. The purposes of all these corporations are of course similar to what has been described above. (See Reference #38) Such are the tyrannical practices of the corporations of CH'EN Kuo-fu and CH'EN Li-fu, hypocrites who speak always of Confucius and the national spirit! The Kansu Irrigation and Lumber Corporation (甘肅水利林業公司) of which T.V. SOONG is the chairman of the board of directors, is another corporation set up purely for speculation purposes. "The corporation sometimes buys land at a high price or sometimes merely confiscates it. The concentrating of land into its hands is evident everywhere....." (See Reference #39)

According to a news report in 1944: "the corporations which were directly affiliated with the Farmers' Bank of China of the CH'EN family were as follows:

The Agricultural Enterprising Corporation (農業企業公司),

The Fertilizer Corporation (肥料公司),

The Agricultural Implements Corporation (農具公司),

The Agricultural Machinery Corporation (農業機械公司),

The Agricultural Insurance Corporation (農業保險公司),

China Lumber Corporation (中國林木公司).

The corporations which were jointly operated by the Farmers' Bank of China and the various provincial governments were as follows:

The Sinkiang Forest Reclamation Corporation (新疆林墾公司),

The Kwangsi Irrigation and Land Reclamation Corporation (廣西水利墾殖公司),

The Chekiang Forest Reclamation Corporation (浙江林墾公司),

The Fukien Forest Reclamation Corporation (福建林墾公司)."

(See Reference #40)

The TA HUA Enterprising Corporation (大華企業公司) and the HUA HSI Development Company (華西建設公司) of the CH'EN family, though their names indicate no connection with agriculture, are also engaged in agricultural activities. Moreover, these corporations are of a speculative nature and aim at monopolizing all agricultural production. The so-called "New South Kiangsi People's Economic Development Corporation" (新贛南國民經濟建設公司) managed by CHIANG Kai-shek's son, CHIANG Ching-kuo (蔣經國), includes among its main activities a monopoly of agricultural production.

Since the "Pyrrhic Victory", all Japanese agricultural organs and all the lands and other property stolen from the Chinese farmers by the Japanese have fallen into the laps of the Four Families and their agents and become their private property. For example, in Formosa, the so-called "government lands" of the Japanese (which according to an investigation covered twice as much area as the private lands) have now become the "government lands" of the CHIANG regime. In North China, the North China Land Reclamation Corporation (華北墾殖公司) took over more than 500,000 "mous" of land, and the CHUN LIANG CH'ENG Farm (春糧成農場) took over more than 430,000 "mous" of rice fields (Of which, 98,452 "mous" of rice fields, with an annual yield of 10,148 tons of rice, belong to the Chun Liang Ch'eng Electric and Irrigation Unit). The North China Agricultural Experimental Farm (華北農業試驗場), now the helping branch of the Agricultural Research Bureau, also controls 270,000 "mous" of rice field. Last Year, T.V. SOONG appropriated CNG\$500,000,000 to this bureau for operational expenses, a sum equivalent to the annual expenses of the Ministry of Agriculture and Forestry. Its rice-hulling mills are considered the best-equipped and the most efficient in China. These and other agricultural enterprises have all fallen into the hands of the Four Families. The large farm situated between P'an Shan (盤山) and Ying K'ou (營口) in Manchuria covers 300,000 "mous" of land. "Electrical equipment is used to irrigate the land, and all the buildings are modern. It is the best farm in Manchuria. In the past, it had an annual yield of 40,000 tons of rice or 1/10 of the total rice production in Manchuria". (See Reference #41) This farm is the rightful property of the people in Manchuria, but now it is in the possession of CHIANG's money-mongers. The "Financial Co-operative Society" (金融合作社) of the former Manchukuo government has now also become the tool of CH'EN Kuo-fu.

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All the above-mentioned agricultural corporations and illegal practices of the Four Families are undoubtedly helping the Four Families strengthen their feudal, compradore, and military control of the rural districts. Recently H.H. K'UNG and his ilk were preparing to form a new corporation to be called the "China Agricultural Machinery Special Corporation, Ltd." (中國農業機械特種股份有限公司). This corporation would make it possible for them to monopolize the distribution of all agricultural implements, and thus advance another step in gaining complete control of the lives and the destiny of the farmers. In short, all these agricultural corporations represent the sufferings of the farmers at the hands of the Four Families.

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(D) Collapse of the Agricultural Economy and the Enslavement of the  
Farmers

Because of the robbing and plundering of the people by the Four Families and their agents, China's agricultural production is decreasing daily. The number of farm laborers, the agricultural implements and the animals used in farming are rapidly decreasing. Famine is common, and the people everywhere are hungry. The number of beggars and wanderers is multiplying. In 1918 the total area of land under cultivation in China was 1,314,472,190 "mous", but by 1928 it had decreased to 1,248,781,000 "mous". In 1922 the area of waste land in China was 896,316,784 "mous", but by 1930 it had increased to 1,177,340,261 "mous". (See Reference #42) Since the beginning of the Sino-Japanese War and since the "Pyrrhic Victory", less and less land in the various provinces is being cultivated. According to a newspaper report in August of this year (1946), "the acreage of cultivated and cultivable land in Honan (河南) Province is 112,981,000 "mous". (According to another official report it is 93,499,000 "mous"). At present, 37,085,000 "mous" of land are uncultivated; that is, 30% of the cultivable land is uncultivated. (According to the second statistical report it is 40%). In Hunan (湖南) Province, the total acreage of the cultivable land is 35,086,250 "mous". (According to another statistical report it is 50,206,000 "mous"). At present 40% of this cultivable land is wasteland, 14,500,000 "mous". (According to the second statistical report it is 20,081,600 "mous"). In Kwangtung Province, the acreage of cultivable land is 42,450,000 "mous"; here also 40% of the cultivable land is uncultivated, i.e. 18,980,800 "mous". The waste lands of the above-mentioned 3 provinces alone total 58,000,000 "mous". (See Reference #43) This is the result of the lawless plundering of the Four Families, and it gives vividly the tragic picture of how China's rural economy is collapsing in those areas under the rule of CHIANG Kai-shek. Just as the importing of American goods is accelerating the collapse of China's private industries, the importing of American agricultural products is also accelerating the ruin of the Chinese farmers in the areas controlled by CHIANG Kai-shek. An exceptionally good example of this latter fact is the over-running by the American cotton of the Chinese cotton market.

The so-called "Sino-American technical co-operation" only adds another link to the chain of colonial slavery of the Chinese farmers. A newspaper made the following comment on the hydro-electric projects on the Yangtze River: "If the farmers are not taught to improve their production methods, and if the reactionary (anti-people) elements in the rural districts are not eliminated (in other words, if there is no real political and economic democracy in China) even though the Yangtze dams may irrigate 10,000,000 acres of land, of what benefit will all this be to the large number of small farmers? It will benefit only the few big landlords. Therefore, if no changes are made first of all in China's agricultural structure, then it is quite apparent that all the areas that will be irrigated by the dams will surely fall into the hands of the Four Families and their agents, perhaps even before the projects are completed". (See Reference #44) One more thing must be mentioned - The day the Chinese farmers permit themselves to be sold out by the Four Families, they will become the slaves of American imperialism.

Agriculture in China is badly in need of a "technical revolution", but, if the farmers do not first liberate themselves from the rule of the Four feudal and compradore Families, and from the oppression of imperialism and feudalism, then all their hopes for agricultural development will be nothing but wild dreams. This realization should be the motivating force in the struggle of the Chinese farmers for justice, which is at the same time the struggle of all the Chinese people for justice.

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## VII. NEWSPAPER, MAGAZINE, ETC., MONOPOLIES

Here we shall not attempt to describe in detail such awful practices as the control of cultural pursuits, the party ("slave") education, the "foolish people" policy, the restriction placed on the freedom of speech and thought, etc., which are all products of the CHIANG regime and its system. We shall describe, in the main, the Four Families' monopoly of the materials needed in the publishing business.

Every one knows that in the areas under the control of CHIANG Kai-shek the Central News Agency (中央社) of the Four Families is the biggest propaganda organization, controlling the news, the critical appraisals of the news, etc. presented to the entire nation. The Central News Agency is supported by the military and political power of CHIANG Kai-shek. It became a monopolistic news agency only because it had the military and political support of CHIANG Kai-shek, and, what is more, his financial support. A certain independent reporter once wrote that "the Central News Agency not only monopolizes all the news sources but also has the sole right of using the radio for transmitting its news dispatches. No private newspaper office or news agency is permitted to set up a transmitter, and news dispatches sent by telegrams are often even slower than those sent by post. The government news agency, (that is the Central News Agency) has tremendous sums of money available and can send reporters to foreign countries (with foreign remittances exchanged at official rates) to spread the kind of domestic and foreign news favorable to the government. It is true that such a government news agency does not have the complete freedom a news agency should enjoy, but, during the past ten years, it has succeeded in suppressing all other private news agencies". (See Reference #1). As a matter of fact, most of the "news" published by the Central News Agency is not news but lies concocted by the Four Families. The Four Families take advantage of the monopoly they have in newspapers and also their political power to force the newspapers to publish the lies they wish published. The three largest and blackest lie mongering organizations in the world are Goebbels' "Deutsche Zeitung" in Nazi Germany, the "Domei News Agency" of the Fascists of Japan, and the "Central News Agency" of the Four Families of China. Among these, from our personal social and political experiences we can say that the Central News Agency is the most debased. It makes truths into lies and lies into truths; it is extremely wicked and cunning in distorting the truth to an extent nobody would believe possible. There is only one Chinese proverb that can describe this news agency accurately. It has "a wolf's heart and a dog's lung". Its members represent the blackest and a

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hearts in the whole human race. If those persons who publish such news for the Four Families have the least bit of feeling left, they will eventually suffer terrible qualms of conscience because they have violated the truth and sinned against the people.

In connection with the monopolizing of news dispatches by the Central News Agency in areas under the control of CHIANG Kai-shek, to illustrate our point we shall refer to the following very mild description of this monopoly:

"An editor in a newspaper office at present does not have to use his brains as much as he had to before, because he has two great government organs to help him. One is the Central News Agency, and the other is the Press Censorship Bureau. Since the Central News Agency supplies all foreign as well as domestic news, the newspaper offices need not be afraid of lacking special articles nor feature stories to publish, nor of failing to print certain news items. Reporters are no longer an indispensable part of the newspaper offices and editors have become simply copy-writers for the Central News Agency.....At present an editor can close his eyes and hand over to the typesetting room all the articles and headlines furnished by the Central News Agency, without fear of making any mistakes. Most of the articles now published are sent to the newspaper offices by the various government organizations, and there are times when an editor is not even allowed the liberty of changing even one little word of an article". (See Reference #2)

In other words, the Central News Agency is depending on government support and on its monopoly to control the news of all newspaper offices in areas under the control of CHIANG Kai-shek. On the other hand, the Four Families have also set up a huge newspaper monopoly network. The following was broadcast by the head of the News Section of the Central Publicity Department of the Kuomintang on 7 May, 1944:-

"The total number of newspapers in the Kuomintang areas in China is about 900 to 1,000. Among these, 400 are managed by the central, provincial and hsien party organs of the Kuomintang and 270, by the Political Training Department in the Army; only about 300 belong to private individuals". That is to say, the Four Families and their satellites (principally the CC Clique of the CH'EN family) own over 2/3 of all the newspapers in the Kuomintang areas. Moreover, among these so-called "privately-owned newspapers", with the exception of a few really privately-owned ones, quite a number are under the control of, or have been bought out by, the Four Families and their agents, thus becoming their mouth pieces. All those newspapers that hold views opposed to those of the Four Families frequently become victims of the latter's treacheries, thus being forced to close down or to reorganize the company. Examples of the newspapers that were forced to close down will not be given, but of those which were forced to reorganize, there are the "Hsin Shu Pao" (新蜀報) (New Szechuan Daily), the "Hua Hsi Jih Pao" (華西日報) (West China Daily), the "Yunnan Jih Pao" (雲南日報) (Yunnan Daily), and others. After the surrender of Japan, wherever CHIANG's army went, all the enemy and puppet news organs and newspaper offices were taken over and run by the Four Families and their agents. Once a newspaper fell into the hands of the Four Families, they fought among themselves for the upper hand in the control of the newspaper. The two largest and oldest newspapers in China, the "Shen Pao" (申報) and the "Hsin Wen Pao" (新聞報) in Shanghai, have now become the property of the CC Clique of the CH'EN family.

An American professor once made the following statement in a newspaper:

"A bureaucratic type of newspaper is emerging in this world. The characteristics of such a bureaucratic newspaper are that it relies on government support to monopolize all the news and advertisements, and to utilize the wealth of the bureaucrats in competing with the privately-owned newspapers; thus an attempt is made to create a news trust. According to one investigation, such kind of a newspaper is in best evidence in China". (See Reference #3) How true this statement is! The bureaucratic newspaper referred to by the American professor quoted above is one of the many masterpieces of the Four Families.

Now we shall speak of the publications.

The Four Families and their satellites (principally the CC Clique of the CH'EN family) have, for a long time, owned or controlled very many publishing agencies, such as the Cheng Chung Book Company (正中書局), the Chinese Cultural Service Society (中國文化服務社), the Independence Publishing Agency (獨立出版社), the Ta Tung Book Company (大東書局), the Fa Ti Book Store (發發書店), the Youth Book Store (青年書店) etc. During the Sino-Japanese war, one of the largest book companies in China, the Chung Hua Book Company (中華書局), also came under the control of the K'UNG and CH'EN families. According to a dispatch in newspapers in April 1944 concerning the plan for the formation of a large publishing trust, "the Central Publishing Industry Administration Commission of the Four Families will be reorganized into the Chinese Publishing Corporation (中國出版公司), with an estimated capital of CN\$100,000,000. Its principal business activities will include publishing, broadcasting, taking motion pictures, distribution of publications, etc. It is rumoured that the "Independence Publishing Agency, the "Chinese Cultural Service Society", the "Cheng Chung Book Company", the "Chinese Cultural Station", the "Central Broadcasting Station", and

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other cultural organizations will be amalgamated into the "Chinese Publishing Corporation" so as to strengthen its organization and to expand its business". (See Reference #4) Another newspaper report in August 1945 stated that the government-operated printing firms in Chungking comprised 3/4 of all the printing firms in that city. (See Reference #5)

After the "Myrrhic Victory", the publishing agencies of the Four Families took over by various means numerous printing firms. The Four Families used the high sounding title of "Minister of Economic Affairs" as bait to lure LANG Yun-wu (王雲五) away from the Commercial Press (商務印書館); thus by making him a minor official in the CHIANG hierarchy, the Four Families succeeded very easily in taking over the Commercial Press which is the largest and the oldest organization of its kind in China. Recently CHU Ching-tung (朱經農) was appointed the general manager and concurrently, the head of the Editorial and Translation Department of the Commercial Press, and KU Shu-shen (顧樹森), the assistant general manager of the Chung Hua Book Company, thus bringing these two large publishing companies under the direct control of the Four Families.

Besides the monopolies in newspapers and publications, the Four Families also own monopolistic movie and broadcasting corporations. As examples of these movie corporations we have the Chinese Motion Pictures Studio, under the control of the Ministry of National Defence of the CHIANG regime, the Rural Education Movie Corporation (農村教育電影公司) organized by CH'EN Kuo-fu and the Chinese Movie Enterprising Corporation (中國電影企業公司) organized by H.H. K'UNG. As an example of the monopolistic broadcasting corporations we have the Chinese Broadcasting Corporation (中國廣播公司) organized by CH'EN Kuo-fu. At the time when CH'EN Kuo-fu started to organize this corporation, through a strange "coincidence", 54 broadcasting stations in Shanghai were closed up by the local authorities.

In all areas under CHIANG's rule, the Four Families have assured themselves of cultural control and of all the materials needed for the cultural pursuits. The destruction of freedom and culture is the bloody foundation on which the Four Barbarous Families have expanded and developed, with the result that freedom and culture have become their greatest enemies. Their ignorance of Chinese history, their lack of knowledge of Chinese culture and world culture is amply proved by CHIANG Kai-shek's "China's Destiny". The Chinese people as a whole do not think highly of this rubbish written by CHIANG Kai-shek, but the two books "The New Democracy" (新民主主義論) and "The United Government" (論聯合政府) by MAO Tse-tung are universally acclaimed by the Chinese people. This proves that the Chinese people are awakening and that they have already attained a high cultural level of understanding. Though the Four Families and their agents may try their best to publicize the "advantages" of slavery, though they may monopolize the various cultural organizations, though they may force the people to read their chosen "gospel" and though they may compel everyone of the 450,000,000 Chinese people to wear a Kuomintang party badge, we know from the past 19 years' experience that the aims of the Four Families will never be attained, and that their reign will come to a speedy end. The awakening force of the Chinese people will continue to break through the Four Families' cultural control and their monopoly of materials needed in the cultural pursuits, and to advance the banners of freedom and culture, leading the Chinese people to a new era in China's

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- Reference #1 - "The Path Taken by the Chinese Newspapers" (中國新聞之道路) by LIU Tsun-ch'i (劉尊棋), from the "Reconstruction of China" (中國建設), 6th edition, 2nd vol.
- #2 - "The Selecting & Editing of Newspapers" (新聞的選擇與編輯) by WANG Yun-sheng (王雲五) from the "Year Book of the Chinese Newspaper Association" (中國新聞學年刊), first edition.
- #3 - "Ta Kang Pao" (大剛報), Nanking Edition, 22 August, 1946.
- #4 - "Sao Tang Pao" (掃蕩報), 27 April, 1944.
- #5 - "Hua Hsi Evening Post" (華西晚報), 17 August, 1945.
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## VIII. WEALTH OF THE FOUR GREAT FAMILIES

"The wealth of the nation is concentrated in the hands of a few persons". (See Reference #1) "The distribution of wealth is one-sided". "The fortunes of our nation are all concentrated in the hands of a few, and these fortunate few have become so rich that it is impossible to estimate how much wealth they have". (See Reference #2) These facts are acknowledged by the whole nation, and even those who are on the side of the Four Families cannot deny them. Our analysis of the facts point to one conclusion - the wealth of the nation is one-sidedly concentrated in the hands of the Four Feudal and Compradore Families.

It is naturally difficult to find out how much the Four Families actually possess. The Four Families are always very secretive about their property. Moreover, they try to pretend that they are the "poorest" class of people in China. CHIANG Kai-shek, the richest man of the Four Families, is the most reticent about his wealth. The Four Families have a common "big family treasury" (sometimes called the "national treasury"), and each family also has its own independent "small family treasury"; moreover, all the families compete with one/other to convert wealth from the "big family treasury" to their own "small family treasuries". There are also "sub-family treasuries" within the families. Take, for example, the "sub-family treasuries" of T.V. SOONG and T.L. SOONG of the SOONG family, and those of CHIANG Kai-shek and SOONG Mei Ling of the CHIANG family. They have many ways of concealing their property, one of which is the use of various pseudonyms or the names of their relatives, friends, and trusted followers. Their wealth is not in China alone but in different countries all over the world. They convert their cash into foreign currencies and deposit it in foreign banks. As to the amount of their deposits, different sources give different figures. Sha-wa-Chih (沙瓦治) (TN-transliteration from the Chinese), a Democratic member of the United States Congress, stated that the deposits of important Chinese officials in the United States during the war amounted to from U.S.\$1,000,000,000 to U.S.\$2,000,000,000. (See Reference #3) The true figure is probably even greater than this. Shortly after the start of the Sino-Japanese war, the following report came from London: - "The Lang-fu-la (朗布拉) (TN-transliteration from the Chinese) airplane arrived at Portsmouth yesterday carrying with it silver dollars and other valuables (belonging to the rich people in the war zones of China) whose estimated value is 3,000,000 pound sterling. These valuables were brought to England for safe-keeping. Recently, there was another shipment from Hongkong to England of silver dollars amounting to 30,000,000 pound sterling. 2/3 of this amount has already been converted into gold". (See Reference #4) Of course, the bank deposits of the important officials of the CHIANG regime in Great Britain must have always been enormous, but now these officials have deposits not only in Great Britain and in the United States but also in South America, Brazil and Switzerland. (See Reference #5) There can be no doubt as to whom all these foreign deposits belong - they belong to the CHIANG, K'UNG, and SOONG families. Besides these enormous amounts of foreign deposits, the CHIANG, K'UNG and SOONG families also own various kinds of property in foreign countries; for example, according to a newspaper report, "a few wealthy Chinese bought lots of land along the banks of the Amazon River in South America. The length of the land equals approximately the distance between Chungking and Fatung (巴东), and on this land there are rubber plantations, cattle farms, and tanneries". (See Reference #6) Then there is a factory in the United States called the "Chinese Airplane Factory", the principal owner of which is SOONG Mei-ling; this factory is operated in close cooperation with the military organizations of the United States.

The monopolistic wealth of the Four Families (both "official" and "private") in finance, commerce, industry and real estate, and their bank deposits and property in foreign countries roughly amount to at least over U.S.\$20,000,000,000. The amount of the total annual income of the Chinese people differs according to different sources. Some estimate it at about U.S.\$10,000,000,000, and others at U.S.\$8,600,000,000. (There are also some who estimate it as being even less than this last figure). Taking the first figure as being correct, the annual assets accumulated by the Four Families during their 19 years of reign averaged 10.5% of the annual income of the Chinese people. If we accept the second figure, then the average would be 12%. In China, where industry is not in an advanced stage, "the agricultural products make up the largest part of the income of the Chinese people". (See Reference #7) Thus most of the immense wealth accumulated by the Four Families was stolen from the Chinese farmers, and the rest, from the Chinese laborers; that is to say, the wealth of the Four Families was amassed entirely from the sweat and blood of the Chinese farmers and laborers.

By direct or indirect taxation and by other forms of cutthroat economic and political robberies, the CHIANG government annually robs the people of at least 50 to 60% of their income. These robberies affect not only the surplus incomes of the farmers and laborers but also their varying, unequal amounts of "necessary incomes" (i.e. the incomes of the farmers and laborers necessary for their very existence). In order to continue

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their rule, the Four Families maintain the largest military, government, secret service and other blood-sucking organizations in the history of China; they have under their command an armed force of from 4 to 5 million men, which includes the regular army, the military police, the police and the local peace preservation corps. Moreover, they have under them, starting from the Kao Chia and up, over ten million officials and one million or more secret service men. The greater the wealth of the Four Families will be the more isolated they will be from the people, and the larger will become the various organizations protecting their wealth. Thus the expansion of such organizations is in direct proportion to the growth of the Four Families. For example, according to a newspaper report, "the number of officials in the CHIANG government has increased by 70% since 1937. (See Reference #8) According to another newspaper report, "the number of public service personnel of the Central government in the last part of the CH'ING Dynasty was less than 10,000, at the beginning of the Chinese Republic, only 20,000, and during the pre-war days, still not more than 80,000, but in January 1946 there were already almost 270,000 public service personnel, and 130,000 public underlings. In recent months numerous new organizations have been formed such as the Generalissimo's Northwest and Wu Han Headquarters, the various pacification bureaus, the materiel and supply bureaus, etc.; and, as of 10 April, there were 300,000 public service personnel and 150,000 public underlings. The feeding of 500,000 officials and underlings is equivalent to the feeding of 2,000,000 soldiers". (See Reference #9). From this increase of personnel in the Central Government alone we can deduce that the increase of the total number of officials in the CHIANG controlled areas would be even more than 70% of that in 1937. The maintenance of these officials requires a tremendous amount of expenditures and there is always a considerable amount of "squeezing" taking place in organizations of this type. Thus the Four Families could gain sole possession of all of the 50% or 60% of the income of the people which they had stolen, but even then the wealth is already great enough. In fact so wealthy are they that no monarch in the history of China could hold a candle to them.

The members of the Four Families live the most extravagant and luxurious life of anyone in all Chinese history. The extravagance and luxury of SOONG Mei-ling are world-famous. The following is an account of just a small social event - the marriage of Miss K'UNG (daughter of H.H. K'UNG):- "Some have estimated as follows the amount of money spent by Miss K'UNG on the occasion of her marriage which took place in the United States. (She had traveled to the United States from China by plane).

1. The amount of money spent by Miss K'UNG in flying to the United States (at present we will confine our calculations to one airplane trip) would have been enough to save the lives of more than 2,000 starving people in Honan. This amount of money could have provided these people with sufficient food and clothing, and even with the simple implements they need for their very existence. If we consider all the money spent by Miss K'UNG in connection with her marriage and for the six trunks (containing her trousseau) that were later lost, the amount would have been enough to give relief to 10,000 starving people.

2. If, with the money spent by Miss K'UNG on her marriage, the Women's Sewing Circle of the Ministry of Finance had made uniforms, which were urgently need at the front by the soldiers, instead of making a bridal trousseau, all of the clothing problems for two divisions of Chinese soldiers would have been solved; or if this Women's Sewing Circle had made uniforms for the wounded soldiers in the various military hospitals, then every wounded soldier in 50 military hospitals could have been provided with a new uniform.

3. If the same amount of money had been used to build a fully-equipped university, the only thing that would have been necessary to do would have been to appoint a president of the university and instructors, and the university would have been all ready to admit students". (See Reference #10)

The famous extravagances and luxuries of China's past monarchs such as Shih Huang of the Ch'in Dynasty (秦始皇), Yang Ti of the Sui Dynasty (隋炀帝), Ming Huang of the T'ang Dynasty (唐明皇), Hui Tsung of the Sung Dynasty (宋徽宗) and the Dowager Empress of the Ch'ing Dynasty (慈禧太后), cannot at all be compared with those of the Four Feudal Compradore Monarchical Families of our day.

The wealth and extravagance of the Four Families are indications of the extreme poverty and hunger of the Chinese people and of the danger of China's becoming a colony.

If the U.S. \$20,000,000,000 worth of property taken by the Four Families from the Chinese people were to be returned to the Chinese people, and if the money were to be used in the development of the people's industry and agriculture, then, in half the time needed for the first 5-year plan of the Soviet Russia, the Chinese people could derive an infinite amount of benefits. But will the Four Families ever allow this? From the political standpoint, the insistence on a fascist dictatorship and on civil war by CHIANG

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Kai-shek is a very uncompromising answer to this question. Let us listen to the words of rich man H.H. K'UNG for an answer from the economic standpoint. When two years ago the people were attacking H.H. K'UNG, the latter said: "I had some money to start off with, and when I became a government official I naturally saved a little more. I am a very frugal man and that is how I managed to save the little I have. All the poor people are attacking me simply because they do not know how to make money themselves; this is really very absurd!" (See Reference #11) This is one way of saying it!

K'UNG first did admit that he had some money, but later he denied he had very much at all. When the rumor circulated that H.H. K'UNG had bought the most luxurious building in Shanghai, the Sassoon House, which is on the Bund, he told the press, "I have absolutely no money to buy houses". This is another way of saying it! (See Reference #12)

These Four Families do not care whether the people are dying from hardship or starvation or whether the nation is being ruined. All they do care about is money, money and only money because, as they say, they "have absolutely no money"!

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- Reference #1 - An article by CHANG Chung-jai (張綱伯).
- #2 - Editorial in the "Ta Kung Pao", 1 June 1946.
- #3 - Cable from the Tass News Agency, 2 August 1946.
- #4 - Cable from London, 29 January 1938.
- #5 - "Notes taken at the People's Political Council" (參政會旁聽記) from the "Hsin Hua Daily", 18 September, 1944.
- #6 - "Discussion of the Current Economic Policy" (by CH'IN Pen-li (欽本立) from the "Commercial Daily" (商務日報), 22 January 1946.
- #7 - "The Income of the Chinese People and the Prospects for the Industrialization of China" (中國之國民所得與工業化前途展望) by FANG Hsien-t'ing (方顯廷), from the "New Economy" (新經濟), 4th edition, 12th vol.
- #8 - Editorial of the "Ta Kung Pao", 28 July, 1946.
- #9 - "Economic Express Daily" (經濟快報), Hsian (西安) Edition, 28 April, 1946.
- #10 - "Comments on Miss K'UNG's Airplane Trip to the United States and Her Marriage" (談孔小姐赴美結婚), by LU Chieh-siang (武絕翔), from the "Ta Kung Pao", Ch'angsha Edition, April 1943.
- #11 - "The Four Prominent Figures of the K'UNG Family" (孔門四傑) - by HO Chen (何振), from the "New Century" (新世紀), 2nd Edition 29 June 1946.
- #12 - "Weekly Broadcasts", Shanghai (週播), the 13th edition.
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## IX. THE REGIME OF THE FOUR GREAT FAMILIES IS CHINA'S GREATEST

## SHAME AND MISFORTUNE.

As a summary of what has been stated in this book, we shall mention once again the following characteristics of the economic monopoly of the Four Families:-

1. The "mandarin capital" of modern China is, at the same time, the feudal and compradore capital. It is the economic joint product of all the great landlords and the great compradores; and the economic monopoly of the Four Families and the Four Banks (The Central Bank of China, The Bank of China, The Bank of Communications, and The Farmers' Bank of China) represents the highest and most centralized development of such a capital. Moreover, it is the final product of the semi-colonial or colonial, the semi-feudal or feudal system of China.

2. The economic monopoly of the Four Families is resulting in the most concentrated and large-scaled plundering of the farmers, small producers, and the free industrialists in the semi-feudal or feudal and semi-colonial or colonial system of agricultural economy in China.

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3. The economic monopoly of the Four Families was created and developed amidst the anti-people and anti-revolutionary military activities. The method by which the Four Families are robbing the people is a military and super-economic method, that is to say, an extremely barbarous and backward method.

4. The sphere of the economic monopoly of the Four Families is very wide, ranging from financial, commercial, industrial, <sup>enterprises</sup> and agricultural to supply organizations of cultural materials. Their monopoly has for its aim not the increasing of the productive power of the nation, but rather its destruction. It is thus a corrupt and parasitic monopoly.

5. The economic monopoly of the Four Families is purely a monopoly of foreign capital - the subsidiary of foreign imperialism - and is subservient to the foreign firms in China.

All these are the starting points of the Four Families in politics, the starting points of CHIANG Kai-shek's fascist dictatorship and civil war, and also of his anti-freedom and anti-communism movements.

Thus it is not difficult to understand why MAO Tze-tung called the "ism" of the Four Families the "feudal and compradore Fascism", and why he called the so-called "nation" of the Four Families "the feudal, fascist and dictatorial nation of the big landlords, bankers and compradores", and not the nation of the Chinese people.

A Democratic member of the United States Congress stated very correctly that "CHIANG Kai-shek represents the feudal landlords who are supported by the villains and ruffians from the cities, the speculators, the secret police and the Nazis advisors, and yet is supported unconditionally by the United States". (See Reference #1) What was written by a certain foreigner in a magazine published in China was also very correct: "During the ten years of civil war following the split between the Nationalists and the Communists in 1927, and during the long Sino-Japanese war, the Kuomintang of Dr. SUN Yat-Sen has become a stronghold of the "mandarin capitalists". Some of the leaders of the Kuomintang have become big financial magnates who control the nation's economy". (See Reference #2) Such a feudal, compradore and fascist economic and political group would naturally try to transform China into a nation torn by civil war and terrorized by the secret service and the police. They have been under a "fascist political tutelage" and now are about to create their own "fascist constitutional government".

Such a feudal, compradore and fascist group is only fit to be the "slave manager" of the foreign reactionaries in China. They take pleasure in killing, and are extremely war-like, cruel and tyrannical towards the people, but are tame and obedient before the foreign imperialists. After the "18 September" Incident, CHIANG Kai-shek stated that "the fate of the nation is entirely in the hands of the Japanese. We shall die whenever they want us to die. It is like the old saying that people's lives are in the hands of Yen Wang (TM-king of hell); whenever the king of hell marks a man for death, a little ghost of his is dispatched at that very instant to take the life of that man". (See Reference #3) After the "7 July" Incident, CHIANG Kai-shek and his followers hastily ran away to the C-mei mountain (峨眉山) where they acquired more wealth at the expense of the nation's misfortune. They became, simply, by-standers of the plundering and slaughtering of the Chinese people by the Japanese in the areas captured by the latter, and moreover, took great pleasure in the triple "all" policies (kill all, burn all and eat all) of the Japanese in the liberated areas (areas under the Chinese Communists). When MAO Tze-tung and the Communists banded the people together and fought to the bank of the Yalu River (鴨綠江), CHIANG Kai-shek hastily declared "the resumption of conditions existing prior to the "7 July" Incident (also called the Marco Polo Bridge Incident)". When victory was at last won after 8 years of hardship and sacrifice suffered by the Chinese people, these fascist tigers and wolves, with the energy they had stored up during the previous 8 years in the C-mei mountain and with the support of the American reactionaries, came down from the mountain and, under the guise of conquerors, robbed the people of the fruits of victory. They took over the nation and became vassals of the American reactionaries so as to consolidate and increase the wealth which they had stolen from the people. Thus the Four Feudal and Compradore Families had to wage war against the people, and CHIANG Kai-shek, as head of the Four Families, dared to sell all the sovereign rights of China to the American reactionaries (something which even YUAN Shih-k'ai (袁世凱) had not dared to do) in order to gain their support. Up to the time of the writing of this book, the following sovereign rights of China have been sold by CHIANG Kai-shek to the United States:-

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1. China's territorial sovereignty: The U.S. Army has been allowed to be stationed in China and has been given army bases in China.
2. China's air sovereignty: The U.S. airplanes have been allowed to fly freely over every part of China, and air bases in China have been given the United States.
3. China's naval sovereignty: The U.S. ships are allowed to sail freely in every Chinese sea and to anchor in every Chinese harbor, and naval bases in China have been given the United States.
4. China's political sovereignty: The right of final decision on all domestic political problems has been given the United States.
5. China's military sovereignty: The Chinese army has been "Americanized" instead of "nationalized", and has been put under the supervision of the U.S. Military Advisory Group in China.
6. Control of China's domestic political affairs: The agreement to cooperate with the U.S. imperialists in the training of secret service men, has made it easier for the U.S. imperialists to control the domestic political affairs of China.
7. The right of free enterprise: The abandonment of protective tariffs has resulted in the elimination of free enterprise in China.
8. The control of China's markets and economy: The drawing-up of new company laws enabled the foreign capitalists to control China's markets and, together with their Chinese "slaves", to control China's economy in Chinese territory.
9. China's Inland Navigation rights: The inland navigation rights have been sold to the United States, thus foreign shipping has been permitted to ruin China's shipping industry.
10. China's fishing rights: In adherence to MacArthur's decision, Japanese fishermen are permitted to fish in China's waters.

CHIANG Kai-shek's peculiar ability lies in the fact that, as a "Chinese" and as the leader of the Kuomintang, he has succeeded in selling China and her people to the foreign powers; it is an accomplishment of which he can justifiably be proud. He has not had the least compunction in selling all the sovereign rights of China in exchange for the military equipment which could be used in the fight against the people and in exchange for the support of the U.S. air force, army and navy, in China, which would enable him to prolong his anti-people civil war and to maintain his dictatorship. His ultimate aim is, of course, to protect the economic monopoly of the Four Families in China and the private wealth of the Four Families.

The 19 years' reign of the Four Families is China's greatest shame and misfortune. "Always does he talk of doing good things, but always does he do the worst"-such is the general opinion the Chinese people have of CHIANG Kai-shek. The Four Families' "creative work" in the history of China is the worst horrors and sufferings that the Chinese people have ever endured or can ever endure. Such shameful and corrupt persons who take pleasure in sucking the life-blood of the people will undoubtedly go down in the most shameful chapter of China's history as another "Emperor YU ( 纣王 ) of the Western Chou ( 西周 ) Dynasty or Emperor LI ( 厲王 ) of the Eastern Chou ( 東周 ) Dynasty (IN-the two cruellest kings in all China's history), whose guilt the good deeds of all their descendants can never remove". The Four Families have set their mind to transforming China into a "slave" nation, and have their huge wealth at their disposal to effect such a kind of "reconstruction". (See Reference #4) However, the reign of the Four Families has taught the Chinese people a lesson. For 19 long years the people have not only suffered a great deal, but also learned a great deal. During these 19 years, under the banner of the New Democracy of MAO Tse-tung, the people have awakened, and have become aware of their own united power. The people are demanding an end to the reign of imperialism and feudalism in China and to the political and economic systems of the feudal slave-masters and of the compradores of the foreign firms. The people are also demanding that the life and destiny of China be placed in the hands of her own people. The Chinese people already have their own vast liberated areas where they have started to lead a free and prosperous life. Moreover, they are forming the People's Democratic Unification Front Line ( 民族民主統一陣線 ) on a nation-wide scale. The people can no longer go on living under the reign of the four feudal, compradore and monopolistic families, and are rising for a final decisive struggle. There is only one way out for the people, and that is liberation. The farmers, the laborers, the minor-propertied class, the free industrialists, the intelligentsia, and all those who have a sense of justice and pride, are unanimously standing on the same front line fighting for the independence of the people, democracy in politics, a free land system, and a free industrial

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system. In order to accomplish a democratic revolution against the imperial and feudal capitalist class, the people are marching bravely forward! Once the majority of the people (whether they be civil or military), who serve in the various organizations under the control of the CHIANG hierarchy, come to realize that they are serving the Four Families only to oppress the people and thus themselves, they will understand and come over to the side of the people and fight against the dictators. The Chinese farmers led by the Chinese Communists are the main driving force in this great struggle of the Chinese people for liberation.

The reign of the Four Families is extremely corrupt, both politically and economically. Such corruption results in their standing absolutely alone among the people. It is destined that their reign will hasten their own destruction. No matter how they are supported by the foreign reactionaries, in the end they cannot but succumb to the attack of the people—a great, fresh and powerful force. Victory for the people is predestined, is inevitable. The Chinese people are marching on the road to liberation, and this road is the very one that has been pointed out by LAO Tse-tung in his "New Democracy" and "Essay on the United Government"!

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- Reference #1 - Statement by Te-la-Hsi (TN-transliteration from the Chinese) from "Tass Agency", New York Dispatch, 28 August, 1946.
- #2 - "China Weekly Review", translation taken from the "Wen Hui Pao" (文匯報), 29 July, 1946.
- #3 - "The Rise and Fall of a Nation Depend on the Extermination of Bandits" (國家興亡決定於剿匪), by CHIANG Kai-shek, from the 1st edition, 3rd vol. of the "Collection of Articles on the Extermination of Bandits" (剿匪文獻), edited by TANG Wen-ti (鄧文儀).
- #4 - Concerning the financial expenditures of the Kuomintang the following statements will serve as references:-
- According to a dispatch in the 24 May edition of the "Min Chu Pao" (Democratic Daily), "of the money appropriated for higher education by the Ministry of Education, the greatest amount goes to schools in which the curriculum emphasizes party (Kuomintang) education. The money appropriated to the Central Political Academy (中央政治學校) of the Kuomintang alone equals the total amount given ten universities, the Academy's annual expenditures being CNC\$160,000,000 and its "special" expenditures, another CNC\$160,000,000. The regular annual expenditures and "special" expenditures of the Central Staff-Members' School (中央幹部學校) of the San Min Chu I Youths Corps (三民主義青年團) amount to CNC\$320,000,000. The Central University, which, of all the national universities, enjoys the largest appropriation, receives only CNC\$90,000,000 a year."
- According to the report appearing in the 10 September issue of the Shanghai British-owned magazine "News", "in annual budget of the Shanghai Municipal Council, the police appropriations are three times that of the educational appropriations". The comment made by this magazine concerning this matter is that "nothing describes better than the annual budget statement of the Shanghai Municipal Council the anti-democratic nature of the present ruling class in China". This magazine goes a step further in exposing this group by saying that "this is not the whole truth - Of the educational appropriations, a considerable amount goes to the San Min Chu I Youths' Corps - to those students who substitute for the Police and for the Gestapo".
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