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Speeches/Documents

**Title: FIGHT FOR A FUNDAMENTAL TURN FOR THE BETTER IN THE NATION'S FINANCIAL AND ECONOMIC SITUATION**

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The present international situation is favourable to us. The world front of peace and democracy headed by the Soviet Union is stronger than it was last year. The people's movement for peace and against war has made headway in all countries. The national liberation movements to throw off the yoke of imperialism have greatly expanded, and the emerging mass movements of the Japanese and the German people against U.S. occupation and the growing people's liberation struggles of the oppressed nations in the East are especially noteworthy. At the same time, contradictions have developed between the imperialist countries, primarily between the United States and Britain. Quarrels among the different groups of the U.S. bourgeoisie and of the British bourgeoisie have also increased. In contrast, there is strong unity between the Soviet Union and the People's Democracies and among the latter. The new treaty between China and the Soviet Union, [1] which is of great and historic significance, has strengthened the friendly relations between the two countries; it enables us to carry on our national construction more freely and more speedily and at the same time promotes the mighty struggle of the people of the world for peace and democracy and against war and oppression. The threat of war from the imperialist camp still exists, and so does the possibility of a third world war. However, the forces fighting to check the danger of war and prevent the outbreak of a third world war are growing rapidly, and the level of political consciousness of most of the world's people is rising. A new world war can be averted, provided the Communist Parties of the world continue to unite all possible forces for peace and democracy and help their further development. The war rumours spread by the Kuomintang reactionaries are designed to deceive the people, they are groundless

The present situation in our country is as follows. The Central People's Government of the People's Republic of China and local people's governments at all levels have been set up. The Soviet Union, the People's Democracies and a number of capitalist countries have successively established diplomatic relations with our country. Basically the war has ended on the mainland, and only Taiwan and Tibet remain to be liberated, but this task still involves serious struggle. In certain areas on the mainland the Kuomintang reactionaries have resorted to bandit guerrilla warfare and incited some backward elements against the People's Government. They have organized many secret agents and spies to oppose our government and spread rumours among the people in an attempt to undermine the prestige of the Communist Party and the People's Government and to disrupt the unity and co-operation of the various nationalities, democratic classes, democratic parties and people's organizations. These secret agents and spies are also engaged in sabotaging the people's economic undertakings, assassinating the personnel of the Party and government organizations and collecting intelligence for the imperialists and the Kuomintang reactionaries. All these counter-revolutionary activities are directed from behind the scenes by imperialism, and particularly by U.S. imperialism. All these bandits, secret agents and spies are imperialist lackeys. In the thirteen and a half months since the operations mounted to cross the Yangtse, which began on April 21, 1949 after the decisive victories in the three great campaigns of

Liaohsi-Shenyang, Huai-Hai and Peiping-Tientsin in the winter of 1948, the People's Liberation Army has completed the occupation of all Chinese territory except Tibet and Taiwan and a number of other islands and wiped out 1,830,000 troops of the reactionary Kuomintang and 980,000 of its bandit guerrilla forces, during this time the people's public security organs have uncovered large numbers of reactionary secret service groups and agents. In the new liberated areas, the present task of the People's Liberation Army is to continue to wipe out the remnant bandits and that of the people's public security organs is to continue to strike at the enemy's secret service groups. The great majority of the people throughout the country warmly support the Communist Party, the People's Government and the People's Liberation Army. In recent months, the People's Government has exercised unified control and unified leadership over financial and economic work on a national scale and has been successful in balancing budgetary revenues and expenditures, checking inflation and stabilizing prices. The whole people have supported the government by delivering grain, paying taxes and buying state bonds. [2] Last year our country was hit by natural calamities over wide areas; about 120 million *mou* of farmland and 40 million people were affected by flood or drought to a greater or lesser degree. The People's Government has organized extensive relief for the victims and in many places has initiated large-scale water conservancy work. This year's crops are better than last year's and in general the summer harvest looks good. If the autumn harvest is also good, still better prospects for next year may be envisaged. Long years of imperialist and reactionary Kuomintang rule left our economy in a chaotic state and caused widespread unemployment. Since our victory in the revolution, there have been reorganizations of varying degrees in the whole of the old economic structure and the number of unemployed has further increased. This is a serious matter, and the People's Government has begun to adopt measures to give relief to the unemployed and find jobs for them so as to solve the problem step by step. It has done extensive work in the spheres of culture and education, and large numbers of intellectuals and students have undertaken either studies of the new knowledge or revolutionary work. It has already done something towards properly readjusting industry and commerce and improving the relations between the state sector and the private sector of the economy and between labour and capital, and it is devoting great efforts towards these ends.

China is a vast country and conditions are very complex; moreover the revolution triumphed first in certain areas and only later throughout the country. Accordingly, in the old liberated areas (with a population of approximately 160 million), agrarian reform has been completed, public order has been established, the work of economic construction has started on the right track, the life of most of the working people has improved, and the problem of unemployed workers and intellectuals has been solved (as in the Northeast) or is nearing solution (as in North China and Shantung Province). In particular, planned economic construction has begun in the Northeast. On the other hand, in the new liberated areas (with a population of approximately 310 million), since liberation occurred only a few months ago, or half a year or one year ago, the more than 400,000 bandits scattered in remote regions have yet to be wiped out, the land problem has not been solved, industry and commerce have not been properly readjusted, unemployment has remained serious, and public order has not been established. In a word, the conditions for carrying out planned economic construction are still lacking. That is why I said some time ago that we had achieved a number of successes on the economic front, for example, budgetary revenues and expenditures were nearly balanced, inflation was being checked and prices were tending towards stability -- all this indicated that the financial and economic situation was beginning to take a turn for the better, but not yet a fundamental turn for the better. Three conditions are required for the fundamental turn for the better in the financial and economic situation, namely, (1) completion of agrarian reform; (2) proper

readjustment of existing industry and commerce; and (3) large-scale retrenchment in government expenditures. The fulfilment of these three conditions will take some time, say three years or a little longer. The whole Party and nation must strive to bring about these conditions. I believe, and so do you all, that we can surely do this in about three years. By that time, we shall be able to witness a fundamental turn for the better in the entire financial and economic situation of our country.

To this end, the whole Party and nation must unite and carry out the following tasks:

(1) The work of agrarian reform should proceed step by step and in a systematic way.<sup>[3]</sup> As the war has basically ended on the mainland and the situation is entirely different from that in the period from 1946 to 1948 (when the People's Liberation Army was locked in a life-and-death struggle with the Kuomintang reactionaries and the issue had not yet been decided), it is now possible for the state to extend loans to the poor peasants to help them out of their difficulties and thus make up for the drawback that they are to receive less land. Accordingly, there should be a change in our policy towards the rich peasants, a change from the policy of requisitioning their surplus land and property to one of maintaining the rich peasant economy in order to facilitate the early rehabilitation of rural production and the better to isolate the landlords and protect the middle peasants and lessors of small plots.

(2) Unified control and unified leadership in our financial and economic work should be consolidated, and so too should the balancing of budgetary revenues and expenditures and the stabilization of prices. In accordance with this principle, taxes should be readjusted and the people's burden appropriately lightened. In line with the principle of making over-all plans and taking all factors into consideration, drifting and anarchy in our economic work should be gradually eliminated, existing industry and commerce should be properly readjusted, and relations between the state sector and the private sector and between labour and capital should be effectively and suitably improved; thus under the leadership of the socialist state sector all sectors of the economy will function satisfactorily with a due division of labour to promote the rehabilitation and development of the whole economy. The view held by certain people that it is possible to eliminate capitalism and realize socialism at an early date is wrong, it does not tally with our national conditions.

(3) While preserving its main forces, the People's Liberation Army should be partially demobilized in 1950, provided that the forces must be adequate to liberate Taiwan and Tibet, consolidate national defence and suppress counter-revolutionaries. This demobilization must be carried out carefully so as to enable the demobilized soldiers to return home and settle down to productive work. Readjustment is also necessary in administrative organizations, and here too the excess personnel should be dealt with appropriately so that they have the opportunity either to take up work or to study.

(4) Reform of the old school education and of the old cultural institutions in our society should be conducted carefully step by step, and all patriotic intellectuals should be won over to the service of the people. On this question, procrastination or reluctance to introduce reforms is wrong, and so is rashness or any attempt to push them through arbitrarily.

(5) Relief for unemployed workers and intellectuals must be carried out in earnest, and they must be helped to get work in a planned way. Serious efforts to provide relief for people stricken by natural calamities must continue.

(6) We must earnestly unite with the democratic personages in all circles, help them solve the problem of work and study, and overcome any tendency towards either closed-doorism or excessive accommodation in united front work. We must endeavour to make a success of the conferences of people from all circles [4] so that people from every walk of life can unite in a common effort. All matters of importance to the people's governments should be submitted to these conferences for discussion and decision. Representatives at these conferences must have the right to express their views fully; any attempt to hinder such expression is wrong.

(7) Bandits, secret agents, local tyrants and other counter-revolutionaries, all of whom are menaces to the people, must be resolutely rooted out. On this question it is necessary to follow a policy of combining suppression with leniency without stressing one to the neglect of the other, that is, a policy of certain punishment for the main culprits, no punishment for those accomplices who act under duress and rewards for those who render positive services. The whole Party and nation must heighten their vigilance against the conspiratorial activities of counter-revolutionaries.

(8) The Central Committee's directives on consolidating and expanding the Party organization, on strengthening the ties between the Party and the masses, on conducting criticism and self-criticism and on launching a rectification movement throughout the Party should all be strictly carried out. Since the membership of our Party has grown to 4,500,000, we must henceforth follow a prudent policy in expanding the Party organization, be strict in preventing political speculators from gaining Party membership and take proper measures to clear out those already in. We must pay attention to admitting politically conscious workers into the Party in a planned way in order to increase the proportion of workers in the Party organizations. In the old liberated areas, in general Party recruiting in the villages should stop. In the new liberated areas, in general the Party organizations in the villages should not expand until agrarian reform is completed in order to prevent political speculators from worming their way into the Party. During the summer, autumn and winter of 1950, the whole Party must carry out a large-scale rectification movement in close co-ordination with its other tasks, not in isolation from them. Such methods as reading selected documents, summing up work, analysing the situation and making criticism and self-criticism should be used to raise the ideological and political level of cadres and rank-and-file Party members, correct mistakes in work, overcome the conceit and complacency of the self-styled distinguished veterans, eliminate bureaucracy and commandism and improve the relations between the Party and the people.

## **NOTES**

1. This refers to the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance signed on February 14, 1950.

2. This refers to the People's Victory Parity Bonds floated by the Central People's Government in 1950.

3. Beginning from the winter of 1950, the new liberated areas, one after another, unfolded a large-scale agrarian reform movement. By the winter of 1952 agrarian reform was basically completed, except in some minority nationality areas. In the old and new liberated areas throughout the country, about 300 million landless or land deficient peasants received some 700 million *mou* of land.

4. Before the election and convocation of the local people's congresses at all levels, conferences of people from all circles were convened, in accordance with the stipulations of the Common Programme of the Chinese People's Political Consultative Conference of 1949, to exercise the functions and powers of the people's congresses step by step.

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Source: *RMRB* ( June 13, 1950), 1. Other Chinese Texts: *XHYB*, II:3 ( July 15, 1950), 487-488; *Xuanji*, V, pp. 15-20; *Buyi*, pp. 6-10. Available English Translations: *NCNA, Supplement*, 50 ( June 16, 1950), 1-4; *SW*, V, pp. 26-32; *K. Fan* ( 1972), pp. 103-110.

*This is a written report to the Third Plenum of the Seventh Central Committee of the CPC. There are minor textual discrepancies between the 1950 versions and the Xuanji, V, version. Mao also made an oral report to the Third Plenum on June 6, entitled "Don't Attack on All Fronts", translated in SW, V, pp. 33-36.*

1. See text Sept. 21, 1949, note 4. 2. See text Jan. 2, 1950, note 1. 3. In using the term "People's Democracies" we follow *Xuanji*, V. Earlier versions in *RMRB* and "*XHYB*" have the term "new democracies." See again text Sept. 21, 1949, note 4. 4. These refer to the three major battles in the Third Revolutionary Civil War period of September 1948-February 1949. The Liaoxi-Shenyang battle was conducted by the Northeastern PLA under the command of Lin Biao and Luo Ronghuan from September 12 to November 2, 1948, in which, after a 50-day siege, Shenyang, a major city in the Jinzhou region of Western Liaoning Province, was liberated. From November 7, 1948, to January 10, 1949, the Second Field Army under the command of Liu Bocheng and Deng Xiaoping and the Third Field Army under the command of Chen Yi and Su Yu conducted a battle in the Xuzhou region in the lower Huai River basin, annihilating 57 divisions of the KMT forces. Then from December 5, 1948, to January 31, 1949, the two Communist army groups, one under Lin Biao-Luo Ronghuan and the other under Yang Dezhi-Yang Chengwu, converged on Beiping, resulting eventually in liberation of that city and of the metropolis Tianjin. These three major battles marked the completion of the military liberation of all regions north of the Yangtze River. On February 3, 1949, the Communist forces entered Beijing (then still known as Beiping) in triumph. On April 20, 1949, following the breakdown of negotiations with the Nanjing government, Mao and Zhu De issued orders for the PLA to cross the Yangtze River. This was done on April 21 in two provinces--Anhui and Jiangsu. On April 23, Nanjing was liberated. 5. The GAC of the Central People's Government issued its Resolution on the Unifying of the State's Financial and Economic Activities on March 3, 1950. 6. "This refers to the People's Victory Parity State Bonds, issued by the Central People's Government in 1950." (*Xuanji*, V, p. 20.) 7. Conventionally, before 1949, the term "old liberated areas" referred to areas that had come under Communist control after the Long March ( Oct. 1934-Oct. 1935) but before the Third Revolutionary Civil War period ( Aug. 1945-Oct. 1, 1949). Throughout the period of the United Front (beginning Dec. 1935) and the War of Resistance against Japan ( July 1937-Sept. 1945) the CPC expanded. By the beginning of the Third Revolutionary Civil War, it controlled seven liberated areas in Central China and two small areas in South China. The old liberated areas are distinguished from the new liberated areas, which refer to areas liberated during the Third Revolutionary Civil War period. See J. Harrison ( 1972), p. 372. However, earlier in this article and in other places in *Xuanji*, V, the term "newly liberated areas" also appears to be used to refer specifically to areas liberated in 1949, on the verge of the

nationwide military victory of the Communist forces, and in the early months of the PRC after October 1949. [8.](#) "Beginning in the winter of 1950, large-scale reform movements were launched successively in the new liberated areas throughout the country. By the winter of 1952, except for some areas inhabited by minority nationalities, land reform was basically accomplished. In the new and old liberated areas, approximately 300 million peasants who previously had no land or very little land received parcels of land which totaled 700 million *mu*." (*Xuanji*, V, p. 20.) [9.](#) "Closed-doorism" (*guanmen zhuyi*) means excluding those who, for political reasons, should participate in a particular organization or activity even though their class distinction might otherwise prohibit it. Hence, it refers to the incorrect exclusion of nonproletarian and non-Party persons from the revolutionary tasks that Mao outlines here. [10.](#) "Before the election and convocation of the local people's congress at all levels, conferences of people from all circles were convened, in accordance with the stipulations of the Common Program of the Chinese People's Political Consultative Conference of 1949, to exercise the functions and powers of the people's congresses step by step." (*SW*, V, p. 32.) This refers to the temporary measure implemented in order to provide avenues for the people to take part in government before the local people's congresses at the various levels were convened. The people's congresses were formed by general elections at the various levels (provincial and municipal), but the representative conferences of people of all circles mentioned here (the temporary surrogate congresses) were at first formed through invitation by the democratic parties, the people's organizations, and the people's governments. This persisted until the completion of the initial stage of nationwide land reform in 1951. This arrangement was stipulated by Article 14 of the Common Program. When the people's representative conferences were not in session, their advisory function was performed by an elected consultative committee. (See text June 23, 1950, note 3.) [11.](#) Commandism refers to an attitude in which cadres would employ the method of issuing hard and fast commands to force the masses to accept the ideology and tasks set by the Party, to coerce them into action rather than persuade them of the rationality and necessity of that ideology and those tasks. It is a work-style that proceeds from arrogance and a subjective frame of mind and from an eagerness to simply accomplish the task, without giving due consideration to the level of consciousness of the masses and without respecting the principle of voluntary participation. Mao outlined the meaning of this term and its inherent danger in the article "On Coalition Government" (April 24, 1945); see *SW*, III, p. 265.