

Measures for Handling Rural Debt Disputes in the New Liberated Area—Adopted at the 55th Administrative Meeting of the GAC 20-10-1950

1. All debts owed by peasants and other working people to landlords before liberation shall be abolished.

2. In the event of disputes over the debts owed by peasants and other working people to rich peasants before liberation, the following provisions shall be followed.

(A) If the interest is twice the principal (for example, if you borrow a principal of 100 yuan and have paid an interest of 100 yuan), the principal and interest shall be paid twice. If the payment is stopped and the interest paid is less than one time of the principal, the creditor's rights of the rich peasants shall continue to be valid; if the interest paid is more than one time but less than two times the principal, the debt relationship may be terminated after the interest has been paid twice. If the amount is more than double, the excess part will not be returned.

(B) Where the debt relationship is changed to a new contract in the middle, and the arrears of interest are accumulated in the principal when a new contract is made, the accumulative amount is invalid, and it will still be liquidated according to the principal originally lent by the creditor.

3. Debts owed by farmers and other working people to schools before liberation shall be handled in accordance with the provisions of Article 2 of these Measures. Debts owed to ancestral halls, temples and other associations shall generally be cancelled. However, if the creditor's interest income is indeed used for social public welfare undertakings, and the majority of the people think it must be maintained, it may be liquidated in accordance with the provisions of Article 2 of these Measures with the approval of the people's government at or above the district level.

4. In areas where the land reform will not be implemented this year, the pre-liberation debt relationship, mortgaged land, houses, etc. that have been abolished or liquidated according to Articles 1, 2, and 3 of these Measures, except those that have already been converted into a sales relationship. In addition, the debtor shall be refunded immediately by the creditor.

In areas where the land reform is implemented this winter, the land and houses originally mortgaged to landlords or ancestral halls, temples, schools and other associations that have been confiscated or expropriated should be distributed to the original debtors first.

5. No matter whoever lent the grain stored in the charitable granaries before liberation, regardless of who it was lent to, should all be returned with the original agreement's principal and interest. If the debtor is really poor and unable to repay, the local township (village) people's government in conjunction with the farmers' association may, as appropriate, reduce or repay the loan in instalments.

6. All goods sales and industrial and commercial transaction debts (including the goods sales and transaction debts of landlords and rich peasants concurrently operating industrial and commercial transactions) shall still be handled in accordance with the original agreement between the two parties.

7. In addition to the various debt relationships stipulated in the above-mentioned articles, the debts owed to farmers by farmers before liberation and other general loan relationships will continue to be effective.

8. All lending and lending relationships established after liberation, including landlords and lenders, and the contracts freely negotiated by both parties shall continue to be effective. However, the pre-liberation debt relationship referred to in Articles 1, 2, and 3 of these Regulations shall still be treated as the pre-liberation debt relationship if a new contract is established after liberation.

9. In the future, borrowing and lending will be free, and the interest will be agreed upon by both parties without government interference.

10. All debt disputes in rural areas shall be handled by the local township (village) people's government in conjunction with the farmers' associations in accordance with the provisions of these Measures. If the district or township (village) cannot solve the problem, it shall be decided by the county judicial authority.

11. Before the promulgation of these measures, the debt relationships that have been cleared in various places will not be changed.

12. These measures apply to the new liberated areas, not to the old liberated areas and minority areas that have completed land reform.

13. Before the adoption of these measures, all regulations and measures issued by local people's governments on dealing with rural debts, if any conflict with these measures, should be amended according to these measures.

14. The Measures shall be promulgated and implemented by the People's Governments of East China, South Central, Southwest and Northwest Administrative Regions and their respective provinces after being passed by the Central People's Government at the Council of State Council meeting.

Provincial people's governments may also formulate supplementary measures and implementation rules based on local conditions and needs.