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Chinese farm scene, woodcut from an exhibition of Chinese war art.

BEHIND CHINA'S DEFEATS

By R. V. WILSON

ON THE military fronts of the world struggle against the German-Japanese forces the United Nations, with but one exception, are everywhere moving forward victoriously. Even in Assam, where the British rear is weakened by the existence of a subject India, the Japanese invaders are now being pressed back in defeat. The exception lies in China. On this battleground, during the past two months, there has been a series of not inconsiderable defeats in Honan and Hunan provinces. What is the explanation for these defeats? Were they unavoidable, or do they point toward the need for a recognition that serious mistakes have been committed and that a turn toward a new policy is imperatively required, if still graver consequences are not to follow?

It is noteworthy that an evaluation of the current military situation, presented in a Chinese Communist paper, emphasizes the gravity of China's plight. The article is entitled "Crisis After the Fall of Changsha." Previous Japanese drives, it points out, were characterized by a "piston strategy" of hitting deep into enemy terrain, but returning to original bases once the objective was attained. Present drives, however, are

aimed at "annihilation of the Chungking field armies and the consolidation of vital communication lines." Under these conditions, it asserts, a "war of attrition" no longer has any validity in Chinese strategy. Earlier in the war "the trading of space for time" had some significance, but there is a limit to the territory that can be given up. "Unless the watchword now becomes 'resolute defense,' there will be a further loss of fighting spirit and the crisis will deepen.

At Chungking the official spokesmen have fallen back on the old excuses, familiar from long repetition. Liang Hanchao, Information Minister, declares that China's armies cannot put up a successful fight because they lack adequate munitions and supplies. He couples this statement with a slanderous charge against the Chinese Communist forces, accusing them of failure to take part in the current struggle against the enemy. The soundness of Chungking's position must be questionable indeed if it is compelled to pass off the defeats recently suffered by means of unjustified charges against the armies which the central authorities have for years subjected to blockade, thereby preventing the dispatch of medical supplies as

well as munitions to the front which is pinning down a major portion of the Japanese divisions in China. From the American correspondents at Yen-an new and significant information is now appearing on the scope of the military activities of the Communist armies. The news blockade on this sector of the Chinese struggle has at last been broken.

BEFORE considering these reports from the Communist-held fronts, it is necessary to examine more closely the reasons underlying the recent Honan and Hunan defeats. The Chinese supply problem is admittedly a difficult one, and it would be well if more American supplies could be sent in to China. Even with Myitkyina's fall, however, and the prospect of an early linking of the Ledo and Burma roads, the task of improving the equipment of China's armies will be a long one. Large supplies can only be delivered through a port on the south China coast, the winning of which is threatened by present Japanese operations. It is also true that the Japanese command has thrown larger forces than usual into the current offensives and is exhibiting greater determination to push through to its set objectives. These factors alone, however, are by no means

adequate to account for the scope of the Japanese successes or the unusual weakness of the Chinese defense. The reasons lie much deeper and are far more complex, affecting the whole political, economic, and military set-up at Chungking.

For years now, beginning even before 1940 but proceeding since then at an accelerated pace, there has been a steady undermining of the bases on which alone an effective mobilization of Chinese resources for the war effort could take place. Control of the Kuomintang, and of the main government agencies, has moved inexorably into the hands of a narrow and increasingly reactionary set of leaders. Civil liberties have been curbed, freedom of the press restricted, democratic organizations outlawed, secret service organizations have multiplied, and the numbers of political prisoners have increased. The suppression of popular rights has restricted the enlisting of the full energies of the Chinese people in the struggle against the Japanese invader. The war, in a large part of China, is being conducted by a narrowly constituted dictatorship that fears for its own monopoly of power more than it fears the Japanese armies. In certain publications that have appeared recently a full-blown ideology of fascist connotations, anti-democratic and anti-foreign, has been expounded in detailed form as the proper end of Kuomintang policy.

On the economic front the progress of events has taken a similar course. Inflation has reached its present exaggerated proportions, not solely because of the objective factors of war and the blockade, but even more largely because the merchants, the landlords, and a considerable group of the higher officials in the bureaucracy are utilizing the existing conditions to amass lands and wealth. In the countryside the big landlords are becoming bigger, while the middle and poor landowners are losing their holdings. This process of land-grabbing is accelerated in the catastrophically afflicted famine regions of Honan and Kwangtung provinces, where millions of persons have been stricken during the past few weeks. Brazen *corvee* and other exactions by the military (in Honan the grain levies were increased during the second famine year) have intensified the pressure of the landlords on the rural masses and given rise to sporadic peasant revolts, notably in Kansu. Hoarding and speculation have diverted capital, materials, and manpower from investment in productive enterprise. The

bureaucracy has monopolized the larger industrial undertakings, thus stifling the full and free development of private enterprise which is required by present Chinese conditions. The Chinese industrial cooperatives have been denied adequate capital and hounded by a politically motivated opposition which fears the democratic impulses to which the movement has given expression. Taken together, these factors have severely limited the industrial output vitally needed by soldiers and civilians. More than a year ago industrial production had already reached its peak; today, it is actually declining.

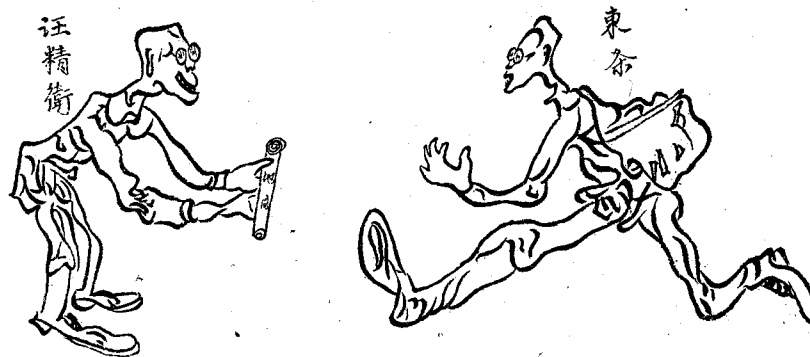
UNDER such political and economic conditions, it is hardly surprising that the military effectiveness of the Kuomintang armies should be gravely affected. On the major fronts, a species of military passivity has long gripped the Chinese high command. It has waited, almost fatalistically, for the Japanese to take the offensive before it is spurred into action. The heroic Chinese soldier has been forced to carry into battle the incubus of the inadequacies of his rear, the lack of a sound and thorough mobilization of home front resources. On many occasions he has performed superbly, in spite of all handicaps, but it is too much to expect him to sustain such a burden indefinitely. Where the handicaps are at least partially eliminated, as today in Yunnan and Burma, his achievements speak for themselves. And

the stubborn fight conducted at Hengyang testifies once more to what the Chinese soldier can do. With a properly organized home front, the resources are available within China to enable the Chinese armies to cripple and throw back the Japanese offensives.

In the crisis which has now been reached, it is important to note that stirrings of unrest and opposition are beginning to show themselves within free China. The tight reactionary grip on the central government, represented by the very onerous C.C. party clique—Ho Ying-chin-H. H. Kung coalition—is a minority control that excludes important elements even of the top leadership, especially the more liberal factions. The coalition's strength rests on its control of the key political and economic centers of power, and by the fact that Chiang Kai-shek continues to lend it his support. Under the Chen brothers, the Kuomintang's party machine is closely linked with the landlords in the provincial localities; Ho Ying-chin, minister of military affairs, sits at the center of the military organization, though by no means in full control of many of the increasingly autonomous War Zone Areas; H. H. Kung, minister of finance, holds the purse strings. The great weakness of this coalition lies in its lack of mass support, only partially counteracted by the ruthless use of police terrorism, rice doles, and threat to job security.

Opposition has nevertheless been

狐事媚妖



"The fox shows good will to the devil"—Wang Ching-wei, Tojo's puppet, presents the map of China to Tojo, by Wang Yu-chun, 4th grade. From exhibition of war pictures by Chinese children.

Courtesy Museum of Modern Art

August 29, 1944 NM

growing steadily in the last year, stimulated by the intolerable conditions into which the people have been led. The great numbers of honest and hard-working elements, which have kept the wheels turning against heart-breaking obstacles, are losing their political passivity. Not inconsiderable forces, now being set in motion, are collected in the democratic camp. It holds the overwhelming majority of the students and professors, and of the lower and middle ranks of the bureaucracy. In the army it reaches up from the rank and file through many of the lower officers to several of the high commanders. The worker and peasant masses are on its side. Lack of effective leadership, only partly crystallized in the Democratic Federation, is the greatest weakness of the democratic movement in Kuomintang China, thus blunting its challenge to the ruling coalition.

YET the dominant clique at Chungking is today faced with an increasingly overt opposition to which it has recently been forced to make a series of concessions. Press restrictions have been somewhat relaxed, permitting more open discussion of the existing crisis in Chinese publications, as well as somewhat greater scope to the foreign correspondents' news dispatches. A group of Chinese professors has dared to publish a demand that heavy taxes be levied on the war profiteers to help balance the budget and curb inflation. Enforcement of the *habeas corpus* act was begun on August 1 by order of the central authorities. Sun Fo has delivered some rather critical speeches. Negotiations with the Chinese Communists had to be initiated, and some cracks have appeared in the blockade. A shipment of medical supplies has gone through to Yen-an; while in addition to the foreign correspondents, three American military observers have been permitted to enter the Communist areas. At the moment these are symptoms of change rather than change itself, but their significance cannot be overlooked. It is for the growing pressure from below to transform these concessions into a full turn in policy. The symptoms are important, and could lead to a recasting of the Chungking government by Chiang Kai-shek and a reconstitution of the united front.

It still remains necessary to examine the current status of the Chinese Communists, the most powerful progressive force in China, in relation to the critical impasse that has been reached in Chinese



Courtesy ACA Gallery
"Class for Chinese Soldiers," woodcut from an exhibition of Chinese war art sponsored by China Aid Council and the American Committee for Chinese war orphans.

affairs. Kuomintang-Communist relations, which constitute the best gauge of China's political health, have for some years past reflected the growing crisis within China. For, above and beyond its other failings, the dominant clique at Chungking has capped its policy by the cardinal blunder of disrupting the united front. The consequences of this political line are felt in all phases of the war against Japan. An army of some 500,000 Chinese troops under General Hu Tsung-nan is stationed in the northwest, blockading the headquarters base of the Communist armies in the Shensi-Kansu-Ninghsia Border Region. Although the tide of battle in Honan flowed to within a few miles of Hu Tsung-nan's territory, none of his divisions was sent to the aid of the neighboring Kuomintang armies striving to hold back the Japanese drive. He was content to sit on the sidelines enforcing his blockade against the Communist forces whom Liang Han-chao, the Information Minister at Chungking, was meanwhile charging with failure to launch "diversionary attacks" against the Japanese drive in Honan. Concentric lines of blockhouses strengthen the blockade, which has sought to prevent all trade or movement of personnel between the Border Region and the rest of China. Since 1939-40 the Chungking military authorities have refused to send the Eighth Route Army the funds

and supplies originally guaranteed for its support. In 1940 Kuomintang forces treacherously attacked the New Fourth Army's headquarters unit, killed its vice-commander, Hsiang Ying, and placed its commander, Yeh Ting, under arrest. At this time, also, the National Army high command at Chungking "dissolved" the New Fourth Army and ceased to give it support. This army has since continued to carry on the struggle against the Japanese forces in the Yangtze valley on its own resources.

Note the situation of these Communist armies. They have no contacts with the outside world, such as those maintained by Chungking. They do not have Chennault's air force, or any other type of foreign aid. They are blockaded even within China. They cannot retire into free territories, trading "space for time." At their backs lie Hu Tsung-nan's rings of blockhouses and divisions of well-equipped troops. Their armies have had to grow painfully upon territories wrested from the Japanese, as Tito's did on areas wrung from the German forces of occupation. What reports of these armies come from the American correspondents who were unwillingly permitted to visit Yen-an?

A DISPATCH to the New York *Herald Tribune*, published July 25, reveals that a total population of 86,000,000 now lives in fifteen anti-Japanese bases

organized by the Communist-led forces. In North China, ranging from the Yellow River eastward to the Yellow Sea and from the Lunghai Railway northward to Inner Mongolia and Manchuria, some 50,000,000 people are living in these bases, with another 2,000,000 or more in the Border Region. The divisions of regulars operating in this huge region are units of the Eighth Route Army, which is additionally supported by hundreds of thousands of guerrillas and local militia. During the past year, as one phase of the Eighth Route Army's operations, approximately 13,000 Japanese blockhouses were attacked and captured. "All occupied large cities in North China," writes the correspondent, "such as Peiping, Tientsin, Taiyuan, and Tsinan are under constant threat from the Eighth Route Army."

In central China, the New Fourth Army controls bases which straddle the lower Yangtze, Hwai, Han, and Yellow rivers, extending from eastern Chekiang province northward to the Lunghair Railway. These bases embrace considerable sections of Kiangsu, Anhwei, and Hupeh provinces, as well as parts of Honan and Chekiang. They contain a population of more than 30,000,000 (mistakenly given as 60,000,000 in the dispatch). The Japanese, states the writer, have been forced to garrison this region "with a minimum of nine and one-half divisions plus 130,000 puppet troops." More than 600,000 local militia cooperate with the New Fourth Army's regular divisions.

IN SOUTH China, the Communist leaders have built two anti-Japanese bases of considerable size, but of which little had previously been known. One of these embraces the whole core of Hainan Island, with more than 1,500,-

000 people under guerrilla jurisdiction. On the mainland opposite Hongkong another fairly large base contains about 1,000,000 people. The strategic position occupied by these bases will make them military assets of great value when the American forces start moving against China's southern coast.

These accomplishments in organization and military action were made possible by reliance on the energies of the people as released through democratic policies. The millions of Chinese living in the anti-Japanese bases have been doubly liberated. They are free of Japanese domination, and they are also free in the sense of possessing full democratic rights and minimum economic standards. In no other areas of China are these guarantees operative. Only in the guerrilla bases has that full popular mobilization been achieved which enables war to be conducted successfully despite the handicaps imposed by limited economic resources. Life is hard in the guerrilla areas, but the people's hands squeeze out the essential supplies which their armies need to continue and expand the struggle against the invader. In this basic democratic program lies the answer to the political, economic, and military problems of the rest of free China. Adoption of this program in all free China will build the bridge that will unify the country and raise the conduct of the war to the level that will mean victory.

It is along these lines that the Chinese Communist leaders have proposed a settlement with the Kuomintang in the negotiations now taking place. Based on the foreign correspondents' reports from Yenan, the proposals which the Communist party has laid before the Chinese central authorities may be summarized as follows:

1. That national unity be immediately strengthened by the reform of internal policies on the promised democratic basis, in response to the rising nationwide democratic movement.

2. That the people be given freedom of speech, assembly, and publication.

3. That the National Government give legal status to all anti-Japanese parties and groups.

4. That the National Government abolish noxious economic controls and eliminate speculation, monopoly, profiteering, and hoarding.

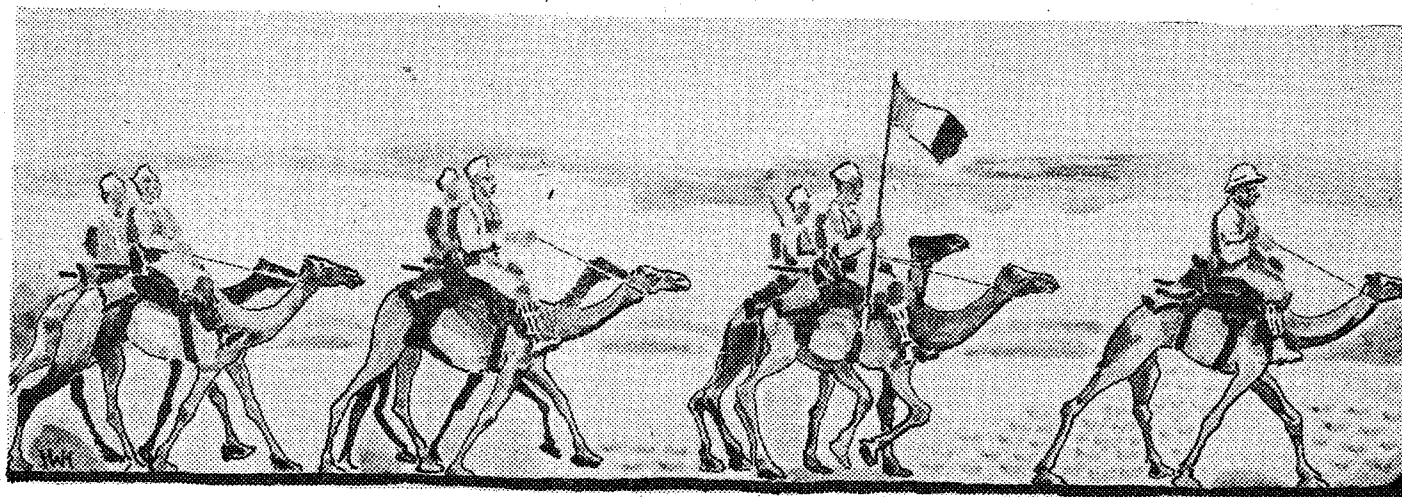
5. That the National Government encourage private industrial and commercial enterprise, develop agricultural production, and build an economic foundation to overcome the crisis of a war of resistance.

6. That the National Army's command be reformed, its discipline and fighting capacity improved by better treatment and education of the soldiers, and that the enemy attacks be resolutely opposed.

7. That the Eighth Route Army and the New Fourth Army be given funds for medical supplies and help in improving its equipment.

8. That Yeh Ting, commander of the New Fourth Army, who is still a prisoner in Chungking, be released, together with captured officers, men, and Communist as well as other political prisoners.

These proposals constitute at once a critique of the actual conditions now prevailing in China and a thorough-going basis on which those conditions can be remedied. They point the way to desperately needed reforms that will reestablish unity in China, strengthen the conduct of the war in all its phases, and carry the nation to victory under Chiang Kai-shek's leadership.



In Memoriam: Felix Eboue, by Helen West Heller.

PROMISE OF BRETTON WOODS

By VIRGINIA GARDNER

This is the second of two articles on the Bretton Woods international monetary conference. The first appeared in our August 15 issue.

Washington.

IN THE Soviet Union some experiments in prolonging human life have shown that the cells can maintain life for an almost indefinite period, at least long enough to satisfy any decently modest desires for longevity. But the conditions under which the cells live can't exactly be laughed off. If the heart stops beating, that is that, and even a rejuvenated cell is out of luck.

Similarly, the processes making for decay within capitalism can be delayed under certain conditions. At least the possibility exists now, and if seized in time, such can be the case. What are the conditions? Various interdependent expressions of health: full production, full employment, a greatly expanded foreign trade, international commodity agreements under the aegis of governments, and the International Currency Stabilization Fund and the Bank for Reconstruction and Development proposed at the recent Bretton Woods conference, and similar controls. Assuming further healthy political and social conditions, there is no reason why capitalist nations, participating with a socialist nation in consciously employing these controls, cannot expand their markets, rather than operate with their old vista of smaller and smaller markets.

Provided the various legislatures and parliaments of the United and associate Nations represented at Bretton Woods translate into realities the proposals of the conference, we will be trying something new. We will be giving private enterprise a chance to see how it gets along in civilized society, where tariff walls are not erected sky high and competitive currency depreciation employed, where, in a word, the forces of deflation are not used to bolster up an economy temporarily, with all its disastrous effects abroad. And if they are not to be used for temporary balance, it means a rise in living standards and consumer income will be essential.

There will be problems, of course, and all of them cannot be met in advance. There will be a raw materials crisis after the war, for instance, a

crisis of oversupply, not of shortages. So what can be done in this period which we say must not restrict production, where international agreements cannot employ the old usages of cartels, with nations played one against another, production choked, prices artificially held up? The answer: you don't restrict—you produce according to needs. Chile long has supplied nitrates for use as fertilizers for many other countries. But during the war, when we needed them for explosives, we developed production of artificial nitrates, which we now get out of the air. Now ideally, countries producing nitrates would get together and agree on cutting down production in terms of world needs, working out quotas in terms of what else that nation had to supply in order to pay for goods being imported, and how expensive its production of nitrates was. Even if that isn't done, however, the very operation of the International Stabilization Fund and the Bank for Reconstruction and Development will hasten such agreement.

IN THE beginning Chile pays with gold for goods imported, say. But she can't do it forever. As her supplies of gold run low, her currency begins to deteriorate. Her balance of payments is off. It becomes of necessity a problem for the fund. This is the way it's done: Chile first asks for a six months' loan, which would be enough to tide her over a temporary depreciation in currency if she were increasing her productiveness of things the world wanted. But she still is concentrating on nitrates, say—the nitrate magnates stubbornly refusing to see they must develop something else. Another six months' loan is asked for and obtained, and another. Then, the bank calls Chile in, or Chile calls the nitrates boys in, or the nitrates boys in desperation themselves rush to the government, and with its backing, to the bank. What is the alternative? They're told they must reduce imports, expand exports. Chile has tremendous mineral resources. (Already they are prospecting for oil there, too.) So the boys borrow money from the bank, for which their government is held responsible, and begin developing mines. But in order to approve the loan the bank has to know something about the project.

After all, private industry has been known to do visionary things, too, which end in fiascos, despite the theory only government "bureaucrats" are visionary. The bank will not make a loan unless the project is a sound money-maker, or something which is basic before industry can begin to make goods and profits, such as sewer systems and pure water, roads and transportation.

As can be seen by the situation of the Chile nitrates boys, who found themselves in such a chummy relationship with the world at large, the International Currency Stabilization Fund is located at a very sensitive point. It's a perfect indicator of trouble, and if a nation is stuffing itself with the products of others and leading a life of idleness, the fund will know it and show it just as unmistakably as a sphygmomanometer will record an obese and gluttonous gentleman's rising blood pressure.

Of course all this is possible—a world in which two nations don't get together and exploit a third, in its currency, its trade, et cetera, a world in which it isn't necessary for England to milk its colonies dry because it must do so to survive against the cut-throat competition of American industry—only on the assumption we're going to have an era of expanding world trade.

WE WILL have other competitive problems, in tin, rubber, oil, to name only a few. But if we resort to the old business of fighting it out, the lasting peace among nations envisioned at Teheran cannot be achieved. Instead, a series of international agreements to work out production is contemplated (an oil agreement between the United States and Britain, eventually to be open to other nations, was recently negotiated). That these agreements will be limited to producing nations only is clearly contradicted by the statement of Secretary of State Cordell Hull that eventually the oil conferences would include the consuming countries as well. This is of really exciting import, and it should reassure the chronic pessimists among our liberal friends, who regard the agreements reached at Teheran as being of military importance only and refuse steadfastly to see any possible good in the coming postwar period un-