

ADB-1952-2

Five Anti Campaign I: Nationwide Campaign

INSTITUTE OF CURRENT WORLD AFFAIRS

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Hong Kong

July 29, 1952

NOT FOR PUBLICATION

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Dear Mr. Rogers:

Since consolidating power in 1949, the Chinese Communists have advanced their revolution through a series of great mass campaigns and movements. Each of these has severely shaken the structure of old Chinese society and has pushed the revolution a step further.

These Chinese Communist campaigns are closely directed and orchestrated affairs, involving the mobilization of millions of people to "struggle" against designated "enemies" of the regime and to carry out certain specific policy aims of the government. They are controlled mob actions and disciplined emotional binges on a massive scale. They illustrate the successful application of mass psychology to politics, which is fundamental in the pattern of Chinese Communist rule.

Agrarian Reform, the Campaign Against Counter-Revolutionaries, and the Resist America and Aid Korea Movement were the major campaigns between 1949 and 1951, but there have been many others of lesser importance. The Chinese Communists rarely, in fact, try to carry out any important domestic policy without organizing a mass campaign to support it. To understand either the character of Chinese Communist rule or the process of revolution now going on in China, therefore, it is necessary to have some knowledge of these tremendous spectacles of organized mass action directed by the Communist Party.

The chapters on China in future Far East histories will probably devote most of their space for the year 1952 to the Korean War, but it is certain that millions of people in China's cities will remember the first half of 1952 primarily as the period of the Five Anti Campaign. This campaign was summed up as follows by a Shanghai newspaper in June of this year, when the struggle was drawing to a close: "Though numerous mass movements have been staged in Shanghai before this, not one of them can approach the present one in scope, extensiveness, organization, discipline, influence, and effect."

During the past few months, people in Hong Kong have watched the progress of the Five Anti Campaign with worried fascination. Hong Kong is a commercial city, and thousands of businessmen here have realized that only a delicate political border has exempted them from direct involvement in the frenzied activities directed against businessmen on the mainland. Indirectly, Hong Kong has been affected in many ways. Private trade and commercial activities in China's large cities came to almost a complete halt during the campaign, and as a consequence Hong Kong's trade with the mainland dropped from HK\$148 million in December, 1951, to HK\$68 million in March, before it began a gradual recovery. Commercial travel between Hong Kong and the mainland almost ceased; key personnel in private enterprises in China were forbidden to move while the campaign was in progress, and most Hong Kong businessmen decided that they would not voluntarily enter the lion's den. Many Hong Kong branches of China

business establishments lost contact with their home offices. One company I know merely received terse communications from its home office signed with an impersonal, official chop and ominously lacking the manager's seal; nobody in Hong Kong knew the fate of the manager. Other Hong Kong branches received frantic messages requesting money. The head of one Hong Kong factory received a phone call from the manager of his Shanghai home office; "Send a million Hong Kong dollars, or I will be put in prison", the manager pleaded. The money was not sent, however, because the factory head, like many businessmen here, decided that complying with extortion demands would probably not help the people in Shanghai in the long run. More than a few companies did comply with such requests, however. For example, one Hong Kong establishment which had kept several hundred thousand Hong Kong dollars in a trust fund for a small group of mainlanders since 1949 sent the entire sum to the mainland in response to urgent requests from the persons involved during the campaign. This kind of thing made Hong Kong businessmen rather bitter, and many who had for opportunistic reasons maintained a sympathetic or at least a non-committal attitude toward the Peking Government decided that they didn't like the Communists. One of the leading pro-Communist businessmen in Hong Kong, for example, changed his stand completely and began talking about the Communists' "banditry" when he was asked to send HK\$50,000 ransom money to his brother who was managing a factory of his on the mainland.

Although it was possible to see the effects of the campaign upon the fortunes and attitudes of Hong Kong businessmen, it was extremely difficult to obtain a clear picture of what was going on in China's cities while the campaign was in progress, due to the blackout of direct news and the severance of many normal links with the mainland. A few weeks ago, however, after the mainland ban on travel was lifted, a trickle of businessmen again began coming to Hong Kong. From them and from their friends (many of them are extremely wary of talking to people immediately after they come out), it is possible to fill out the picture of what took place during the Five Anti Campaign and what the results of the campaign have been.

At present, the major cities of China are still groggy and are experiencing a sort of morning-after daze following the intense strain and intoxication of class warfare, public denunciation, and self-confession which the Five Anti Campaign involved. They are gradually pulling themselves together, however, after the long period during which normal economic life and activity were disrupted, and they are trying to get back to work. The business class - main component of the bourgeoisie who were the target of the campaign - are trying to reassess the new situation in which they find themselves.

To discover the genesis of the Five Anti Campaign, one must go back to the Fall of last year, and to another mass movement, the Three Anti Campaign. The Three Anti struggle started on August 31, 1951, in Manchuria (which is a sort of political and economic laboratory in present-day China where many plans and policies are tested before being applied on a nationwide basis). It grew out of an Increase Production and Economy Campaign in progress there, and its aim was to purify the ranks of the bureaucracy by rooting out "three vices": corruption, waste, and bureaucratism. The Three Anti Campaign was justified as a means of saving the nation's scarce capital resources, combatting the corrosive influence of the bourgeoisie on the revolution, and preventing alienation of the Communists from the masses. It was also a method of tightening up party discipline and eliminating "rightist tendencies". During the Fall of 1951 the campaign progressed with relatively little fanfare, and although it was

reported in the Peking press and elsewhere it did not spread to the rest of the nation until later. Slowly, however, reports about corruption began appearing in other parts of the country, and the campaign lost its local character.

Apparently it was in December of last year that a top-level party decision was made to transform the Three Anti Campaign into a nationwide drive "with fanfare", and Po Yi-p'o, head of the North China Bureau of the Chinese Communist Party Central Committee, was appointed chairman of a Central Government Economy Inspection Committee. On December 10, the campaign began seriously in Central Government organizations in Peking, and before the month was over it was well under way in all government, party, army, and party-affiliated organizations above the hsien (county) level all over the country.

The actual extent of the corruption which the campaign was intended to eliminate is difficult to determine, but there is no doubt that since the Chinese Communists moved into the cities in 1949 corruption has grown sufficiently to be a source of real worry to top Chinese leaders. The Communist press early this year was filled with reports of individual corruption cases, and Communist leaders freely admitted the seriousness of the problem. One month after the campaign started in Peking, Po Yi-p'o reported that 1,670 cases of corruption had been uncovered in 27 Central Government bodies, and a month later, it was officially reported that several thousand corruption cases had been exposed in Peking. Similar situations were revealed all over the country. For example, in Canton party officials announced in early February that they had already rooted out 70 to 80 "tigers" (big corruption cases involving graft of about JMP\$200 million or approximately US\$9,000), and that they expected to discover in Canton alone 400 to 500 more big cases and 4,000 to 5,000 medium and small ones.

Party branches and cells all over the country devoted themselves during this period to "tiger hunts", inspections, self-assessment, and confession, and check-up teams were sent out to investigate by higher party organs. The aim, it soon became clear, was not only to reduce corruption, waste, and bureaucratism, but also to cleanse the party and the entire bureaucracy of "rightist" deviations and "bourgeois" thought. The campaign extended through the Spring of this year, and the national party authorities outlined detailed rules for judging cases and meting out punishments and for setting up special People's Tribunals for the duration of the campaign. By the time the climax had been reached, a large number of party members, including some of middle and higher rank (none at the very top level, however) had been purged and punished.

While the campaign was in progress, observers in Hong Kong speculated and debated on whether this house-cleaning was an indication of weakness or strength on the part of the Chinese Communist regime. By the time it was all over, I believe the consensus was that it was a sign of self-confidence on the Communists' part that they could openly and successfully attack the deviations, corruption, and other weaknesses in their own ranks, and the net effect of the campaign, for the short run at least, was to increase organizational discipline.

Long before the Three Anti Campaign had run its course, however, the attention of the government and party began to shift toward the bourgeoisie. It was apparent that the greatest corruption took place in government and party agencies which dealt with economic matters and which had closest contacts with commercial and industrial circles, and as time went on more and more blame was shifted to the bourgeoisie.

In January, a direct attack on the bourgeoisie was initiated in speeches made in Peking by Premier Chou En-lai and Po Yi-p'ao. At first these attacks were based on the Three Anti slogans, but they later expanded and developed into the new Five Anti Campaign. The "five poisons" of the bourgeoisie were identified as: bribery, tax evasion, stealing of state property, cheating on contracts (with the government), and stealing state economic intelligence (information useful for business purposes). The bourgeois class was severely chastized for having cheated huge sums of money "from the government and from the people" and they were ordered to confess and make restitution.

From January through May of this year the Five Anti Campaign was vigorously promoted in all the important cities of China. The Communists went to great lengths to arouse the masses against the bourgeoisie, and during the campaign class warfare between employees and employers at times was bitter and intense as a result of the general mobilization of workers and shop assistants in the struggle against the business class. The struggle, however, was carried out under the close control and direction of the Communist Party.

A considerable number of businessmen were arrested during the campaign, but by and large it was a struggle without physical violence. The mood, however, was one of fear and tension, and in this respect it was a successor to the Campaign Against Counter-Revolutionaries which took place in the cities last year. The Five Anti Campaign caused less actual violence than the one against counter-revolutionaries, but it affected many more people. Some people called the Five Anti Campaign the urban counterpart of the Agrarian Reform Movement. In one sense it was; it was a general attack on the leading economic class. Strictly speaking, however, it could not be compared to the agrarian reform process. Agrarian reform aimed at liquidation of the landlord class and complete reorganization of rural productive relations by redistribution of the landlord's land holdings, whereas the Five Anti Campaign had the more limited aim of undermining the influence of the bourgeois class in the cities without actually liquidating it or completely eliminating its functions. Businessmen were thoroughly terrorized while the campaign was in progress, however, by the kind of treatment they received. The manager of one large company was kept locked in his office for 17 days, being interrogated and threatened; he confessed all of his real and imagined sins several times, but his confessions were repeatedly rejected as unsatisfactory and incomplete. Another businessman was questioned continuously for three days and nights; the weather in Shanghai at the time was still wet and cold, and this man was in his underwear the whole period of questioning. Managerial personnel in another large company were handcuffed in their office for a long period of time before the Communists decided that they were telling the truth when they denied that they were concealing large assets. This type of humiliating and terrifying treatment was given to thousands of Chinese businessmen to force them to confess their "illegal earnings" and to make repayment for them to the government. It was all-out psychological warfare.

On a national scale the Five Anti Campaign was carefully organized, and detailed rules and regulations were promulgated by the Central Government.

The general principles for treatment of businessmen were defined as follows: (1) leniency for past mistakes but severity for new mistakes, (2) leniency for the majority but severity for the minority, (3) leniency for those who made frank confessions but severity for those who resisted, (4) leniency for industrialists but severity for merchants, and (5) leniency for ordinary merchants but severity for speculators. As it worked out, almost all businessmen suffered financially,

roughly according to their ability to pay up, but the harshness of the treatment they received did, in general, follow these five principles. Speculative merchants, of whom China has had a tremendous number, were treated most severely, while many industrialists were spared the worst ill-treatment, because the Communists were concerned about keeping up production.

On March 8, of this year, the Government Administration Council in Peking approved detailed measures for classifying and treating all businessmen according to the amount of money they were found to have made by "evading laws" or by making "illegal profits". These "Standards and Measures for Dealing with Industrial and Commercial Establishments Classified into Various Categories in the Five Anti Movement" defined five categories of businesses: (1) Law Abiding Establishments: those which have committed no acts against the law. (2) Basically Law Abiding Establishments: those which have obtained benefits of less than JMP\$2 million (for rough conversion purposes JMP\$1 million can be considered to be the equivalent of about US\$40 to US\$50) as a result of law violations, and certain ones whose "illegal earnings" exceed this amount but whose cases are not too serious and whose confessions are satisfactory. The regulations required all "illegal earnings" over JMP\$2 million to be restored to the government. (3) Semi Law Abiding Establishments: those which made "illegal earnings" of over JMP\$2 million but whose cases do not constitute a "serious danger to the state", including a few fairly "serious" cases if the persons involved have performed "meritorious service" by denouncing other business establishments. The regulations required restoration of all "illegal earnings" to the government. (The majority of small businesses fell into categories (2) and (3); they had to make payments to the government but received no further punishment.) (4) Serious Law Breaking Establishments: those which have made fairly large "illegal earnings" and are either a "serious danger to the state" or refuse to confess. According to the regulations companies in this category not only had to restore their "illegal earnings" to the state but also had to pay "appropriate fines". The fines were almost always determined on the basis of what the traffic would bear. (5) Completely Law Breaking Establishments; those which have committed the most "serious crimes" producing "grave danger" to the state or causing "serious loss by the state and the people". Business establishments in this category, according to the regulations, not only had to make repayments and pay fines but also were subject to partial or complete confiscation of assets; men involved could be sentenced to prison, forced labor, or death.

The classification of business establishments and determination of their crimes and penalties was not a legal process. The process took place in mass meetings, committee meetings, and private interrogations, all directed by the Five Anti committees set up in the cities, the teams of political workers under their control, and the activists mobilized from among the workers. The money and other assets taken from the businessmen were handled by the top campaign committees, together with the People's Courts, public security organs, and other government agencies. (Its distribution and use have not been revealed.)

The "most serious cases" were turned over to special revolutionary People's Tribunals (ad hoc bodies, different from the People's Courts) established for the duration of the Five Anti Campaign. These tribunals, organized with a presiding judge (usually the head of the local People's Court), two deputies, and several judges, with "representatives of the people", were empowered to make arrests and to pass sentences including sums of money to be repayed to the government, fines, confiscation of property, "surveillance", "reform through labor", prison terms, and death. Any death sentence or prison sentences over ten years required higher approval, however.

Great emphasis was placed upon the need for public denunciation and confession during the campaign. The government guaranteed full protection to anyone making a denunciation, and the treatment accorded to businessmen depended to some degree upon their willingness to confess. Frank confession could lead to a one grade reduction of criminal status, while refusal to confess automatically resulted in raising the classification of the case by one or more grades. Special consideration was given to persons who performed the "meritorious service" of denouncing others.

It is not easy to summarize briefly the results which the Five Anti Campaign had achieved by the time it drew to a close in May and June. In subsequent newsletters I will attempt to analyze a few of the major effects in more detail, so I will merely give a general summary at present.

Starting with the slogans upon which the campaign was based, there is no doubt that the business class in China's cities has been terrorized and intimidated to such an extent that the "five poisons" will be much rarer than in the past, particularly since the Communists now warn that they will not be so "magnanimous" in the future. This means that tax evasion will probably be greatly reduced, that attempts to bribe government or party personnel will not be undertaken lightly because of the risks involved, that businessmen will probably hesitate before attempting to obtain any information about government economic plans and activities which could be interpreted as being of particular use to them, and that in contracts with government agencies private businessmen will have to be extremely careful about satisfying the government's requirements. In general, businessmen will have to lean over backwards to observe the government's laws, regulations, instructions, and policies, in order to stay out of trouble.

Having said this, however, one has barely touched upon the real results of the Five Anti Campaign, which are of much wider and more fundamental significance. Here, in brief, is a listing of some of the more general results:

The campaign undermined the position of the urban bourgeoisie in China, greatly reduced its wealth and its assets, ostracized it as being dangerous and subversive, and probably eliminated any possibility of significant political influence on its part.

It intensified class conflicts in the cities, isolated the business class, separated businessmen from their employees, and encouraged conflicts between businessmen themselves.

It produced a large sum of revenue for the government, which was essential to state finance, and removed most of the remaining fluid capital in China from private hands.

It brought in considerable amounts of much-needed foreign exchange which had previously been successfully concealed from the government, thereby increasing state control over China's limited foreign exchange resources.

It made a large contribution to the government's unceasing fight against inflation in China and actually brought about at least a temporary reduction in the price level.

At the same time, however, the campaign severely disrupted normal commercial activity and affected normal production. Commercial markets stagnated and production dropped during the campaign. The production loss may have amounted to a large share of two months' production of China's urban economy; this is a loss which

can never really be made up.

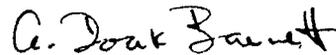
The campaign greatly increased government control over and direction of the remaining private sector of the Chinese urban economy. This was one of its most important results. Many private enterprises are now private in name only, and all private enterprises are subject to innumerable controls. The government probably now has effective enough control over private industry and trade as a whole to apply state planning in various degrees and forms to the entire economy. This has been accomplished on the eve of a great campaign of national construction to increase production; this campaign was initiated in June, immediately after the Five Anti Campaign.

In the process of increasing state controls, the Five Anti Campaign also helped to discourage private initiative, and it excluded from national life (or at least removed from the economic side of national life) a small but important number of skilled business leaders who in the past have made a significant contribution to China's economic development.

It also demoralized to a certain extent party and government personnel who deal with private businessmen and with economic matters. The Communists now admit a tendency on the part of many bureaucrats to avoid economic and financial responsibilities, because of the risks and possible penalties involved for any mistakes.

What does all of this add up to? It is difficult to give an easy answer. One thing is certain, however. The Five Anti Campaign gave urban society and the urban economy of China its most severe shake-up since the Chinese Communists came to power, and although in a formal sense China is still going through a "New Democratic" stage in which the bourgeoisie and private enterprise are tolerated, in actual fact the Chinese Communists have advanced one further step along the road toward socialization.

Sincerely yours,



A. Doak Barnett

Received New York 8/5/52