two days before, the United States had dropped an atomic bomb on Hiroshima. The Americans dropped a second atomic bomb on Nagasaki on the ninth. Five days later the Japanese sued for surrender. With an extraordinary suddenness, and in ways no one in China was adequately prepared for, the whole structure of Asian power politics had changed.

CHAPTER 18

The Fall of the Guomindang State

THE JAPANESE SURRENDER AND THE MARSHALL MISSION

In a lengthy cable to the Joint Chiefs of Staff on the situation in the Chongqing war zone, written on August 1, 1945, General Wedemeyer noted that "if peace comes suddenly, it is reasonable to expect widespread confusion and disorder. The Chinese have no plans for rehabilitation, prevention of epidemics, restoration of utilities, establishment of balanced economy and repositioning of millions of refugees." In answer to his further questions over what his exact role should be in the event of Japanese surrender, Wedemeyer was given the confusing and overlapping instructions from Washington that he should help the Nationalists as much as possible without intervening on their behalf in a civil war, and should "assist the Central Government in rapidly moving its forces to key areas in China."

Wedemeyer and Chiang Kai-shek had agreed that as American forces became available after the Japanese surrender they should move swiftly to occupy five key ports in this order: Shanghai, Pusan (in Korea), Dagu, Canton, and Qingdao. In the few weeks after Japan's surrender, the United States did occupy these and other ports, and U.S. Marines were sent in large numbers to Peking and Tientsin. But U.S. forces, following the orders of the Joint Chiefs, concentrated on airlifting as many of Chiang's troops as possible from the Chongqing region to north and east China, so that Nationalist forces could accept the Japanese surrenders in person. In the two months following Emperor Hirohito's surrender declaration, Dakota transport planes of the U.S. Tenth Air Force airlifted over 110,000 of Chiang's best
American-trained troops to key cities. Japanese commanders were told not to surrender to the Communists, and in many cases they continued to clash with Communist forces until Guomindang officials arrived. The Communists, for their part, were instructed by their commander-in-chief Zhu De to force Japanese officers to surrender directly to them wherever possible, after which the Communists would take on the task of maintaining local law and order.

The scale of the surrender operation was gigantic, and it took months to complete. There were close to 1.25 million Japanese troops in China proper, and another 900,000 in Manchuria, not counting all the puppet troops, armed or partially armed, and over 1.75 million Japanese civilians in the country. The Chinese Nationalist forces, despite their enormous losses, still numbered 2.7 million troops in 290 divisions. The Communists' Eighth Route Army and New Fourth Army contained close to 1 million troops. In some places the surrender was formal and dignified, as at Nanjing, where the Japanese commander in chief for the China theater yielded up his powers at the site specially designated for the ceremony by Chiang Kai-shek himself: the auditorium of the Whampoa cadets' Central Military Academy. In many other cities, however, there were clashes and violence. And in Shanxi the tenacious warlord Kao Xishan demanding Japanese troops to help him fight off the Communists and to preserve his power in Taiyuan.

In Manchuria, on the other hand, after arresting and deposing the Manchukuo Emperor Pu Yi, and accepting the Japanese surrender, the Soviet Union's troops allowed huge stockpiles of arms and ammunition to fall into the hands of the Chinese Communists. These Chinese troops had moved swiftly by forced marches into the area before Chiang could move his own forces there in sufficient numbers to deter them.

The lack of coordinated advance planning that had worried Wedemeyer so much in August turned out to have serious consequences for the Guomindang. As they took back city after city from the Japanese, and seemed to have the goal of reconstructing a united China once more within their grasp, their carelessness, their inefficiency, and often their corruption threatened steadily away at their basis of popular support. Many Chinese were outraged when puppet troops and politicians who had collaborated openly with the Japanese during the war were allowed to remain in their positions, just to prevent the Communists from expanding their territory. When anti-collaborator regulations were finally issued at the end of September, they were full of loopholes and promises leniency to those who had performed any patriotic acts during their term of office. And the effect of these orders was further nullified by the promotion to senior military rank in the Nationalist armies of numerous officers who had served in Manchukuo, the latter

Mongolian Federation, or the Peking-area puppet regime. Yet when it suited their purposes, the Guomindang also accused some people who had not fled the Japanese-occupied areas as themselves having been collaborators, and punished them as such.

A number of scandals accompanied the freezing of assets that the Japanese or their collaborators had seized during the occupation and were now allegedly to be returned to their original rightful owners. Several overlapping and loosely supervised agencies were given the task of inventorying business premises and equipment, and of assessing claims. Factories and warehouses that were meant to be closed only a few days while handing over formalities were completed remained closed for weeks in many cases, throwing thousands out of work and ruining local businesses. At the same time, robbery of closed properties was taking place everywhere, and squads of men with armbands identifying them as representatives of one of the government agencies could enter establishments at will, commandeer vehicles, and commit other abuses. Since those robbing public property included senior officers and even the chief of the Chapei police force in Shanghai, there was little chance of rectifying matters. In one incident indicative of many others, of the 3,433 motor vehicles taken over by officials in Huanan from the Japanese, every one was pirated for parts, which were then sold illegally to local dealers.

The Guomindang also mismanaged the difficult problem of stabilizing the currencies of China. It was essential to firm up the exchange rate of the Nationalist "fabi" currency, which had been used throughout the war in Chungking, with the various currency notes issued by different puppet governments. By not acting decisively or promptly, the Guomindang allowed a chaotic situation to emerge in which exchanges varied wildly among cities; in one example, a given puppet currency traded at 40 to the yuan in Wuhan, 150 to the yuan in Shanghai, and 200 to the yuan in Nanjing. Exchange rates between fabi and U.S. dollars also veered sharply, holding for a time at 700 yuan to U.S. $1 in Tianjin and ranging from 1,500 yuan to 2,500 yuan in Shanghai. Naturally it paid speculators to shuttle between the cities, buying up U.S. dollars in Tianjin and selling them in Shanghai. Food prices also began to rise uncontrollably, and no central authority had the power to hold them at a reasonable level.

In this dispiriting context, the United States continued to push for some sort of Guomindang-Communist rapprochement that, it hoped, might prevent civil war from breaking out in China and guarantee at least some measure of democracy. In August 1945, Ambassador Hurley personally escorted Mao Zedong from Yan'an to Chungking for negotiations with Chiang Kai-shek. These talks continued until October 10, during the very
period in which the two sides were sparring for dominance in east and north China; they resorted to the publication of a set of principles that seemed a hopeful indication of future collaboration. Mao and Chiang announced that they agreed on the need for political democracy, a unified military force, and equal legal status for all political parties. A National Assembly or People's Congress should be convened promptly, to mark the end of the period of political turmoil that Sun Yat-sen had said would precede the transition to democracy. The government was to guarantee "freedom of person, religion, speech, publication and assembly" and would abolish "special service agencies," leaving law enforcement to duly constituted police and the courts. The principle of local government elections was also agreed to, although there was no agreement as to scope or timing.

It was harder to reach a satisfactory compromise over local militias and the Communist-controlled border-area governments. The Communists, who had already captured Kalgan, the main railway junction of the far north, were content to state that they would pull their troops out of southern China. Chiang, on the other hand, was determined to reassert his control over the entire country, and in November he launched a fierce attack on the Communists, sending many of his best troops north through the Shanhaiguan pass into Manchuria. He had not yet consolidated his hold over the south, and in his zeal for the appearance of unity he sacrificed the formation of a more genuine basis of power. As the fighting grew more bitter, Zhou Enlai, who had stayed on as mediator in Chongqing, flew back to Yenan. And in a surprise move, Ambassador Hurley resigned in late November.

In his sharp letter of resignation to President Harry Truman, Hurley stated that American democratic ideals for China were being threatened by the twin forces of communism and imperialism. Moreover he added the serious charge against the American foreign-service officers in China that, out of sympathy for Yenan, they had undermined U.S. attempts to prevent the collapse of the Nationalist regime, and had advised the CCP not to put its army under Nationalist command.

Apparently convinced that mediation was still possible, President Truman dispatched General George Marshall, the highly respected former head of the Joint Chiefs of Staff, as his envoy to China in December. The U.S. mandate for further involvement in China was unclear now that the anti-Japanese war was over, and the last of Chiang's thirty-nine divisions had received the training and materials promised by the United States in the war's closing years. Nor could the United States honestly claim that it was playing a neutral role, after helping Chiang to regain so many cities, advancing fresh credits to his government, and offering military equipment at bargain prices. Nevertheless Marshall got both parties to agree to a cease-

fire beginning January 10, 1946, and persuaded Chiang Kai-shek to work toward convening the assembly he had discussed with Mao Zedong in the fall.

Accordingly thirty-eight delegates assembled in Nanjing for a "political consultative conference" on January 11. Among the thirty-eight were eight from the Guomindang, seven from the CCP, five from the newly formed Youth party (which was emerging as a powerful and vocal group clamoring for the peaceful reconstruction of China), and two from the Democratic League, which spoke for many of China's liberal intellectuals. The others were from various smaller political associations or were unaffiliated. In ten days of discussion that were widely reported in the press and that led to an upsurge of hope for the future, the delegates seemed to reach agreement on all the most important points concerning constitutional government, unified military command, and a national assembly. In late February a subcommittee named by the conference members announced detailed plans for troop reductions by both sides.

Unfortunately, these good intentions came to nothing—indeed perhaps had always been unrealistic. Military clashes between Communists and Nationalists continued in many parts of China, and the Central Executive
Committee of the Guomindang made crucial changes in the conference agreements. The committee limited the veto power of the Communists and the Democratic League in the projected State Council, reaffirmed presidential powers for Chiang Kai-shek rather than the genuine cabinet system called for in the new constitution, and reversed its stand on allowing more provincial autonomy. When the Communists and the Democratic League refused to cooperate further unless these changes were rescinded, the Guomindang went ahead without these groups and in late 1946 convened a national assembly and drafted a constitution, both without genuine democratic participation. The situation was reminiscent of Yuan Shikai’s manipulation of the constitution and the assemblies in 1914 and 1915.

The whole point of democratic reconstruction had been undermined, and the random harassment and even assassination of leftists and liberals was resumed. The most prominent victim was Wen Yiduo, one of China’s finest poets and a persistent critic of the Guomindang, who was gunned down in Kunming in the summer of 1946. Yet once again, in June 1946, George Marshall managed to get the two sides to proclaim a cease-fire, this time in Manchuria, and to push for reopening the war-damaged railway lines vital for China’s economic health. (The CCP had cut some of the lines that were still intact after the war, because the Nationalists were using them for anti-Communist troop movements.) Even as the cease-fire was theoretically in effect, Nationalist troops were massing for a second assault on Manchuria, which commenced in July. The Communists, in the meantime, refused to give up their base areas in north China, reorganized their forces as the People’s Liberation Army, and shifted the focus of land reform from rent reduction and redistribution to outright confiscation and violent punishment of class enemies.

One exception to the pattern of noncooperation between the Nationalists and the Communists was the mutual effort to rechannel the Yellow River into its northern bed, from which it had been blasted by Chiang Kai-shek’s engineers in 1938. This work was directed by officials of the United Nations Relief and Rehabilitation Administration, who completed the huge task in 1947. But during this same period the verbal attacks by Chinese leftists against the United States for aiding the Guomindang and interfering in Chinese politics grew in intensity, and were accompanied by a mounting wave of demonstrations and riots. Several American servicemen were kidnapped by Communists; forces, and in July 1946 a convoy of nine supply vehicles and its escort of forty marines was ambushed in Anping village as they journeyed from Tianjin to Peking.

The nature of this clash was indicative of the new levels of anti-American hostility, and in some ways echoed the Boxer attacks against Westerners making a similar journey nearly fifty years before. The motorized convoy of marines, slowed first by bulldozers placed in the road, next found their forward route blocked by some farm carts. Before they could retreat, a hail of fire wrecked the rear vehicles in the column, trapping all the rest. Communist troops, concealed by tall crops at the roadside, kept up fire much of the day. Three American marines were killed, one died later of wounds, and a dozen others were injured. An initial aerial reconnaissance showed fifteen or more Communists dead, and many more wounded. But when relief forces finally arrived, and the Americans advanced into the Communist positions, the Chinese troops had vanished, taking their wounded and even their dead with them. The nearby villagers, when questioned, claimed to have heard and seen nothing. Such incidents promised to make the American position untenable, especially since the U.S. government had no desire for wider involvement in another Asian war.

In sending his envoy to China, President Truman had stipulated that Marshall should be free to tell Chiang Kai-shek that “a China disunited and torn by civil strife could not be considered realistically as a proper place for American assistance”—that is, U.S. aid would stop unless Chiang adhered to certain formal criteria for political reform. Tightening his stand in a letter of August 10, 1946, to Chiang Kai-shek, President Truman stated that “American faith in the peaceful and democratic aspirations of the Chinese people has not been destroyed by recent events, but has been shaken.” If Chiang did not become more flexible, the president added, “it will be necessary for me to redefine and explain the position of the United States to the people of America.” Chiang replied only a few weeks later that “the desire for peace has to be mutual,” and pointed to a variety of Communist cease-fire violations.1

Sporadic messages, polite enough and all urging reasonableness on the other side, flew back and forth among Zhou Enlai, Chiang Kai-shek, Marshall, and Truman for the rest of 1946. On October 10, 1946, Chiang used the thirty-fifth anniversary of the beginning of the 1911 revolution in Wuhan to present a major address. With sharp words he called on the CCP “to abandon its plot to achieve regional domination and disintegration of the country by military force.” The CCP responded that the newly convened National Assembly was a “nation-splitting” fraud.

One further incident helped aggravate tensions to a breaking point. On Christmas Eve 1946 a female Peking University student was raped by an American serviceman, while another U.S. serviceman held the young woman down. Shocking though the incident was in its own terms, it was rapidly raised by carefully orchestrated leftist propaganda into a major political and imperialist incident: by this interpretation, the young woman
stood for China, and the American man's act was equivalent to imperialist expansion. The Guomindang attempts to present the case as simply a personal misfortune were shouted down by huge student demonstrations, and the once cheering crowds that had welcomed Americans as liberators in 1945 now became jeering mobs.*

If it had ever been possible for the United States genuinely to have helped ease the tensions in China, that time was clearly past, and the Chinese would now have to be left to fight out their own problems themselves. In a sad farewell statement issued in early January, 1947, Marshall announced the failure of his mission. At the end of the month a terse ten-line press release from the State Department declared that the last American liaison groups trying to mediate between the Communists and the Guomindang had been disbanded.

LAND REFORM AND THE MANCHURIAN BASE

In the year following the Japanese surrender the Communists intensified their land-reform program in the areas where they were strong. At a conference of over 1,000 people interested in land reform, hosted by the Chinese Agricultural Association at Shanghai in 1946, a Communist representative spoke calmly and confidently about the CCP program. The Communists had moved on from the cautious united-front policies of rent reduction, he observed, and were working to abolish tenancy and return the land to the peasants who tilled it. The "redistributed" land, he claimed, was mainly land formerly owned by the Manchus during the Qing dynasty or by wartime "traitors," or was land unregistered by landlords to avoid taxation or wrongly seized from peasants because they had not been able to meet their loan payments. The Guomindang spokesman at the conference denied the need for drastic change, counteracting that conditions in the countryside were harmonious, and that rural education programs and improved agricultural technology would meet the needs of the time.

The CCP had been particularly active in northern Jiangsu, areas of Hebei, and Shandong, as well as in its original base area of Shaanxi. The Communists' success with land reform in these areas is remarkable considering the much lower incidence of tenancy in these provinces compared to most others. The tenancy rate was as low as 12 percent in both Hebei and Shandong, for instance, but as many as 56 percent of peasants were tenants in parts of the southwest. The Communist message was especially effective in the north in part because the devastation caused by Japan's "3-all" campaigns came on top of the flooding of the Yellow River and other natural disasters; moreover, the region's harsh winter climate exacerbated poverty, leading to even greater social misery. But there were also historical reasons for the Commune members in these areas. The old social order, once bonded by lineage and religious associations, and by local leaders whose prosperity was linked to the community's welfare, had been steadily eroding. The reorganization of local administration first by the Guomindang and then by the Japanese had left rural communities institutionally weak, their social and economic lives fragile, their destinies often in the hands of new types of rural power brokers, whom villagers referred to simply as "local bullies."

The CCP moved fluidly into such fragmented communities. Realizing that their greatest allies were the poorer peasants and the landless farm laborers—whose plight had first been carefully analyzed in the 1930s by the Japanese and other scholarly investigators—the CCP, between 1946 and 1947, instigated a land program that, as their spokesmen had promised, sought the elimination of tenancy and the equalization of both land and property within the villages.

Violence was an integral part of this process, as old scores were settled with village thugs and personal enemies as well as with landlords. Although figures vary wildly, one source gives a total of 19,307 "instances of struggle" within the CCP-dominated areas of Shandong alone in 1945, and many of these may have led to landlords' deaths. Accounts of village reform show how a whole community could be roused through mass meetings to attack its wealthier members, to kill the most hated, and then to redistribute all the confiscated property; often the seized food supplies were consumed in great celebrations by the poor, rather than sensibly hoarded to ward off the next bout of hardship. The head of the recently formed Peasant Association in a Shanxi village described the interrogation in January 1946 of a local landlord, Sheng Jinghe, against whom over a hundred charges of brutal treatment of villagers and tenants had been registered with local CCP cadres:

When the final struggle began Jinghe was forced not only with those hundred accusations but with many many more. Old women who had never spoken in public before stood up to accuse him. Even Li Mao's wife—a woman so pitiable she hardly dared look anyone in the face—shook her fist before his nose and cried out, "Once I went to glean wheat on your land. But you cursed me and drove me away. Why did you curse and beat me? And why did you seize the wheat I had gleaned?" Altogether over 180 opinions were raised. Jinghe had no answer to any of them. He stood there with his head bowed. We asked him whether the accusations were false or true. He said they were all true. When the committee of our Association met to figure out what he owed, it came to 490 bags of milled grain, not coarse millet.
That evening all the people went to Jinghe’s courtyard to help take over his property. It was very cold that night so we built bonfires and the flames shot up toward the stars. It was very beautiful.

Disappointed with the amount of grain that they found, the villagers beat Sheng Jinghe repeatedly and hurled an iron bar in the fire to torture him with. Terrified, he at last confessed where his money was buried. The head of the Peasant Association concluded his account with these words:

Altogether we got 500 yuan from Jinghe that night. By that time the sun was already rising in the eastern sky. We were all tired and hungry, especially the militants who had called the people to the meeting, kept guard on Jinghe’s house, and taken an active part in beating Jinghe and digging for the money. So we decided to eat all the things that Jinghe had prepared to pass the New Year—a whole crock of dumplings stuffed with pork and peppers and other delicacies. He even had shrimp.

All said, “In the past we never lived through a happy New Year because he always asked for his rent and interest then and cleaned our houses bare. This time we’ll eat what we like,” and everyone ate his fill and didn’t even notice the cold.

The land-reform programs in central and northeast China were subject, however, to a particularly grim corrective. Landlords who had been dispossessed and spared death—for the relatives of those who had been killed—could be expected to return in force, wherever possible, to seize back what their families had lost. The threat of such returns would always hang over the CCP as they worked in local communities. In the summer of 1946, for instance, the Guomindang mustered 150,000 troops, many of whom now had excellent American or Japanese arms, equipment, and vehicles, to move on the 29 counties held by the Communists in Jiangsu province. All 29 were retaken by government forces. In the border area of Hebei/Shandong/Henan, where the Communists controlled 64 counties in 1946, 49 were recaptured by the Guomindang. Those who had sided with the Communists were held under what was euphemistically termed “voluntary surrender and repentance programs.” They were jailed unless they could provide ransom money, and many were executed.

In such periods of restored power, landlords attended by armed guards went from house to house demanding the backlogs of overdue rent. In some cases returning government forces shot one member of every household that had participated in land reform; in others they buried alive the former peasant leaders and their relatives. Similar revenge was meted out on the peasants when in 1947 Guomindang troops—in a symbolic victory dear to Chiang Kai-shek’s heart—recaptured the Yant’ian region, so long the base of the CCP’s resistance. Although the violence intensified class rage and bitterness, it also made peasants resentful and deeply hostile to the Communist forces that had abandoned them to their fate.

Because of the danger of counterattack in central and northern China, Manchuria became all the more important to the future hopes of the CCP. Despite the ravages of war, Manchuria was an area rich in resources, with a population of over 45 million, large industrial cities, and extensive food reserves. Much of it forested and mountainous, the local topography also offered protection to guerrilla armies. Manchuria had a long history of social unrest, dating back to strikes that had been launched by Chinese—often in conjunction with the many Russian workers at Harbin or on the railways—as far back as 1906. In the earlier years of the Japanese occupation, a vigorous CCP organization there had pushed through land reform in more isolated areas, and carried out guerrilla activities against Japanese installations. Arrest records of Communists in Manchuria, kept by the Japanese authorities, show it to have been a young movement, with 29 percent of the members aged between twenty-one and twenty-five, and 28.5 percent aged between twenty-six and thirty. CCP members in Manchuria also represented a wide range of occupations and statuses: farmers, factory and railway workers, merchants, teachers and students, soldiers and policemen.

During the war with China, the Japanese—nominally working through the Manchukuo authorities—had become skillful at rounding up Communists in that region. Much of this success came through a ruthless policy of grouping more than 5 million peasants from isolated areas into some 10,000 “collective hamlets,” where they lived under police supervision. Their original homes were then destroyed so they could give no shelter to the enemy. The terror had been intensified by the Japanese use of Communist prisoners—or those alleged to be Communists—in live human experiments conducted at secret camps in Manchuria. The prisoners were infected with fatal strains of plague germs, subjected to vivisections, or used in “studies” on the effect of extremes of heat and cold on living test-subjects.

The scattered remnants of the region’s Communist groups resurfaced in 1945, after Japan’s defeat and the advance of Russian soldiers into Manchuria. These guerrilla forces were able to regroup with the arrival in late 1945 of the almost 100,000 Eighth Route Army troops who accompanied Lin Biao either overland from Yant’ian through Suiyuan province, or by sea in junks from the north Shandong coast. The former guerrillas, by actively recruiting in the countryside, had meanwhile assembled a People’s Self-Defense Army of around 150,000 men. Many of these troops were Koreans, fugitives from the Japanese occupiers of their homeland, who had stayed in
Manchuria after 1945 when their country was divided along the thirty-eighth parallel, the north now being in the Soviet camp and the south in the American. There were also about 25,000 troops from the Young Marshall’s command who had been fighting in various regions of north China. They were led by the Young Marshall’s younger brother, who had maintained their allegiance throughout the war.

As soon as Liu Bo’s forces—many of whom were native to Manchuria—reached that area in the fall of 1945, they showed a determination to take and hold the key cities. In doing so, they moved beyond the purely rural strategy that had been forced on them by the poverty of the Yan’an region and by their inability to hold any other large Chinese cities in the face of sustained attacks by either the Guomindang or the Japanese. As they arrived, they found that the Soviet Union held the main industrial cities, the railways, and the mines, which it had occupied in August 1945. Soviet forces let stockpiles of Japanese weapons and equipment fall into Communist hands, and also hampered Chiang’s efforts to move troops rapidly into the area.

While in Manchuria, the Soviets seized rich stores of food and machinery for their own use and as reparations for their massive losses in the war against Germany. According to an American investigative team, they were especially thorough in removing potential competing equipment, transformers, electrical motors, laboratories, and hospitals. The latest and best machine tools. They also took U.S. $3 million in gold, and issued profuse runs of short-term bank notes. As a final gesture they stripped the generating plants and pumps from several of the largest Manchurian mines, causing severe damage in the shafts from flooding.

But Japanese investments in Manchuria in summer 1945 were estimated at 11 billion yen, and when the Soviet troops pulled out of Manchuria in 1946 much of this was seized by the Guomindang, including the huge Anshan steelworks, the Liaoyang cotton mills, the Fushun coal mines, and many hydroelectric stations. As in Shanghai and elsewhere, the arriving Guomindang officials were ruthless and wasteful in their takeover of industrial plants. Private profiteering was common, along with the renting out for private gain—of public properties.

Chiang Kai-shek exacerbated these problems by assigning non-Manchurians to virtually all the key posts in the three provinces of Heilongjiang, Jilin, and Liaoning, which he subdivided into nine newly designated administrative districts in order to weaken local allegiances. In many of these, the new officials abused their powers and were content to sit snugly in their local bases, allowing the Communists to roam almost at will through the rural counties. These Guomindang officials, unsure of the loyalties of other groups, tended to ally with former collaborators and landlords in the region. Also, the Manchurian economy was shaky because of Chiang Kai-shek’s decision to issue a separate currency there in an effort to avoid the rapid inflation affecting the nation. But rocketing Guomindang military expenses and the payment of hundreds of sinecure salaries were eventually met only by bank-note issues of billions of yuan per month.

Local susceptibilities were irritated further by Chiang’s decision to ship the Young Marshal Zhang Xueliang off to detention in the safer fastnesses of Taiwan, instead of releasing him from his decade of house arrest as many of his former troops had hoped. One newspaper correspondent commented from Mukden in late 1946, “As for the common people, they feel on the one hand that all under heaven belongs to the southerners and on the other that life today is not as good as it was in Manchukuo times.”

The Communists, still too weak to hold southern Manchurian cities against the numerically powerful and well-armed Guomindang forces, made their main urban base in Harbin, just north of the Sungari River. This industrial and commercial city of around 800,000 people became their revolutionary nerve center. The personnel to direct the expanding revolution were trained by veteran cadres in special institutes in the city, and all modern means of communication—newspapers, films, magazines, radio—spread the message of communism to the citizens. To ease the task of governing such a huge urban population, the CCP leaders divided the city into 6 districts, which were subdivided in turn into 58 street governments, each with a population of around 14,000 people. To cope with the large floating population in the city—laborers, hawkers, porters, drayboys—registration campaigns were conducted, bandits and destructive elements rounded up (the Russian secret police had already shipped back to the Soviet Union many fugitive White Russians), and 17,000 citizens organized into “night watchmen self-defense teams.” When these organizations still could not control crime, each lane and alley was charged with forming its own patrols; as with the old jiaji mutual-security system, any witness not reporting a crime would be treated as if he or she were the perpetrator of that crime. Travel was controlled by a rigidly supervised passport system.

In an emergency test of municipal governance, the CCP leaders in Harbin had to cope with an outbreak of bubonic plague in the city. The plague was spread by flea-infested rats that had been raised by Japanese military researchers conducting germ warfare experiments. At war’s end in August 1945 the Japanese had released the rats instead of destroying them; after an incubation period in 1946, the disease claimed over 30,000 lives in 1947. The casualties were not far higher because effective quarantine and inoculation measures were taken by the Communists, aided by health experts from the Soviet Union, and all road and rail traffic was strictly controlled to prevent
those infected from spreading the plague farther afield.

The party also exercised its municipal powers by mobilizing urban workers to help the People’s Liberation Army carry goods, drive carts, and serve as stretcher bearers at the battle front. The urban economy was strictly monitored with graduated sales taxes, which were kept low for grain, fuel, and cooking oil, but levied at 40 percent for tobacco, and at 70 percent for luxuries and cosmetics. Businessmen were also taxed, and all inhabitants of Harbin subjected to a barrage of campaigns calling for “voluntary contributions” to the Communist war effort. Using meetings, posters, banners, newspapers, and intimidation, the party raised at least 200 million yuan in Harbin in 1947. The Communists were now learning the full range of techniques and skills that they would need to govern China’s major cities if they were to break out of Manchuria and join the guerrilla forces already scattered over the countryside of northern China. In a similar fashion in the 1620s and 1630s, Nurhaci and Hong Taiji had learned in Manchuria the skills of administration and politics needed to control the huge society of China lying to the south.

From its central Manchurian base in Harbin, the CCP sent teams of cadres into the countryside to draw the peasants to their cause with the promise of radical land reform. The Communists called for the confiscation of all land owned by the Japanese and by collaborators—a prodigious amount of land considering the nature and thoroughness of the Japanese occupation. There were so many huge estates in the area that the 12,000 land-reform cadres assigned to the work by Lin Biao rarely bothered with landlords holding less than 75 acres—a farm that would have seemed enormous in China south of the Wall. Manchurian landholding offered a number of special aspects befitting a “frontier society” that further taxed the ingenuity of land-reform leaders. One was the so-called “system of dependents,” consisting of farm workers who were neither tenants nor day laborers, but people who lived with the landowner’s family, ate with them, and worked the land in return for a percentage of the crop. Another was the “assignment system,” by which a worker might be given his own land, tools, and house by the landlord, without being charged rent, in return for working a certain number of days per year for that same landlord without further compensation.

While urban and rural reform proceeded in the Communist-controlled areas, Lin Biao continued to build up the People’s Liberation Army as a conventional—not a guerrilla—fighting force. The task was not easy. As a result of the Guomindang’s assaults in 1945 and 1946, the Communists were pushed north across the Sungari River, while the Nationalists cleared a wide corridor along the coast north of Shanhaiqiao, leading through Jilin to Mukden and Changchun (see the map on page 463). Lin Biao however held onto Harbin, and astonished the Nationalist generals by crossing the frozen Sungari in November 1946 and attacking their armies in their winter quarters. Not allowing the Nationalist troops time to recover, Lin followed this up with a series of attacks across the river in early 1947, culminating in a massive attack on the railway junction of Siping in May with 400,000 troops. Beaten back with heavy losses by a concentration of Nationalist forces backed by air power, Lin was able to regroup and isolate the key Nationalist-held cities by destroying the railway lines that connected them. Morale among the garrison troops began to crack, and it became apparent how seriously Chiang had miscalculated in sending troops to Manchuria before consolidating his power in China proper. The Nationalist troops in the campaign abandoned huge amounts of arms and equipment, including whole depots and supply trains, which fell to the Communists. The Nationalists also showed a defensive attitude toward the war, digging in behind fixed emplacements rather than pursuing Lin Biao’s forces.

The American consul general in Mukden cabled an excellent summary of the situation to the State Department at the end of May 1947. In condensed language the message drew together the many strands of the Guomindang predicament:

There is good evidence that apathy, resentment, and defection are spreading fast in nationalist ranks causing surrenders and desertions. Main factors contributing to this are Communists ever mounting numerical superiority (resulting from greater use native recruits, and from underground and Korean units), National soldiers discouragement over prospects getting reinforcements, better solidarity and fighting spirit of Communists, losses and exhaustion of Nationalists, their growing indignation over disparity between officers’ compensation and soldiers’ low pay, life, and their lack of interest in fighting far from home among ‘aliens’ unfriendly populace (whereas Communists being largely natives are in position of fighting for native soil).”

Such observers were growing convinced that Chiang’s attempt to hold onto Manchuria was doomed.

The Losing Battle with Inflation

On the surface the most urgent aspect of the crisis facing the Guomindang was the steady loss of territory in the north to the Communists, and the attendant erosion of the morale of the Nationalist armies. But equally impor-
was the growth of inflation in China, which wrecked all attempts of 
Chiang Kai-shek and his advisers at reestablishing viable central control. 
The economic crisis confronting the Chinese government in the fall of 
1945 had many sources, as we have seen: the muddle and graft involved in 
the return of Japanese and puppet businesses to their previous owners; wide- 
scale unemployment compounded by the cutting back of defense industries 
and the demobilization of many soldiers; the complexities of redeeming 
puppet-government currencies; speculation based on the regional variation 
of currency values; and the additional problem of the new currency intro-
duced by Chiang in Manchuria. The common Guomindang response to 
money shortages was to print more bank notes, which merely contributed 
to the inflationary spiral. Taking September 1945 as the base line, the table 
below shows that wholesale prices in Shanghai had increased fivefold by 
February 1946, elevenfold by May, and thirtyfold by February 1947. 

Anyone on a fixed income was disastrously affected by this precipitous 
price rise. Industrial workers protested with special vigor. Despite the 
Guomindang supervision of all labor-union activities during World War II, 
and the fact that the Guomindang-sponsored Chinese Labor Association 
was run by a Green Gang protégé of the Shanghai racketeer and Guomindang 
ally Du Yuesheng, soon after the war ended thousands of workers 
began to go out on strike. In 1946 there were 1,716 strikes and other labor 
disputes in Shanghai, all mounted in violation of the Guomindang laws 
requiring arbitration with official boards of mediators before work stop-
pages began. The Communists had successfully infiltrated many unions, and 
although the information naturally was kept secret at the time, the CCP 
later revealed the pattern of influence that it had managed to develop in the 
closing year of the war and immediately afterward. Communist members 
were covertly installed in the Number 12 National Shanghai Textile Mill, 
the Shanghai Customs Collection Agency, the Dalong Machine Factory, the 
French Tram, Power, and Water Company, the Number 9 Cotton Mill, the 
Shanghai Power Company, and a number of Shanghai's large department 
stores. Similar patterns developed in other cities with industrial concentra-
tions, such as Tianjin, Wuhan, and Canton. 

The first significant strike of this postwar wave was at the Shanghai 
Power Company. The strike began in late January 1946 after several of the 
workers' representatives had been dismissed by the company. When fellow 
workers protested, they were locked out of the plant, but managed to pre-
vent others from going in to keep the power station running. With power 
cut off, the negotiations had to be conducted by candlelight. Forty local 
unions joined in an initial protest demonstration in early February, which 
was followed by a show of solidarity involving representatives from seventy 
enterprises and businesses. The power company eventually yielded. 

The government responded to this and other incidents with a softer line 
than its past record might have suggested, in what was clearly an attempt 
to buy off the workers. Despite the severe inflation, the government guar-
anteed to industrial workers wage rates prorated to 1936 pay scales, multiplied 
by the current cost-of-living index. At the same time, the Guomindang tried 
to strengthen its hold over the labor movement by disbanding certain unions 
and re-forming them in more fragmented units that would be easier to 
supervise and manipulate. Unemployment continued to climb in late 1946, 
reaching around 8 percent of the population in Shanghai, 20 percent in 
Canton, and 30 percent in the capital of Nanjing. 

The pegging of workers' wages to the spiraling price index failed to
place labor and displeased employers, who felt that China was now having to pay too much for its labor and thus was losing a competitive edge over other industrial countries. In February 1947 the government tried another tactic—imposition of price and wage ceilings. Wages were to be frozen on the basis of the January 1947 cost-of-living index, and in all large cities price controls were set on rice and flour, cotton yarn and cloth, fuel, salt, sugar, and edible oil. A meticulous system—at least on paper—stipulated exact amounts of each of these basic commodities that would be made available to each worker, along with an allowance of coal briquettes for cooking and heating. The controls had some positive effect during March 1947, thanks to vigorous police supervision; but inefficiencies in distribution, the spread of hoarding, and the drop in production of certain items (the response by producers to what they considered artificially low prices) soon brought a return of the old inflationary spiral. By April 1947 rice prices were almost double February's level, and edible oil was up two and one-half times. By May, in the face of mounting protests and evidence of failure, the freeze mechanisms were abandoned.

In the summer of 1947, as Chiang's Manchurian campaign was beginning

<table>
<thead>
<tr>
<th>Year</th>
<th>Wholesale-price index</th>
<th>Cost-of-living index</th>
</tr>
</thead>
<tbody>
<tr>
<td>1947</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>112</td>
<td>107</td>
</tr>
<tr>
<td>July</td>
<td>130</td>
<td>122</td>
</tr>
<tr>
<td>August</td>
<td>141</td>
<td>131</td>
</tr>
<tr>
<td>September</td>
<td>179</td>
<td>146</td>
</tr>
<tr>
<td>October</td>
<td>292</td>
<td>208</td>
</tr>
<tr>
<td>November</td>
<td>333</td>
<td>226</td>
</tr>
<tr>
<td>December</td>
<td>389</td>
<td>290</td>
</tr>
<tr>
<td>1948</td>
<td>544</td>
<td>405</td>
</tr>
<tr>
<td>January</td>
<td>790</td>
<td>642</td>
</tr>
<tr>
<td>February</td>
<td>1,200</td>
<td>923</td>
</tr>
<tr>
<td>March</td>
<td>1,400</td>
<td>1,100</td>
</tr>
<tr>
<td>April</td>
<td>2,100</td>
<td>1,422</td>
</tr>
<tr>
<td>May</td>
<td>2,650</td>
<td>3,022</td>
</tr>
<tr>
<td>June</td>
<td>3,100</td>
<td>5,865</td>
</tr>
</tbody>
</table>

to falter disastrously and General Wedemeyer returned to China, at President Truman's request, to evaluate the country's politics and economy, the Guomindang again acknowledged the financial crisis. This time, in July, they attempted to work through the Central Bank of China to offer a program for controlled distribution of food and fuel at artificially lowered prices. The beneficiaries of this plan were to be government employees, schoolteachers and students, factory workers, and those in certain cultural fields. This ambitious program, although confined to major cities, did not halt inflation; it did, however, force the cost-of-living index in Shanghai below the wholesale price index, suggesting partial success in helping people to survive. Allocations of raw materials for factories, along with coal and imported oil, were rationed among private firms and the public utilities, again with some effect. But the overall price rise continued at an alarming rate through the end of 1947 and into 1948. In the spring of 1948 the government began issuing ration cards for staple foods to citizens of the large towns, but this measure also failed to stop the price rises, although it did win the government some popularity for a brief time.

The indexed figures were dramatic enough, but what the inflation meant for the actual use of cash was becoming catastrophic. Even with notes issued in enormous denominations, and shopkeepers hurriedly changing their price cards several times a day, there was little hope of coping with ordinary cash transactions. A standard large sack of rice (weighing 171 pounds in Western equivalents) sold for 6.7 million yuan in early June 1948 and 83 million yuan in August. In the same period, a 45-pound bag of flour went from 1.95 million yuan to 21.8 million yuan, and a 22-gallon drum of edible cooking oil rose from 18.5 million yuan to 190 million yuan. (The summer-1937 prices for the same volumes of these three commodities had stood at 12, 42, and 22 yuan respectively.)

In July 1948 Chiang Kai-shek met with T. V. Soong and his other senior advisors to discuss a bold plan to stem the chaotic financial slide. The decision was made to switch to a new currency, abandoning the old fuki yuan and inaugurating a gold yuan, at a conversion rate of 3 million fuki yuan to 1 new yuan. Several Guomindang advisers warned that the new currency probably could not hold firm unless the government drastically reduced its deficit spending, much of it the result of the huge military expenses to which Chiang was still committed. (The deficit in 1948 was 66 percent of total expenditures.) And many of them felt that the new measures would succeed only if the U.S. government agreed to extend a huge currency-stabilization loan to China—which in fact the United States refused to do.

Chiang Kai-shek used his emergency powers as president of the republic to declare a series of Financial and Economic Emergency Measures on
August 19, 1948. These measures, recognized by Guomindang ministers to be almost certainly the last chance to block the government's collapse, called for drastic reforms. After a brief bank closure to prevent panic, all the old fashi notes were to be turned in to the banks and exchanged at a fixed rate of 3 million fashi to 1 gold yuan. To inspire confidence in the new notes, the government undertook not to print more than 2 billion of them. Wage and price increases were forbidden, along with strikes and demonstrations. And any gold and silver bullion, along with any foreign currency, held privately by Chinese citizens were to be turned in to the banks in exchange for the new currency, thus boosting the government's reserves of specie and foreign exchange. Sales taxes on commodities were sharply increased in order to raise more revenue. Yet, in what many considered a sellout to the wealthy, those Chinese with large bank accounts outside China—in such countries as Hong Kong, the United States, or Switzerland—were not required to exchange those funds for gold-yuan notes. Bank deposits overseas of over U.S. $3,000 were to be reported to the government, but there was no mechanism for assuring that this would be done.

The one place where the emergency laws seemed to have even a faint chance of succeeding was Shanghai. Here Chiang Kai-shek's son, by his first marriage, the Soviet-educated Chiang Ching-kuo—who had returned to China from the Soviet Union in 1937 and worked several years as an administrator in Jiangxi—was appointed commissioner in charge of the reforms. He moved to the task with an immense amount of energy and sincerity, backed by tough implementation measures, a combination he had previously displayed in his attempts to modernize Jiangxi province. In Shanghai, Chiang mobilized criticism against hoarders and speculators, ordered the arrest and occasional execution of delinquents, and raided warehouses and suspect's homes, all to urge public compliance with the reforms. Chiang Ching-kuo himself employed local youth organizations along with the paramilitary forces of the newly established anti-Communist Bandit Suppression National Reconstruction Corps to help him in his task.

"Secret-report boxes" were placed in the streets so that citizens could report speculators, or anyone who defied the bans by raising prices in their shops. Loudspeaker trucks cruised the streets, reminding people of the new laws. Maximum publicity was given to important arrests. One of them was the Green Gang leader Du Yusheng's own son, charged with black-market stock-exchange trading; other big financiers were jailed for foreign-exchange manipulation.

In some ways this assault on the Shanghai financial community echoed the tough measures that Chiang Kai-shek had taken in the summer of 1927 after smashing the city's union organizations. And as his father had, Chiang

<table>
<thead>
<tr>
<th>Year</th>
<th>Shanghai wholesale-price index</th>
<th>Shanghai cost-of-living index</th>
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<tbody>
<tr>
<td>1948</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>106</td>
<td>N.A.</td>
</tr>
<tr>
<td>October</td>
<td>118</td>
<td>N.A.</td>
</tr>
<tr>
<td>November</td>
<td>1,355</td>
<td>1,170</td>
</tr>
<tr>
<td>December</td>
<td>1,921</td>
<td>2,170</td>
</tr>
<tr>
<td>1949</td>
<td></td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>6,900</td>
<td>6,825</td>
</tr>
<tr>
<td>February</td>
<td>40,825</td>
<td>52,113</td>
</tr>
</tbody>
</table>
restaurants closing, and medical supplies unobtainable, the failure of the reforms was clear.

For a moment in September and October, Shanghai had held firm, allowing hope that the economy could be turned around. What followed next is most simply shown by the figures themselves in the table above. The vaunted gold yuan began to follow in the steps of the old fǔlǜ currency. The Chinese republic had become, for all practical purposes, a barter economy.

**Defeat of the Guomindang Armies**

It was in this context of a final loss of confidence in the economy and the political policies of the Guomindang that the Communists forged their conclusive military victory. In the spring of 1947 the Nationalists had managed to keep open four strategic corridors in north China: one running north of Peking through the Shanhaiguan pass to Mukden and Changchun in Manchuria; one southwest from Peking to Yan Xishan’s armies in Taiyuan; one northwest from Peking along the Kalgan railway to Baotou; and one within Shandong linking Jinan to the port of Qingdao. They also held the key railway linking Xuzhou to Kaifeng, Luoyang, and Xi’an.

But the Communists now controlled most of the north China countryside. Peasant guerrillas constantly disrupted Chang’s supply lines, making relief of his beleaguered forces slow and dangerous. By May 1948 the situation of Chang’s armies was becoming hopeless. Both Mukden and Changchun were surrounded by Communist troops and could be supplied only by Nationalist air-force planes. There were 200,000 well-trained Nationalist troops in Mukden supported by artillery and tanks, but their slow stragglers were assured if the airfields fell. Yet Chiang Kai-shek consistently reneged on the proposals of the American military advisers still with him that he pull those troops back south of the Great Wall to invigorate his defenses in north China; he had invested too much of his prestige in the Manchurian campaign to back down now. The city of Luoyang, after changing hands three times in seawar fighting, fell irrevocably to Communist forces in April 1948, severing Xi’an from the east. Major Communist victories in Shandong cut the Jinan-Qingdao corridor. This isolated the 100,000 Nationalist defenders in Jinan from supplies brought by sea into backed by 3,000 marines and 71 planes. The Communists, under Peng Dehua, also recaptured Yan’an in March, and that spring Peng made a bold thrust south toward Sichuan, although he was beaten back after heavy fighting.

Given added confidence by these remarkable victories, and by the quantities of vehicles, arms, and ammunition that had fallen into his troops’ hands, Mao Zedong announced in early 1948 that the Communist armies were going to shift from a strategy of predominantly guerrilla warfare to one of conventional battles in open country, employing massed columns of troops. The Communists had already conducted such campaigns in Manchuria, but in 1948 they were directed at Kaifeng, the city on the Yellow River that guarded the key railway junction of Zhengzhou, leading to Wuhan and to Xi’an. The Nationalists guarding the area numbered 250,000 regular troops, supported by 50,000 men in the Peace Preservation Corps. Against them the Communists threw 200,000 veteran troops in five groups. The Communists managed to seize and hold Kaifeng for a week in late June, but pulled back when Nationalist reinforcements counterattacked, aided by air strikes. The apparent Nationalist victory was hollow, however; they had suffered 90,000
casualties, while the Communist troops won a propaganda victory by maintaining strict discipline and meticulously refusing to harm the civilian population. The Communist retreat therefore brought little lasting comfort to the Guomindang’s, whose senior military officers made a survey of relative troop strengths and came to the conclusion that the Communists were making relentless gains, as the table below shows.

This bleak assessment came at a troubled political moment. Chiang Kai-shek had been overwhelmingly re-elected president in spring 1948 by the new National Assembly—then declared invalid as a representative body by both the CCP and the Democratic League—and had been given wide-ranging powers to by-pass the fledgling 1947 constitution in order to “take emergency measures to avert imminent danger to the security of the state.” But his power was waning, and his waning popularity suffered further damage in July 1948 with the senseless killing of unarmed students by government forces.

This tragedy had its roots in the constant fighting that was filling northern Chinese cities with refugees, of whom the most vocal were students, displaced from their schools and campuses by Communist victories, and reassembled by the Guomindang in specified new locations. Given only a small subsistence allowance and then allowed to roam at will, such students became virtual beggars, sleeping out on parks or temples and sometimes turning to petty crime. Five thousand Manchurian students, flown south to Peking in a publicity-conscious gesture by the government, had been reduced to such a pass by July 1948 that they formed an angry demonstration and marched on the residence of the Peking Municipal Council’s president. Instead of listening to their grievances, the authorities blocked their path with armored cars and fired at the demonstrators with machine guns. Fourteen students were killed and over 100 wounded, inevitably reminding people of the warlord killings of Peking students in 1926, or the protests of the December Ninthers in 1935. By September 1948 the number of volatile student refugees had grown even higher; in Peking alone there were 20,000 to 30,000, with another 20,000 in Nanjing and 10,000 in Wuhan.

Shortedly after this Peking massacre and the failure of the gold-yuan currency reforms, the heavily garrisoned city of Jinan fell, undermined from within by Communist subversion and troop desertions; thus Chiang lost his last main base in Shandong province. A series of tactically brilliant campaigns led to the fall of Taiyuan and Changde, and the destruction, surrender, or desertion of 400,000 of Chiang’s finest troops. Only 20,000 Nationalist troops escaped, evacuated by sea from south Manchuria.

Noting that the loss of Manchuria was “discouraging,” but “relieves the government of a formidable burden, as far as military defenses are concerned,” Chiang tried to regroup for a stand in north or central China. Zhu De, commander in chief of all the Communist armies, decided to commit 600,000 troops to the seizure of the railway junction of Xuzhou, opposing an equal number of Nationalist troops, who also had complete air superiority. In a sixty-five-day battle toward the end of 1948, the Communists showed a new mastery of massed artillery power and emerged victorious by completely outmaneuvering Chiang’s generals. The Nationalist commanders were plagued by the contradictory and impractical orders personally issued by Chiang Kai-shek, and by the massive desertion of their troops. In this complex and protracted campaign, the extraordinary Communist effort at mobilizing upward of 2 million peasants in four provinces to provide logistical support was directed by Deng Xiaoping, once the youngest of the work-study students in France, now a veteran party organizer of forty-five.

In a third campaign, overlapping with these two, Lin Biao invested and captured Tianjin for the Communists in January 1949. Turning back west with the bulk of his forces and holding an overwhelming tactical advantage, he persuaded the Nationalist general commanding Peking to surrender. Communist troops entered the old imperial capital on January 31. North China was irrevocably lost to Chiang Kai-shek, who had resigned as president ten days earlier. Yet Chiang insisted on maintaining his position as head of the Guomindang political party, a separation of roles that would prove confusing and harmful to further resistance efforts.
The conquest of so many large cities in north China confronted the CCP with new administrative and economic problems. Mao Zedong acknowledged this in a report to the Central Committee delivered on March 5, 1949:

From 1927 to the present the center of gravity of our work has been in the villages—gathering strength in the villages, using the villages in order to surround the cities, and then taking the cities. The period for this method of work has now ended. The period of the city leading the village has now begun. The center of gravity of the party's work has shifted from the village to the city. In the south the People's Liberation Army will occupy first the cities and then the villages.16

In practical terms this meant that the CCP must use its Harbin experience to the full and do everything possible to avoid the most serious administrative and financial mistakes that had been committed by the Guomindang in their return to east China in late 1945. The CCP insisted that the People's Liberation Army maintain strict discipline in the cities it occupied, that ordinary Chinese businesses not be disrupted, and that urban property not be redistributed to benefit the poor. Factories were patrolled and machinery guarded to prevent looting. A new "people's currency"—the renminbi—was introduced, with only a short term allowed in which to exchange gold yuan notes for the new ones. Thereafter trading in gold, silver, and foreign currency was to be explicitly forbidden.

CCP officials relocated Guomindang officers and soldiers to their homes, or incorporated them into the People's Liberation Army following a period of political education. The labor organizations were prevented from disruptive strikes by a web of mediation rules, and urged to accept "reasonable exploitation" by capitalists in the transition period. Refugees were fed and sent home whenever possible. Schools and colleges were kept open. Stockpiles of food and oil were kept in government deposits in order to stabilize prices during periods of shortage. City dwellers were encouraged to save through development of "commodity savings deposit units," cleverly designed to be safe from inflation. Depositors were promised that their savings would be computed in terms of the prevailing food and fuel costs, and at the time of withdrawal would be adjusted to yield the same amount of food and fuel, plus all accrued interest. Not all these measures succeeded at once, but the sincerity of the attempts was praised by both foreign and Chinese observers, regardless of their political sympathies.

Chiang Kai-shek, meanwhile, had roughly the same range of options that had faced the southern Ming court once the Manchus had seized Peking and the north China plain three hundred and five years before. He could
Two-age coal miner (top); An announcement from Generalissimo Chiang Kai-shek (bottom) (photographs by Xiao Fang)

Female workers (top); students heading for an anti-Japanese demonstration, Peking (bottom) (photographs by Xiao Fang)
Communist cadres distributing food in their border region of Shaan / Gansu / Ning (photograph by Wu Yousan)

Armed only with red-ruled spoons, these young volunteers joined the Eighth Route Army, which became the Red Army, 1939 (photograph by Wu Yousan)

Mao Zedong exhorting peasants to emulate "labor heroes," during a mass campaign in Shaan / Gansu / Ning, 1943 (photograph by Wu Yousan)
Crouds in Chongqing celebrating victory over Japan, August 1945

Nanjing: citizens desperately trying to reach a bank to change their depreciating currency. December 1948 (photograph by Henry Carter-Stresemann)

PLA forces attack Shenping in Manchuria, 1948
With the Guomindang regime in flight, refugees prepare to leave Nanking. April 1949 (photograph by Henri Cartier-Bresson)

Exhausted image of the People's Liberation Army, rice rations slung over their shoulders, entering Nanking, 1949 (photograph by Henri Cartier-Bresson)

Mao Zedong declaring the founding of the People's Republic of China, Peking, October 1, 1949

Crowd greeting Mao's announcement
try to consolidate a regime in central or southern China, perhaps in Nanjing, relying on the Yangtze River as a natural barrier; he could try to consolidate in the southwest, or establish a coastal base in the Xiamen region of Fujian or in Canton; or he could use Taiwan as a base, as Koxinga had done.

Despite Chiang’s initial insistence that he would hold the Nanjing and Shanghai region to the bitter end, the Yangtze line was going to be hard to maintain against the imposing buildup of Communist troops on the north bank. The southwest might have offered Chiang a base for resistance; had the commanding general there—who had succeeded to the dominant role held during World War II by the warlord Long Yan—shown any interest in cooperating. But Chiang was rebuffed, despite a personal visit to Kunming. The southeastern coastal areas were not solid bases of support for the Guomindang, nor were they easily defensible. Accordingly it was on Taiwan that Chiang concentrated as a final stronghold for his party.

The island of Taiwan, which had prospered economically as a colony under Japanese rule since 1895, was reclaimed by the Nationalist government late in 1945. In reasserting central government power, Guomindang officials behaved in a “carpetbagging” style similar to that followed in Shanghai and Manchuria. Often inefficient or corrupt, they failed to build up public support and managed to erode many of the more satisfactory aspects of Japanese economic development. The former Zhejiang militarist and governor of Fujian, Chen Yi, who was appointed chief administrator of the Taiwan province by Chiang, aroused strong local opposition because of his underlings’ behavior. When Taiwanese anger broke out into antigovernment riot in February 1947, Nationalist troops fired into the crowd, killing many demonstrators. Over the following weeks, in a series of ruthless actions that recall Chiang Kai-shek’s Shanghai tactics of 1927, Chen Yi attempted to break the spirit of the Taiwanese by ordering the arrest and execution of thousands of Taiwan’s prominent intellectuals and citizen leaders.

With the Taiwanese opposition broken, Chiang recalled Chen Yi and replaced him with more moderate administrators, who slowly built up the island as a viable base for future mass Chinese occupation. In the months before the fall of Peking, furthermore, thousands of crates of Qing-dynasty archives were shipped to Taiwan along with the finest pieces of art from the former imperial-palace collections, in a clever propagandistic move to make the Nationalists seem like the preservers of the Chinese national heritage. A force of 300,000 troops loyal to Chiang was based on the island by early 1949, backed by 26 gunboats and some planes. The scene was set for Chiang’s retreat to Taiwan, should he choose the option.

The spring of 1949 marked a waiting period in China, while the Co-
munist regrouped, rested their troops north of the Yangzi, and formed a provisional people's government for north China. After his resignation in January 1949, Chiang had been succeeded as president by the Guangxi militarist Li Zongren. From his base in Nanjing, Li tried in vain to persuade Mao Zedong to compromise on the Communists’ basic eight-point program for Guomindang surrender.

Mao's eight points were stark: (1) punish all war criminals; (2) abolish the invalid 1947 constitution; (3) abolish the Guomindang's legal system; (4) reorganize the Nationalist armies; (5) confiscate all bureaucratic capital; (6) reform the land tenure system; (7) abolish all treasonous treaties; (8) convene a full Political Consultative Conference to form a democratic coalition government.

As Li Zongren was considering these terms, the Communist troops gave dramatic notice that they would not tolerate any involvement in the fighting by foreign imperialists. In making their point they echoed the actions of the Japanese, who in November 1937 had bombed, machine-gunned, and sunk the U.S. gunboat Panay when it was seeking to evacuate embassy personnel from the threatened city of Nanjing. This time it was the British who were put on notice, when in April 1949 they tried to move their armed frigate Amethyst up to Nanjing to take supplies to the embattled and evacuate British civilians if deemed necessary. As the Amethyst sailed up the Yangzi, it came under heavy fire from Communist batteries on the north bank and ran aground, with 17 dead and 20 wounded. The British navy ships sent to the rescue were beaten back. It was an extraordinary gesture of anti-imperialist activism that the British were powerless to counter, although they did eventually manage to rescue the ship itself.

Weary of further negotiations, the Communists in April 1949 gave President Li an ultimatum to accept their eight points of surrender within five days. When he refused, they recommenced their campaign. Nanjing fell without a fight on April 23, and Hangzhou and Wuchang shortly thereafter. Shanghai fell in late May after only token resistance. In the following months the Communist armies moved to consolidate their hold with a speed for which there had been no parallel since the victories of the Manchus and their Chinese collaborators in 1645-1646. Peng Dehuai’s forces drove west, seized Xi’an, and, after being temporarily checked by the tough attacks of a Muslim general from Gansu, claimed Lanzhou for the Communists in August 1949. Lin Biao’s troops took Chengdu the same month, and marched rapidly south to Canton as Peng’s armies in the northwest drove into Xining. In September the Nationalist armies in Xijiang surrendered, along with those in Suiyuan and Ningxia. Lin Biao’s troops, who had faced considerable opposition in the southeast, took Canton in mid-October, as well as Xiamen—which was stoutly defended as the last gateway for those retreating to Taiwan. Other Communist forces turned southwest, taking over Guizhou province in mid-November, and entering and seizing Chiang Kai-shek’s wartime base of Chongqing at the end of the month.

Anticipating these final victories, Mao Zedong assembled a new Political Consultative Conference in Peking in late September. Appearing to be true to the announced principles of a “democratic coalition government,” the body was dominated by the CCP but also consisted of representatives from fourteen other political parties, most of them small. They elected the members of the central government (Mao, predictably, became chairman and Zhu De senior vice-chairman), designated Peking as China’s capital again, in place of Nanjing; chose the five-pointed gold star with its four subsidiary stars on a red ground as the national flag, and ordered that each year now be designated in accordance with the Western Gregorian calendar.† At a

*The large star represented the CCP, and the four smaller stars the four classes that would constitute the new regime: the national and the petty bourgeoisie, the workers, and the peasants.

†The Guomindang had counted days and months according to the Western calendar, but had dated years by their distance from the 1911 revolution—e.g., 1928 had been termed “sixty-seventh year of the republic.”
ceremony on October 1, 1949, from a reviewing stand atop the Gate of Heavenly Peace—once the main entrance to the Ming and Qing imperial palace—Mao Zedong formally announced the founding of the People’s Republic of China.

The symbolism was appropriate, even though the violent and of heroic self-sacrifice that had accompanied the fall of the Ming were absent. True, there had been many tough battles, and some members of Chiang’s staff, as well as others deeply loyal to him, committed suicide. But there were few echoes of those seventeenth-century confrontations in which Confucian scholars had brought whole cities flaming down around their heads as they died to prove the righteousness of their moral stance. Only in the Shanxi domain of the long-lived warlord Yan Xishan did a bizarre act of supreme sacrifice take place. Here it was not Guomindang regulars but a devoted leader of Yan’s Patriotic Sacrifice League, Liang Huaizi, who took action. Liang, like Yan’s other officers who had fought year after year against the Communists in Shanxi, was finally trapped in massively fortified Taiyuan city. The fighting was savage, and given an extra edge by the presence of thousands of Japanese troops who had stayed on at Yan’s request, spearheading the resistance. (Yan himself had abandoned his followers, after vowing to give his life in the fighting.) As the Communist troops finally broke into the city in April 1949, Liang Huaizi set fire to an entire jail full of Communist prisoners, and then committed suicide as the flames rose into the air.

But such acts were rare, and the country as a whole was watchful and nervous rather than in a mood for sacrifice. This had been a long, bloody, complex, and baffling civil war, full of heroism and cruelty, of dramatic social ideals and hideous abuses. We can catch some of the atmosphere of Cartier-Bresson, who was in China in late 1949. His black-and-white images caught much of the flavor that flowed through Chinese hearts. The beggarwomen in the streets, the hungry children, the bent-backed coolies, the tired People’s Liberation Army troops with their white bandoliers of rice rations slung around their shoulders, the equally tired Guomindang officers guarding their piled luggage on the docks, the mobs of peasant refugees, the citizens jammed together trying to reach a bank to change their constantly depreciating paper money, the students hurriedly erecting signboards to welcome their new conquerors—all of these Chinese had become parts of the revolution, and would now have to think their way into the new and uncertain future.

CHAPTER 19

The Birth of the People’s Republic

COUNTRYSIDE AND TOWN, 1949–1950

In an essay he wrote in mid-1949 entitled “On the People’s Democratic Dictatorship,” Mao Zedong succinctly spelled out the ideas that would permeate the governmental policies of the new Chinese state. The experience of the revolution to date could be analyzed into two basic categories, wrote Mao. The first was the arousing of the nation’s masses to build a “domestic united front under the leadership of the working class.” This united front included the peasantry, the urban petty bourgeoisie, and the national bourgeoisie, as well as the working class, and would form the basis of a “people’s democratic dictatorship” that the working class would lead. The second category embraced the international aspects of the revolution, including China’s alliance with the Soviet Union, the countries in the Soviet bloc, and the world proletariat. This dimension of the revolution had taught the Chinese that they had to “lean to one side” or the other in their allegiances—either to socialism or to imperialism. The triumphs of the revolution had been attained under the leadership of the CCP, which, said Mao, “is no longer a child or a lad in his teens but has become an adult.”

Mao then elaborated on some of his main intentions. The new government would establish relations with any country willing to respect China’s international equality and territorial integrity. China did not believe it could prosper without any international help. And China, in enforcing the people’s democratic dictatorship, would “deprive the reactionaries of the right to speak and let the people alone have the right.” In jocular style, Mao imag-
ized critics protesting that he was being "dictatorial," to which he would reply, "My dear sir, you are right, that is just what we are." He would be dictatorial to the "running dogs of imperialism," as well as to "the landlord class and bureaucratic bourgeoisie" and to "the Guomindang reactionaries and their accomplices." But the rest of the people would enjoy the full range of freedoms, while China developed its potential through the twin policies of socialization of agriculture and "a powerful industry having state enterprise as its backbone."

The constitutional structure that would make these changes possible was laid out in the Common Program for China announced by a group of delegates convened in September 1949 by Mao Zedong as the People's Political Consultative Conference. As in the ill-fated body of a similar name assembled in 1912, the delegates were drawn from a broad spectrum of political interests and parties. Chiang Kai-shek's former party, however, was now castigated as the "feudal, comprador, fascist, dictatorial Guomindang," with whose old programs the new ones were contrasted. In line with Mao's statement, Article 5 of the Common Program guaranteed to all, except for "political reactionaries," the rights of freedom of "thought, speech, publication, assembly, association, correspondence, person, domicile, moving from one place to another, religious belief, and the freedom to hold processions and demonstrations." It promised equal rights to women, and the end of their lives of "bondage." The program then outlined an ambitious plan for rural reform through rent reduction and land redistribution, and for the development of heavy industry. Here the framers clearly had the Soviet Union in mind as a model. They urged that work be "centered on the planned, systematic rehabilitation and development of heavy industry," defined as mining and the production of steel, iron, electrical power, machinery, and chemicals. The Common Program urged universal education to help meet these goals.1

In the first months of the People's Republic of China (PRC), the main focus had to be on the practical tasks of restraining inflation, building up agricultural production, rescuing the devastated heavy industries, and maintaining law and order. If there were to be a drastic remodeling of the people's ideology, it would have to wait until the CCP had vastly increased the number of trained cadres it had at its disposal. The initial priority was to persuade the educated technical and managerial elites to serve the new state, regardless of their personal political beliefs or affiliations. Similarly, despite the rhetoric of anti-imperialism, foreign technical personnel and large foreign businesses already in China were encouraged to stay and work for the new society.

Countryside and city each had its own social rhythms and political pri-

orities. To cement the revolution in the rural areas, it was essential to institute some variety of land reform and to maintain the wide basis of peasant support that had brought the CCP to power. Still, the party could not afford to alienate the wealthier peasants, whose food production was necessary to the life of the country as a whole. The result was a wide geographical extension of land reform after mid-1950, but the restriction of land seizures to a small fraction of the population. Although the holdings of the landlords themselves were confiscated and redistributed, in many cases the land of rich peasants was not touched. Mao justified this policy, in a report to the party in early June 1950, as essential to economic redevelopment. He added that rich peasants were no longer the danger they had appeared to be when the People's Liberation Army was openly battling the Guomindang.

Land-reform work followed the practices that had been developed in north China and Manchuria. It was coordinated at the local-administrative-township level by work teams of anywhere from three to thirty people. Some team members were veteran cadres, but others were young students, most of whom had received only rudimentary training in the procedures to be followed. To lend the reforms momentum, the work teams chose "key point villages" in a given area that they worked in conjunction with the local and equally newly formed Peasant Associations. Together they sought to identify and then to isolate the landlords, and break the age-old patterns of deference that were one of the props of landlord power. The work teams soon became familiar with the complex deceptions that landlord families followed in the countryside, whether it was dramatically dropping their standard of living to appear poorer than they really were, consuming livestock that could not then be counted as wealth, withholding fertilizer from land about to be confiscated, or failing to perform customary charitable deeds that might brand one as being of the landlord class.

Many women also began to benefit from land reform because a new marriage law, promulgated in 1950, gave unmarried, divorced, or widowed women the right to hold land in their own names. Also included in the redistribution calculations were peddlers, monks, nuns, demobilized or wounded soldiers, and émigrés from the villages who, now unemployed in the cities, wished to return home. Exact figures on land reform for the whole of China are hard to come by, but it is estimated that in central south China, as the work teams fanned out across the country and reforms gained momentum, about 40 percent of the cultivated land was seized from landlords and redistributed, and that 60 percent of the population benefited in some way. The gain per head was between 1/6 and 1/4 acre, so that a family of five might receive from below 1 to just above 2 acres. Such amounts could not give families complete security, but for many it opened new possibilities
of survival, especially for those who had previously lived in atrocious pov-
erty.

The reforms effectively wrecked the power base of the old landlord elite in
the countryside. To ensure that this process formed up class-based loyalties
to the revolution, local CCP leaders encouraged violent confrontations
between landlords and their tenants, the poorer peasants, and landless labor-
ers. Indeed the violence attending the reforms probably matched in intensity
the harsher days of the Japanese and anti-Guomindang fighting. Anecdotal
figures suggest that around one landlord family out of six had a member
killed in these confrontations; given the percentage of Chinese who could
be classified as landlords, one can conclude that as many as 1 million or
more people must have died during this phase of the revolution.

In the cities, by contrast, the first tasks for the Communist government
were to prevent violent social confrontations, and to encourage industries to
reopen and workers to stay at their jobs. The government promoted the
formation of labor unions, but only with intense vigilance since secret-society
members or racketeers connected to the old Shanghai and Tianjin criminal
networks often used their contacts to build new power bases within the
union organizations. Unless such people could be rooted out, it would be
hard to instill confidence in the new regime. Here again the experiences of
late 1948 and 1949 were valuable, but the CCP was short of cadres with
urban backgrounds, and was often forced to rely on cadres from peasant
families with little or no experience of city life. It was CCP policy to keep
most city officials in their jobs—often as many as 95 percent—and to guar-
antee them, along with teachers and even the police, continued employment
as long as they joined in group reform and discussion sessions, and studied
the works of Mao Zedong.

The CCP tried to build a base for mass urban support by means of
propaganda conveyed through newspapers, the theater, cinema, radio, and
group meetings. Intensive campaigns were launched against financial spec-
tulators, and on behalf of the new government remittances, or “people’s cur-
rency.” Web of committees were established in large towns to deal with
politics, military problems, arts, and education. Municipal government agen-
cies with party representation were gradually extended down to the ward
level. Citizens were also buttoned into small study groups in which they
labored to learn the new political vocabulary of communism and its signifi-
cance. In imitation of the tactics of the Rectification Campaign of 1942 in
Yan’an, group members were encouraged to explore their innermost
thoughts as a preliminary step to transforming themselves from “experts”
into “Reds.”

As the party established control over cities and towns, the CCP leadership
moved to set up a network of street-committee branches. These groups,
each composed of the neighbors who lived in a close-knit section of streets
and lanes, worked on such tasks as street cleaning, water supply, health
and vaccination programs, running children’s bookstores, and establishing
talla schools. They also had some responsibility for public security, and could
be used to track criminals, enforce curfews, and even mount local patrols.

Partly under the aegis of these street committees, campaigns were
launched against prostitution and opium addiction. Prostitution was effec-
tively cut back through a system that registered all housing and monitored
male visitors and their departure times. Known prostitutes, along with their
madams or pimps, were enrolled in special prisonlike “schools,” where they
were lectured on the class contradictions that had led them to waste their
lives, and were taught alternative ways of earning their livings. Though a
significant number returned to prostitution after their release, the social
controls and constant supervision did steadily reduce their numbers. Simi-
larly, opium addiction was dramatically reduced with enforced methods of
“cold turkey” withdrawal, and by making the former addicts’ families
responsible for their staying clean. Mass campaigns against addiction, the
uprooting of poppy fields, and the execution of opium traffickers clinched
the success of these measures. Street committees also exerted group pressure
against flashy clothes or provocative hairstyles and make-up. With much
greater thoroughness than was possible in the 1930s, some of the ele-
ments of Chiang Kai-shek’s New Life movement therefore came to be incor-
porated within the new Communist state.

This remonstrance was not surprising, for many peasant cadres, and
those who had lived for long periods in Yan’an or as guerrilla fighters, were
repelled by the corruption and the softness of China’s cities. The veteran
cadre Rao Shushi, for instance, who was the head of the Shanghai Municipal
Committee and the senior government figure in the region, declared in 1949
that “the old Shanghai” had been “completely dependent on the imperialist
economy for its existence and development.” A Shanghai newspaper of
August 1949, echoing this now fashionable criticism, wrote: “Shanghai is a
non-productive city. It is a parasite city. It is a criminal city. It is a refuge
city. It is the paradise of adventurers.” Rao went so far as to suggest a
dispersal of Shanghai’s population into the interior of China, along with a
transfer of schools and factories, and a focus on industries that would pro-
duce entirely for domestic consumption. His plan was not carried out, but
that it could still be contemplated for the city in which the CCP had been
founded suggests the ambivalence toward cities that was a feature of Chinese
communism.

There were equally stubborn tensions among the local guerrillas in the
south, many of whom had fought for years at great peril behind Japanese lines or against the Guomindang, and now found themselves pushed aside by cadres from the north. They were told that they had to learn northern "Mandarin" pronunciation in preference to their own local dialects if they wanted to regain their positions of power and influence. Many local cadres also found that CCP plans for efficient city government meant that they had to work in positions subordinate to the upper bourgeoisie they thought they were going to oust. A bitter saying that circulated in south China at this new stage of the revolution: "Old revolutionaries aren't treated as well as new revolutionaries, new revolutionaries aren't treated as well as non-revolutionaries, and non-revolutionaries aren't treated as well as commer-

THE STRUCTURE OF THE NEW GOVERNMENT

The establishment of an effective national government for China was Mao's paramount priority. Success here would bolster the Communists' claims to representing the forces of a new order, and prove that the CCP had accomplished that reintegration of the huge country that had eluded Sun Yat-sen, Yuan Shih-k'ai, and Chiang K'ai-shek, along with the Japanese and their surrogates. The new government was designed around a framework that nominally divided power among three central components: the Communist party, the formal governmental structure, and the army. This organizational form grew logically out of the Yan'an experience and the experiments of the civil-war period.

Supervising all aspects of ideology, and coordinating the work of the formal government and of the army, was the Communist party organization. The CCP had 9,448,000 members in October 1949, when the founding of the PRC was announced. The demands of governing the country led quickly to a massive jump in party membership, which reached 5,632,606 at the end of 1950. CCP members were integrated throughout all the governmental organs, the mass organizations, the courts of justice, the educational system, and the army. Regional branches of the party were coordinated at the top by the Central Committee, which had forty-four members in 1949; fourteen of those members constituted the Politburo, which was effectively run by its five-man "standing committee."

In 1949 this group consisted of the chairman of the CCP Mao Zedong, Liu Shaoqi, Zhou Enlai, Zhu De, and Chen Yun. The greater public prom-