

FAR EAST

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chinese soviet treaty

ANALYSIS by

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COMMENT by

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FAR EAST SPOTLIGHT

A monthly report on U. S. Policy and internal events in China, Japan, Korea, the Philippines, Southeast Asia and India.



APRIL-MAY, 1950

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FOR THE FACTS; READ THE TREATY

An Editorial

Whatever else you read in this issue, we ask you to read every word of the Chinese-Soviet treaty, the full text of which appears on pages 17-21.

"A stupendous fact . . . of profound significance." This editorial comment, in the *New York Herald-Tribune*, which was hostile to the treaty, reflects its importance to Americans and to the entire world. Here, if anywhere, first-hand information is essential. Yet most of what our people have been told on the subject, both by official spokesmen and in the press, has been based on fantasy, fiction and blind anger — not on fact at all.

The flood of misinformation fed to Americans began January 12, more than a month before the agreements were signed. Secretary of State Acheson then flatly predicted that they would show that "the Soviet Union is detaching the northern areas of China from China and attaching them to the Soviet Union." Read the treaty and see if you can find any hint of this, in the letter or in the spirit.

An even greater disregard for evidence or documentation was shown in the widely printed dispatches (from Paris!) of C. L. Sulzberger, chief European correspondent of the *New York Times*. He wrote January 28 that the Soviet Union would take over seven key ports in North China and Manchuria and a "Chinese labor force" of 500,000 to work in Siberian industries. Sulzberger referred to one of the "key ports" as "Li Fu-chen." There really is a Li Fu-chen, in China. He is not a port but a man, one of the leaders of the Chinese Communist Party.

Actual publication of the treaty did not stop the flight from reality. Mr. Sulzberger announced to the world that "secret codicils" in the treaty bore out his previous predictions. Each assertion in this new dispatch was introduced by phrases like "it is understood," or "it was indicated," or "it was considered logical." Understood by whom? Indicated by whom? Who considered it logical?

Mr. Acheson, perhaps. In any case, the Secretary of State told the press in Washington practically the same thing, in terms that were equally vague, with not a jot more proof.

Misrepresentation emanating from Washington, full of contempt for both facts and the people, is not confined to the treaty. Dealing with Far Eastern policy in another speech, made in San Francisco, Mr. Acheson had

occasion to refer to events in Southeast Asia in the following terms: "The people of Indo-China are developing with the French a new relationship expressive of their own national aspirations and resting securely on a basis of mutual consent." Any newspaper will tell you that not "mutual consent" but a bitter war for independence against colonialism prevails in Indo-China (Viet Nam). Less than a week after Acheson spoke, the people of Saigon demonstrated against a "goodwill visit" of the U. S. fleet based on Acheson's out-of-this-world theory.

If Acheson only spoke for Sulzberger, as Sulzberger speaks for Acheson, these things would be comic. Unfortunately, the Secretary of State speaks for, and can commit, the American nation. Every citizen should therefore be concerned with his stubborn, dangerous insistence that senseless and warlike intervention in China must be repeated in Southeast Asia, at the expense of her peoples and ours.

The problems of the American people are problems of peace, jobs and trade. They cannot be solved by any policy which does not seek these objectives, denies facts, and strives to turn back human aspirations by force. They can only be solved in an atmosphere of friendship and cooperation among nations. The Chinese-Soviet Treaty, as one can see by reading it, united two great peoples in this spirit. It does not exclude cooperation with others. On the contrary.

The path that leads to a decent, productive U. S. foreign policy in Asia is the same as that elsewhere in the world. Fear war, not peace. Respect the facts, which cannot all reflect the desires of one group and never have. Respect the desire of peoples everywhere to live together, not kill one another. End the cold war. Build, trade and negotiate for human needs everywhere, not for war again, which is hateful to all plain men and women, both in retrospect and in prospect.

ONE REASON WHY YOU DON'T GET FACTS ON VIET NAM

How French and Bao Dai officials doctor "inacceptable" dispatches of American press correspondents from Indo-China was revealed in a story written for EDITOR & PUBLISHER by United Press reporter Robert C. Miller, now in Saigon.

"Copy is subjected to a unique censorship," Miller wrote. "It is never stopped, but if it is unsavory it will be delayed for hours while officials screen it, making whatever 'amendments' they deem necessary. Then they release it. The newsmen later receive word that their copy has been passed after being edited."



ECONOMICS OF CHINESE-SOVIET TREATY

By FREDERICK V. FIELD

The writer worked with the Institute of Pacific Relations for 12 years and was Secretary of the American Council In 1935-40. He is the author of "American Participation in China Consortiums," a standard reference work on U.S. financial diplomacy in the Far East. Mr. Field has been a contributor to the publications "New Masses" and "Political Affairs."

The new treaty between China and the Soviet Union provides the beginnings of a relationship which will substantially strengthen and hasten China's program of economic development. The aim of this program, as described by Chinese leaders, is to raise industry to forty percent of the entire economy within fifteen years. This involves not only a rate of industrialization unprecedented in history, but also the closely related liberation of agricultural production from its age-old backwardness and the release of enormous rural productive potentialities.

Mao Tze-tung, President of the Chinese People's Republic, has emphasized that nation-wide victory over the Kuomintang and its foreign allies is only the "first step of the long march" toward solving "the question of China's independence and sovereignty."

"Only when the economy has broadly developed," says Mao Tze-tung, "only when the country has changed from a backward agricultural country into an advanced industrial country and is wholly independent from foreign countries economically can this question be finally solved."

The road of this march, however, will be shortened and made easier because, among other reasons, of the existence of a friendly and powerful neighbor, the Soviet Union,

the assistance of other people's democracies and the sympathy of the working class in various countries. *These circumstances make it possible for Chinese economic construction to proceed even more rapidly than it did in the Soviet Union after the 1917 revolution.*

Acheson Belittles

The new treaty between China and the Soviet Union marks the beginning of this process. It is true that to many Americans the commercial aspects and implications of the treaty carry no more than the conviction of a pious hope if viewed simply against the background of general statements such as those just referred to. In attempting to ridicule the economic aid provisions of the treaty Secretary of State Acheson has relied on the assumption that public opinion would doubt even the integrity of Soviet and Chinese intentions to say nothing of their ability to carry them into performance.

Fortunately, in measuring the importance of Soviet-Chinese economic relations it is not necessary to rely solely upon hopes or generalities. It is now possible to make pertinent comparisons with other programs of mutual economic aid between the Soviet Union and eco-

nomically backward people's democracies of several years' standing. Furthermore, it is now possible to contrast such economic relations with those which prevail between the United States and its Marshall Plan countries. Such comparisons and contrasts turn the tables upon Mr. Acheson and make him, rather than the Soviet-Chinese treaty, look ridiculous.

Economic Objectives

The general purposes of the new treaty include the strengthening of mutual economic ties and mutual economic aid as well as the political conditions necessary for the implementation of economic cooperation. The treaty and its supplementary agreements provide the substantial beginnings of an economic program. To mention only the salient provisions: (1) the treaty provides for the return to China without compensation of "property acquired by Soviet economic organizations from Japanese owners in Manchuria."

Edwin W. Pauley, special reparations investigator for President Truman, estimated the value of this property at more than two billion dollars and refers to it as "a tremendous industrial structure," including stock piles, complete industrial installations, power-generating and transforming equipment, electric motors, experimental plants, laboratories, new machine tools, and mine generators and pumps.

Whether or not the Pauley estimate is accurate, this certainly represents an industrial base of sizeable proportions in the present backward state of Chinese economy.

(2) The treaty provides for the transfer without compensation to China of such important items as all Soviet owned equipment on the Manchurian railways, the build-

ings and other constructions in Port Arthur, and the former military barracks attached to the Soviet Embassy in Peking.

(3) Under a separate commercial agreement the USSR will deliver to China equipment and materials, including equipment for electric power stations, mining machinery, railway and other transportation equipment, "and other materials for the development and restoration of the national economy of China." In addition the Soviet Union is providing China with a credit of 60 million dollars (U.S. equivalent) a year for five years, beginning immediately. The credit is to be repaid in annual installments over a ten year period with nominal interest of one per cent. China is to liquidate this credit by delivering to the Soviet Union supplies of raw materials, tea, gold and American dollars. All prices are to be determined by the world market.

(4) The above economic arrangements were understood, in the middle of February when they were announced, to be simply the first of a series of agreements to be worked out later, not only between China and the Soviet Union but also between China and the people's democracies of Eastern Europe. This has already been borne out by the announcement in March of a thirty-year agreement calling for the establishment of joint Chinese-Soviet companies to develop the mineral and petroleum resources of Sinkiang Province in China's extreme northwest, and the further announcement early in April of the establishment of joint commercial air lines. Other mutual economic aid measures will doubtless follow.

The day the February treaty was published Secretary of State Ache-

son was ready with his denunciation of its terms, calling special attention to alleged secret provisions which he and certain newspapers had warned the American public to expect. He attempted to ridicule the economic aspects of the treaty as of no real benefit to China and as piddling in comparison with the generous "aid" granted since the war by the United States. In his speech on United States Policy Toward Asia delivered in San Francisco on March 15 he said "let us examine these assurances and promises of economic aid."

"First," he said, "Soviet Russia has promised to return certain Manchurian property but not the industrial equipment robbed by the Red Army in 1945. Is this aid? Is it even a belated admission of a theft which deprived not only China, but all of Asia, of some 2 billion dollars' worth of production capacity?"

"Second," he continued, "Soviet Russia extends to China a 300-million dollar credit at an interest rate of 1 per cent yearly.

This works out at 60 million dollars each year. This announcement was made only to be followed by the news that the ruble was to be revalued, thus cutting down the effective aid by one fourth, if the new dollar-ruble rate should be applied to this credit. Thus the Chinese people may find Soviet Russia's credit to be no more than 45 million dollars per year. They can compare this with a grant — not a loan — of 400 million dollars voted by the American Congress to China in the single year 1948."

The Big Lie

Let us take up these points. First, we may ask Mr. Acheson exactly what distinction he may have had in mind between "certain Manchurian property" and "the industrial equipment robbed by the Red Army in 1945." The American government's own reparations commission had in 1946 reported the total value of all industrial equipment removed by the Russians from Manchuria as being 2 billion dollars, the same figure which Acheson himself uses in the quotation just given. There is no distinction, and Mr. Acheson and his aids surely know that there is none. Perhaps he thought the American public sufficiently uninformed to fall for this trick.

Acheson then proceeds to a blatant lie on the question of the revaluation of the ruble in connection with the Soviet credit to China. For one thing the treaty never mentions the ruble, only the American dollar. Therefore the revaluation of the ruble in no wise effects the size of the credit. In the second place, the treaty specifically refers to the gold content of the American dollar — "Taking 35 American dollars to one ounce of fine gold" — thus protecting China from the possible variation in the value of Am-

(Continued on page 10)



Restored Blast Furnace in Anshan



THE FIVE SINO-SOVIET TREATIES

By ILONA RALF SUES

Author of "Shark's Fins and Millet"

The Treaty of Friendship, Alliance and Mutual Aid between the Soviet Union and the Chinese People's Republic, signed at Moscow on February 15, 1950, was one of the greatest setbacks yet received by those who would solve the world's problems by war. It also revealed that international agreements based on equality, mutually advantageous, and directed toward peace, are more attractive to the peoples of Asia than Truman Doctrines and Marshall-Acheson Plans, and stronger than any "cordon sanitaire." And it gave new hope and impetus to the peoples fighting for freedom in Asia and in the world.

Unable to admit the fact that its present foreign policy is failing at every point because it has no base in fact, Washington's only answer was to call names and guess at "secret clauses." In speeches by U.S. diplomats, the Chinese people are now being alternately threatened with American reprisals and warned to beware of Soviet "imperialism and opportunism." And, as a highlight, they are reminded of the treaties which the USSR had signed with their arch enemy Chiang Kai-shek, while he was still in power.

The Chinese people had no need of such a reminder. They know the history of all four major treaties signed between the Soviet Union and China during the period when her government was still reactionary. They believe that all these

treaties, too, helped China as a nation.

These treaties of 1924, 1932, 1937 and 1945 were recently discussed in the Chinese press. What were they, and what was their significance?

1924 — Rights Old Wrongs

The 1924 Treaty declared all treaties and agreements concluded by the old Tsarist regime null and void, formalizing a Soviet action already taken in 1919. The treaty confirmed the return to China of all concessions acquired under the Tsars, and relinquished all special privileges and rights of extraterritoriality, consular jurisdiction, etc. This came at a time when the anti-imperialist movement in China was particularly strong. World War I had given the young Chinese industry its first opportunity to grow and expand because the western powers whose business monopolies had dominated China's trade, were engaged elsewhere. When the war ended, and the foreigners returned and resumed business as usual under their special rights and privileges, native industry was unable to compete and threatened in its very existence. Both workers and industrialists were then demanding that extraterritorial rights be abolished. The Soviet Union alone met this popular demand. The western powers did not follow suit until 1942. In the intervening period, the very existence of the Soviet example was a constant pressure-factor

for the surrender of unequal treaty privileges by others.

The 1932 Treaty re-established diplomatic relations between the governments of the Soviet Union and China, which had been broken off by Chiang Kai-shek in 1927, after he had made his peace with imperialism and China's feudal forces, and drowned the peasant and labor movements in blood. The Soviet offer to resume contact came after the Japanese invaded Manchuria in 1931. The League of Nations, at the time, was weakly debating the point whether Japan really was or was not an aggressor, while the Soviet Union branded Japan's actions openly. Had Chiang refused diplomatic relations at that time, when China needed foreign friends most of all, he would have exposed himself before his people as one who would rather capitulate to an enemy than accept aid from a neighbor.

Heartens Patriots

This treaty was of direct help to the Chinese people's movement, then demanding more resolute resistance to Japan, because it deprived Chiang of his argument that "China is isolated and can therefore do nothing." Chiang withdrew before the invaders, continued civil war and terror against the anti-Japanese movement, but was not able to continue along this course indefinitely. By 1936 even his armies were in revolt, and he was arrested in the "Sian Incident," and forced to drop civil war and take a stand against Japan. After this, the Communists and the Kuomintang formed their wartime anti-Japanese united front, and the war of resistance began.

With China at war, the Soviet

Union offered a friendship and non-aggression pact to China, which was signed in 1937. While the western powers were to sell oil and arms to Japan right up to Pearl Harbor, the Soviet Union not only backed Chinese independence by diplomatic action but sent planes and arms to the Chinese armies through Chiang's government. It continued to do so as long as Chiang continued to fight Japan, even though he did not distribute any of the weapons to the people's armies headed by the Communists. It stopped only after 1941 when Chiang began to use his forces for civil war.

1945 — Friend in Deed

The Sino-Soviet Treaty of 1945 was signed with the Nationalist Government at the time of the Soviet entry into the war with Japan. It restored to the Soviet Union its previous commercial and other rights seized by the Japanese in Manchuria. Its main provisions were based on the wartime anti-fascist alliance of the great powers, and on the concept that democracy in China would be good for the whole world and that China must settle her own internal affairs without foreign interference. The Soviet Union did not intervene on be-

(Continued on page 25)



(from People's China)

Farce at the UN Security Council

SINO-SOVIET PACT

(Continued from page 7)

erican currency. This one Mr. Acheson cut out of whole cloth.

Thirdly, the Secretary of State has the gall to make a belittling comparison between a credit which is to be used to facilitate Chinese purchases of capital goods, exclusively for the development of Chinese industry, and a grant which was used almost wholly (a) to line the pockets of Chiang Kai-shek's clique, (b) to fight the counter-revolutionary war, and (c) to hold China within the American imperialist hegemony.

In the same speech the Secretary of State approvingly quotes the London Economist as follows:

"If any Chinese really thought that Peking could obtain an unconditional and unstinted bounty by turning from Washington to Moscow, the experience of Yugoslavia might have warned him that there were more kicks than halfpence in dependent association with the Soviet empire."

Complete repudiation of the substance of this accusation can be found in a scholarly and highly instructive series of articles on Soviet-Yugoslav economic relations by Victor Perlo which ran in the January to April issues of the magazine "Soviet Russia Today." In these articles Mr. Perlo presented documentation which specifically refutes Tito's charge of "Soviet imperialism" wherein it is alleged that the Soviet Union aims to keep Yugoslavia and the other People's Democracies backward, agrarian hinterlands. This is undoubtedly

the specter with which the Secretary of State sought to frighten the Chinese people in his warning on 'dependent association with the Soviet empire'!

Facts Refute

Mr. Perlo's series outline the highly important aid the Soviet Union gave to the People's Democracies in arrangements which closely parallel those made with China. Under the economic leadership of the USSR the Peoples Democracies have moved away from being raw material appendages of advanced countries and towards the status of countries with well balanced industrial and agricultural activities. Mr. Perlo indicates that the United Nations report "A Survey of the Economic Situation and Prospects of Europe" issued in 1948 appraises the relations among the Eastern European countries in this way:

"The most important change in the pattern of foreign trade of this group of countries is the large reduction in their trade with Germany (which dominated their foreign trade in the years before the war) and the very much greater importance of their trade with the Union of Soviet Socialist Republics . . . Whereas Germany was a buyer of foodstuffs and raw materials and a supplier of manufactured goods (under the pressure of which large clearing balances were sometimes forced on these countries) trade with the Soviet Union is of a different character. The Soviet Union has been chiefly a source of supply for raw materials and foodstuffs, and a market for industrial goods. **THUS IT WOULD APPEAR THAT TRADE WITH THE SOVIET UNION TENDS TO ASSIST THE INDUSTRIALIZATION OF THE REGION WHILE**

YOU TOO CAN BE A POLITICAL ANALYST

Generalissimo Stalin gave a magnificent dinner Feb. 15 for the Chinese Communist leader Mao Tze-tung and Foreign Minister Chou En-lai. Diplomatic correspondents say this is growing evidence of an anxious Kremlin trying to please the Chinese Communists. This supports the theory that there is more to the new Sino-Soviet Treaty than the published text. — Melbourne, Australia, radio news commentary, Feb. 17.

THE GERMAN TRADE HAD THE EFFECT OF RETARDING IT." (author's emphasis)

That this pattern of development was equally true of Yugoslavia until 1948 when Tito began to reorient his plans to the requirements of Western capital is attested to by Yugoslavia's own release on foreign trade for 1948:

"In 1948, Yugoslavia considerably altered the structure of her exports and imports. The structure of prewar Yugoslavia's foreign trade had a typically agrarian-raw material character in the exports, while final products constituted by far the greatest percentage of the imports. Thus during the last two years of prewar Yugoslavia 46% of the total imports were textiles. In 1948, the changes in the structure of our foreign trade became particularly obvious. In that year 67.2% of the whole imports were raw materials and other goods needed in the current production. . . ."

Such, it seems, are the dire results of what Mr. Acheson calls a 'dependent association with the Soviet empire'!

On Joint Companies

The new joint Soviet-Chinese companies for the development of oil and mineral resources of the province of Sinkiang also drew Mr. Acheson's comment. They bear out, he says, his statement of January 12th to the effect that the Soviet Union was "detaching" four regions of Northern China and "attaching" them to itself.

Mr. Acheson thinks that perhaps the people of the US and Asia can be persuaded to confuse the joint companies set up with equal participation of the Soviet Union and the less developed countries of the People's Democracies and China with such deals, let us say, as the American oil companies' (ARAMCO) arrangements with Saudi Arabia. It is by such "sleight of hand" insinuations that it is hoped that the label of "red imperialism" on

the Soviet Unions' relations with the Eastern Democracies and China can be made to stick. The facts, however, prove otherwise. Let us, for example, examine the Soviet-Iranian Agreement of 1946 for the establishment of a joint company for the development of the oil reserves of Northern Iran with the arrangements which prevail with ARAMCO in Arabia. The Soviet Iranian Agreement which was eventually defeated by the joint efforts of Anglo-American diplomacy and the feudal interests dominating the Iranian Parliament, stipulated that the Soviet Union was to supply all of the petroleum equipment and engineering as its capital contribution while the Iranian Government was to supply the natural wealth. For 25 years the Soviet share was to be 51% and the Iranian 49%. For 25 years thereafter the shares were to be equal; and after 50 years the Iranian Government would be privileged to take over complete ownership.

Under the arrangement of the American oil companies in Arabia the companies get all the oil in Arabia and pay a retainer not to the people of Arabia but to the king of Saudi Arabia. Arabia gets no industry, no oil, no training, and no basic industrial development geared into the whole economy. The king gets about 20 cents a barrel of oil. Standard oil of New Jersey and Texas Oil sell each barrel for about \$2.60. Far from envisaging a time when the Arabian Government takes over the whole industry ARAMCO'S huge investments are implemented by the "real-politik" of imperialism which guarantees that those in power will safeguard ARAMCO'S interest 'in perpetuity'!

In the third article of Mr. Perlo's series mentioned above he deals at great length with the nature and functioning of joint holding companies in which the Soviet Union participates. He says:

"Economic assistance by a developed industrial country to a less advanced country that consists exclusively of the supply of capital goods and credits is not complete. Full, all round assistance requires cooperation on a personal level, the transfer of human skills and processes through human beings. . . . Soviet economic relations with the People's Democracies were not improvised, but were built on the solid foundation of the earlier experience of the USSR in development of underdeveloped areas. . . . The economic gap between the former metropolitan areas (of the USSR) and the former colonial areas was rapidly reduced, providing the material basis for the full equality of peoples. . . . With the end of World War II the Soviet Union applied these experiences to economic cooperation with friendly neighbors. New methods of cooperation between sovereign states. . . . A vital form of cooperation worked out since World War II is that of the joint company, with equal participation of the Soviet Union and that of the less developed country."

What has been accomplished through the functioning of such joint companies is particularly striking in Roumania. In this country where pre-war agriculture was among the most backward in Europe with about one plough for every two peasants and virtually no industry to supply farm equipment the SOVROM Tractor Company was formed. The USSR supplied the equipment and technical experts. Roumania supplied labor. Each country shares equally in management and proceeds. Through 1949 the factory produced more than 3000 tractors. By 1955 it will produce in the vicinity of 25,000 tractors.

Other sources, as well as Mr. Perlo's articles indicate the real

nature of economic assistance between non-imperialist nations, nations which are either socialist or travelling the road toward socialism and the contrast between economic programs of this kind and that typified by American Marshall plan "assistance" to West European countries.

Failure of a Plan

On this comparison Mr. J. J. Joseph in his very comprehensive article "Failure of the Marshall Plan" appearing in the Winter 1950 issue of *Science and Society* provides some illuminating facts and figures. Posing the question as to whether the European Recovery Act (ERP) is actually "promoting industrial and agricultural production in the participating countries," and whether it was "encouraging healthy economic independent of extraordinary outside assistance" as the Act stipulates, Mr. Joseph writes:

". . . out of the total of \$5,426,500,000 in procurement authorizations (exclusive of ocean freight) during the first year and a quarter of the Economic Cooperation Administration (ECA) program, only about 10% (\$553,400,000) was allocated for machinery of all kinds. . . . As of September 30, however, less than six percent of goods actually shipped were machinery and vehicles. . . . Aside from these handicaps to an indigenous increase in Western European production, it must be borne in mind that as a condition of receiving aid ECA must give prior approval to major internal economic policies of the participating nations. Under the Act these include any 'project for increased production of coal, steel, transportation, facilities and food,' if these projects are undertaken 'in substantial part with assistance furnished' by ECA. . . . It is not justifiable to attribute any improvement in Western European production levels since 1948 to ECA. The fact that non-participating nations have shown a better rate of increase despite greater handicaps would alone challenge this contention. The composition of ECA exports, however, together

with the controls over capital investment in the participating countries, point to the further conclusion that ECA is actually impeding indigenous production in Western Europe. . . ."

Basing himself largely on United Nations' official reports, particularly on the UN Monthly Bulletin of Statistics" of October 1949 and the "Economic Survey of Europe in 1948," Mr. Joseph holds that even such limited improvements in Western European production as were obtained did not produce a similar effect on living conditions.

"Assuming 1947 as a base of 100, the cost of living index in France climbed between the first quarter of 1948 and the first quarter of 1949 from 149 to 180; in Austria from 146 to 174; in Athens from 137 to 163; in the United Kingdom from 103 to 107 (following the September devaluation it rose to 112); in the German Bizonie from 101 to 114; in the Netherlands from 102 to 109. In Denmark, Iceland, Italy, Luxembourg and Portugal, the index rose three percent; in Switzerland, Ireland and Norway it was unchanged. In no ECA country did the cost of living index fall during this period.

On the other hand, in Poland (Warsaw) the cost of living index dropped one percent and in Czechoslovakia it was unchanged between the first quarters of 1948 and 1949. By the third quarter of 1949, the cost of living in both countries fell sharply with price reductions. In Hungary (Budapest) the cost of living during this period fell 13 percent."

Conclusions

It is not possible in this article to give more than the most significant figures and overall conclusions cited by Mr. Joseph. A careful reading of the article itself is recommended to those who are interested in the fullest documentation of these conclusions. They are, in brief:

"The facts show that during the period of the Marshall Plan operations, unemployment in Western Europe has increased. The facts demonstrate that ECA is dumping American surpluses. The facts prove that

the United States is preventing a normal resumption of East-West trade in Europe. The facts show that real wages are lower in many Marshall Plan countries. . . ."

"From a far weaker position in international trade, from a role of supplying raw material and importing finished goods, the socialist bound countries have evolved and entered into trade relations among themselves, with the USSR and with the West, thereby aiding their efforts towards industrialization and increasing their independence. Without dollar resources to begin with, they have succeeded with their national plans and trade agreements in remaining free of the dollar shortage which plagues Western Europe. Moreover, the Eastern European countries have largely freed themselves from the effects of price fluctuations and depressions felt in the capitalist sector of the world. Cost of living and wage trends in the socialist countries have improved living conditions of the people during a period when cuts in social services have been taking place in the West and the gap between wages and prices is spreading. Unemployment has been largely checked in the Eastern countries during the very period when unemployment was almost doubled in the West."

At the time of the signing of the Chinese-Soviet Treaty and many times since, Mr. Acheson has gloomily warned the people of China and all Asia that the cost of receiving Soviet economic aid was extremely high. The Chinese and all Asian peoples, who are no strangers to imperialism, will no doubt consider and compare the effects of the friendly, mutually beneficial economic relations among equals that exist between the Soviet Union and the Eastern democracies and the lavish and "cheap" American grants to Chiang Kai-shek and the Marshall Plan countries. In China such 'aid' prolonged a brutal civil war by Chiang against the whole Chinese people while in the West it aggravates and sharpens the real economic problems of Western Europe preventing their genuine solution.

OPINION ROUNDUP ON

PRESS

The London Economist, February 18:

Its (Chinese-Soviet Treaty) terms can only be regarded as a striking diplomatic victory for China . . . It is true that the Russians under the new agreement do not have to hand over Manchuria until the conclusion of a peace treaty with Japan or 1952 . . . Nevertheless, this is perhaps the most remarkable concession that any foreign government has extracted from the Soviet Union since the early days of the Russian Revolution, when the Bolsheviks made their grand gesture of renouncing all the imperialist gains of the Russian Tsarism . . . China is thus formally and definitely aligned in the Soviet power bloc, but has succeeded in exacting for the commitment a price which suggests that Peking will be for Moscow a friendly but not a satellite capital.

* * *

U. S. News and World Report, February 24:

China keeps Manchuria under terms of the Russian deal. Moscow agrees to turn over to China some of the industries taken away from former Japanese owners. This is a direct denial, couched in diplomatic language, of the recent assertions by U.S. Secretary of State Dean Acheson that Manchuria is being attached to Russia . . . Russia promises to withdraw military forces from Manchuria while U.S. considers putting permanent bases in Japan. Russia promises economic aid to China's Communists while U.S. is withholding recognition and continuing limited support of Chiang Kai-shek's Nationalists. A Nationalist blockade, meanwhile, is working hardship on millions of Chinese . . .

* * *

Nation, February 25:

The efforts of western newspapers and officials to discount the value of the treaty brought back from Moscow by Mao Tse-tung and his associates are unconvincing. Taken at face value

the treaty is a rather good one, good enough at least to dispel the popular notion that China would have to sign away its chief Yellow Sea ports . . . and that is what Mr. Acheson and other officials, including of course the Chinese Nationalist leaders, apparently expected. Faced with the facts set forth in the treaty they took refuge in the assertions that "secret protocols" conceal the actual concessions forced out of the Chinese leaders at Moscow. If they do, and if they spell Chinese servitude to Moscow, events will presently make the facts known. But until that happens it seems to us that Mr. Acheson would do well to refrain from public prophecies.

* * *

The New Statesman and Nation, February 18:

The treaty between Russia and China seems likely to settle the future of the Far East for many years to come. . . . These are the facts for the Western Allies to consider when they discuss the already long overdue treaty
(Continued on page 18)



Mao Tse-tung, N. Bulganin and J.

FAR EAST SPOTLIGHT

SINO-SOVIET TREATY

PERSONAL

Madame Sun Yat-sen, vice-chairman of the Central People's Government:

The Sino-Soviet Treaty and agreements are unprecedented in history. The Soviet Union, has concluded with us a treaty of equality and mutual benefit in a spirit of great friendship and cooperation, thus closely uniting one third of the world's population and consolidating the peace camp against aggression.

The extremely appropriate settlement of the questions of the Chinese Chngchun Railway, Port Arthur and Dairen is, in particular, an outstanding expression of the spirit of internationalism. Moreover, the loan granted to China will greatly contribute to the construction of New China.

* * *

Liu Po-cheng, Chairman of the Central China People's Government:

The treaty shows that the peace-loving peoples of China and the Soviet

Union, who have paid dearly for their joint fight against fascist Japanese imperialism, are determined to prevent invasion, to prevent American imperialism from helping Japan to stage a comeback. The treaty will be of boundless help to the Chinese peoples in rehabilitating the economic life of the country. We shall continue to build up a solid national defense, defend the country's independence and strengthen the permanent cooperation between the Soviet Union and China to defend world peace.

* * *

Prime Minister Yoshida of Japan, March 22:

The Chinese-Soviet Pact was concluded between two countries and we would like to refrain from making any official statement.

However, there are people who say that because of this Pact the East Asiatic situation has become more intense but one can also say that it has not.

Since China has turned into a Communist government, China and the Soviet Union will utilize the Pact to their utmost advantage. However, I do not think that there will be any great influence felt in Japan.

* * *

Representative Sato, Chairman of the Political Advisory Committee of the ruling Democratic Liberal Party, February 15th:

Japan, which does not enjoy any diplomatic rights under the occupation, does not have any right to speak on any treaties concluded between nations.

* * *

Kihachiro Kimura, spokesman for the Farmer-Labor Party in Japan:

The Soviet-Chinese Friendship Pact supports the early conclusion of an overall Peace Treaty and makes it



Joseph Stalin at Treaty celebration.

EXPERTS COMMENT FOR SPOTLIGHT

clear that the Soviet Union and China are not responsible for the delaying of the Peace Treaty. Moreover, it shows that the Yoshida Cabinet which is working for a separate Peace Treaty does not understand the international situation.

* * *

Tohutara Kitamura, head of the Democratic Party of Japan:

The Pact indicated that the Soviet Union and America have moved their focus to Japan and we, the people of Japan, must be very aware of this situation. We earnestly request that these two countries, America and the Soviet Union guarantee the total independence and a peaceful life for Japan. We greet the self determination of the Chinese people and wish for harmonious economic relations between our two countries.

* * *

Chozaburo Mizutani, spokesman for the right wing of the Japanese Socialist Party:

Japan does not have the power or intention of aggression, not to speak of the impossibility of restoring Japanese imperialism. . . . For Japan it is really regrettable that such a pact was concluded.

* * *

Secretary Kyuichi Tokuda of the Japanese Communist Party:

Mr. Tokuda hailed the China-Soviet Treaty as a powerful deterrent to the establishment of permanent military bases in Japan. He also called it a "formidable bulwark" for maintaining world peace as well as encouragement to independence for all Asian nations. He noted that it underscores the need for an early Japanese peace treaty. "As a result of this Pact the masses of the people of Japan will march forward with greater confidence for the democratization of Japan, against militarization, and for a lasting peace and independence for our nation."

(Following are excerpts from comments on the significance of the Chinese-Soviet Treaty, made in response to a request from SPOTLIGHT.)

Dr. Lucius C. Porter, long time resident in China and member of the Faculty of Yenching University:

Every international treaty represents an adjustment between two nations under the conditions prevailing at the time it is negotiated, but its real significance depends on the effect of the agreement upon the subsequent actions of the governments concerned, and these cannot be judged in advance. The thousands of miles of boundary between China and the U.S.S.R. make it necessary for any Chinese government to be concerned about its relations with Moscow. Mao Tse-tung went to negotiate a treaty just as T. V. Soong went for the Nationalist Government in 1945, to secure some understanding that would insure peace along that long border. . . .

Most reports from China on conditions there since Mao's return from Moscow indicate that the government is primarily devoted to the interests of the Chinese people, and is committed to a nationalistic policy. It is this devotion and commitment that has won the eager support of the intellectual and student groups in the nation. The ultimate fate of the present regime in China will depend on its ability to stabilize conditions enough to bring some real improvement in the livelihood of the masses of the people. Until there is more evidence of definitive subserviency to Moscow — which may appear in secret articles not yet revealed — the treaty may be regarded as a necessary item in Mao's program; a gesture toward the Kremlin intended to secure quiet along the

long Sino-Russian border, and a measure of non-interference to safeguard an opportunity for the constructive development of a distinctively nationalistic type of communism in China.

* * *

William Mandel, author of the "Soviet Far East and Central Asia":

The Sino-Soviet pact is the most important international agreement in the history of mankind . . . it will change the history of the world and has already begun to do so . . . Soviet military withdrawal and economic aid deal the final blow to the myth of Soviet imperialism . . . The guarantee of military assistance to China against aggression, contrasted with American reconstruction of Japanese militarism, is immensely attractive to all the peoples of the Pacific as is Soviet assistance to China in building basic industry contrasted to the Marshall Plan suppression of home industry. Militarily, the combination of the Soviet Union, China and Eastern Europe is invincible. To impress this fact upon our people is to go a long way toward preventing war.

* * *

Johannes Steel, columnist, radio commentator, editor of "Report on World Affairs":

One of the most interesting aspects of the Chinese-Soviet treaty recently signed in Moscow is the fact that this treaty in no way excluded the participation of other nations in trade with China . . . The United States and the Soviet Union could join in a fifty year

program of reconstruction of China . . . Such an approach is in the direction of what UN Secretary Trygve Lie has called the extension of the area of understanding between east and west . . . Here is a concrete opportunity for the application and practice of the thesis of the peaceful coexistence of differing social systems . . . a thesis broadened by basing it on the solid foundation of the material benefits for all concerned which can be derived from it.

* * *

Henry Wallace:

Mr. Wallace restricted his comment to U.S. relations with Japan. "The thing which seems to me very significant for the future," he said, "is that once we in the U.S. stop subsidizing Japan, she will have to trade in a big way with the New China and especially with Manchuria. The tragic thing to me is that we in the U.S. at the present time are not preparing for a world when Japan will inevitably be looking more and more to China."

* * *

Derk Bodde, Associate Professor of Chinese, University of Pennsylvania:

If this treaty contains no secret clauses, I think that providing for the return of Dairen, Port Arthur, and the Manchurian Railroad within a stipulated period of time, will do much to allay the strong suspicion of non-communist Chinese toward the Soviet Union on these points which existed when I was in China, and that it provides the Chinese Communists with a strong propaganda weapon.

LIPPMAN ATTACKS BOMBINGS IN CHINA

"Massacre of Chinese civilians," is what Walter Lippmann called the continued air raids on Chinese cities by Chiang Kai-shek's U.S.-supplied airforce.

"Chiang's purpose in these raids is not to fight HIS war but to keep us entangled so that his war may become OUR war," Lippmann wrote further in his syndicated column Feb. 14. "By using American planes and American bombs against defenseless Chinese civilians he means to provoke the Chinese into reprisals against the Americans and Westerners generally. Chiang's object is to embroil us in a Chinese war. For he thinks that then he would get unlimited money and arms."

Returning to the same subject in the New York Herald-Tribune Feb. 20, Lippmann wrote. "With Chiang's continued bombing of Chinese cities we are involved in an indirect and undeclared war against Red China."

OPINION; PRESS

(Continued from page 14)

with Japan . . . If America still refuses to recognize the Government of Mao Tse-tung, and it therefore remains unable to negotiate around the same table as China, a separate Communist peace with Japan seems inevitable. The sensible course for Britain, which has established diplomatic relations with the Chinese Government, would seem to be to persuade Washington to face realities and to see what the West may still contribute to the new society which has come into existence in Asia.

* * *

Associated Press: February 16:

...The pact would serve as a stimulant to China's program for reconstruction and eventual industrialization . . . Taken in combination with Russia's concessions to China in Manchuria, such a pact could well eliminate the United States as a required factor in the future development of China . . .

* * *

New York Times, February 19:

... The real meat of it must lie in the undisclosed agreements . . .

* * *

New York Herald Tribune, Feb. 16:

The creation of such a bloc is in itself a stupendous fact bound to have grave repercussions in Asia and in Europe. This is all the more likely if, as is generally suspected, the published agreement does not tell the whole story . . . But even as published the agreement is of profound significance.

* * *

Foreign Policy Bulletin, March 3:

Far from resulting in the kind of estrangement that was rumored here occasionally while the Chinese Communists were negotiating with the Russians, Mao Tse-tung's two month visit to Moscow finally produced a series of accords that seem to have brought the two sides into closer harmony. (Henry R. Lieberman)

Asahi Shimbun, March 16:

Since "it is assumed that it will take 200 billion dollars for the 8 year plan for reconstruction of New China this loan is just a drop in the bucket." On March 17th Asahi, taking its cue from the American press began to speak of the "secret sections" of the pact and the "masses of Chinese laborers to be sent to Siberia."

* * *

Le Monde, Paris:

In case of a conflict the Soviet Union's rear is protected and in time of peace it reinforces its popularity in China . . . American propaganda had not been adroit in proclaiming during the negotiations in Moscow that the Soviet Union was about to annex parts of China . . . The generosity toward his partner Mao that Stalin wished to display will make a deep impression on the Chinese people.

* * *

New Republic, Feb. 27:

Naturally, the announcement of the treaty has been received with howls of derision throughout the Western world. It is said everywhere that there must be secret clauses giving Russia important concessions at China's disadvantage. Some of the terms of such secret clauses are actually described by people who are completely vague about the sources of their information — if they have any sources.

... We do not know if there are secret clauses to the treaty, and we strongly doubt whether anyone else does, except those who negotiated its terms . . . To the Chinese masses, the return of the railroad, Port Arthur and Dairen will seem an act of justice, and the \$300 million loan, one of generosity. What is the West doing to offset this Russian victory? We are giving more money to Chiang Kai-shek, now stuck on Formosa; we are selling him military equipment at giveaway prices; and we are preparing to support, with money and guns, a puppet government in Indo-China which bears a striking resemblance in many ways to Chiang's moribund regime. (Editorial)

CHURCH GROUPS URGE CHINA RECOGNITION

The largest group of foreigners in China, and those who have had the closest contact with the Chinese people, are the missionaries. What they have to say about the relations of the U. S. and China should carry weight in determining this country's foreign policy.

In a letter to Pres. Truman which points out the fallacies of U.S. actions on China, the Executive Board of the American Friends Service Committee wrote: "We believe that by treating Communist China as an enemy and by refusing to recognize her, we are not isolating China, we are isolating ourselves and throwing away the chance of influencing the course of events in the Orient."

At a meeting of Protestant foreign missionary and world church leaders held in New York City, Dr. John A. Mackay, Chairman of the International Missionary Council, urged recognition of the pres-

ent government in China and stated, according to the *N. Y. Times*: "I think we will be obliged to recognize the new government, otherwise we will be alienating the Chinese people who by their attitude repudiated the other regime."

The executive committee of the Methodist Federation for Social Action unanimously passed a resolution "urging that our government grant de facto recognition of the new government of China, stop any further military aid to Chinese Nationalists (including Formosa) and encourage trade between China and U.S. . . .," it was reported in the Social Questions Bulletin, published by the federation.

The United Board for Christian Colleges in China, reported in its information bulletin that "Letters, from both Chinese and Westerners, continue to stress the favorable impression created by the 1) earnestness, 2) efficiency, and 3) the honesty of the new regime."

HIT OF THE SEASON!

Time: March 22, 1950

Place: Foreign Affairs Committee, Lower House, Japanese Diet

Cast: Representative Morio Sasaki
Premier Yoshida

Representative Sasaki: On March 20th, at the Executive meeting of the Democratic Liberal Party, you said that there would not be any outbreak of war within the next several years. I would like to know the basis of this conclusion?

Premier Yoshida: My conclusion is based on intuition which was developed within me through many years of hard work and suffering as a diplomat. This intuition tells me that there won't be any war. Those who talk about the "outbreak of war" are those who have no intuition.

CURTAIN

TEN MILLION JAPANESE FIGHT FOR PEACE

"We, the Japanese people who have lost independence and autonomy and suffered devastation in the reckless war waged by our militarists, ardently hope for peace and independence," said the Society of the Defenders of Peace in a message to the Progressive Party Convention.

The statement continued: "The threat of a third world war, however, looms ever greater at present and the building of military bases in Japan is accelerated with ever greater tempo. This is of grave concern to us.

"The colonization of Japan in every phase of life, administration, economy, education, culture and others, weighs unbearably heavy upon us.

"We firmly believe that the recovery of independence for Japan and the enduring peace of the world rest on strict adherence to the Potsdam Declaration and an early conclusion of an "overall" and a complete peace treaty.

"We have organized ten million workers, farmers, middle and small industrialists, intellectuals and others in our ranks to win peace and independence.

"In this fight for peace and independence, we wish to extend our hand and cooperate with the world, especially with the democratic citizens of the United States.

"We pay our heartfelt respect to your fight against the preparations for a third world war and against the building of Okinawa as a military base, and to your fight for an early conclusion of a Japanese peace treaty and for withdrawal of occupation forces after the peace

treaty is concluded. Your fight against the so-called "defense economy" of the present ruling class of America is inspiring to us, and we wish you, the Progressive Party of America, ever greater strength.

"We unequivocally support the proposal advanced by the World Peace Congress, and, as the first victim of the atomic bomb, strongly demand a ban on atomic weapons. We fervently hope for the agreement between the five powers on control of atomic weapons.

"Upon your gathering for the national convention, we pledge ourselves to fight with you, the people of America, for world peace, freedom and prosperity."

Speaking for the Progressive Party, C. B. Baldwin answered:

"Paralleling the aims and purposes of your association, the program adopted at our convention calls for an immediate treaty within the United Nations outlawing all atomic weapons and branding their use as a crime against humanity. Our program further demands a United Nation treaty providing for the abandonment of all extra-territorial military bases and rights to the use of bases, including bases in colonial countries. We called also for the negotiation of a peace treaty with Japan, providing for the democratization and permanent demilitarization of your country and for the withdrawal of occupation troops.

"Our convention expressed the renewed determination of our Party to intensely and carry forward the fight for world peace, freedom and abundance.

TEXT OF THE SOVIET-CHINESE TREATY AND AGREEMENT

The following is the official communique which accompanied the text of the treaty.

Negotiations have lately taken place in Moscow between J. V. Stalin, Chairman of the Council of Ministers of the U.S.S.R., and A. Y. Vyshinsky, Minister of Foreign Affairs of the U.S.S.R., on the one side, and Mr. Mao Tze-tung, Chairman of the Central People's Government of the Chinese People's Republic, and Mr. Chou En-lai Premier of the State Administrative Council and Minister of Foreign Affairs, on the other, in the course of which important political and economic questions concerning relations between the Soviet Union and the Chinese People's Republic were examined.

The negotiations, which proceeded in an atmosphere of cordiality and friendly mutual understanding, confirmed the aspiration of both sides to strengthen and develop in every way reciprocal relations of friendship and cooperation, and also their desire to co-operate for the purpose of safeguarding general peace and the security of nations.

The negotiations concluded with the signing in the Kremlin on February 14 of: 1) a Treaty of Friendship, Alliance and Mutual Assistance between the Soviet Union and the Chinese People's Republic; 2) an Agreement on the Chinese Changchun Railway, Port Arthur and Dalny, in virtue of which, after a peace treaty with Japan has been signed full ownership of the Chinese Changchun Railway will be transferred to the Chinese People's Republic and the Soviet troops will be withdrawn from Port Arthur, and 3) an Agreement for the granting by the Government of the Soviet Union to the Government of the Chinese People's Republic of a long-term economic credit to pay for deliveries of industrial and railway equipment from the U.S.S.R.

The aforesaid Treaty and Agreements were signed by the U.S.S.R. by A. Y. Vyshinsky, and for the Chinese People's Republic by Mr. Chou En-lai.

In connection with the signing of the Treaty of Friendship, Alliance and Mutual Assistance and the Agreement on the Chinese Changchun Railway, Port Arthur and Dalny, Mr. Chou En-lai and A. Y. Vyshinsky exchanged notes to the effect that the respective Treaty and Agreements concluded between China and the Soviet Union on August 14, 1945, have lost their validity, and that both Governments note that the independent status of the Mongolian People's Republic is fully guaranteed as a result of the referendum of 1945 and the establishment by the Chinese People's Republic of diplomatic relations with it.

Simultaneously, Mr. Chou En-lai and A. Y. Vyshinsky exchanged notes to the effect that the Soviet Government has decided to transfer without compensation to the Government of the Chinese People's Republic the property acquired by Soviet economic organizations from Japanese owners in Manchuria, and also that the Soviet Government has decided to transfer without compensation to the Government of the Chinese People's Republic all the buildings in the former military compound in Peking.

The full texts of the Treaty and Agreements follow:

The Presidium of the Supreme Soviet of the Union of Soviet Socialist of China:

Filled with determination jointly to prevent, by the consolidation of friendship and cooperation between the Union of Soviet Socialist Republics and the People's Republic of China, the re-

birth of Japanese imperialism and a repetition of aggression on the part of Japan or any other state which should unite in any form with Japan in acts of aggression;

Imbued with the desire to consolidate lasting peace and universal security in the Far East and throughout

the world in conformity with the aims and principles of the United Nations organization;

Profoundly convinced that the consolidation of good neighborly relations and friendship between the Union of Soviet Socialist Republics and the People's Republic of China meets the fundamental interests of the peoples of the Soviet Union and China;

Resolved for this purpose to conclude the present Treaty and appointed as their plenipotentiary representatives:

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics — Andrei Yanuaryevich Vyshinsky, Minister of Foreign Affairs of the Union of Soviet Socialist Republics;

The Central People's Government of the People's Republic of China — Chou En-lai, Prime Minister of the State Administrative Council and Minister of Foreign Affairs of China;

Who, after exchange of their credentials, found in due form and good order, agreed upon the following:

Art. 1. Both High Contracting Parties undertake jointly to take all the necessary measures at their disposal for the purpose of preventing a repetition of aggression and violation of peace on the part of Japan or any other state which should unite with Japan, directly or indirectly, in acts of aggression. In the event of one of the High Contracting Parties being attacked by Japan or states allied with it, and thus being involved in a state of war, the other High Contracting Party will immediately render military and other assistance with all the means at its disposal.

The High Contracting Parties also declare their readiness in the spirit of sincere cooperation to participate in all international actions aimed at insuring peace and security throughout the world, and will do all in their power to achieve the speediest implementation of these tasks.

Art. 2. Both High Contracting Parties undertake by means of mutual agreement to strive for the earliest conclusion of a peace treaty with Japan, jointly with the other Powers which were allies during the Second World War.

Art. 3. Both High Contracting Parties undertake not to conclude any alliance directed against the other High Contracting Party, and not to take part in any coalition or in actions or measures directed against the other High Contracting Party.

Art. 4. Both High Contracting Parties will consult each other in regard to all important international problems affecting the common interests of the Soviet Union and China, being guided by the interests of the consolidation of peace and universal security.

Art. 5. Both High Contracting Parties undertake, in the spirit of friendship and cooperation and in conformity with the principles of equality, mutual interests, and also mutual respect for the state sovereignty and territorial integrity and non-interference in internal affairs of the other High Contracting Party — to develop and consolidate economic and cultural ties between the Soviet Union and China, to render each other every possible economic assistance, and to carry out the necessary economic cooperation.

Art. 6. The present Treaty comes into force immediately upon its ratification; the exchange of instruments of ratification will take place in Peking.

The present Treaty will be valid for 30 years. If neither of the High Contracting Parties gives notice one year before the expiration of this term of its desire to denounce the Treaty, it shall remain in force for another five years and will be extended in compliance with this rule.

Done in Moscow on February 14, 1950, in two copies, each in the Russian and Chinese languages, both texts having equal force.

Signed: By Authorization of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics.

A. Y. Vyshinsky

By Authorization of the Central People's Government of the People's Republic of China.

Chou En-lai

Agreement between the Union of Soviet Socialist Republics and the People's Republic of China on the

Chinese Changchun Railway, Port Arthur and Dalny [Dairen]

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the Central People's Government of the People's Republic of China state that since 1945 radical changes have occurred in the situation in the Far East, namely: Imperialist Japan suffered defeat; the reactionary Kuomintang Government was overthrown; China has become a People's Democratic Republic, and in China a new, People's Government was formed which has united the whole of China, carried out a policy of friendship and cooperation with the Soviet Union, and proved its ability to defend the state independence and territorial integrity of China, the national honor and dignity of the Chinese people.

The Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the Central People's Government of the People's Republic of China maintain that this new situation permits a new approach to the question of the Chinese Changchun Railway, Port Arthur, and Dalny.

In conformity with these new circumstances, the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and the Central People's Government of the People's Republic of China have decided to conclude the present Agreement on the Chinese Changchun Railway Port Arthur, and Dalny.

Art. 1. Both High Contracting Parties have agreed that the Soviet Government transfers gratis to the Government of the People's Republic of China all its rights in the joint administration of the Chinese Changchun Railway with all the property belonging to the Railway. The transfer will be effected immediately upon the conclusion of a peace treaty with Japan, but not later than the end of 1952.

Pending the transfer, the now existing position of the Soviet-Chinese joint administration of the Chinese Changchun Railway remains unchanged; however, the order of filling posts by representatives of the Soviet and Chinese sides, upon the coming into force of the present Agreement, will be changed, and there will be estab-

lished an alternating filling of posts for a definite period of time (Director of the Railway, Chairman of the Central Board, and others).

As regards concrete methods of effecting the transfer, they will be agreed upon and determined by the Governments of both High Contracting Parties.

Art. 2. Both High Contracting Parties have agreed that Soviet troops will be withdrawn from the jointly utilized naval base of Port Arthur and that the installations in this area will be handed over to the Government of the People's Republic of China immediately upon the conclusion of a peace treaty with Japan, but not later than the end of 1952, with the Government of the People's Republic of China compensating the Soviet Union for expenses incurred in the restoration and construction of installations effected by the Soviet Union since 1945.

For the period pending the withdrawal of Soviet troops and the transfer of the above installations, the Governments of the Soviet Union and China will appoint an equal number of military representatives for organizing a joint Chinese-Soviet Military Commission which will be alternately presided over by both sides and which will be in charge of military affairs in the area of Port Arthur; concrete measures in this sphere will be determined by the joint Chinese-Soviet Military Commission within three months upon the coming into force of the present Agreement and shall be implemented upon the approval of these measures by the Governments of both countries.

The civil administration in the aforementioned area shall be in the direct charge of the Government of the People's Republic of China. Pending the withdrawal of Soviet troops, the zone of billeting of Soviet troops in the area of Port Arthur will remain unaltered in conformity with the now existing frontiers.

In the event of either of the High Contracting Parties being subjected to aggression on the part of Japan or any state which should unite with Japan and as a result of this being involved in military operations, China and the

Soviet Union, may, on the proposal of the Government of the People's Republic of China and with the agreement of the Soviet Government, jointly use the naval base of Port Arthur in the interests of conducting joint military operations against the aggressor.

Art. 3. Both High Contracting Parties have agreed that the question of Port Dalny must be further considered upon the conclusion of a peace treaty with Japan.

As regards the administration in Dalny, it fully belongs to the Government of the People's Republic of China.

All property now existing in Dalny provisionally in charge of or under lease to the Soviet side, is to be taken over by the Government of the People's Republic of China. For carrying out work involved in the receipt of the aforementioned property, the Governments of the Soviet Union and China appoint three representatives from each side for organizing a joint commission which in the course of three months after the coming into force of the present Agreement shall determine the concrete methods of transfer of property and after approval of the proposals of the Joint Commission by the Governments of both countries will complete their implementation in the course of 1950.

Art. 4. The present Agreement comes into force on the day of its ratification. The exchange of instruments of ratification will take place in Peking.

Agreement between the Government of the Union of Soviet Socialist Republics and the Central People's Government of the People's Republic of China on Granting Credits to the People's Republic of China

In connection with the consent of the Government of the Union of Soviet Socialist Republics to grant the request of the Central People's Government of the People's Republic of China on giving China credits for paying for equipment and other materials which the Soviet Union has agreed to deliver to China, both Governments have agreed upon the following:

Art. 1. The Government of the Union of Soviet Socialist Republics grants

the Central People's Government of the People's Republic of China credits calculated in dollars, amounting to 300,000,000 American dollars, taking 35 American dollars to one ounce of fine gold.

In view of the extreme devastation of China as a result of prolonged hostilities on its territory, the Soviet Government has agreed to grant credits on favorable terms of one per cent annual interest.

Art. 2. The credits mentioned in Article 1 will be granted in the course of five years, as from January 1, 1950, in equal portions of one-fifth of the credits in the course of each year, for payments for deliveries from the USSR of equipment, and materials including equipment for electric power stations, metallurgical and engineering plants, equipment for mines for the production of coal and ores, railway and other transport equipment, rails, and other material for the restoration and development of the national economy of China.

The assortment, quantities, prices and dates of deliveries of equipment and materials will be determined under a special agreement of the parties; prices will be determined on the basis of prices obtaining on the world markets.

Any credits which remain unused in the course of one annual period may be used in subsequent annual periods.

Art. 3. The Central People's Government of the People's Republic of China repays the credits mentioned in Article 1, as well as interest on them, with deliveries of raw materials, tea, gold, American dollars. Prices for raw materials and tea, quantities and dates of deliveries will be determined on the basis of prices obtaining on the world markets.

Repayment of credits is effected in the course of 10 years in equal annual parts — one-tenth yearly of the sum total of received credits not later than December 31 of every year. The first payment is effected not later than December 31, 1954, and the last on December 31, 1963.

Payment of interest on credits, calculated from the day of drawing the respective fraction of the credits, is effected every six months.

Art. 4. For clearance with regard to the credits envisaged by the present Agreement the State Bank of the USSR and National Bank of the People's Republic of China shall open special accounts and jointly establish the order of clearance and accounting under the present Agreement.

Art. 5. The present Agreement comes into force on the day of its signing and is subject to ratification. The exchange of instruments of ratification will take place in Peking.

Done in Moscow on February 14, 1950, in two copies, each in the Russian and Chinese languages, both texts having equal force.

Signed: By Authorization of the Government of the Union of Soviet Socialist Republics.

A. Y. Vyshinsky

By Authorization of the Central People's Government of the People's Republic of China.

Chou En-lai

THE FIVE SINO-SOVIET TREATIES

(Continued from page 9)

hall of the Chinese Communists, and secured declarations from the United States and Britain that they would not intervene on the other side. All the great powers went on record as favoring the peaceful settlement of Chinese differences by the Chinese themselves. Although the U.S. later intervened deeply in the Chinese civil war, it had to pretend to observe its international commitments. While helping Chiang under various pretexts, it could not use its troops directly or justify itself by pointing to Soviet intervention on the other side. The provisions for joint use of Manchurian ports and naval bases by China and the USSR, in cases of war against Japan, prevented U.S. landings in Manchuria.

It was largely because China was protected from much fiercer intervention than might otherwise have

taken place that the true balance of forces *within* the country was able to determine her future. Chiang's refusal of repeated offers made by the Communists and Liberated Areas to establish unity on a democratic basis, alienated his own people and made him lose the war which he so confidently launched after V-J day — expecting victory as a result of outside support.

Give and Take

Under the 1950 Treaty of Friendship and Alliance between the USSR and the new People's Government of China, the Soviet Union surrenders even its commercial interest in the Manchurian trunk railway, pledges to remove all other installations after a peace is signed with Japan, and returns industrial plants seized from Japan as war booty. In the context of the events which have taken place, the temporary retention of these rights under the 1945 treaty meant that the USSR, while giving no material help to the People's Armies, took care that nothing it did should have the effect of intervening on Chiang's side against the people. The return of these rights in the 1950 treaty shows that they had been kept in trust for the peaceful use of the Chinese people.

Considered together, all treaties between the Soviet Union and China, whether with past reactionary governments or with the present People's Republic of China, are facets of one and the same policy. All had the effect of helping China defend her independence, shake off century-old imperialist control, and clear the way for a future of construction and progress.



FAR EAST *Focus*

BY ISRAEL EPSTEIN

U.S. Far East policy "must be rooted in the fundamental attitudes of the people on both sides, and in the facts as they exist," Sec. of State Acheson philosophized at San Francisco March 15 in an address approved by Pres. Truman. Yet U.S. government acts continued to be worlds removed from both these, standards.

In China, American-made planes and bombs continued to be supplied to Chiang Kai-shek's Formosa-based air force which took thousands of lives in terror raids on mainland cities, industries and railroads. Even Republican writer Walter Lippman denounced such "murder of civilians." Mr. Acheson merely protested — and Chiang promised to stop — hits on U.S. property!

Hainan island was liberated during April.

Non-recognition of the Chinese People's Republic continued to be Washington policy, though pro-recognition sentiment grew to include such persons as ex-War Secretary Kenneth Royall and Mrs. Franklin D. Roosevelt, and such pro-Truman groups as Americans for Democratic Action. Even John Foster Dulles foresaw the possibility. The Netherlands recognized.

Trade with the Chinese mainland was further limited by tightened Commerce Dept. restrictions on 571 export items.

In the United Nations, U.S. delegates continued to oppose ousting of Chiang's spokesmen, with whom the USSR and East European countries refuse to sit. U.N. Secretary-General Lie, British delegates and former UN Assembly President Aranha of Brazil all moved to get the real China seated.

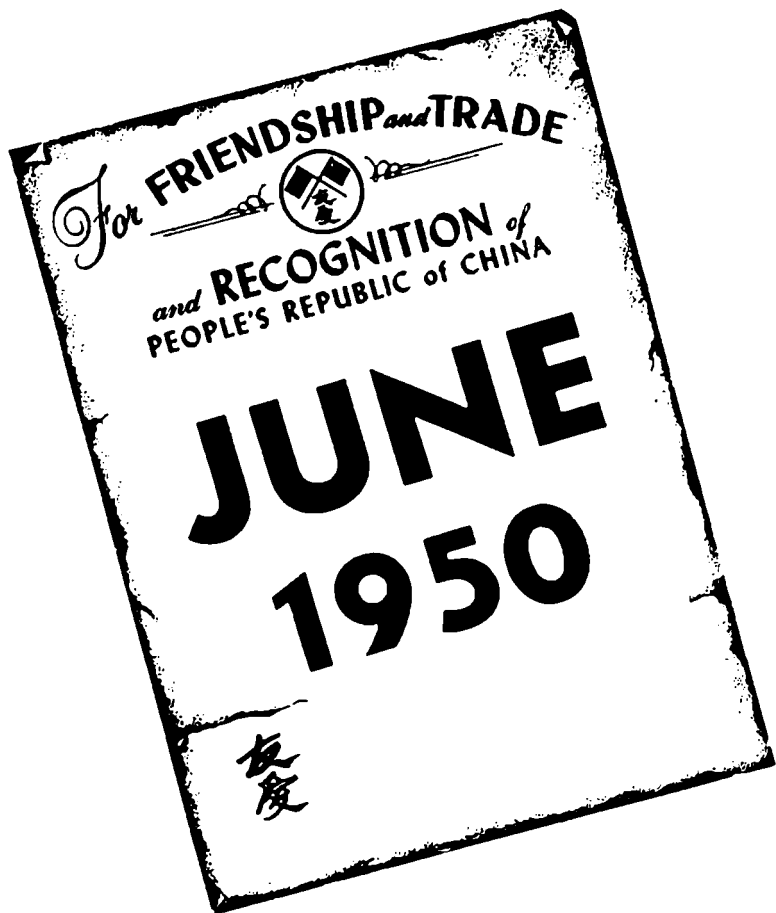
In Viet Nam (Indo-China), thousands demonstrated against a U.S. naval "goodwill" mission to the French (formerly Japanese) puppet Bao Dai, in Bao Dai's own capital, Saigon.

India's refusal to join talks for an anti-Communist Pacific Pact, floated with State Dept. approval by Philippine President Quirino who faces renewed peasant revolt in his own country, further highlighted the gap between the Achesons and the facts.

In today's Washington world war II allies are seen as foes, world war III foes as "allies." Envoy Philip Jessup listed "traditional anti-Chinese sentiment" among Southeast Asians as "on the plus side from the U.S. point of view." The Defense Dept. released a speech by Gen. Robert Eichelberger calling for restoration of the Japanese army against China and the USSR — at a time when Japan's own people seek friendship with China and 12 million of them have signed a peace petition.

Meanwhile the McCarthys pretend to seek reasons for U.S. Far Eastern unpopularity and failures in reds under beds, including, with poetic justice, Jessup's and Achesons. Motives for the McCarthy racket, which Chiang's U.S. lobby is helping to stage manage, are suggested by N.Y. Times Formosa round-up April, 30. Kuomintang remnants feel, it said, "that only a general war between Russia and the U.S. could save the Nationalist government."

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