

CHINA'S RENMINBI

**ONE OF THE FEW
MOST STABLE CURRENCIES
IN THE WORLD**

FOREIGN LANGUAGES PRESS PEKING

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PUBLISHER'S NOTE

This pamphlet contains two articles: "Victory for Chairman Mao's Great Principle of Maintaining Independence and Keeping the Initiative in Our Own Hands and Relying on Our Own Efforts—Hail China, a Socialist Country Without Internal or External Debts" and "Great Victory for Mao Tsetung Thought on the Financial and Monetary Front—Hail China's Renminbi, One of the Few Most Stable Currencies in the World". They were originally published in *Renmin Ribao (People's Daily)* of May 11 and July 6, 1969 respectively.

**Quotation from
Chairman Mao Tsetung**

On what basis should our policy rest? It should rest on our own strength, and that means regeneration through one's own efforts.

Quotation from
Chairman Mao Tsetung

The enemy rots with every passing day, while
for us things are getting better daily.

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**VICTORY FOR CHAIRMAN MAO'S GREAT
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**— Hail China, a Socialist Country Without
Internal or External Debts**

Tsai Cheng

Our beloved Vice-Chairman Lin Piao made an extremely important and inspiring report at the Ninth National Congress of the Communist Party of China, a congress which was presided over by our great leader Chairman Mao and which has a far-reaching influence in our Party's history. Holding high the great red banner of Marxism-Leninism-Mao Tsetung Thought, Vice-Chairman Lin, in his report, profoundly expounded Chairman Mao's theory of continuing the revolution under the dictatorship of the proletariat, systematically summarized the experience of our country's Great Proletarian Cultural Revolution, comprehensively analysed the domestic and international situation and clearly set forth the future fighting tasks for the whole Party, the whole army and the people of the whole country. His report constitutes the great programme guiding our socialist revolution and socialist construction.

Vice-Chairman Lin solemnly declared in his report:

As the *16-Point Decision*¹ indicates, **“The Great Proletarian Cultural Revolution is a powerful motive force for the development of the social productive forces in our country.”** Our country has seen good harvests in agricultural production for years running and there is also a thriving situation in industrial production and science and technology. The enthusiasm of the broad masses of the working people both in revolution and production has soared to unprecedented heights. Many factories, mines and other enterprises have time and again topped their production records, creating all-time highs in production. The technical revolution is making constant progress. The market is flourishing and prices are stable. By the end of 1968 we had redeemed all the national bonds. Our country is now a socialist country with neither internal nor external debts.

This is a great and inspiring accomplishment in our country's political and economic life. It is the result of our adherence to Chairman Mao's great principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts.** It is the result of the fact that the hundreds of millions of the Chinese people, living plainly and working hard and exerting vigorous efforts to make their country prosperous, have adhered to Chairman Mao's proletarian revolutionary line and smashed the counter-revolutionary revisionist line pushed by the renegade, hidden traitor

¹This refers to *Decision of the Central Committee of the Chinese Communist Party Concerning the Great Proletarian Cultural Revolution.*

and scab Liu Shao-chi. It is a tremendous victory for invincible Mao Tsetung Thought, for Chairman Mao's proletarian revolutionary line and for the Great Proletarian Cultural Revolution.

After the founding of the People's Republic of China, under the wise leadership of the great leader Chairman Mao and guided by his proletarian revolutionary line, the Chinese people victoriously completed the land reform, unfolded the great struggles of *san fan* and *wu fan*¹ of 1952 and in the main completed the socialist transformation of the ownership of the means of production in agriculture, handicrafts and capitalist industry and commerce. Thus the productive forces were released as a result of the change in the ownership of the means of production. And the Great Proletarian Cultural Revolution has further promoted the big development of the socialist productive forces. In less than twenty years the Chinese people have, through arduous struggle, turned their country into a socialist country with neither internal nor external debts. This splendid achievement fully illustrates what Chairman Mao predicted on the eve of nationwide liberation:

We are not only good at destroying the old world, we are also good at building the new. Not only can the Chinese people live without begging alms from the imperialists, they will live a better life than that in the imperialist countries.

¹*San fan* means the struggle against corruption, waste and bureaucracy among government institutions and government workers; *wu fan* means the struggle against capitalist bribery of government workers, tax evasion, theft of state property, cheating on government contracts and stealing economic information for private speculation.

A COUNTRY WITHOUT DEBTS

At the birth of New China twenty years ago, a serious problem confronting us was that the Kuomintang reactionaries left behind a country in an utter mess: production in ruins, mass impoverishment, inflation and skyrocketing prices. To carry on socialist construction on such basis presented tremendous difficulties. The imperialist reactionaries alleged that China's financial and economic difficulties were insurmountable. However, the remarkable achievements in construction made over the last twenty years by the Chinese people armed with Mao Tsetung Thought have given the lie to the predictions by the imperialist reactionaries.

What force should we rely on in undertaking socialist construction in conditions of extreme economic and cultural backwardness? With genius, our great leader Chairman Mao solved this question. He teaches: **“On what basis should our policy rest? It should rest on our own strength, and that means regeneration through one's own efforts.”** In adherence to this great teaching of Chairman Mao's, when carrying on socialist construction after the transformation of the ownership of the means of production and the release of the social productive forces, we can only, and must, rely on the brave and industrious Chinese people in their hundreds of millions armed with Mao Tsetung Thought, on their revolutionary spirit of arduous struggle and hard work to promote the speedy development of the socialist economy and rapidly increase the internal accumulation of the socialist enterprises. As ours is a socialist country, we should on no account follow the example of the imperialists, who obtain capital funds by increasing the burden on the

working people at home and plundering the colonial people.

Since the founding of New China there has always been a sharp struggle between the two classes, the two roads and the two lines over the question of what force should be relied on in building socialism. Our great leader Chairman Mao wisely sets forth the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts**, relying on the strength and arduous struggle of the Chinese people to build their country through diligence and frugality. But the renegade, hidden traitor and scab Liu Shao-chi, in his wild opposition to Chairman Mao's proletarian revolutionary line, did his best to peddle his slavish comprador philosophy and doctrine of national betrayal. He tried in vain to take the road of relying on foreign aid for building factories and for “construction”. He went all out to advocate the capitalist method of financial management. He tried to use such methods as “currency depreciation”, “inflation” and running lotteries, methods of exploiting the labouring masses, to develop capitalism, subvert the dictatorship of the proletariat, restore capitalism and thus reduce China to a colony or semi-colony again. Chairman Mao severely criticized this counter-revolutionary revisionist line of Liu Shao-chi's. The current Great Proletarian Cultural Revolution initiated and led personally by Chairman Mao has shattered the bourgeois headquarters headed by Liu Shao-chi and smashed its sinister plot to restore capitalism in China. This ensures that China's socialist construction will continue to advance victoriously along Chairman Mao's proletarian revolutionary line.

Adhering to the consistent teachings of our great leader Chairman Mao, China obtains its funds for socialist construction mainly through its socialist economy's internal accumulation. The income from state-owned enterprises makes up more than 90 per cent of the country's total revenue. In the course of building the country through self-reliance China in a certain period issued national bonds in order to utilize the idle money in the hands of the people to expand socialist reproduction. This was a supplementary measure used by China at that time to raise capital funds. From 1950 to 1958 China floated six national bond issues with a total value of 3,840 million yuan. Together with 980 million yuan payable in interest, the indebtedness totalled 4,820 million yuan and was paid off by the end of 1968.

In the early days of the Chinese People's Republic, particularly during the War to Resist U.S. Aggression and Aid Korea, the Soviet Union, which was then led by Stalin, extended some loans to China, the principal and interest of which totalled 1,406 million new rubles. China consistently discharged its obligation by repaying these foreign debts on time and, moreover, redeemed the last of them in 1965 before they were due.

China is now a country without debts. This great achievement illustrates that China's socialist economy is daily growing in strength and its financial position is ever more consolidated. It fully proves that Chairman Mao's principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts** is the only correct principle for building socialism. It also eloquently demonstrates that a country such as ours, so long as it holds high the great

red banner of Mao Tsetung Thought, can with its own efforts gradually change its look of poverty and backwardness and step by step build itself into a powerful socialist state.

Guided by invincible Mao Tsetung Thought, the revolutionary people of all nationalities in China, through arduous efforts in the past twenty years, have brought about earth-shaking changes in China's national economy. Compared with the early days of the People's Republic of China, increases ranging from one hundred to several hundred per cent have been registered in the production of grain, cotton, oilseeds and other agricultural crops and in the number of hogs, sheep, goats and other animals. The total output value of the country's industrial production has gone up more than tenfold. China has set up new branches of industry such as aircraft, motor vehicles, tractors, electronics, petroleum and chemicals. An independent, fairly comprehensive, modern industrial system is taking shape in China. The country's scientific research, education and health work have made considerable advances. China successfully exploded its first atom bomb in 1964 and set off a new hydrogen bomb in 1968. On the basis of increased production, the material and cultural life of the Chinese people has improved enormously, markets are thriving and prices are stable.

While expanding its national economy rapidly, China, in the spirit of proletarian internationalism, has done what is within its power to actively support the revolutionary people of the world in their struggles and to assist some newly independent Asian and African countries to develop their economy and apply the principle

of regeneration through their own efforts. It is precisely on the basis of the speedy development of our country's socialist economy that our financial and monetary position is becoming more and more consolidated. Thus not only was the need for funds for large-scale socialist construction met, but all its home and foreign debts were paid off in a short time and China has now become a socialist country without internal or external debts.

A STRIKING CONTRAST BETWEEN TWO KINDS OF DEBT OF DIFFERENT NATURE

In the world today, there are two kinds of debt which are fundamentally different in nature. One is the debt of capitalist and revisionist countries, which serves the exploiting class or a tiny privileged stratum and is a means for exploiting and plundering their own working people and the people of their colonies. The other is that of socialist countries, which serves the proletariat and the masses of other working people and is a supplementary financial measure serving the socialist cause. The debts under the two fundamentally different social systems differ completely from each other in nature, purpose and function and in the way they are incurred.

The national bonds China issued and loans it obtained from the Soviet Union in the past had the following characteristics:

First, these bonds and foreign loans were used for socialist production and construction and for the well-being of the labouring masses. Take the national bonds for an example. The entire receipts from sale of na-

tional bonds was used for the development of the national economy. Since the issuing of national bonds was completely in line with the basic interests of the masses of the people, the people did not think it a burden to subscribe them but regarded the subscription of the bonds as an act in support of national construction, an obligation which they must fulfil. Every time the government announced its decision to issue national bonds, it immediately won the enthusiastic support of the masses of the people. They vied in buying the bonds, which were oversubscribed within a few days.

Second, both the national bonds and the foreign loans were regarded as only supplementary financial measures in a given period and were strictly limited in amount. During the period of rehabilitation of the national economy and the War to Resist U.S. Aggression and Aid Korea, China was confronted with temporary economic difficulties. Even under such conditions we did all we could to exploit our own potentialities, relied on our own efforts and did not place our hope on loans. During that period the government issued only a limited amount of national bonds and contracted only small foreign loans. Along with the steady growth of its financial and economic foundations, China soon stopped issuing national bonds and taking foreign loans, and quickly cleared off all internal and external debts.

Third, China adhered to the principle of repaying its debts as scheduled. China never deferred paying the internal or external debts and generally honoured them before the date of maturity. Between 1954 and 1958 China floated five national bond issues. According to the stipulations, the repayment of principal and interest

of these bonds, in the order decided by ballot, was to start from the year after their issuance, beginning from September 30 every year. But during the last few years of repayment this date was advanced to September 1. In repaying the loans to the Soviet Union, China strictly fulfilled the agreements. China was hit by natural calamities for three successive years from 1959 to 1961 and the perfidious Soviet revisionist renegade clique suddenly stopped its economic and technical assistance to China and withdrew the Soviet experts, causing great losses to China's economy. Even under such difficult conditions China continued to pay its debts on time. As stipulated in the agreement, the time limit for paying off the Soviet loans was December 1965; but China had paid off all the loans ahead of time by the beginning of that year.

Debt in the countries ruled by imperialism, social-imperialism and the reactionaries is completely different. In these countries the state machine is in the hands of the bourgeoisie, which uses it to suppress and exploit the masses of the working people of their own countries and enslave the people of other countries in order to squeeze the biggest possible profit. The national bonds issued by these countries and the loans they contract with foreign countries are a means for swindling and imposing exactions on the working people and directly conflict with their interests. The greater the debts incurred by these countries, the more the interests of the monopoly capitalist class are served and the worse the plight of the working people. Compared with the debts of a socialist country, debts in these countries are completely different in the following three aspects:

First, in countries ruled by imperialism, social-imperialism and reaction, debts are predatory and reactionary in nature. For these countries, war is chiefly accountable for the incurring and multiplication of national debt, and floating bonds and obtaining foreign loans are a main financial source for war expenditures. Much of the borrowed money is used for military orders and munition production. This results in the monopoly capitalist class reaping huge profits and the tiny privileged stratum amassing enormous wealth, while the burden on the working people grows heavier and heavier. In the United States, for instance, the average share of the national debt borne by the working people drastically increased after every war. Take the bonds issued by the federal government of the United States alone. In 1913, on the eve of World War I, the working people of the United States bore an average of 14 dollars per person; during World War I this figure increased to 80 dollars. During World War II it jumped to more than 1,300 dollars; now during the war of aggression against Vietnam, it has shot up to more than 2,000 dollars per person.

Second, these countries live on debts which grow increasingly heavier. Take imperialist United States, which claims to be the richest in the capitalist world, for an example. Its debts are shocking. According to figures disclosed by the United States, its unpaid internal debts in bonds up to the end of July 1968 totalled 351,700 million dollars, more than twice the U.S. financial revenue for 1968. U.S. external debts up to the end of May 1968 had reached 33,100 million dollars. Britain's domestic debts in bonds alone at the end of March 1968 were 33,500 million pounds, almost treble its 1968

financial revenue. In addition, its foreign debts amounted to 5,600 million pounds in June 1968. According to figures published by the revisionist renegade ruling clique in the Soviet Union, during the three years from 1964 to 1966 the Soviet foreign trade bank alone borrowed 1,000 million rubles from capitalist countries. Controlled by the Mongolian revisionist clique, Mongolia became a colony of Soviet revisionism long ago. According to statistics, from 1958 to 1966 Mongolia borrowed 6,000 million old rubles from the Soviet Union, averaging 5,500 old rubles per capita. This makes Mongolia one of the most heavily indebted countries in the world. As to the reactionary Indian Government, which is under the wing of the U.S. imperialists and Soviet revisionists, it has long been living mainly on borrowed money. It would collapse if it were unable to get loans. As disclosed by the Indian press in March 1968, the national debt unpaid by the Indian Government was to reach 119,500 million rupees at the end of 1968, a sum four or five times India's annual financial revenue.

Third, these countries make it a constant practice to delay repayment of loans, and their credit is exceptionally low. Because they expend large sums of the borrowed funds in non-productive fields, they cannot repay their debts on time. In fact they never prepare to do so. As they defer repayment of loans for long periods, their credit is extremely low. The amount outstanding on unpaid U.S. federal bonds is so large that the new bonds issued every year are insufficient to cover the interest on the old bonds. As a result, repayment is deferred from year to year. The Soviet Union which is ruled by the revisionist renegade clique has postponed repayment

of principal on bonds issued before 1958 by twenty to twenty-five years because it is unable to repay its large backlog of bonds. This is a method of welshing in disguise.

The striking contrast shown above clearly indicates that debts under the two different social systems are fundamentally different. Moreover, China has now become a socialist country without internal or external debts. These facts vividly reflect the absolute superiority of China's socialist system and the enormous vitality of New China illuminated by Mao Tsetung Thought. On the other hand, the absolute majority of the countries ruled by imperialism, revisionism and reaction are heavily in debt, and their deficits continue to pile up. Confronted with increasingly serious political and economic crises, currency devaluation and skyrocketing prices, they are beset with difficulties both at home and abroad and have come to an impasse. They find the going tougher and tougher. They are heading towards total collapse, towards their doom. Their wanton oppression and exploitation of the working people politically and economically have aroused ever greater discontent and resistance from the masses of the people. In the end they are bound to perish in the flames of the people's revolution.

Our great leader Chairman Mao pointed out long ago: **"The enemy rots with every passing day, while for us things are getting better daily."** This is the most vivid, the most profound and the most comprehensive scientific thesis on the international situation of our time. It is an objective law of historical development independent of man's will.

**ADHERING TO THE ROAD OF MAINTAINING
INDEPENDENCE AND KEEPING THE INITIATIVE
IN OUR OWN HANDS AND RELYING ON
OUR OWN EFFORTS**

Our great leader Chairman Mao always teaches us the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts**. Ours is a large country with a population of 700 million, vast territory and rich natural resources. But during the reactionary rule of the Kuomintang the Chinese people suffered threefold exploitation and oppression by imperialism, feudalism and bureaucrat-capitalism. For long years, China's social productive forces were hindered and the whole country was in a state of extreme poverty and backwardness. Only under the wise leadership of our great leader Chairman Mao and the Communist Party of China, did the hundreds of millions of the people of the country overthrow the reactionary rule of the Kuomintang, replacing it with the brand-new system of socialism, and win their emancipation. China's social productive forces have thus been unfettered through the transformation of the ownership of the means of production, and its look of poverty and backwardness has gradually changed. Adhering to the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts** in the early days of our People's Republic, our people shattered the economic blockade imposed by U.S. imperialism, speedily overcame the severe difficulties which they encountered in the course of economic rehabilitation and brought about a fundamental turn for the better in the country's financial and economic

situation. Then, again under the guidance of the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts** the Chinese people have carried out great socialist economic construction and made one great achievement after another. The fact that China has today become a country without any debt also represents a glorious achievement in implementing this great principle.

Chairman Mao teaches us: **"The people, and the people alone, are the motive force in the making of world history."** Our country, with hundreds of millions of industrious and courageous people, with invincible Mao Tsetung Thought and with the wise leadership of the Ninth Central Committee of the Party with Chairman Mao as its leader and Vice-Chairman Lin as its deputy leader, will certainly be able, by relying on its own efforts, to accomplish great feats unimaginable to our predecessors.

Tested and tempered in the stupendous revolutionary storm of the Great Proletarian Cultural Revolution and under the guidance of the proletarian revolutionary line represented by Chairman Mao and the leadership of the Party's Ninth Central Committee with Chairman Mao as its leader and Vice-Chairman Lin as its deputy leader, the Chinese people are further developing the mass movement for the living study and application of Mao Tsetung Thought. By **"grasping revolution and promoting production and other work and preparedness against war"** the Chinese people are bringing about a new high tide of revolution and production and striving to complete all the fighting tasks set forth by the Ninth National Congress of the Communist Party of China and to **"win still greater victories throughout the country"**.

We must follow Chairman Mao's teachings and never be content with the achievements we have gained. Along the road charted by Chairman Mao we must continue to use revolution to command production, promote it and lead it forward and we must continue to persist in the principle of **maintaining independence and keeping the initiative in our own hands and relying on our own efforts**, so as to build our country into a still more powerful socialist state.

GREAT VICTORY FOR MAO TSETUNG THOUGHT ON THE FINANCIAL AND MONETARY FRONT

**— Hail China's Renminbi, One of the Few
Most Stable Currencies in the World**

Hung Yin-hang

The world revolution has now entered a great new era. Imperialism headed by the United States, modern revisionism with the Soviet revisionist renegade clique as its centre and all reaction are beset by all kinds of contradictions and bogged down in political and economic crises. Faced with difficulties both at home and abroad, they find themselves in an impasse. The capitalist world's tottering financial and monetary system is sinking fast and on the brink of collapse. The financial and monetary situation in the countries under the rule of modern revisionism is also growing worse daily. By contrast, China's economy is developing, the market is flourishing and prices are stable. Our Renminbi¹ has become one of the few most stable currencies in the world. This fully shows the unparalleled superiority of

¹ Renminbi (RMB) is the legal tender of the People's Republic of China. The monetary unit is "yuan" and its subsidiary units are "jiao" and "fen". One yuan is equal to ten jiao, and one jiao ten fen.

our socialist system. It is a great victory for invincible Mao Tsetung Thought.

TWO KINDS OF CURRENCY, TWO KINDS OF FATE

“The enemy rots with every passing day, while for us things are getting better daily.” This is our great leader Chairman Mao’s brilliant thesis on the general world trend. The present world financial and monetary situation also very vividly reflects this general historical trend. The two diametrically opposed social systems determine the different futures of the two kinds of currency. The financial and monetary crises in the capitalist world are inherent in a reactionary and decadent social system and are therefore irremediable. China’s Renminbi is a new socialist currency. From its inception it has taken a completely new stance in the world and fully demonstrated its matchless vitality.

The long-standing stability of our Renminbi finds concentrated expression in the long-term stability of market prices. On the basis of the rapid development in industrial and agricultural production, retail prices have remained stable in our country since the founding of the People’s Republic. Grain, cloth, coal and salt prices have been kept stable, while prices for a wide range of other daily necessities and other commodities have basically remained stable. House rents and water, electricity, public transport and postal rates, all of which affect the livelihood of the people, are low and have remained stable throughout. To change the irrational ratio left over from old China between the prices of industrial goods and those of farm products, further con-

solidate the worker-peasant alliance and promote industrial and agricultural production, the state has systematically and in a planned way raised its purchasing prices for grain, cotton, oilseeds, bast fibres, silkworm cocoons, tea, sugar-cane, hogs and other agricultural and sideline products. But the selling prices of these products have, in the main, not been raised. With the growth of industrial production, the state has reduced the prices of many manufactured goods, especially those used in supporting agriculture and those for daily use, such as chemical fertilizers, farm machinery and implements, insecticides, diesel oil, kerosene, medicines and medical equipment. Thus the peasants can now receive in exchange more industrial goods for the same amount of farm produce than they got in the past. During the Great Proletarian Cultural Revolution, to meet the requirements of the workers, peasants and soldiers in the new high tide of studying Mao Tsetung Thought, the state has greatly reduced the prices of books, newspapers and periodicals, radio sets and some other cultural and educational supplies.

Our Renminbi serves China’s socialist revolution and socialist construction and the working people. It has won the complete confidence of the masses. Since the founding of the People’s Republic of China, the state has on several occasions reduced the interest rates on bank savings deposits. Still, there has been a steady rise in the savings deposits of the urban and rural people. Compared with 1952, urban savings deposits have increased sevenfold, while rural deposits have gone up a hundredfold. The vast majority of the depositors are working people in both urban and rural areas. During the current Great Proletarian Cultural Revolution, urban

savings deposits and rural deposits have increased still faster. Of the total deposits, one-third was made in the past three years. Total savings deposits of the urban and rural people now exceed China's total amount of currency in circulation. Many patriotic Chinese in Hongkong and Macao have requested the local Chinese banks to put their savings into Renminbi, which shows their love of our great socialist motherland and their absolute confidence in Renminbi.

Internationally our Renminbi has also won a high prestige. In view of the deepening financial crises in the capitalist world, many countries and regions now use Renminbi to replace other currencies in trading with China, in receiving Chinese aid and in other economic intercourse with China. Such countries and regions are increasing in number.

The U.S. imperialists and Soviet revisionists and other reactionaries, who are hostile to China's Great Proletarian Cultural Revolution, have all along dreamed that China's national economy would become chaotic. But contrary to their wishes, the great victories of the Cultural Revolution have promoted the revolutionization of the people's thinking and have already promoted and are promoting a leap forward in the national economy. Guided by Chairman Mao's great strategic thinking "**Be prepared against war, be prepared against natural disasters, and do everything for the people**" and his principle "**grasp revolution, promote production**", socialist construction in China is making vigorous progress. China's economy is more thriving and the domestic market more flourishing than ever, while prices and currency value are still more stable. Irrefutable facts have proved that it is the countries under the rule of

imperialism, modern revisionism and reaction that are experiencing economic chaos.

Chairman Mao has incisively pointed out that together with its running dogs in various countries, U.S. imperialism "**has a weak and fragile foundation, he is disintegrating internally, he is alienated from the people, he is confronted with inextricable economic crises**". Financial crises, the gravest and deepest in the last forty years or so, broke out one after another in the Western world between November 1967, when the pound sterling was devalued, and March 1968. Money markets fluctuated increasingly, and one dangerous situation cropped up after another. The impact of the revolutionary mass movement in France caused a monetary crisis in the capitalist world in May 1968. The hectic gold rush of November 1968 led to the big storm which closed down foreign exchange markets. As a result of the acute French political and economic crises, President de Gaulle was forced out of office at the end of April 1969. This was followed by a new crisis that swept Western European financial centres, and the pound sterling and French franc sustained heavy losses; the U.S. dollar also suffered from its tremendous impact. The big chaos that developed four times in the Western monetary system in a little more than a year conclusively shows that the currencies of the entire capitalist world are sinking deeper into crisis.

Imperialism headed by the United States and all reaction have, without exception, long been afflicted with inflation, soaring prices and a constant fall in the value of money. According to the price indices for various capitalist countries compiled by the International Monetary Fund, which from all appearances are substantially

understated, during the nineteen years from 1949 to the end of 1968 retail prices rose by 48.7 per cent in the United States, by 110 per cent in Britain, and by 161 per cent in France. It is noteworthy that prices in these countries have risen even more markedly in the past year. Compared with 1967, retail prices rose by 4.2 per cent in the United States in 1968. This rate is two to three times greater than the rate in previous years. The price index rose by 0.8 per cent in March 1969—the highest monthly rate of increase in the previous eighteen years. The rise in the prices of daily necessities, including foodstuffs, clothing and gasoline, was particularly sharp. The currencies of these countries have been repeatedly devalued on account of inflation and rising prices. The British pound has been officially devalued twice, the French franc five times, and the Indian rupee twice since the end of World War II. In the 1960s, the U.S. dollar, which is the mainstay of the currencies of the capitalist world, has become, like the pound, the target for speculation and unloading in Western money markets. Under the impact of the unprecedentedly persistent and wild gold rush which broke out in March 1968, the United States could no longer keep gold at the official price of 35 dollars an ounce. The price of gold on the free markets of the capitalist world rose to around 20 per cent above the official price. In effect the dollar has been devalued.

In direct connection with inflation and currency depreciation, these countries in general have incurred enormous budgetary deficits and internal and foreign debts. In the fiscal year 1968, the U.S. budgetary deficit amounted to 25,200 million dollars; the total figure for government bonds floated had reached 359,500

million dollars by March 1969, a sum roughly equal to the government's total revenue for two years. There have also been enormous deficits in the U.S. balance of international payments for many years running. This has caused a heavy outflow of gold reserves. Since 1958, U.S. gold reserves have decreased by over one half; at present they only amount to a little over 10,000 million dollars, while foreign holdings of dollar deposits claimable at any time from the United States against gold are well over 30,000 million dollars. This clearly shows the inherent weakness of the dollar. Over the years the reactionary Indian Government has mainly lived on alms begged from foreign countries. By the end of 1968, its foreign debts totalled more than 56,600 million rupees. A still greater financial crisis is brewing with the deepening of the political and economic crises of the capitalist world.

Financial and economic crises grow side by side with political crises in the capitalist world and they react on each other. Political power in these countries is in the hands of gangs of blood-suckers, and they use currency as a tool to plunder and exploit the working people. As Lenin said, in the hands of the exploiting classes "**money is a token which enables its owner to take tribute from all the working people**" and "**every dollar is stained with blood**". During a financial crisis, the ruling clique of monopolists always uses such measures as increasing taxes, raising prices, freezing wages, sacking workers and enlarging the ranks of the unemployed to shift the burden onto the labouring people. At the same time, it steps up aggression and plunder abroad. As all this eventually increases the sufferings of the people, the class contradictions within the countries concerned and

the contradictions between the oppressed nations and imperialism are bound to become more acute. The monetary and trade wars between the imperialist blocs are bound to become fiercer, thus further intensifying the capitalist world's economic and financial crises.

The Soviet revisionist renegade clique has gone against the tide of history and carried out an all-round restoration of capitalism in the Soviet Union, and, as a result, it has made a thorough mess of the entire national economy. It has forfeited all the socialist achievements won by the Soviet people through arduous struggles under the leadership of Lenin and Stalin. During the ten years 1956-65, it sold gold amounting to some 3,000 million U.S. dollars. It did not hesitate to auction off the nation's natural resources in order to beg for hand-outs from the international monopoly capitalist cliques. By replacing the old ruble with the new ruble in 1961, the Soviet revisionists actually have sharply devalued the currency in their dealings abroad. These privileged bourgeois elements raised commodity prices over and over again, ruthlessly plundering and exploiting the labouring people. Since 1966, the Soviet revisionist state committee on prices has successively fixed new prices in the textile, knitwear, leather shoe and food industries, as well as in heavy industry, considerably raising the wholesale prices of many industrial products. On July 1, 1967 alone it raised the prices of many industrial products. Among these the price of coal went up 78 per cent and power for industrial use 20 to 22 per cent. At present there are food, clothing and other consumer goods shortages on the Soviet markets. The black market is widespread. In some places even bread is rapidly becoming more expensive. With prices soaring the real

purchasing power of money has fallen continuously, thus bringing tremendous hardships to the labouring people. This has aroused still greater discontent and resistance on the part of the Soviet labouring people.

Two kinds of currency have two kinds of fate. The currency of socialist China stands in sharp contrast to the currencies of the capitalist world. The former, with a bright future ahead of it, is like the sun rising in the east, while the latter, having run their course, are like the sun setting in the west. Just as Chairman Mao describes in his poems, "**Cool-eyed I survey the world beyond the seas**"; "**the landscape here is beyond compare**". The lasting stability of China's Renminbi reflects the success of our cause of socialism and the unparalleled superiority of the socialist system.

GREAT VICTORY FOR CHAIRMAN MAO'S REVOLUTIONARY LINE

The outstanding achievements on China's financial and monetary front and the fact that Renminbi has become one of the few most stable currencies in the world are a result of the implementation of the theory, line, principles and policies laid down by our great leader Chairman Mao and the victory of his proletarian revolutionary line over the counter-revolutionary revisionist line of the renegade, hidden traitor and scab Liu Shao-chi.

The fundamental question of revolution is political power. With political power, the proletariat and working people have everything; otherwise, they lose everything. The fundamental factor behind China's victories on the financial and monetary front is the establishment,

under the leadership of Chairman Mao, of a rock-firm dictatorship of the proletariat led by the working class and based on the worker-peasant alliance. This is the fundamental guarantee for building China into a great, powerful socialist state and for the steadiness of our finances and stability of the value of our money.

After liberation, by relying on invincible Mao Tsetung Thought, on the tremendous strength of the political power of the proletariat and on the support of the masses, we immediately abrogated all imperialists' financial privileges in China, confiscated the bureaucrat-capitalist financial institutions, set up people's banks, quickly and systematically transformed all the private capitalist banks and money houses and built up a unified socialist financial system for the whole country. We immediately and completely eliminated the various bogus currencies issued by the reactionary Kuomintang government and drove all imperialist currencies out of circulation. As a result, we enabled Renminbi to quickly become the sole currency in circulation in town and countryside and established an independent, unified and stable socialist monetary system, thus making China's currency immune from any repercussions from financial crises in the capitalist world.

As far back as 1949 at the Second Plenary Session of the Seventh Central Committee of the Party, Chairman Mao taught us: **"In the cities we must learn how to wage political, economic and cultural struggles against the imperialists, the Kuomintang and the bourgeoisie and also how to wage diplomatic struggles against the imperialists."** Otherwise, **"we shall be unable to maintain our political power, we shall be unable to stand on our feet, we shall fail"**.

What the Kuomintang reactionaries left behind on the eve of liberation was a complete mess — production was destroyed, the people were poverty-stricken and financial sources were exhausted. During the twelve years from 1937, when the War of Resistance Against Japan broke out, to May 1949, the banknotes issued by the reactionary Kuomintang government increased by more than 140,000 million times. Commodity prices kept skyrocketing and what originally cost one yuan in bogus currency had to be bought with 8,500,000 million yuan in early 1949. As a result, the labouring people were flung into an abyss of suffering. Shortly after the founding of the People's Republic of China, the remnant Kuomintang forces and the bourgeoisie carried out disruptive activities and made trouble by engaging in large-scale speculation and forcing up prices. While launching its war of aggression against Korea, U.S. imperialism enforced an economic blockade and embargo against China, unjustifiably froze China's funds outside the country and, hand in glove with the Chiang Kai-shek bandit gang, counterfeited large quantities of banknotes to disrupt our finances, vainly trying to strangle New China economically. Liu Shao-chi, the agent of the imperialists and the behind-the-scenes boss of the bourgeoisie, played an active Trojan-horse role. Everywhere he peddled his reactionary fallacies of "red compradors" and "exploitation is a merit". He tried to get our bank to fix the foreign exchange rate according to the demands of the capitalists and advocated the establishment of stock exchanges; he wanted our banks to extend loans to the capitalists to support their activities in speculation to undermine the stability of commodity prices.

Under the leadership of Chairman Mao, however, we hit hard at the speculative activities of the bourgeoisie by relying on the enormous strength of the political power of the proletariat and the state-owned socialist economy and on the working class and the revolutionary masses. By March 1950, we had already brought about stable prices throughout the country, putting an end to the inflation which had lasted for well over a decade under the reactionary rule of the Kuomintang. During the War to Resist U.S. Aggression and Aid Korea that followed immediately afterwards, we persisted in fighting this just war and at the same time carried on socialist construction and kept prices and the value of money stable. In a tit-for-tat struggle against the U.S. imperialists' gangster act of freezing Chinese funds, we froze U.S. funds in China. The vigorous *san fan* and *wu fan* movements of 1952 repulsed the unbridled attacks by the bourgeoisie. The policy of unified purchase and supply of all major agricultural products has been carried out since 1953. This cut the ties between urban and rural capitalism and promoted the growth of the socialist economy. The socialist transformation of agriculture, handicrafts and capitalist industry and commerce was completed in China in 1956. The implementation of the series of principles and policies formulated by our great leader Chairman Mao has greatly expanded the socialist economy and helped consolidate the dictatorship of the proletariat, thus creating favourable conditions for the long-term stability of Renminbi.

Chairman Mao teaches us: **"The general policy guiding our economic and financial work is to develop the economy and ensure supplies."** Following Chairman Mao's teachings, the Chinese people have used revolution

to command production, promote it and lead it forward; they have courageously advanced in accordance with the general line of **"going all out, aiming high and achieving greater, faster, better and more economical results in building socialism"**.

But the renegade, hidden traitor and scab Liu Shao-chi was scared out of his wits by the surging torrent of socialist revolution and socialist construction. While loudly trumpeting the theory of "the dying out of class struggle" in opposition to continuing the revolution, he whipped up an evil wind against "rashness" and desperately opposed the Party's general line for building socialism. Had Liu Shao-chi's counter-revolutionary conspiracies been allowed to succeed, the socialist economic foundation would have been destroyed and capitalism restored in China. Consequently financial sources would have been exhausted, supplies would have been inadequate and the currency devalued. But the wheel of history cannot be halted. The obstruction and sabotage by all reactionary forces at home and abroad ended up in ignominious defeat.

Sound and stable national finances with revenue balancing expenditure are an important factor in guaranteeing the stability of the currency. Chairman Mao has always taught us:

Consolidate unified control and leadership in our financial and economic work, consolidate the balance between revenue and expenditure as well as the stability of prices.

The main source of China's state revenue is the accumulation from state-owned enterprises, and state expenditure mainly goes to expanding the so-

cialist economy. When revenue and expenditure are temporarily out of balance, the imbalance is resolved by appropriate readjustments in economic planning and by launching mass movements to increase production and practise economy and not by incurring internal and external debts, still less by issuing currency. The state issues currency mainly in accordance with the needs of economic development and the expansion of production and commodity circulation. Since the founding of New China, thanks to the firm implementation of Chairman Mao's series of instructions, the country has achieved a balance between state revenue and expenditure and between receipts and payments of foreign exchange, and there has been some surplus. Our country has not only solved the problem of procuring funds for building socialism and strengthening national defence, but has also become a socialist country with neither internal nor external debts.

Liu Shao-chi all along advocated such reactionary fallacies as encouraging "budgetary deficits and inflation". He alleged: "It is all right to have budgetary deficits"; "we may issue more banknotes so as to increase our revenue". He also alleged: "Inflation is fine also"; "the greater the inflation, the richer the people will be". Again, in co-ordination with the class enemies at home and abroad, Liu Shao-chi stirred up trouble particularly when our national economy met with temporary difficulties caused by three years (1959-61) of natural calamities and by sabotage on the part of the Soviet revisionist renegade clique. In 1962 he called for a "50 per cent increase in commodity prices". In December 1963 when the national economy had made an all-round turn for the better, he again raised the reactionary demand for

a general increase in commodity prices and the devaluation of the currency. But the Chinese people who had suffered more than enough from inflation and skyrocketing prices in old China were fully aware that Liu Shao-chi's fallacies were aimed at plunging the labouring masses once more into the abyss of misery and poverty. In the face of the fierce attacks by the reactionary forces at home and abroad, the people throughout the country, bearing in mind Chairman Mao's great call "**Never forget class struggle**", displayed the spirit of arduous struggle and self-reliance and building the country through diligence and frugality and carried out a policy of "readjustment, consolidation, filling out and raising standards" with respect to the national economy. They worked hard to raise production, increase revenue and reduce expenditure and succeeded in maintaining a balanced budget. At the same time, the control of the market was strengthened and the stability of commodity prices and of the value of money ensured. The adverse current whipped up by Liu Shao-chi and company to restore capitalism was again thwarted.

The Great Proletarian Cultural Revolution personally initiated and led by our great leader Chairman Mao has won tremendous victories. This great revolutionary storm has destroyed the bourgeois headquarters represented by Liu Shao-chi and shattered its scheme to restore capitalism in China. This has strengthened our dictatorship of the proletariat more than ever, enabled our socialist economy to develop faster than ever and furnished an unprecedentedly firm basis for our finances. In the course of the Cultural Revolution, people throughout the country, using Mao Tsetung Thought as their weapon, have carried out revolutionary mass criticism

of Liu Shao-chi and the handful of other capitalist roaders in the Party. The reactionary fallacies of encouraging "budgetary deficits and inflation" have been thrown into the garbage bin of history together with their sinister inventor Liu Shao-chi.

Throughout the past twenty years, there has been a fierce struggle between the two classes, the two roads and the two lines on the financial and monetary front in China. Our Renminbi has stood every kind of severe test. Always maintaining its stability in storm and stress, it has testified to the unrivalled superiority of socialist China's monetary system under the guidance of Mao Tsetung Thought. Today, as everyone can see for himself, at a time when financial and monetary crises are sweeping the capitalist world and when the countries under the rule of modern revisionism are encountering grave economic difficulties, China's Renminbi stands rock firm in the world as an independent, unified and stable socialist currency.

A new leap is taking shape in China's socialist construction. As we look forward to the future we are fully confident that our socialist motherland will become ever stronger and more prosperous and that the prospects for our finances and currency are infinitely bright. Firmly responding to the great leader Chairman Mao's call "**Unite to win still greater victories**", the Chinese people, under the leadership of the Party's Ninth Central Committee with Chairman Mao as its leader and Vice-Chairman Lin Piao as its deputy leader, are marching forward with supreme confidence and in high spirits to seize new and greater victories in the socialist revolution and socialist construction.

中国的人民币
——世界上少有的最稳定的货币

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