

CHINA AND COMMUNIST PENETRATION

The Editor, LAND & LIBERTY.

DEAR SIR,

Perhaps you are puzzled by the status of Agnes Smedley, Gunther Stein, Edgar Snow ("Red Star over China") and the author of "Thunder out of China"; and anything emanating from the Left Book Club, Gollancz, etc.

Does the enclosed typed copy of a report (by a man known to me personally and for whom I vouch) made by a representative of the China-American Policy Association, help your judgment? It shows beyond reasonable question the almost unbelievable penetration of Russian Communist thought and activity and agents in both Britain and America.

Yours sincerely,
WILFRID HARRISON.

NOTES ON "A HANDS OFF CHINA RALLY"

Held at City Center Casino, 135 West 55th Street, New York, on Sunday, December 5th, 1948, under the auspices of "Committee for a Democratic Far Eastern Policy," originally organized under the auspices of the American Institute of Pacific Relations. Cited as a Communist Front by the Un-American Activities Committee of the House of Representatives. Books and pamphlets on sale in lobby included books by Mark Gayn, Israel Epstein, Theodore White, Ilona Ralph Sues, Gunther Stein, Harrison Forman, L. K. Rosinger, Agnes Smedley, Far Eastern Survey of Institute of Pacific Relations, and the "Daily Worker." Admission was 75 cents and \$1.20. About 500 were present, including a sprinkling of Chinese.

The meeting was opened by MAUD RUSSELL, executive secretary of sponsoring Committee. She said: "We are not going to present two sides but only our side. In August, 1945, about 30 writers, missionaries, social workers, etc., met to organize this Committee and ask: Why is it that our Government has supported all the Fascist elements in the Far East? What can we do about it?" She said, "We are not afraid of red herrings, but fight for a Free America." She introduced as Chairman an editor who presents her point of view, Richard Yaffe, of the "New York Star." Mrs. Freda Kauman and Miss Dalling played and sang "Star-Spangled Banner." Audience stood.

Mr. YAFFE said: Situation in China is similar to the Russian Revolution. There have been three great soul-stirring occurrences in one generation. (1) The Russian Revolution. (2) The Liberation of Eastern and Central Europe. (3) The Liberation of China.

Next speaker, ILONA RALPH SUES, said [with sheer defilement, W. H.]: "Since V.-J. Day the U.S. has contributed six thousand million dollars to Chiang-Kai-shek. Mme. Chiang and her family have amassed between ten and twenty thousand million dollars. Both Washington and Wall Street are almost through with Chiang-Kai-shek. He now has left only a few hundred thousand of his former four million troops. The New Democracy in North China is on a sound economic foundation. Washington now must choose between: (1) All-out aid for Chiang; (2) set up a new war-lord; (3) a phony coalition, or (4) withdraw. A victory for the Democratic Chinese forces means a victory for a Democratic World."

Next speaker, WALTER WALLACE, vice-president of Henry Wallace "Young Progressives." He first quoted from Wendell Phillips, and then said: "The people's army in China has loosened the roots of the American Imperialism. Ambassador Stuart threatened Chinese students. Alexander Hoo, of the National Student Federation of China, when in the U.S., said the Chinese Communists would win the fight with or without help from the U.S." Mr. Wallace further said: "Imperialism and oppression reside in the U.S. We must rally behind the program of Henry Wallace and strike. Soon we will be liberated in this country."

Miss EDITH ALLAIR sang revolutionary folk songs, ending with "Chi-lai," described as Red Army marching song. When she began this song (in both Chinese and English) the entire audience (except your observer and wife) arose.

Noticed in audience was GUNTHER STEIN, former operative of Soviet Military Intelligence in Japan, China, and Hongkong.

Next speaker, AGNES SMEDLEY, likewise former operative Soviet Military Intelligence in Japan and China, was introduced as now working on a book of one of the great men of China. She said: "The Chinese Red Army influenced the tactics of the Spanish Civil War, the guerillas of Yugoslavia, India, Burma, and the Philippines. This revolution in China is led by Communists—some people don't like that word." Two great American soldiers were also influenced by them, Generals Stilwell and Carlson. Even General Marshall expressed great admiration for them in 1946, especially for General Chou-En-lai. The Civil War in China was never stopped during all the years of war with Japan."

Next speaker, J. RAYMOND WALSH (formerly of Harvard, economist under Lee Pressman of CIO and "liberal" broadcaster), said: "Agnes Smedley personifies the deepest hopes of patriotic American feeling on the Far East. In the Far East there is a great upsurge for the extension of Democracy, such as in the Soviet Union. All honour and respect to the Communists who are leading that revolution. We must recognize our identity with the Communist-led forces of China. In six months or twelve months, when Chiang-Kai-shek is dead and in his grave and the Kuomintang is just part of the rubble of history, and the Communist-led liberation forces have taken over all of China and we must recognize them in the U.N., then, when the representative of the Soviet Union rises and says: 'I speak for more than half of mankind,' we Americans will have to hang our heads for shame."

Walsh then appealed for funds, and your observer and wife walked out to look for the nearest delousing station to get the shouts, jeers, and laughter of exultant treason out of their system.

WHAT CONTROLS PAPER CURRENCY?

To the Editor, LAND & LIBERTY.

SIR,

Mr. Collier's reply to my enquiry gives interesting and valuable information. One point, however, seems to call for further explanation. He says, "The issue of paper will not cause inflation, unless the issue is *excessive*." But what natural indication can there be to show when the issue becomes excessive?

Money, I presume, starts originally with people not governments, and in the form of durable material such as brass, silver or gold. It is supplied by "private enterprise" in response to public demand in the same way as any other commodity. When an increased quantity is required the money-merchants buy from the producers and sell to the users in the normal way and the question of inflation or deflation never arises. When a government seizes or "takes over" this durable material and issues paper to the same face value (which, however, would stultify the seizure) no deflation takes place. But with the normal expansion of commerce more money would naturally be required and if no more paper were issued the notes in circulation would actually appreciate in value and the State would have lost on the transaction. This, of course, does not occur in practice, because governments always print more paper and if they issue only in response exactly to the demand the currency still remains at the same value as if durable, material money still circulated. I think some of your readers would like to know the process by which an increased demand for paper money can be exactly gauged by the State.

If, for example, the banks, finding themselves short of paper, virtually buy paper from the government—transferring an equivalent part of their claims on real wealth to the State—it looks as if the State acquires real wealth in exchange for paper. This would be balanced if the State, in its turn, exchanged the real wealth for real specie, but this does not seem to coincide with the usual morality of governments as we know them to-day. Such an action would seem to cancel out any motive for the State to issue paper money at all, other than the pleasure our Cripples might experience in creeping into crypts full of precious metal!

Yours, etc.,

SUFFOLK READER.