

AN ANALYTICAL STUDY
ON
THE FORMATION OF THE RURAL COMMUNES IN CHINA
1958

by Tsui Man-Shing

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CURRICULUM STUDIORUM

Man-Shing Tsui was born January 1, 1935, in the Province of Kwangtung, China, where he stayed until March, 1948, a few months before the change of political regime there. He did his undergraduate work in Chung Chi College, Hong Kong, before he came to pursue graduate work in History in Ottawa. He was a full-time student of the University of Ottawa from 1960-1962.

ABBREVIATIONS FOR IMPORTANT ORGANS

- ACCCP - All-China Congress of the Communist Party
- APC - Agricultural Producers' Cooperatives
- CCP - Communist Party of China
- CCPCC - Chinese Communist Party Central Committee
- CPPCC - Chinese People's Political Consultative
Conference
- NCNA - New China News Agency
- NPC - National People's Congress
- SBS - State Bureau of Statistics

ABBREVIATIONS FOR PERIODICALS AND NEWSPAPERS

- CCYC - Ching-Chi Yen-Chiu (Economic Research)
CHCC - Chi-hua Ching-Chi (Planned Economy)
CKCN - Chung-juo Ch'ing-nien (Chinese Youth)
CKCNP - Chung-kuo Ch'ing-nien Pao (Chinese Youth Daily)
CKFN - Chung-kuo Loi-kung (Chinese Worker)
CKNP - Chung-kuo Nung-Pao (Chinese Agriculture)
FEER - The Far Eastern Economic Review
HH - Hseuh-hsi (Study)
HHPYK - Hsin-hua pan-yüeh-kan (New China Semi-Monthly)
HHYK - Hsin-hua yüeh-kan (New China Monthly)
HJP - Hopei Jih Pao (Hopei Daily)
HQ - Hongqi (Red Flag)
JMJP - Jen-min Jih-pao (People's Daily)
KJP - Kansu jih Pao (Kansu Daily)
KMJP - Kuang-ming Jih Pao (Light Daily)
NRUNA - News Release of Union News Agency
TC - Tsai - Cheng (Finance)
TKP - Ta-kung Pao (Impartial Daily)
WHP - Wen-hui Pao (Cultural Exchange Daily)

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INTRODUCTION

1. The Process of Communization During 1958.

The communal movement, which swept throughout the whole of Mainland China within a few months during 1958-1959, was a dramatic episode. Relatively little is known about its actual process of development. According to Chinese Communist publications, the movement started on April 20, 1958, when agricultural cooperatives in Sui'ping and Pingü, two of the rural districts (or hsiang) in Hsiangyang Special District of Honan Province, began amalgamating themselves into gigantic organizations called the "Federated Cooperatives". The name "commune" was not yet adopted until June-July the same year.¹ Their examples were followed by the agricultural cooperatives in the neighbouring rural districts during the following months. In July, it was reported that the five thousand three hundred and seventy-six agricultural cooperatives of the Hsiangyang Special District were merged into two hundred and eight communes. By the end of August, one thousand three hundred and seventy-eight communes with an average of some seven thousand two hundred household members in each were established in the Province of

¹ Wu Chi-Po, "From Agricultural Cooperatives to People's Communes", Hongqi (Red Flag), No. 8, Sept. 16, 1958, p. 7.

Honan.² But the real impetus came from Mao Tse-Tung, who after his inspection tour to the Provinces of Shangtung, Hopei and Honan during August-September, 1958, said it would be better to organize the countryside into communes.³ "The merits of the communes are two", he said, "The first is that they are large, the second is that they are 'kung'".⁴ The new system, he argued, "can combine agriculture, trade, education, industry and military affairs under a single unified organization, and thus facilitate leadership."⁵ Immediately after Mao's call, the movement spread rapidly. By the end of October, 1958, ninety per cent of the rural households throughout the whole country were reported to have been swept into the people's communes. At the end of the year, over one hundred twenty million rural households, or ninety-nine per cent of the rural population in China were organized into the twenty-six thousand communes.⁶

2 Wu Chi-Po, ibid., JMJP Edit., "Ten Great Advantages and Four Favourable Conditions for People's Collectives", JMJP, August 18, 1958.

3 Wu Chi-Po, ibid., p. 8; S.L. Tang, "It is Better to Organize People's Communes", Hongqi, ibid., p. 68.

4 Wu Chi-Po, ibid., p. 8. It is difficult to translate the Chinese character kung (公) aptly into English. It has the following meanings: 1. things that are publicly owned; 2. impartiality. Kung here denotes the extent of collectivization.

5 Liu Yi-Shing, "People's Communes, A New Stage", China Reconstructs, December 1958, p. 9.

6 Wu Chi-Po, ibid., p. 9; S.L. Tang, ibid., p. 69.

2. Scope of the Study.

This thesis attempts to study the causes of the formation of the rural communes, and the closely related problem of whether or not the communal movement was premeditated. This study of the formation of the rural communes involves many problems. It involves an exploration into the working of China's Five Year Plans of industrialization; it involves consideration of the agrarian movements from 1949 to 1957, which, in a sense, paved the way for the communal system; it involves a study of problems and changes in China's economic administrative and planning system, and their relationship with the structural changes during the communal movement.

These problems have not been studied in depth. There have been some speculation and suggestions on the factors bearing on the introduction of the communal system and the degree of premeditation involved. But beyond this, practically nothing has been done. On the first problem, almost all scholars in Chinese affairs agree that the introduction of the communes into China was designed to support China's rapid industrialization. The communal system, it has been pointed out, was meant to increase state collections, and to facilitate mass mobilization of labour. Yet for some reason or other, no one has approached the problem directly, nor has any one tried in a systematic way to relate problems

arising in the course of industrialization with the formation of the rural communes. Even less has been done on the second problem. Some suggestions, to be sure, have been put forward. R.A.S. Crossman, Zauberger, and K.C. Chao hold that the communal movement was unplanned and spontaneous. Richard Hughes and A. Dornithorne maintain that it was premeditated and set off by the Chinese Communist Party. T.C. Lee believes that it was planned at the very moment when the Chinese Communists took over China. But in no case is solid evidence given. Some cite the words of a few Chinese Communist officials, or on the other hand, those of a few Chinese refugees, and then dismiss the problem with a few lines of speculation.

Nevertheless, much work has been done on specific problems relating to the formation of the rural communes. On the economic aspects, R.J. Hughes, A.D. Barnett, and Y. Gluckstein have given a general picture of economic development in Communist China from 1949 to 1959. The works of Adler Solomon and especially those of Wu Yuan-Li provide both factual information and analytical treatment on the economic situation in China during the period of 1949-1955. C.M. Li's analytical appraisal of the achievement of China in her First Five Year Plan is especially valuable. Articles appearing in scholarly periodicals contributed by qualified scholars in this field help much, especially in

relation to the conditions of the Chinese economy during the course of her Second Five Year Plan. On the agricultural situation in general and economic organization and administration, the works of K.C. Chao, and especially, the documents compiled by him are of great value.⁷ It is only with the help of these scholarly works that the writer is enabled to embark upon this demanding task.

3. Some Difficulties of this Undertaking.

Two difficulties in this undertaking should be pointed out. The first difficulty is the availability of source materials, and the second, the reliability of the Communist regime's statistics. The first difficulty comes from the subtle way the Chinese Communists release information. Despite the mass of propaganda materials published in China, source materials bearing upon some crucial problems are usually scanty; and whenever information is released, it is done in a sporadic manner. The problem of source materials is most serious in relation to the formation of the rural communes, the news of which was kept secret during the initial months of the movement. This difficulty, however, is not insoluble. A critical examination and analytical study of the background, the problems

⁷ See bibliography.

encountered by the Peking planners, the previous policies, and the circumstances that accompanied the communal movement will bring out the causes. This is especially true inasmuch as the introduction of the communal system was caused not by problems within the agricultural cooperatives, but by problems arising from industrialization and the economic administrative and planning system, both of which assumed nation-wide character. With regard to the problem of whether or not the communal movement was premeditated, inadequate information on the actual development of the communal movement raises more difficulties. However, these problems, too, can be overcome by a critical scrutiny on the relationship between changes in the administrative system and those in the administrative structure; the relationship between the "Great Leap Forward" and the "Decentralization" on the one hand, and the communal movement on the other; and the general trend of development during 1956-1958.

Much doubt has been raised about the reliability of the statistical figures released by the Chinese Communist Government. It has even been suggested that two sets of statistical figures were in existence in China, one for internal reference and the other for propaganda purposes. The frequent revision of production figures, and the different figures given in different localities give this impression. This assumption which is based on the inconsistency of

China's statistical figures, is refuted by practically all qualified scholars. C.M. Li has given quite a satisfactory explanation for the inconsistency of China's statistical figures. According to him, the inconsistency arises from the unsatisfactory working of China's statistical bureau, and the divergent standards of measure and weight. This explanation is supported by the fact that inconsistency in statistical figures was greatly eliminated as China's statistical work improved, and measure and weight standardized.⁸ The fact that the Peking planners frankly admit their errors also helps to refute the assumption that the Peking Regime purposefully distorts production figures for propaganda purposes.

Yet it does not follow that China's statistical figures can be accepted without caution and reservation. The inaccuracy of these figures has in fact been freely admitted by the Chinese Communist Government. Inaccuracy arising from some technical difficulties such as double counting and estimating production in gross value were especially criticized during 1956-1957. In addition, production figures were usually distorted by the tendency of the local cadres to inflate production figures to fulfill the absolute targets fixed by the central authorities.⁹ The

⁸ C.M. Li, "Communist China's Statistical System 1949-1959", American Economic Review, Vol.LI, May, 1961, p.500-505.

⁹ See p.55-56,Chapter III.

same tendency also existed in the Central Statistical Bureau. This is why statistical figures appearing in the final reports such as the Communiqué on the First Five Year Plan, are more impressive than those in the annual production plans upon which the working of the yearly production depend. Although there is no way to check the degree of exaggeration caused in the former way, exaggeration caused by the second seems slight.

It seems impossible to verify exactly China's statistical figures. This is so because the Chinese Communists release production figures in a very subtle way. Production figures in certain fields might be published in one year and withheld in another. This is especially true in the fields where production targets were not reached. In this way the Peking Regime tried to conceal certain weaknesses in her economy. There is another way the Peking Regime tried to conceal unsatisfactory results in certain areas. Production figures are sometimes lumped together in columns rather than given individually.¹⁰ It is therefore impossible to verify exactly the actual production amounts in China.

The inaccuracy of China's statistical figures, while undoubtedly a serious difficulty in studying the economic situation in China, does not, however, seriously affect the

¹⁰ See p. 46 , Chapter III.

present undertaking. The problems that caused the formation of the rural communes are so serious and apparent that they can be apprehended without absolutely accurate statistics. The inaccuracy of China's statistics is a difficulty that has to be accepted.

4. Organization of the Thesis.

The thesis is organized in the following manner. Chapter One is devoted to the two agrarian movements prior to the communal movement, and the close relationship between industrialization and agrarian policies in China. It is meant to place the communal movement in its proper context. Chapter Two is on the organization and the structure of the communes. Chapter Three is devoted to the problems arising from industrialization and the overcentralized administrative system in China during 1956-1957. These problems are important because they are the direct causes of the rise of the rural communes. Chapter Four is an examination of the relationship between the "Great Leap Forward" on the one hand, and the formation of the rural communes on the other. The last chapter is devoted to the related but more controversial problem as to whether or not the communal movement was premeditated.

CHAPTER I

THE AGRARIAN PROGRAMMES BEFORE THE COMMUNAL SYSTEM

The formation of the rural communes in China during the second half of 1958 is a complicated issue. Two important agrarian programmes, the land redistribution movement and the cooperative movement, were carried out before the setting up of the communal system. In a sense, the latter was the culmination of the two preceding agrarian programmes. Whether planned or not, the communal movement would certainly have encountered much more resistance from the peasant masses without the successful conclusion of the land reform and the cooperative movements. The communal system itself, furthermore, is incomprehensible without an understanding of the three forms of cooperatives practised during the period of 1953-1957. As far as structure is concerned, the communes were formed by amalgamating several higher agricultural cooperatives into larger units with relatively little changes introduced into the lower levels of organization. Apart from this, the close relationship between industrialization and the agrarian programmes cannot be adequately brought out without an understanding of the economic policy of Communist China. It is therefore necessary to give quite a detailed discussion of the background of the communal movement.

1. The Land Reform Programme (1949-1953).

The land reform programme, launched vigorously on a nation-wide scale in the period 1949-1953, was no innovation. It had been theoretically expounded by Dr. Sun Yat-San and had actually been carried out by the Chinese Communists during the revolutionary period. Its objective was twofold. During the revolutionary period, in which the primary consideration was the overthrow of the Kuomintang Regime, it aimed at rallying the peasant masses to the support of the Communist Party. In 1949, when the revolutionary period was over, the emphasis of the land reform programme was on effecting social revolution and political consolidation in the countryside. The old rural China was so constituted and its scale of values so formed that technical progress was practically impossible. The countryside was dominated by the landed gentry, who not only controlled the rural administrative structure but also had an intimate, interlocking relationship with the ruling official literati class. The dominance of the landed gentry was further fortified by their multiple role as leaders in the clan organization, an important function of which was the management of the land rights of the kinship group. They disdained not only manual labour but also techniques which they thought beneath their dignity to take up. Mostly conservative and archaic-minded, they discouraged the more

enterprising youths in their attempt to adopt new methods.¹ The old social structure and mentality, at least in the minds of the Communist leaders, had to be done away with before real economic progress could be achieved.

For more practical and immediate purposes, effective central control over the countryside and the achievement of agricultural cooperation upon which industrialization of China largely depended, would have been difficult, if not impossible, had the gentry been allowed to control the village organizations and retain their age-long authority over the peasant masses.

The core of the land reform movement lies not in the dispersing of land to the four million peasants but rather in the actual measures adopted towards the landed gentry and the myriad of mass organizations set up during this period. These measures helped greatly to change the structural aspects of rural China.

The land reform movement passed through two major stages. The first or the preparatory stage was launched after the arrival of work-teams, which were composed of veteran cadres sent by the higher party hierarchy. Although the Peasants' Association, formed immediately after

¹ K.C. Chao, Agrarian Policy of the Chinese Communist Party, 1929-59, p. 2-4; P.K. Kuo, China, New Age and New Outlook, p. 3-47; H.F. Fei, The Chinese Gentry, p. 60-92.

"Emancipation", was officially designated as the "legal executive organ for the reform of the agrarian system in rural China",² actual authority lay in the work-teams, before the arrival of which no serious land reform programme was to be carried out. During this stage, propaganda in various forms such as discussion, stage show, interview, and investigation, was intensively carried out. "Positive Elements" were selected from among the poor peasants and put in the various forms of mass organizations³ to be the main force in effecting the land reform programme.

The second stage was the most important part of the whole movement. There were mass meetings to define class status and to accuse and punish the "landed despots". During the meetings, the accused were to line up on a platform in front of the mass, to answer the charges laid against them, and, if they pleaded guilty, to sign papers admitting their misdeeds. The guilty party was usually paraded afterwards with a high hat, a treatment, according to Mao, most feared by the landed gentry.⁴

² NPC, "General Regulations for the Peasants' Association", Collected Materials for Land Reform, p.107-108.

³ These were Peasants' Association, Women Association, Youth Leagues and Young Pioneers' Leagues.

⁴ Mao Tse-tung, "Report on the Investigation into the Peasant Movement in Honan", Selected Works, Vol.1, p.26. For details of the land reform movement, see K.C. Chao, Agrarian Policy of the Chinese Communist Party, p. 94-137; Wu Yuan-li, An Economic Survey of Communist China, p. 117-151.

The land reform programme was basically completed in 1952. The results achieved were tremendous. It broke the power structure of the old society and, above all, the "power image" in the minds of the peasants. Moreover, by liquidating the landed gentry, the Communists were able to take their place and control the peasants through the mass organizations which were dominated by the party cadres.

2. The Movement of Agricultural Co-operation (1951-1957).

The movement of agricultural co-operation was launched in 1951, overlapping with the land reform. It had a threefold purpose. First, it was intended to promote agricultural production through more rational utilization of agricultural resources. This was used as the chief argument by the Communist leaders in persuading the peasant masses to join the co-operatives. The second purpose was to coordinate and control agricultural production to the needs of the state especially in connection with industrialization. This purpose was much less publicized, but

still freely admitted by the Communist leaders.⁵ The third purpose was to help in controlling consumption and preventing hoarding. Although this was not mentioned by the Communist leaders, later developments in the Chinese agrarian policy provide ample evidence in proving it.⁶

There were three types of agricultural cooperatives. The first and the simplest type was the mutual-aid team.⁷ Apart from promoting production by more rational utilization of agricultural resources, it was intended to prepare the peasants psychologically for the setting up of higher forms of cooperatives. Under this system, farmland still

5 The purpose of co-ordinating and controlling agricultural production through cooperatives was fully brought out by Teng Tzu-hui, the Director of rural work in Communist China, who stated that "individual peasants cannot be directly controlled by the state plan. They formulate their production plans according to their own needs and particularities. They cannot formulate plans according to the requirements of the state. Individual peasant units are too numerous for the state to conclude contracts with every household. But once the individual peasants have been organized into cooperatives, the situation will change". Teng Tzu-hui, "Report on the Rural Work Conference of the Central Committee of New Democratic Youth League", K.C. Chao, Agrarian Policy of Mainland China, A Documentary Study, 1949-56, p. 75.

6 See p.15-16, 20-21, Chapter I.

7 Mutual-aid teams had been set up in the Soviet areas during the revolutionary periods. However, only one of the higher forms of cooperatives, according to Mao, had been set up in Shensi. Mao Tse-tung, "On the Question of Agricultural Cooperation", Collected Reading Materials for Socialist Education, Vol. 1, p. 579.

belonged to the individual households. The mutual-aid teams existed under two forms, the temporary and the permanent. The former, usually consisting of five households, was organized during busy seasons such as harvest and sewing times, but was dissolved after serving its purpose. The latter was more permanent in nature and larger in size. Consisting of six or seven households, it was organized on year-round basis. Some of the permanent mutual-aid teams accumulated some common property, such as farm implements and cattle. Each member was to subscribe a certain amount of these common properties, some more and some less, and get interest in proportion to the subscription and labour he contributed.⁸

The second type of cooperative was the lower agricultural producers' cooperative. Apart from its larger size which covered approximately twenty-five households, it was different from the mutual-aid team in two ways. It involved a common pool of land which was still owned by the members and it involved unified control of all important means of production such as draught animals and large farm implements. They were either sold or rented to the cooperatives by the owners. By the first method, the owners of the means of production were to receive payment in instalments within a

⁸ Y. Gluckstein, Mao's China, p. 148-149; Tung Ta-lin, Agricultural Cooperation in China, p. 54-55.

period of three years. By the second method, they were to get their rent during the time of seasonal remuneration.⁹ In distribution, income was remunerated in accordance to the amount of land and labour put in. However, rewards for labour were invariably larger than dividends for landshares.¹⁰ The original mutual-aid teams were incorporated into the lower agricultural production cooperatives as production groups.

The last type was the higher agricultural producers' cooperatives which was similar in structure and nature to the collective farm in Soviet Russia. Consisting of about two hundred households, it was in fact formed by amalgamating approximately ten lower agricultural producers' cooperatives into a larger unit with the latter serving as the production teams under it. Under the higher agricultural cooperative, all except five per cent of farmland together with important means of production, and large domestic animals were placed under common ownership.¹¹ No remuneration was given to landshares. Income was distributed according to the number

⁹ NPC, "Model Regulation for an Agricultural Producers' Cooperative", Art. 3, 25, and 25, in Tung Tai-lin's Agricultural Cooperation in China, p. 96, 109-111.

¹⁰ Ibid., Art. 18, p. 105.

¹¹ NPC, "Model Regulation for an Advanced Agricultural Cooperative", ibid., Art. 18, p. 153.

of workdays each member was entitled to.¹² But this was done only after the deduction of the fixed quota for state purchase, state taxes, accumulation funds and expenses of production and management.

Not much initiative was given to the cooperatives. The highest executive organ was the management committee, the members of which were elected by a show of hands in the general meeting of the cooperative members. In theory, this committee was given power to draw up both long term and short term production plans for the whole cooperative, but in practice, its power was extremely limited. Besides being checked by the local Communist Party structure parallel to it, it was further controlled by the higher

¹² The term "work-days" or "labour-days" used here is not equivalent to days of work in the ordinary sense. They were norms for the quantity and quality of work performed. The criteria in determining the number of work-days a peasant could earn were kinds of work, efficiency, thrift, diligence, and even political consciousness. Two peasants, working the same number of days in the same field, might earn different labour-days. NPC, "Model Regulations for an Advanced Agricultural Cooperative", Op. Cit., p. 124-130.

state organs which interfered with matters of smallest details in both its planning and functioning.¹³

Cooperative farming had been the professed goal of the Chinese Communist Party. Although land reform was consistently advocated by the Chinese Party during the whole of the revolutionary period as an urgent task of the Communist Party, it had never been taken as an end in itself. Instead, it was taken as the first and necessary step in the socialization of agriculture. In no time, indeed, had Mao hesitated to differentiate the immediate programme of his party from its ultimate programme. Land reform was necessary insofar as it prepared the way for the more important programmes in the transformation of the countryside. It was a programme to be carried out during the transitional period of the bourgeois democratic revolution, and was to be succeeded by programmes for the proletarian-socialist

¹³ The power of the cooperative as officially laid down was to draw up: (1) long-term and annual plans for sowing acreage, output targets, and the technical measures needed for the fulfillment of state targets; (2) plans for fishing, forestry, and subsidiary work; (3) capital construction plans; and (4) plans for employing all available manpower and draught animals. But these were merely paper talks. Practically all plans were passed down from the ministries of the Central Government, notably the State Economic Commission and State Planning Commission, through their related parts at the lower levels. The administrative organ immediately above the agricultural cooperatives were the Hsiang or rural district administrative committee with their subordinating standing committees. NPC, "Model Regulations for an Advanced Agricultural Cooperative", Art. 29, Op. Cit., p. 161; K.C. Chao, Economic Planning and Organization in Mainland China, p. 6.

revolution. In his "On Coalition Government" written in April, 1945, to present the political platform of his party, Mao had pressed this point home by declaring that, "The proposition of the 'Land to the tillers' (was) ... a bourgeois-democratic and not a proletarian-socialist one."¹⁴ A more clear statement on the necessity of establishing cooperatives is found in another speech delivered by Mao during the same year, in which he declared:

As for the peasant masses, a system of individual economy has prevailed among them for thousands of years under which a family or a household constitute a separate productive unit. This scattered, individual form of production has been the economic foundation of feudal rule and poverty. The only way to change this state of affairs is by gradual collectivization and the only way to bring about collectivization is, according to Lenin, through cooperation.¹⁵

In 1949, at the time when the Communist Party took over the whole of Mainland China, even the pattern and procedure for the establishment of the collectives were specified. In the common programme, the very resolution that called for systematic land redistribution, it was stated:

(...) the people's government takes as its central task the organization of peasants to organize step by step the various forms of labour mutual-aid and production cooperatives. (...)¹⁶

¹⁴ Mao Tse-tung, "On Coalition Government", 1945, Selected Works, Vol. 111, p. 1075.

¹⁵ Quoted by Peter S.H. Tang, Communist China Today, Domestic and Foreign Policies, p. 272. (Source not stated by author.)

¹⁶ CPPCC, "Common Programme", September 29, 1949, Art. 34, printed in O.B. Van Der Sprenkel, New China, Three Views, Appendix, p. 210.

But the time-table for the cooperative movement does not seem to have been mapped out exactly. In fact, the development of cooperatives was achieved in a very uncertain and fluctuating way, according to the speed of industrialization and the food situation in China.

During the first three years of the cooperative movement, the speed of development had been relatively slow. In 1950, there were, throughout the whole country, eighteen lower and one higher agricultural producers' cooperatives. By the end of 1953, their number rose to fifteen thousand and fifteen respectively.¹⁷ The speed was soon accelerated.

The change of pace might be explained by two reasons. First, the completion of the land reform movement in 1953 made it easier for the cooperative movement to assume a more rapid speed. Secondly, the launching of the first five year plan, which had been a hasty act in itself,¹⁸ required a more

¹⁷ Yang Mo-wen, "Socialist Transformation of Agriculture in Communist China", URS, Communist China 1949-59, Vol. 1, p. 156.

¹⁸ Although the decision of the Communist Party to start the first five year plan in 1953 was officially announced in the summer of 1952, it was not seriously implemented until the autumn of 1953, after the Korean War was concluded and the amount of Soviet aid made certain in the late summer of 1953. That the first five year plan was a hasty act was evidenced in the fact that the formal draft was not finalized until the late spring of 1955. Hughes called China's first five year plan a three-and-a-half year plan. J.T. Hughes, Economic Development of Communist China, p. 6; C.M. Li, Economic Development of Communist China, p. 50-51; S.B. Thomas, "Communist China's Agrarian Policy, 1954-56", Pacific Affairs, Vol. 29, June, 1957, p. 144.

rapid development of cooperative movement. The second reason seems to have been more important, especially considering that land reform movement had virtually been completed in the autumn of 1952. Although the draft for the first five year plan in China had not been completed until the spring of 1955, the annual budget for the distribution of funds for 1954 showed a strong bias to heavy industry, detrimental to agriculture. The 1954 distribution of construction funds showed that 47.8 per cent of the total investment was allocated to industry, with 37.4 per cent and 10.4 per cent to heavy and light industries respectively. The allocation of funds to agriculture, water conservation and forestry projects was only 10.55 per cent.¹⁹ The share for agriculture was out of proportion considering that it comprised about eighty per cent of the national income, and that deducting those funds allocated to water conservation and forestry projects, not much was left for agriculture proper. The distribution of construction funds was highly significant. It not only showed Peking's strong bias to heavy industry, but also its resolution on relying upon organized farming as the chief means of promoting agricultural

¹⁹ Figures from Murmatsu Yugi, "Prospectives of Industrialization in Communist China", E.S. Kirby, (ed.), Contemporary China, Vol. 1, p. 84.

production,²⁰ upon which the operation of light industry and the ability to export depended.

The effect of the launching of the first five year plan was almost immediately felt. A grain crisis set in. This was plainly admitted by the Communist Party. In a pamphlet, Agricultural Co-operation in China, it was written:

Between 1949 and 1952, the grain market remained stable. Then came tension in 1953. (...) The cause of this tension was not due to any crop failure; indeed 1952 was a year of bumper harvest. (...) The fact was that China started her large scale economic construction in 1953, and the expansion of industry. (...) demanded a corresponding increase in the supply of commodity grain and industrial crops.²¹

20 The view of relying upon organized farming as the most important means of promoting production was fully expounded by Teng Tsu-hui, who pointed out that while Soviet Russia was able to pursue mechanization and collectivization simultaneously during her first five year plan, the existing situation in China made it impossible to do so. Socialization therefore must precede mechanization. Without mechanization, large scale of reclamation of wasteland was impossible. Therefore effective organization of labour force and means of production should be the primary method for promoting agricultural production. Teng Tzu-hui, Op. Cit., p. 71-74.

21 Tung Tai-lin, Agricultural Cooperation in China, p. 21. Commodity crops as classified by China's Statistical Bureau, consist of rice, wheat, sweet and Irish potatoes, coarse grains such as corn, millet, kaoliang, oats, buckwheat, various kinds of beans and peas, and others. Soybeans which until 1955 were classified as commodity grains were since then included in the category of industrial crops. Industrial crops are agricultural produce used as raw materials for light industries. They consist of cotton, jute, hemp, tobacco, sugar cane, sugar beets and oil producing seeds such as groundnuts, soybeans, rapeseeds, sesame seeds, and flax seeds. C.M. Li, Economic Development in Communist China, p. 55.

To face this crisis, Peking resorted to the policy of unified state purchase and supply of food-grains. In the "Directive on the Enforcement of Planned Purchase and Planned Supply of Food-Grains" issued in November 1953, it was stipulated that all grain producing peasants were required to sell their surplus grain to the state according to the types of grains, purchasing prices and quotas fixed by the state.²² In grain deficient rural areas, a system of rationing was imposed upon all inhabitants. Grain-deficient peasant households were to buy their fixed amount of grains from the supply and marketing cooperatives which were the main state trade departments in the countryside.²³ In the cities, government personnel, mass organizations, schools, and state enterprises were to get their grains from the state trade departments according to the amounts fixed in their grain purchasing certificates.²⁴ No private merchants were allowed to handle transaction of grains or other agricultural produces under the category of state purchase. By this measure of state monopoly of grains and partial rationing, the crisis was overcome. The amount of grains purchased

22 GAC, "Directive on the Enforcement of Planned Purchase and Planned Supply of Food-Grain", November, 1953, printed in K.C. Chao, The Agrarian Policy of Mainland China,

23 J.L. Hughes, Op. Cit., p. 180.

24 GAC, Ibid., p. 193.

by the state in the period from the spring to the summer of 1954 was reported to have increased fifty-one per cent, compared with the same period in the previous year.²⁵

It was amidst this grain crisis and the drive for industrialization that the National Conference on Mutual Aid and Cooperation in Agriculture was summoned by the Central Committee of the Communist Party in October 1953, to press forward the movement of agricultural cooperation at a quicker pace. According to the Party resolution published in December, the number of cooperatives was to grow to 35,800 between the winter of 1953 and the autumn harvest of 1954. A target of eight hundred thousand producers' cooperatives by 1957, equivalent to twenty per cent of all peasant households, was set in the same resolution.²⁶

Immediately after the announcement of the resolution, the development of the agricultural cooperation assumed a far quicker pace. Official statistics revealed that in 1954, the number of lower agricultural cooperatives rose from 15,053 to 114,163, while that of the higher agricultural cooperatives jumped from fifteen to 201. And by the first half of

25 NCNA, Peking, Sept. 26, 1954, cited by Y. Gluckstein, Mao's China, p. 136.

26 CCPC, "Resolution on Agricultural Cooperation", December 16, 1953, Collected Reading Materials for Socialist Education, Vol. 1, p. 823.

1955, the total of the two increased to 670,000²⁷ approaching to the target set for 1957. Compared to later development, this speed of collectivization was still moderate. The Communist leaders in the resolution of 1953-1954 indicated quite clearly that collectivization would not have been completed until 1965 or even later.²⁸ But after the latter part of 1955, a neck-breaking speed was assumed.

The acceleration of collectivization in 1955 had surprised many scholars in Chinese affairs. The Chinese Communists explain this on the grounds of the polarization of rural classes. According to Mao's report of July the same year, many a peasant had by then again lost their plots due to the "exploitation" of the rich peasants and through natural disasters. The polarization was said to be further deepened by the "right deviationism" in the leadership of some localities, which encouraged the dissolution of cooperatives.²⁹ Yet the causes of the acceleration of collectivization are far more complex. The agricultural production, as many scholars point out, was unsatisfactory

27 Liu Shao-chi, "The Political Report of the Central Committee of the Communist Party of China to the Eighth National Congress of the Party", Eighth National Congress of the Communist Party of China, Vol. 1, p. 25.

28 CCPCC, "Resolution on Agricultural Cooperation", Op. Cit., p. 820.

29 CCPCC, "Resolution on Agricultural Cooperation", October 11, 1955, Op. Cit., Vol. 11, p. 828-829.

during 1954 and early 1955. The harvest of 1954 was reported normal and 1955, bad. The goals for grain production increase in 1954 and 1955 were not reached.³⁰ The supply of industrial crops was especially unsatisfactory. The shortage which was felt early in the latter part of 1953 grew more serious in 1954. Although the policy of planned purchase and planned supply was extended to industrial crops in 1954, the problem was not solved. In 1955, there was a general cry for industrial crops.³¹ This inevitably affected the operation of light industry, which had to obtain its raw materials from the agricultural sector. For example, in 1954, the rates of utilization of production capacity for flour mills was only fifty-four per cent; cigarette factories, 30 per cent; and oil extraction plants, 40 per cent.³²

The decisive factor, however, seems to be Peking's decision to speed up the race of industrialization.³³ As

³⁰ K.C. Chao, "Agriculture in Communist China", Current History, Vol. 32, No. 185, Jan. 1957, p. 33.

³¹ For example, in Chi Nung's article, "Why is the Recovery of Silk Cocoon and Mulberry Production in Kiangsu and Chekiang Provinces So Slow?", printed in JMJP, June 6, 1956, it was reported that the amounts of silk cocoon and mulberry were only thirty-five per cent and 54 per cent of the pre-war amounts. He further urged that more attention should be given to subsidiary occupations to remedy the shortage.

³² Chang Chi-ing-tai, "The High Tide of Agricultural Cooperation has Paved the Way for Rapid Socialistic Industrialization", JMJP, Jan. 22, 1956.

³³ For more detailed results of industrialization, see p. 43-60, Chapter III.

shown in the final draft of the first five year plan completed in February 1955, the bias to industry appeared even greater than that shown in the annual budget for 1954. The investment funds allocated to industry were increased from 47.8 per cent to 58.2 per cent, although the investment for light industry was slightly raised from 10.29 per cent to 11.2 per cent,³⁴ lower than Russia during her first five year plan (14.1 per cent). That for agriculture, water and forestry projects was cut from 10.55 per cent to 7.6 per cent.³⁵ Of this small percentage, forestry and water conservation took up two-thirds, leaving about 3 per cent for agriculture proper.³⁶ The drive for more rapid industrialization was accompanied by busy state purchase of major agricultural produces resulting, as in the winter of 1953, in a grain crisis. In April 1955, it was stated in New China News Agency, "According to the latest reports from the various parts of the country, there is a crisis in planned marketing of grain in many areas."³⁷ This crisis was more serious and lasted much longer. A large campaign against extravagance was launched during the summer. In July, the

34 ACCCP., First Five Year Plan for the Development of National Economy 1953-7, p. 22-24.

35 Ibid., p. 22.

36 Ibid., p. 25.

37 NCNA., April 30, 1955, cited by Gluckstein, Op.Cit., p. 137.

editorial of Peking's People's Daily advised the peasants "to eat what is available".³⁸ The crisis was eased after the adoption of more stringent measures in grain control. In the "Provisional Measures for Unified Purchase and Unified Supply" issued in August, 1955, it was laid down that not only the amount of state purchase of grain, but also those of production and consumption of the peasant households were to be fixed. Its salient features were:

(...) grain output shall be separately fixed for each peasant household, grain consumption standards shall be determined for all types of peasant households and rural inhabitants who produce no grain, and the amount of grain consumption shall be calculated for each household.³⁹

The rural population was classified, according to the amount of grain they produced, into three types: the grain-surplus peasant households, the self-sufficient, and the grain-deficient households. The general standards of consumption in various localities were to be determined by the people's committees of provinces, which were the second tier administrative organs directly under the control of the central government. The specific amounts of consumption for each household were determined by the rural administrative

³⁸ JMJP., Peking, July 28, 1955, cited by Gluckstein, Op. Cit., p. 139.

³⁹ SC., "Provisional Measures for Unified Purchase and Unified Supply of Grain in Rural Areas", August 25, 1955, K.C. Chao, Agrarian Policy of Mainland China, p. 196-197.

committee.⁴⁰ Targets of production for the peasant households were to be fixed before the spring sowing season, according to the "normal yield" per unit of land.⁴¹ Based upon these figures, the state decided the amount of grain to be purchased.⁴²

Again it was amidst the grain crisis and the drive for industrialization that the speed of collective movement was accelerated. The impetus came from Mao Tse-tung. In his report "On the Question of Agricultural Cooperation", delivered to a meeting of provincial, municipal and autonomous party secretaries in July 1955, Mao expressed his utmost impatience with the slow development of the collective movement. He branded those hesitant cadres as "women with bound feet", and specified that by the spring of 1958, half of the rural population, that is fifty-five million peasant households or 250 million peasants, should be incorporated into lower and higher agricultural cooperatives.⁴³ A decision which contained even more ambitious targets was formally made in the central committee of the Communist Party in

40 SC., Provisional Measures for Unified Purchase and Unified Supply of Grain in Rural Areas", Op. Cit., p. 198, 201.

41 Ibid., p. 199.

42 Ibid., p. 199.

43 Mao Tse-tung, "On the Question of the Agricultural Cooperation", July 31, 1955, Collected Reading Materials for Socialist Education, Vol. 1, p. 577, 595.

October the same year. Seventy to eighty per cent of the peasant households in areas where mutual aid and cooperation were relatively advanced were to be absorbed into the co-operatives. In other areas, the same target was to be reached by the spring of 1958.⁴⁴

After the adoption of this decision, an "upsurge in the countryside" was reported. The targets achieved, as in 1953-1954, surpassed those originally set. By December, 1955, before Mao wrote his preface to High Tide of Socialization in the Rural Areas of China, which "expected" complete socialization of agriculture in 1958, over sixty per cent of the 110 million peasant households, that is, more than 70 million households, were absorbed into the cooperatives.⁴⁵ In June 1956, 91.7 per cent of the rural households were incorporated into the 992,000 agricultural cooperatives.⁴⁶ And by the end of the year, no less than 117 million households, almost the whole rural population, were organized

44 CCPCC., "Decision on Agricultural Cooperation", Oct. 11, 1955, Collected Reading Materials for Socialist Education, Vol. 2, p. 842-843.

45 Mao Tse-tung, "Preface to 'High Tide of Socialization in Rural Areas in China'", December 27, 1955, HPYK., Vol. 7, No. 3, p. 1-2, issue of Feb. 6, 1956.

46 Chou En-lai, "Report on the Proposal for the Second Five Year Plan for Development of the National Economy", Sept. 16, 1956, Eighth National Congress of the Communist Party of China, Vol. 1, p. 268.

into 762,113 cooperatives among which 84,032 were lower agricultural producers' cooperatives and 668,081 higher.⁴⁷

The events that took place in the countryside from 1949 to 1957 were extremely significant. The firm control which the local party cadres had secured in the mass organizations during the land reform movement was of key importance in the subsequent development. This enabled the Communists to work within the masses, and make the succeeding agrarian movements appear as if they were spontaneously initiated from the peasant masses.

A more important point shown is that the agrarian policy was, as in other Communist countries during the period of industrialization, subordinate to and dictated by the needs of industrialization. One more passage from Mao would bring this point out more clearly:

47 Yang Mo-wen, "Socialist Transformation of Agriculture in Communist China", URS., Communist China 1949-59, Vol. 1, p. 156. It should be noted that the agricultural cooperative was not the only form of cooperative in the rural areas. There were other kinds of cooperatives. The rural supply and marketing cooperatives were units that took care of marketing and supply in the rural areas, including state purchase and collections. The credit cooperatives were units that supplied credits to the individual cooperatives and peasant households. The handicraft cooperatives were units that engaged in sideline occupations other than the growing of industrial crops and animal raising. These, together with the agricultural producers' cooperatives, were described as the four foundation stones of the Chinese rural economy. They were formed into one unified body under the communal system. K.C. Chao, Agrarian Policy of the Chinese Communist Party 1929-59, p. 212.

Some comrades disapprove of the Party Central Committee's policy of keeping agricultural cooperation in step with socialization. (...) These comrades do not understand that socialist industrialization is not something that can be carried out in isolation, separate from agricultural cooperation.⁴⁸

The cooperative movement was meant to solve the problem of industrialization. The subsequent establishment of communes in rural areas must be viewed in this light.

⁴⁸ Mao Tse-tung, "On the Question of Agricultural Cooperatives", Op. Cit., p. 589.

CHAPTER II

ESSENTIAL FEATURES OF THE COMMUNAL SYSTEM

1. The Structural Aspects of the Communes.

The people's communes, declared to be the basic units of the future social structure, were formed by amalgamating a number of cooperatives, usually from twenty-five to thirty, into larger units. They were huge in size and comprehensive in nature.

The size of the communes varied according to different localities. Some were equivalent to the old administrative districts, or "hsiang". In places where the rural administrative districts were exceptionally large, several communes were formed under them; in others where the original administrative districts were small, several hsiang were incorporated into one commune. Taking households as units of calculation, the difference appeared even greater. Some small communes covered only about one thousand households, while the larger ones might be comprised of more than twenty thousand.¹ But the general trend was to have one

¹ In Honan Province, for example, 709 out of the 1,355 communes were said to cover 5,000 households; 107 communes, 10,000 households; and the rest, less than 5,000. Li Tak, "The Communal Movement in Hopei Province", Red Flag, No. 9, October 1958; Tam Kai-lung, "'It's Better to Organize Communes'", Ibid., p. 22; Wu Chi-Po, "From Agricultural Producers' Cooperatives to Communes", Red Flag, No. 8, September 1958, p. 8.

commune covering about four to six thousand households,² or three to four hsiang. And significantly, every commune invariably included one township.³

Whereas the functions of the agricultural producers' cooperatives had been confined to agricultural and sideline production, leaving the rest of the work to other state organs especially the rural administrative committee and its related committees, the functions of the communes covered practically every aspect of rural life. Besides agricultural and sideline work, they included financial management, running of local industries, military training, education and civil administration in rural areas, functions originally exercised by the hsiang committee and its related committees. Although still limited by higher state organs, notably the State Economic and State Planning Commissions, the communes were given more initiative in planning and management.⁴

The large size and the comprehensive nature of the communes brought some sweeping changes in the rural administrative structure. With the communes taking over all functions of Hsiang committee and its related committees,

2 Li Tak, Tam Kai-lung, and Wu Chi-Po, Op. Cit.

3 K.C. Chao, Agrarian Policy of the Chinese Communist Party, 1929-59, p. 193.

4 See p.77-81 , Chapter IV.

the old rural administrative districts were abolished. The communes became the basic administrative units as well as the basic production units. And as the rural communes were large in size, a great number of basic administrative units in the form of hsiang and chu⁵ were eliminated.

These structural changes, claimed the Communist theoreticians, were the embryos of the Communist society. The incorporation of civil administrative organs into the production units was the first step in "the gradual diminution of the internal function of the state power".⁶ The inclusion of the townships into the rural communes together with "the policy (...) of running industry and agriculture simultaneously and combining them" had opened up a way to reduce the differences between town and countryside and between the workers and peasants.

The organization and operation of the rural communes was complicated. There were three levels of executive organs: the commune administrative committee, the administrative districts or production brigades, which were in fact the former agricultural producers' cooperatives, the

5 "Chu" is the intermediate link between hsiang and county (or hsien).

6 CCPCC., "Resolutions on Some Questions Concerning the People's Communes", WHP. Ed., Collected Materials on the Questions of the People's Communes, p. 17-18. (Quotation in same paragraph below is from the same source.)

production teams and the production groups immediately under them.⁷

The administrative committee was composed of a director, several deputy directors and some members. It was the guiding body which, subject to state control, decided on all policy matters concerning the communes and supervised the work of the lower executive organs. Standing committees, the members of which were nominated by the administrative committee, were set up to take charge of specific functions, such as agriculture, local industry, education, and others. Parallel to the commune administrative committee in structure was the supervisory committee. Composed chiefly of party members, the supervisory, together with the local party structure, served as a power to check and to control the various commune administrative units.⁸ For better coordination, a federation of communes was formed at the hsien level to coordinate the work of the various committees.⁹

Though not engaged in actual production or its management, save a few enterprises too large for the lower

7 CCPCC., "Resolutions on Some Questions Concerning the People's Communes", WHP.Ed., Op. Cit., p. 32-33.

8 See Chin Szu-kai, "The Party", URS., Communist China 1949-59, Vol. 1, p. 23-25.

9 K.C. Chao, Agrarian Policy of the Chinese Communist Party, p. 166; CCPCC., "Resolutions on Some Questions Concerning the People's Communes", WHP., ibid., p. 16.

levels to manage, the administrative committee was to draw up overall plans for the various fields of work in the communes, according to the state plan. It was to control financial management, allocation of labour, disposal of industrial and agricultural produce, and utilization of production means in a general manner. The committee, upon receiving state targets from the higher state organs, such as the State Economic and Planning Commission, was to set specific targets, fixing the amount of production, the total number of workers, and cost of production in specific projects of construction or production works for the administrative districts below it.¹⁰

Under the administrative committee were the various administrative districts, or production brigades, which served as the intermediate link between the administrative committee and the production teams below them. They were the "basic economic accounting units with their losses and gains pooled in the communes as a whole."¹¹ Like their superior organ immediately above them, they were not actually engaged in production activities, but were the management units within their respective areas. Upon

¹⁰ CYD., "On the People's Communes", WHP., Op.Cit., p. 144-145.

¹¹ CCPCC., "Resolutions on Some Questions Concerning the People's Communes", WHP., Op. Cit., p. 33.

receiving targets from the administrative committee, they were in turn to issue targets to the production teams, fixing their sown acreage, time limits, total amount of labour force, and production means in the various production and capital construction works.¹² Like the administrative committee in their division of work, the administrative districts had considerable power in mobilization of labour force, organization of production work, and investment in capital construction within the allocated funds.

At the lowest level were the production teams. They were the basic units that were actually engaged in production activities. Similar to the permanent mutual aid teams but larger in size, each team had a leader, several deputy leaders and some members to supervise the various work within the area it covered, and to organize production groups for specific divisions of labour.¹³

2. Ownership and Distribution.

The communal system brought relatively little change in the form of ownership. The right of ownership was claimed to have been transferred from the cooperatives to the communes, and the small portion of private plots,

¹² CYD., Op. Cit., p. 145.

¹³ K.C. Chao, Op. Cit., p. 165.

hitherto retained by individual peasants, was confiscated and brought under the ownership of communes. During the initial months, it is true, there was a tendency to place private possessions of every kind under the communes as common properties. Private houses, small domestic animals, odd trees, small implements in farming and sideline occupations were swept into the communes.¹⁴ This tendency, however, was checked in August, 1958. The "Decision on Establishing Communes in Rural Areas", published at the end of August, 1958, recommended that the confiscation of properties other than plots was to be considered at a later date.¹⁵ This point was strongly reaffirmed in the "Resolutions on Some Questions Concerning the People's Communes" of December, 1958, which whilst rebuking the adventurist

¹⁴ For example, in the Weihsing Commune, the first people's commune, it was decided that all domestic animals, odd trees, private houses, etc. were to be placed under the communal ownership. Some small personal possessions also seemed to have been infringed upon because in the directive issued by the Hopei Provincial Party Secretarial Committee, it was especially laid down that personal possessions like watches, clothing, bedding, etc. were to remain private even in the Communistic society, and that they were not to be infringed upon. Weihsing Commune, "Draft Regulations for the Weihsing Commune", E.S. Kirby, Contemporary China, Vol. 111, Doc., p. 237; Hopei Party Secretarial Committee, "Directive on the Establishment of the People's Communes", Red Flag, No. 8, September 16, 1958, p. 16.

¹⁵ CCPCC., "Decisions on the Question of Setting up People's Communes in Rural Areas", August 31, 1958, JMJP., Special Series on the Communes, p. 237.

idea of completing the "transition from Socialism to Communism" within two or three years, stipulated that all private possessions except farmland were to remain private for a long time to come.¹⁶

Nevertheless, the abolition of the small portion of private ownership and the transferring of the right of ownership from the cooperatives to the communes had caused many misconceptions among the masses and even the cadres, who took these developments as signs of entering fully into the communistic stage of development. This "misconception" had caused much uneasiness among the Chinese theoreticians, especially in relation to the system of distribution. The theorization worked out during the following months was that the existing system was Socialist in nature but contained the sprout of Communist elements. Although the "Socialist Transformation" had been basically completed, they argued, the existing system was still socialist in nature inasmuch as the various forms of property were still "owned collectively", not by the whole people or by the state.¹⁷

16 Hseuh Muo Chiao, "On Building Socialism and Transition towards Communism", New Construction, Jan. 7, 1959, URS., Vol. 14, No. 13, p. 182-187.

17 CCPCC., "Resolutions on Some Questions Concerning the People's Communes", Op. Cit., p. 15. It must be noted that the Communist leaders used the terms "state owned" and "owned by the whole people" interchangeably without distinction.

The existing phase of development was not yet communistic in nature but only a transition from socialism to communism, the process of which was to be long. But, they continued to argue, as "the switch from the agricultural producers' cooperatives to the people's communes has expanded and strengthened the (...) collective ownership", the existing form of ownership therefore contained "the sprout of communism",¹⁸ the embryo of the future communist society.

The new system of distribution combined wages with free state supply. The ration between the portion of wage and that of supply, and the number of commodities of free supply of "guarantees" varied according to different localities. But the general trend during the initial months of the communal movement was that the portion of free supply occupied a far greater percentage than the wage-portion, and the "guarantees" covered meat, clothing, soap, et cetera. This portion, however, was greatly reduced during the winter of 1958.¹⁹ In 1959, it was recommended

¹⁸ Chen Cheng-jen, "On Ownership and Distribution in the People's Communes", *JMJP.*, Oct. 18, 1959; CCPCC., "Resolutions on Some Questions Concerning the People's Communes", *Op. Cit.*, p. 15-16.

¹⁹ For example, in Hsuangshang Commune in Hopei, the portion of free supply in the initial months was 72% of the total amount of consumption, while the "guarantees" included food, clothing, and soap. This portion was scaled down later in the winter of 1958 to 55%, leaving the rest as wages and awards. The number of guarantees was reduced to food grains only. Li Fang-lin, "Half-Supply; Half-Wage System in the People's Communes", *TKP.*, Oct. 25, 1958.

that the portion of free supply should in no case exceed thirty per cent of the total amount of consumption, and the "guaranteed" supply should be confined to food-grains only. The rest was to be used as wages and awards which occupied roughly about sixty per cent and ten percent respectively.²⁰

The new distribution system was complicated, especially in relationship among the three levels of executive organs. The production brigade, or the administrative district, was the basic unit of accounting, which exercised control over the production teams in distribution and was, in turn, controlled by the administrative committee which, according to the general standard of living fixed by the executive organ at the provincial level, was to fix the percentage between the amount of consumption and that of accumulation and other funds.²¹ Upon receiving produce from the production teams, the administrative district was first to turn in to the administrative committee the prescribed amount for accumulation, welfare funds, state taxes, cost of production, expenses of management, and amount of state

²⁰ JMJP., Oct. 18, 1958. This was in fact not strictly adhered to. For example, the ratio between the two was 40%:60% in Honan Province. H.S. Sheck, "Several Problems Concerning the Consolidation and Development of the People's Communes, JMJP., March 14, 1960.

²¹ See p. 20, Chapter I.

purchases.²² Only after this could the administrative district carry out distribution among its members. The wage portion was distributed to the various production teams below it according to the number of workdays. Then the various production teams were to distribute the allocated funds among the members of their respective teams in accordance with the actual number of workdays each member had earned. The supply portion was obtained from the public canteens²³ usually run by the administrative districts. Shares of food supply were by no means equal. They were divided into several categories depending upon age and kind of work.²⁴

The new distribution system was theorized on the same line as that of ownership. The system of combining wages with free state supply was "in essence (...) socialist;

22 This procedure is significant because not only did the administrative organs at the communal level have more power in controlling these funds, but also the procedure of purchase became more direct, compared to the former method of collection which was done through the rural supply and marketing cooperatives. See also p. 87-88, Chapter IV.

23 The public canteens were set up during the commune movement. Other public service organizations set up during that period were communal kindergartens and nurseries. Babies and children were placed in the care of these services in daytime. These were in fact the by-products of the intensive labour mobilization. See p. 86-87, Chapter IV.

24 K.C. Chao, Agrarian Policy of the Chinese Communist Party, p. 223-224.

based on the principle of "to each according to his labour".²⁵ But at the same time it contained "the first shoots of Communism", in that a portion of distribution was given in the form of free state supply, which was in accordance with the Communist principle of "to each according to his needs".

The Communist leaders seemed to be fully aware of the contradiction between theory and facts. The gap between the scarcity of physical resources which was reflected in the ration system and the high brow theory of the new distribution system which suggested better physical well being of individuals gave them much embarrassment. They tried to reconcile these with the Marxist mythology of the Communist Utopia. Although the existing distribution system contained the sprout of Communism, they said, complete communistic system of distribution was not to be effected

25 Chen Cheng-Jen, "On Ownership and Distribution in the People's Communes", JMJP, October 18, 1959; Communist China, "Resolutions on Some Questions Concerning the People's Communes", Op. Cit., p. 17-18. (Quotations in the same paragraph below are from the same source.)

(...) until a number of years. When the socialist product increases greatly, the communist consciousness and morality of the entire people are raised to a much higher degree, and universal education is instituted and developed, the difference between country and town, manual and mental labour; legacy of the old society that have inevitably been carried into the socialist period, and the remnants of unequal bourgeois rights which are the reflection of difference -- will gradually vanish and the function of the state will be limited to protecting the country from external aggression and will play no role internally.²⁶

Only then, they continued, will

(...) Chinese society (...) enter the era of communism where the principle of 'from each according to his ability; to each according to his needs' will be practised.²⁷

3. Control over Consumption.

One feature of the communal system which is highly significant was the tight control over commodities and currency circulation. Following the "decentralization" of some commercial and industrial enterprises to the local authorities,²⁸ a decree was issued which laid down the principles that should be adhered to by the authorities at the communal level. Apart from restating the need of enforcing "unified state purchase and collection" of important

²⁶ CCPCC., "Resolutions on Some Questions Concerning the People's Communes", Op. Cit., p. 20-21.

²⁷ Ibid.

²⁸ Will be discussed later. See p. 99-101, Chapter V.

agricultural crops, it was further stipulated that no transaction of any kind was allowed among individual communes. However, in case the communes were in need of some secondary miscellaneous produce, they were first to get permission from the superior organs which would arrange interflow of commodities among individual communes. In selling and purchasing agricultural produce and commercial articles within the communes, prices fixed by the state should be rigidly adhered to.²⁹ Furthermore, the various units of the communes were required to deposit their surplus cash to the cash departments of the communes, which in turn were to hand it in to the banks at the higher level. At the end of each fiscal year, all the communes were required to hand in all the surplus cash to the People's Banks, after deducting funds of expenditure and management, and other funds absolutely needed. The percentage of funds retained or deposited to the banks was to be fixed at the beginning of the fiscal year in the form of a contract with the subordinate bureaus of the central financial ministry at the hsien level.

29 S.C., "Decision on Adjusting the System of Financial Management in the People's Communes", WHP, Op.Cit., p. 42-43; Li Hsien-nien, "How to Recognize Improvement of Financial and Trading Administration in Rural Areas", WHP., Op. Cit., p. 151.

30 Li Hsien-nien, Op. Cit., p. 154.

4. Mass Mobilization of Labour.

Another striking feature of the communes was the mass mobilization of labour, which was organized along military lines. "The whole nation", declared Mao Tse-tung,

(...) should be organized as militia, with the people's commune as the unit, so that the broad masses of the people become workers when entering factories, peasants when going to the fields, and soldiers when taking up arms.³¹

All men from eighteen years to forty-five years were to be organized into the various regiments of the people's militia which were required to drill and to engage in production activities. By the end of September, 1958, two hundred and twenty million people were reported to have been organized into the people's militia under retired officers.³² In Shensi Province alone, more than four million people were organized into various battalions of "worker-peasant-soldier" units.³³ In Shangtung, fifteen million men, women and children from various communes were organized into divisions and regiments to deep-plough eighty million mou of land and to work in the local iron and steel factories.³⁴

31 Quoted from R. Hughes, The Chinese Communes, p. 7.

32 Y.S. Kong, "Military Affairs in Communist China", URS., p. 378.

33 NCNA., "Communization in the Whole Rural Country-side", in JMJP, Oct. 1, 1958, reprinted by JMJP, in "Special Series on People's Communes", p. 8.

34 JMJP., (Editorial), "A Nation in Arms to Frighten the Enemy Out of Its Wits", JMJP., Sept. 14, 1958.

Shock battalions were organized for emergency and priority projects. Women were encouraged to free themselves from household work and to engage in production activities. In Honan, three hundred women, organized into three companies, topped the commune record for agricultural labour. "They were just like men, acting as if fighting a battle", reported the NCNA with pride,

They ate and slept right in the field. After the establishment of the battalion, not a single member left her post for 10 days and nights. Continually, during this period of combat labour, they passed the doors of their homes without entering or requesting permission to visit the premises even briefly.³⁵

Soldiers were required to participate in production activities. In 1959 alone, it was reported, forty million workdays of labour was contributed by the army alone, and by the end of 1959, self-sufficiency in auxiliary food was reported to have been achieved in army units.³⁶

In summary, the important features of the communal system were four: the combination of production and administrative units with huge size and multiple functions; the intensive mobilization of labour force; the firm control over economic life achieved chiefly by the restriction of circulation of commodities and currency, and the distribution

35 Quoted from R. Hughes, Op. Cit., p. 27.

36 Y.S. Kong, Op. Cit., p. 383.

system of combining wage with free state supply in the form of communal canteens. It is these four that formed the communal system as a whole. While they might not be of equal importance, they were interrelated components that made the communal system work. Ideologically, the new system was claimed as socialist in nature but containing the sprout of Communism -- a process of transition from socialism to communism. How true the official assertion is and why the Communist leaders introduced the new form of organization into China, are problems to be considered in the following chapters.

CHAPTER III

POINT OF DEPARTURE

1. Introductory Comments.

It is generally agreed among scholars in Chinese economy that the results achieved by China in her first five year plan (1953-1957) were tremendous. National income was claimed doubled.¹ The total value of production in heavy and light industries² was said to have exceeded the original plan by twenty-one per cent, or 141 per cent increase over that of 1952 against the 90.3 per cent increase as originally planned. In agriculture, the total output of agriculture and agricultural sideline occupations was 101 per cent of the plan, or twenty-five per cent above that of 1952. Taking individual commodities as examples, steel production

1 Adler Soloman, The Chinese Economy, p. 250.

2 According to the definition adopted by the State Statistical Bureau of China, producer-goods and consumer-goods industries are identified as heavy and light industries. This definition causes some confusion inasmuch as a large portion of output of what has been classified as light industry such as agricultural implements produced by handicraft, paper and others belong to the category of producer-goods. Despite this inconsistency, heavy industry in China consists of iron and steel, non-ferrous metal, electric power, coal mining, petroleum, machine-making, chemical and construction materials. In the category of light industry are: food-processing, paper, pharmaceuticals, furs and hides, printing, and other industries that manufacture daily necessities. C.M. Li, Economic Development in Communist China, p. 40-41.

was nearly quadrupled, coal output doubled, the production of metal cutting machines nearly tripled, while the production of electric power more than doubled.³ China also began to produce lorries, jet plans, and power generating equipment with a capacity of 6,000-12,000 KW. It was also claimed that henceforth sixty per cent compared to forty per cent in 1952 of all the machinery and equipment needed for economic construction could be produced by China herself.⁴ Cotton textile, paper-making machinery, and equipment that China previously imported were now searching for export markets.^{4a}

Yet, at the same time, serious problems were reported to have come to a head. The most serious ones came from two quarters. The first was from the unbalanced development in the various economic sectors which reflected the difficulty of the Communist planners in reconciling their ambitious plan of industrialization with China's limited resources. The second problem came from over-centralization in administration. Both problems assumed nation-wide character and affected China's industrialization.

³ SSB., "Communique on the Results of the First Five Year Plan", E.S. Kirby, (Ed.), Contemporary China, Vol. 111, Document, p. 204-205.

⁴ Ibid., p. 207.

^{4a} C.M. Li, Op. Cit., p. 47.

2. Problems Arising in the Course of Industrialization.

The problems arising from the unequal development in the various economic sectors are complex. They will be discussed under three categories: agriculture, light industry and heavy industry.

The results achieved in the agricultural sector were impressive, yet as was admitted by Li Fu Chuen, Chairman of State Planning Commission, the achievement lagged behind the needs of the expanding industry and the demands of the people.⁵ The total output was claimed to have surpassed slightly the original target.⁶ Yet this seemed to have been made up by the increase of tubers, as the total output in food-grains, that is wheat and rice, was only 370,000 million catties, 15,000 million catties behind the original target of 385,000 million, and the production of industrial crops were far from satisfactory.⁷ The annual increase of food-grains was claimed to be 4.3 per cent

5 Li Fu-chuen, "Report on the Achievements of the First Five Year Plan", TKP., Hong Kong, December 8, 1957, cited from K.C. Chao, Agricultural Development and Problems in China Today, p. 6.

6 Original targets from ACCCP., First Five Year Plan 1953-57, p.180; actual production amount from SSB., "Communique on the Results of the First Five Year Plan 1953-57", E.S. Kirby, Op. Cit., Vol. 111, p. 207.

7 See p.18, Chapter I.

on the average throughout the first five year plan period, yet the actual increase rate must have been much lower, considering the unsatisfactory statistical work, and the tendency to inflate output targets on the part of the local cadres and the state statistical bureau.⁸

Whereas the output of food-grains and tubers, despite the inaccuracy of statistical figures, might still be impressive, the results of sideline occupations, consisting chiefly of animal-breeding and industrial crops, were disappointing and had a pervasive effect on the functioning of the national economy as a whole, and posed serious problems in the course of industrialization.⁹

Results achieved in animal-breeding were not published individually, except in a few cases. They were lumped together in columns, a means by which Communist China tried to conceal the unsatisfactory results. The number of pigs was reportedly to have been increased from 87,765,000 in 1952, to 127,800,000, 7.6 per cent behind the original

⁸ See p. xiii, Introduction; p. 55-56, Chapter III; p. 67-68, Chapter III.

⁹ The production of the sideline occupations was important. It made up one third of the total income of the Chinese peasants. "China's Collective Miracle", The Economist, December 29, 1956, Vol. CLXXXI, p. 1133; Hua Shu, "Why Should We Not Neglect the Development of Subsidiary Production in Rural Areas?", CCHH, June 13, 1956.

target of 139,340,000. That of other large animals, such as horses, asses, oxen and mules was claimed to have been increased from 76,180,000 to 84,390,000 as compared to the original target of 97,870,000. That of goats and sheep was 98,580,000 as compared to the original target of 113,040,000 in a lump sum, or 68,720 and 44,320 respectively.¹⁰

The production of industrial crops was even more disappointing. As in animal breeding, all actual outputs, except that of cotton, fell far below the original targets. The actual production of cotton was reportedly 32,800,000 piculs, or 100,000 piculs or .3 per cent over the original target.¹¹ Output in soybeans, sugarcanes, groundnuts, and rapeseeds were increased but much below the planned targets.¹²

10 Original targets from ACCCP., First Five Year Plan, p. 88; actual amount of production from C.M. Li, Op. Cit., Statistical Appendix, Table 35, p. 257. The figure of 97,870,000 was obtained by adding up the targets set up individually in 1955.

11 The rather impressive results obtained in cotton growing was in fact only made up during 1956-1957 in a shock manner, due to the pressing demand for cotton in textile industry. Original target for cotton growing from ACCCP., First Five Year Plan, p. 80; actual results from SSB., "Communique on the Results of the First Five Year Plan", Op. Cit., p. 207.

12 The actual production amounts of these as compared to the original targets are: cured tobacco, 7,800,000,000 vs. 5,100,000,000;(65.4%); sugarcane, 265,500,000,000 vs. 207,800,000,000 (78.8%); sugarbeat, 42,700,000,000 vs. 30,000,000,000 (70.2%); soybean, 224,400,000,000 vs. 200,000,000,000 (89%) (Units: Chinese catties). Original targets from ACCCP., First Five Year Plan, p. 80, actual production amounts from Agricultural Science Bulletin, No. 2, Jan. 21, 1958, cited by King Mien-jen, "Agricultural Production in Communist China", URS., Communist China 1949-59, (page not given by author).

The production amount of tea and domestic cocoons were even 76 per cent and 50 per cent below the prewar production level.¹³

Whereas the unsatisfactory results in animal raising were caused by inadequate feeding and unrealistic prices offered by the state to the peasants,¹⁴ the unsatisfactory results in the production of industrial crops were primarily due to the difficulty in obtaining sufficient land for their growth. During the first five year plan period, the amount of sown acreage for industrial crops had been gradually expanded, but due to the need of reserving the bulk of land for food crops, which likewise required an increase due to the rapid increase of population, calculated at 2.2 per cent a year, no further expansion was possible unless large scale reclamation of wasteland and hilly land was carried out. This, however, required a large amount of

¹³ China Daily News, Nov. 13, 1957, cited by K.C. Chao, Op. Cit., p. 8.

¹⁴ The "Communique on the Results of the Implementation of the Nation's Economic Plan in 1955" explains the unsatisfactory results in animal husbandry in terms of "inadequate supply of fodder and the improper handling of the question of pooling livestock in the cooperatives (...)", SSB., "Communique on the Results of the Implementation of the Nation's Economic Plan for 1955", JMJP., June 15, 1956. While the reasons given are true, another factor should not be overlooked. The low prices offered by the government in her compulsory purchases from the peasants greatly impaired the incentive of the peasants in both animal raising and the growing of industrial crops.

capital,¹⁵ which was badly needed by China in sustaining her rapid industrial expansion. The demand of raw materials for light industry, on the other hand, required an increase of land for industrial crops. "The sown area for foodcrops could not be reduced, but ~~that~~ for industrial crops must be increased."¹⁶ This was the most challenging problem in agriculture confronted by the Communist planners.

The failure in fulfilling the planned targets of agricultural production had a disrupting effect on the operation of the various branches of light industry, the products of which were primarily for export in exchange for the machine equipment which China herself could not produce. As has been pointed out, the lack of raw materials for light industry was felt early in 1953, resulting in the inability of the various sectors of light industry to operate in their full capacity.¹⁷ This situation remained unchanged until the end of the first five year plan period, except in the cotton yarn industry, the operation rate of which was raised considerably due to the increased production of raw

¹⁵ The reclamation of wasteland and hilly land was calculated at 50 yen per mou or U.S. \$110 per acre, K.C. Cho, ibid., p. 16.

¹⁶ Chou Hsiao-chou, "The Big Leap Forward in Agriculture Urges the All-round Big Leap Forward", JMJP., May 23, 1958.

¹⁷ See p. 18, Chapter I.

cotton during 1956-1957. Yet the increase in cotton production was only achieved after it was given top priority, which caused relative decline in other industrial crops. In a directive issued in late 1955, the cotton growers were given priority for the supply of fertilizer, consumer goods, food-grains, and advanced payment for state cotton purchase.¹⁸ Despite this effort, the supply of raw cotton still lagged behind the demand of the cotton ~~yarn~~ industry. The original target for cotton yarn production was 500 million bales, an increase of thirty-eight per cent over the 1952 level. In 1957, due to the shortage of raw material, a cut of 400,000 bales was effected, despite a purchase of 400,000 piculs of raw cotton from abroad. Yet even this reduced amount was later found to be impossible to fulfill and another 211,000 bales was cut in the autumn of 1957¹⁹ The disparity between supply and demand of raw materials was also serious in other sectors. This was reflected in the following cases. Since 1956, it was reported, oil dreys, refuse-soup from restaurants, greasy filth and other kinds

18 SC., "Director on Ensuring Cotton Yield and Raising per Hectare Cotton Production", NNP., July, 1955, No. 13, printed in K.C. Chao, Economic Planning and Organization in Mainland China, p. 133-134.

19 JMJP., April 6 and 21, 1957, TKP., March 29, April 5 and 25; KMP., April 30, 1957, materials used by Chao I-neig, "Industry", URS., Communist China 1957, p. 49.

of refuse were used to extract oil for light industry. Waste bones in scrappy dinners were used to extract oil for the industries of high grade soap, butter, and others. A campaign was launched in 1957 to utilize various kinds of wild plants for oil extraction and other usage.²¹ In April, 1958, the campaign developed on such a large scale that a directive issued by the state council stipulated that "the gathering, processing, purchase and transportation of these raw materials should be treated as an important component of the entire autumn agricultural product" as a "secondary autumn harvest" or "minor autumn harvest".²²

Results in light industry, as could be expected, were disappointing. The amount of production in all sectors except the paper-making industry, the raw materials for which was easily obtained, fell far below planned targets. That in the cotton yarn industry was claimed to have been fulfilled but in fact it was not, if calculated according to the original target in 1955. It increased from 3,620,000 bales in 1952 to 4,650,000 bales in 1957, an increase of twenty-eight per cent over the 1952 level, but seven per

²¹ TKP, Editorial, "To Gather Widely and Utilize Truly Wild Plants", TKP., Peking, Oct. 12, 1959.

²² SC., "Directive Concerning the Utilization and Gathering of Our Country's Raw Materials", cited by TKP editorial, Oct. 12, 1959.

cent below the original target.²³ The rest were far below the planned targets. In sugar refining and edible oil manufacturing industries, at least, production fell below the 1952 level.²⁴

As in light industry, the development of heavy industry:

(...) had run into the bottleneck of the supply of (...) basic industrial materials. Coal and metal mining, crude oil and electric power have failed to grow rapidly enough to meet the demand of all other industries, while the demand of all construction materials are unable to keep up with the rising demand of metal working and machine-building industries.²⁵

However, unlike the situations in light industry, the targets of most basic materials for heavy industry were fulfilled or even surpassed. Production of coal was reported to have increased from 63,528,000 tons in 1952 to 124,000,000 tons in 1957, an increase of ninety-six per cent over 1952 level and about eight per cent over the original

23 The 4,650,000 bales production was calculated by adding handicraft production, which was excluded in the original target.

24 Actual production as compared to original targets: sugar, 864,000 vs. 1,100,000 tons; cigarettes, 4,460,000 vs. 4,700,000 cases; edible oil, 1,100,000 vs. 1,790,000 tons. Planned targets from ACCCP., The First Five Year Plan, p. 37; actual production amounts from SSB., "Communique on the Results of the First Five Year Plan, E.S. Kirby, Op.Cit., p. 206.

25 C.M. Li, Op. Cit., p. 47.

target of 112,980,000 tons. Those of steel and iron were reported to have increased from 1,350,000 and 1,900,000 tons in 1952 to 5,240,000 and 5,860,000 tons respectively, both of which surpassed the original targets of 4,120,000 and 4,670,000 tons by twenty-four per cent. Targets in crude oil were not reached. Its production increased from 436,000 to 1,420,000 tons, only about two-thirds of the original target of 2,012,000 tons.²⁶

Despite the fact that targets in the production of most basic industrial materials were fulfilled, a severe strain in the supply of the materials was felt in practically all sectors of heavy industry during the last two years of the first five year plan period. Available sources show that the more basic the materials were, the more critical the supply condition was. The supply of coal, which was indispensable for the operation of iron and steel industries, was reported to be most critical despite the fact that in 1956 its output was about sixty per cent higher than that of 1952 and the original target almost reached at the end of the year. According to the Communist calculation, the demand for coal required an average annual increase of sixteen per cent during the first five year plan period, but

²⁶ J.T. Hughes, Economic Development of Communist China, p. 211; 1952 production and the planned figures from ACCCP., The First Five Year Plan, p. 36.

the actual increase rate was only about fourteen per cent. The shortage of coal induced the government in 1956 to issue a directive to cut twenty to twenty-five per cent of the coal distributed to government and military organizations for consumption; to reduce the number of holidays for coal miners, many of whom were then working on Sundays; to reduce substantially the allocations to household consumption and to cut quotas for rural areas.²⁷ In spite of these measures, the deficiency in coal supply was reported to be 7.8 million tons in 1957.²⁸

Shortage of supply in other basic industrial materials was also serious. It was said in an article in Planned Economy, an official publication in Communist China:

As was evidenced in 1956, in the production of iron and steel industry, the output of iron ores and coke cannot by far meet the demand of the steel-making industry and the output of pig-iron is even more insufficient to satisfy the demand of steel plants.²⁹

²⁷ J.T. Hughes, Op. Cit., p. 145; A.D. Barnett, Communist Strategy; the Rise of Mainland China, p. 22.

²⁸ CHCC, Monthly, No. 4, April 1957, p. 15, cited by Chao I-neng, "Industry", URS, Op. Cit., p. 193. The figure is quite close to the calculation of Professor Wu Yuan-lin who, using the data of coal production, use of coal in the various sectors, and the amount of increase in consumption as the result of urbanization and population increase, came to the estimate of a deficit of 5,679,000 metric tons in 1956. Wu Yuan-li, "The Production of Coal and Consumption as a Source of Energy", E.S. Kirby, Contemporary China, Vol. 11, p. 1-11.

²⁹ Chao I-neng, Op. Cit.

In the course of 1957, the shortage of pig-iron, the production target of which was said to have been achieved in 1956, caused some 500,000-600,000 tons of steel-smelting capacity of enterprises under the metallurgical industry to be left idle. The failure of the iron and steel plants to operate in their full capacity caused, as admitted by Chou En-lai, "a serious shortage" of iron and steel for capital construction and machine-making sectors,³⁰ the latter of which developed, as pointed out by C.M. Li, fastest during the course of the first five year plan period.³¹

Causes of the disparity between the supply and demand of basic industrial materials were many. Apart from the unbalanced development in the various sectors in heavy industry itself, two other important reasons should be stated. One was the investment of additional projects, which threw the original schedule into confusion. China's effort of industrialization concentrated in the 455 "above-

³⁰ Chou En-lai, "Report on the Proposals for the Second Five Year Plan for Development of the National Economy", Eighth National Congress of the Communist Party of China, Vol. 1, p. 273-275.

³¹ C.M. Li, Op. Cit., p. 41. The rates of annual increase of some sectors in heavy industry were: electric power, 21%; petroleum, 27%; coal, 14%; steel, 31%, machine-making, 33%. Li Fu-Chuen, "Reports on the Achievements of the First Five Year Plan of Our Country and the Tasks and Directions in Socialist Construction in Future", Dec. 7, 1957, K.C. Chao, Economic Planning and Organization in Mainland China, p. 38.

norm" projects.³² Of these, 156 items were under Soviet designing,³³ and were described as the backbone of China's industrial construction.³⁴ No specific time was set for the completion of the 156 giant projects. But according to the original plan, work would begin on 145 of the total Soviet designed projects, and forty-five of them were to be completed at the end of the first five year plan period.³⁵ The plan was revised in 1956, after an agreement on an

32 The above-norm projects were those that involved investment funds of over five million yen in heavy industry and over three million yen in light industry. Projects involving investment funds less than these were termed as below-norm projects. C.M. Li, Op. Cit., p. 11, f.28.

33 The 156 items under Soviet designing were not to be confused with Soviet loans, which were separately negotiated. Soviet aids in these projects consisted of detailed planning, installation of machinery and equipment, and training of personnel. The necessary equipment, which China herself could not produce, was to be imported from Russia. The total amount of Soviet loans (some 3,745 million yen) was estimated to be roughly 30.7 per cent of the total expenditure on equipment and supplies for the 156 projects, and about three per cent of the total investment for the whole First Five Year Plan. C.M. Li, Op. Cit., p. 169-170; Mah Feng-hua, "The First Five Year Plan and Its International Aspects", C.F. Remer, (Ed.), Three Essays on the International Economics of Communist China, p. 79-80.

34 ACCCP. The First Five Year Plan, p. 8.

35 Li Fu-chuen, "Working on the First Five Year Plan for the Development of the National Economy", JMJP, June 19, 1956, cited from Mah Feng-hua, Ibid., p. 79-80.

an additional fifty-five items was made with Russia.³⁶ It was planned then that 179 of the total Soviet-assisted projects were to start before the end of 1957, and the number of those to be completed during the first five year plan period was to be sixty-five instead of forty-five.³⁷ This ambitious plan was not quite fulfilled, chiefly due to the shortage of industrial materials. By the end of 1957, it was reported that only 112 of these projects were put under construction, and another fifty-seven were in partial or full operation. However, the number of items completed fell short

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36 The nature of this agreement, like all other Sino-Russian agreements, is not exactly known. Chou's speech in the 8th National Congress in 1956 seemed to indicate that China obtained some further Soviet assistance for the additional projects, as the number of projects Chou said to be under Soviet designing was 205. However, in one of Li Fu-Chuen's reports in early 1957, China seemed to receive no additional help from Soviet Russia. No mention was made on Soviet aid on the new projects, and the number of projects under Soviet assistance was said to be 156. Whether Soviet Russia was not so good as its words, or otherwise, it is difficult to determine. But, judging from later developments, it seems certain that China received no further help from Soviet Russia, since 1956-57. (The last payment of Soviet loans was made in 1956.) The refusal of Soviet Russia to extend further help to China could not have played an important role in Peking's decision on establishing the people's communes, judging from the fact that Russian aid to China has been extremely meagre compared to China's ambitious FYs. For the extent of Soviet aid, see C.M. Li, Op. Cit., p. 174, 169-172, 177, 170-177, 147-148, 217, 169, 182, 194; Mah Feng-hua, Op. Cit., p. 76-89; See also p. 56, Chapter III.

37 Po I-po, "Report on the Draft National Economic Plan for 1958", February 3, 1958, HHPYK, No. 5, Mah Feng-hua, Ibid., p. 82.

even of the original target. Only twenty-seven of these projects were completed by the end of 1957.³⁸

The other cause which is of no less importance was the unsatisfactory result in agriculture. This, in turn, disrupted the working of light industry, and made it impossible for the Peking planners to obtain timely relief from light industry and agriculture which supplied the chief items for export. An article in Hseuh Hsi, one of the principal theoretical journals in Communist China, gives quite a realistic view on the relation of agriculture to industry. It runs:

The implementation of our first Five Year Plan proves that whenever a good crop harvest was gathered, light industry developed at a greater rate, the domestic market became active, export supplies grew ample, state revenue showed increase (...) and the relationship between national construction and the people's livelihood became harmonious, and whenever there was a crop failure, the opposite is the case. The different rates of economic growth in the past five years were mainly attributable to harvest conditions. As ours is an agricultural country, the effect of agriculture on our national economy is most tremendous and extensive. It is calculated that about half the value of industrial production during the first Five Year Plan period depends on agriculture, and about 80% of the value of consumer goods depends on raw materials supplied by agriculture. In terms of value, about 80% of commodities supplied on the domestic market consist of farm produce and processed farm products. Of the total value of export goods, farm produce and processed products account for 75%. About 20 to 24% of railway transportation is affected by agriculture. All these have affect in state revenue.³⁹

³⁸ Po I-po, Op. Cit., p. 80-81.

³⁹ Cited by A.D. Barnett, Op. Cit., p. 17-18.

The above passage, written in mid-1957, apart from showing the inter-relation among the various economic sectors in China, was significant in yet another way. The importance of agriculture in its effect on China's course of industrialization, which had not been fully recognized, was by now more appreciated. It had become apparent, that without a sound basis of agriculture, the growth of industry would be hindered. The point that "industrial development requires simultaneous development of agriculture"⁴⁰ was henceforth strongly emphasized.

Although the problems arising from China's industrialization were complex, they were all related to one single factor - the difficulties in reconciling the existing economic resources with the over-ambitious plan set up by the Peking planners. The seriousness of the problems with connection to the second five year plan that was to start in 1958, should not, however, be overstressed. The result of the first five year plan was, as a whole, satisfactory. Yet the problems could be serious if the same rate of industrialization was maintained or sped up. The period of

⁴⁰ The quotation is a title of a JMJP editorial, cited by C.M. Li, Op. Cit., p. 221. That more emphasis was put on the agricultural front was further evidenced by the ambitious plan for increasing chemical fertilizer, which was planned to reach five to seven million tons in 1962 and fifteen million tons in 1967. K.C. Chao, Agricultural Development and Problems in China, p. 18; C.M. Li, Op. Cit., p. 221.

1956-1957 were crucial years, in that they witnessed the drawing up and discussion of the proposals for the second five year plan. Amidst tumultuous voices of opposition, the Peking planners not only decided to maintain the same rate, but to push the speed of industrialization. Mao had proposed that economic construction should at all costs be completed within three five year plans.⁴¹ On the tenth anniversary of the Peking regime, Li Fu-Chuen said:

Those who have right opportunist ideas, (...) bound by old ideas and old experience, (...) think that the speed achieved in the first five year plan was already very high, that the larger the base, the slower the rate of growth must be, and that the tempo of the second five year plan can only be slower, and not faster, than that of the first five year plan. (...) Practice is the only criterion for judging truth (...) Can the rate of growth in the second five year plan exceed that of the first five year plan, or must it necessarily be slower? (...) The facts show that we have essentially solved the question of developing socialist construction at a still higher speed not only in theory but also in practice.⁴²

This decision virtually meant that the Peking planners would encounter serious problems in various areas of China's economic life. Problems in the disparity between supply and demand of industrial materials, and the lagging of agriculture behind industrial development, would tend to grow unless new measures were found to solve them.

⁴¹ Mao Tse-tung, "On the Question of Agricultural Cooperation", Reading Materials for Socialist Education, Vol. 1, p. 589. By completing economic construction the Communist leaders meant that seventy per cent of the total national income is to be derived from the industrial sector.

⁴² Li Fu-Chuen, "On the Great Leap Forward in China's Socialist Construction", Ten Glorious Years, p. 130-131.

3. Problems Arising from the Administrative System.

While the Communist planners were facing the serious problems of financing the second five year plan, they were at the same time beginning to find ways of solving problems arising from the economic administrative and planning machinery. As the first five year plan was drawing to its end, it became apparent that the administrative system in China was over-centralized, which caused serious problems both in state economic planning and administration.

The economic planning and administrative machinery in Communist China was complicated. The most important organ in economic planning was the State Planning Commission set up in the winter of 1952, directly under the State Council, with ministerial status. This commission was responsible for drawing up both long-term and annual plans until 1956, when the latter function was taken up by the State Economic Commission. A statistical bureau, set up in 1952, was to supply both of these commissions with data necessary for planning. A Commission of National Construction organized in September, 1954, was to take charge of planning and execution of capital construction. These planning organs at the central level were supplemented by two groups of planning organs at the lower level. The first group included regional and local organs at the level of

provinces, autonomous areas and municipalities. The second were the various departments in charge of the nation-wide specialized industrial and commercial enterprises. All decisions were made in these central commissions, and passed down to the authorities at the lower levels.

The actual process of planning was thus. The State Planning and Economic Commissions were first to call for preliminary estimates and reports from the ministries, regional administrative authorities and about one hundred state enterprises. They were then to draw up long term and annual plans for the national economy. Based upon these plans, they were to issue three sets of targets, the "absolute targets", "relative norms", and "consultative norms". The first set of targets, comprised of twelve items, was required to be fulfilled under any conditions, while the other two were more flexible.⁴³ If the lower levels of administrative organs found it necessary to make any revision for the draft plans, they had to present suggestions to the central commissions. After this procedure, the central commissions were to draw up final plans for the authorities at the lower

42 K.C. Chao, Economic Planning and Organization in Mainland China 1949-1957, A Documentary Study, Vol. 1, p.1-5. The absolute targets consisted of twelve: total value of production, production volume of principal products, the total production of new products, the economic quotas for important technical developments, the percentage of cost reduction, the amount of cost reduction, the total number of workers, the attendance of workers by the end of the year, the total amount of wages, the average wage, the productivity of labour and the profits.

levels. Little initiative was given to the local authorities. Permission from the central authorities was to be obtained before the local authorities could make any purchase of capital assets over two hundred yen.⁴⁴ Rigid control was imposed upon all local authorities by the central government.

The extreme centralization of power caused many problems. It involved cumbersome procedures in both planning and management. As one Communist writer in 1957 wrote:

When a matter comes up, whatever its size, the minister passes it down to the director of a department or a bureau; the department director passes it down to a head of an office; the head of the office passes it down to a section chief; the section chief passes it down to a section member, a clerk. In this way the thing is passed down level after level. Months pass and it is still unfinished, or even becomes more and more confused with the passing around. Similarly, when the lower levels want some instructions from the leadership, the clerk and the section member first approach the section chief; the section chief goes to the chief of office, thence to the director of department or bureau, and thence to the minister. (...)⁴⁵

Personnel at the higher level were said to be ignorant of the actual conditions at the lower levels. At the lower levels, certain leading cadres were not even "aware what directives have been issued and what regulations have been

44 A. Dornithorne, "Background to the People's Communes, Changes in China's Economic Organization in 1958", Pacific Affairs, Vol. 32, No. 4, 1959, p. 339.

45 "China's Vast Bureaucracy", FEER, Vol. XXLI, No. 11, March 14, 1957, p. 324.

made in their department".⁴⁶ Waste because of unrealistic purchases and stockpiling was so serious that one Western economist spent one full chapter under the title "Bureaucracy: Cancer Eating Into China's Industrialization" to criticize it.⁴⁷

Difficulties were also reported to have existed in the formulation of production plans. These perhaps can be best reflected in the agricultural sector. The preliminary estimates of the provincial planning organs were submitted in the months of July to September. Draft plans of the central authorities were drawn up in November, and the respective parts of the plans were sent to the planning units at the lower levels between March and July. As a result of the divergent natural conditions in China, this caused some difficulties. For instance, during the time for the submission of preliminary estimates to the central commission, in some one-crop areas, notably North China, no accurate estimates on the production amount could be grasped by local authorities due to the fact that harvest was not due until winter.⁴⁸ Although revision of plan was allowed, this

46 Chou En-lai, Op. Cit., p. 379.

47 Y. Gluckstein, Mao's China, p. 243-276.

48 K.C. Chao, Agricultural Development and Problems in China, p. 23.

inevitably affected overall planning as agricultural production in China played a very important part in financing industrialization. This is especially true when one takes into consideration that very detailed and specific production targets were issued by the central authorities to the local authorities. Besides, as the time involved in the drawing up of estimates, revisions, arriving at final decisions was long, and had to go through the various levels, confusion in production plans was sometimes caused. As one Communist writer points out, when sudden changes in production plans were decided on by the central authorities due to some unforeseen factors, such as the need to expand the sown acreage of cotton, the original arrangement for the whole series of tasks already made would then be thrown into confusion resulting in irrational use of land.⁴⁹

The emphasis on production targets which were binding to all production units resulted in the submission of false production targets. This was especially serious in the agricultural sector where statistical work was most inefficient.⁵⁰ In Shengfeng hsien, Hunan Province, for

⁴⁹ Yeh Chün, "Discussion on the Possible Changes in the Agricultural Planning System in China", K.C. Chao, Economic Planning and Organization in Mainland China 1949-57, A documentary Study, p. 136.

⁵⁰ See p. xiii, Introduction; also p.67-68, Chapter III.

example, two sets of production targets were found, one for official use, while the other for the cooperative members to fulfill. In some agricultural cooperatives, the difference between the two sets of targets was reported to be one hundred per cent.⁵¹ The same situation existed in the industrial sector.⁵² While figures were much less inflated, another problem was reported. Individual enterprises had the tendency to present inflated estimates for material requirement or capital, a device enabling their projects to show an overfulfillment of the original targets. This, in turn, entailed holding up materials needed elsewhere.⁵³

Other problems arising from the emphasis on absolute control figures were the edging out of produce outside these control figures, and the neglect of long term benefits for short term needs. The first was officially reported to have existed in all parts of China.⁵⁴ The latter can be illustrated by one of many cases. In Chungking Province, fields suitable for growing tea trees were planted with food-crops

51 Shih Ch'eng-Chih, "The Economic Tangles in Communist China", URS., Communist China, 1949-59, Vol. 1, p.159.

52 T.C. Liu and K.C. Yeh, "Preliminary Estimate of the National Income of the Chinese Mainland 1952-59", American Economic Review, Vol. LI, May 1961, p. 489.

53 K.C. Chao, Economic Planning and Organization in Mainland China 1949-57, A Documentary Study, Vol. 1, p. 49-50.

54 Yeh Chün, Op. Cit., p. 139.

to fulfill the control figures. While production targets in food-crops were fulfilled, the growing of tea trees which would have yielded much more benefit was consequently edged out.⁵⁵

One problem which was not the direct result of over-centralization, but felt nevertheless keenly because of it, was that arising from the unsatisfactory working of the statistical bureau. The State Statistical Bureau at the central level was set up in the winter of 1952. Subordinate agencies were extended to the provincial level and the lower levels in 1953 and 1955-1956 respectively. Yet due to the shortage of trained personnel and other technical difficulties, statistical work was only effective at levels above the special districts. The key to rural areas was the hsien, but statistical work met virtually complete failure there.⁵⁶ Despite the efforts of the Peking planners in training more statistical workers, the number of which had increased from one hundred thousand in 1953 to two hundred thousand in 1957, statistical work in the rural areas had to be carried out by untrained workers, and a small number of part-time statistical personnel.⁵⁷ The inefficient working of the

55 JMJP, Editorial, "Accept the Lessons in the Promotion of Ching Sheng No. 5", JMJP., Oct. 12, 1956.

56 C.M. Li, "Communist China's Statistical System 1949-59", American Economic Review, Vol. LI, May, 1961. p. 501.

57 Ibid., p. 500-505.

statistical bureau is important. To a great extent, sound overall planning depends on sound statistical work to supply the central authorities with the necessary data. The failure in statistical work at and below the hsien level hence inevitably affected China's industrialization. Since adequate trained workers in this field could not be secured in a short period of time, and the second five year plan had to be embarked upon, a solution had to be found to meet this problem.

Due to the various problems arising from over-centralization, a relaxation of central control seemed unavoidable. Yet, because of China's urgent need to demand sacrifice from the masses, this seemed impossible. This, indeed, was a dilemma to be solved.

The financing of the ambitious second five year plan, and the finding of a more satisfactory system in economic planning and administration were thus the most serious problems encountered by the Peking planners at the end of the first five year plan period. A solution was found in a new experiment, which not only shocked the world in general, but China's counterpart as well. Just when Khrushchev was denouncing the "Stalinist Tradition", China was deciding to make extensive use of it.

CHAPTER IV

THE FORMATION OF THE RURAL COMMUNES

The formation of the rural communes in 1958, was the outcome of the twin-movements of the "Great Leap Forward" and the "Decentralization" in the administrative system, which were devised to meet specific problems arising in the course of China's industrialization. How these were related and why the communes came into being are problems to be discussed in this chapter.

1. The Great Leap Forward.

The "Great Leap Forward" was launched in December, 1957, amidst a militant tone of "Uninterrupted Revolution", a reversal of China's former attitude of "Peaceful Co-Existence". Exorbitant targets of production, symbolized in the slogan of overtaking Britain in iron and steel production within fifteen and then three years, were set up. Its goals were two. The first was to set up local midget industries which produced both consumer goods and producer goods. This was intended to supply local consumption as to support large enterprises with industrial raw

materials.¹ Consequently, innumerable iron and steel smelting furnaces with raw materials locally supplied were set up throughout the whole countryside. The second was to

¹ Wu Yuan-li, "The Economic Challenge of Communist China", E.S. Kirby, (ed.), Contemporary China, Vol. 3, p. 47. Midget industries here refer mostly to the innumerable small native blast furnaces set up during the "Great Leap Forward" for the production of iron and steel. According to Ronald Hsia, the capacity of these small furnaces totalled some 43,000 cubic metres as compared with the total of 24,000 cubic metres for larger blast furnaces. Besides these iron and steel furnaces, designed to support heavy industry, were small industries manufacturing farm implements, fertilizer and articles for daily consumption. The following passages from an article discussing how these industries were to be run might give a rough idea of the size of and the manner by which these industries were run: "It is necessary to follow simplicity and run the factories with industry and thrift. With the exception of a few larger iron and collieries, none of the one hundred odd industrial units set up by the Jut'ao Commune has built exclusive workshops or bought installations. Instead, all of them have rented civilian houses and mobilized the masses to sell their working tools to the factories, and all old installations are fully utilized. Take for instance, the chemical fertilizer and agricultural insecticide factory which is the best among the twenty-three chemical fertilizer factories in the whole commune. (...) It utilizes an old house as its workshop and except for the only set of modern laboratory apparatus, its equipment consists of nothing but pots and pans, spades and baskets, etc. bought from the commune members. And in various operational areas, all the farm tool repairshops are manned by handicraft workers working with their own tools. (...) The longest time to build a workshop, in the case of the iron smelting factory, is sixty days, but the period generally required from a factory's construction to its beginning of production is two or three weeks only(...)". Ronald Hsia, "Growth and Structural Changes of Chinese Industry", E.S. Kirby, Contemporary China, Vol. 3, p. 60; "A Typical Example of Commune-run Industry", Shansi Jih Pao, Taiyuan, Shensi, November 12, 1959, URS, NRUNA, Vol. 18, No. 11, p. 173.

promote agricultural production by improving water conservation, farming techniques, and by reclaiming wasteland. Iron and steel, food-grains and industrial crops were hence the two main fronts of the "Great Leap Forward". And, in both fronts, the main source of capital was to be the six hundred millions in China.

The "Great Leap Forward" was conceived as early as 1956. The first hint came from Chou En-lai. In the Eighth National Congress of the Communist Party of China (September, 1956) during which the draft proposals for the second five year plan were submitted, Chou indicated the need for a change in economic strategy. While confessing the past mistake of paying too much emphasis on large enterprises, which did not come into operation until a long period of time, he expressed the point that henceforth a dispersed economic system involving many small and medium enterprises should be adopted, so that "in a relatively short period of time, (China) could turn out more industrial products to satisfy the need of both national construction and the consumption of the people".² Chou also vaguely indicated how these small and medium enterprises were to be run. He said,

² Chou En-lai, "Report to the Eighth National Congress of the Communist Party of China, Vol. 1, p. 292-293.

In certain industries or under given conditions, it is reasonable to establish large enterprises, while in others, or under different conditions, it might be more reasonable to establish small enterprises or medium ones. For each branch, generally speaking, there should be some enterprises to serve as the backbone, and there should also be many small and medium enterprises to support the large ones.³

While Chou's statement may be taken as the forecast of the setting up of the innumerable midget industries in 1958, the following statement of Mao's, which came about two months later, indicates the need of launching a mass mobilization of labour force to support these enterprises. He said:

(...) The transient surplus of labour force immediately after the cooperative movement is due to the fact that we have not extended the scale of our production, nor have we undertaken a great many enterprises. Farming techniques have not been elaborated either. But in other directions, things are different. Production is raised, the number of enterprises has been increased, more and better work has been done. Under these circumstances, we shall experience a shortage of labour force. We are now beginning to experience it, and we shall experience it more and more as time goes on. (...) Many things hitherto undreamed of shall be attempted and boldly undertaken. (...) Chinese women constitute a great source of labour force. For the construction of great Socialist state, we must explore and develop this latent resource of female labour (...)⁴

Mao's statement is especially significant when one considers that it was given at the moment when the vigorous birth

3 Chou En-lai, Op. Cit., p. 293.

4 Cited by Chang Yun, "Let us develop our creativeness for efficient construction of Socialism", Chinese Women, June 1, 1958, URS., URUNA., Vol. 12, No. 10, p. 145.

control campaign was going on, and amidst the general cry that China was overpopulated which was said to have aggravated the problem of underemployment. Furthermore, viewed together with Chou's statement, it indicates that the framework of the "Great Leap Forward" was already formed in 1956. The ~~time~~ for the publication of the "Great Leap Forward" in a more detailed way was not yet. This was to come in the autumn of 1957, two months before the launching of the "Great Leap Forward". In November, 1957, Yang Ying Shek, a vice-chairman of the State Economic Planning Commission, after Mao's assertion that the planners should take the six hundred million people in China as the point of departure in planning, clearly revealed the features of the "Great Leap Forward". While restating some of Chou En-lai's ideas of 1956, Yang expressed the point that the Chinese economic planners during the first five year plan had not given proper consideration to the existing conditions in China, and as a consequence, had wasted much effort in chasing after modernization without considering that China was low in industrial productivity and "rich in labour force". The laws of construction in China, he said, were "diligence and frugality, combining general technique with modern technique, (...) combining manual labour with modernization, and the lowering

of the cost of production".⁵ The fact that the detailed programmes of the "Great Leap Forward" were not announced in 1956, the year in which they were formed, can be explained on two grounds. The first was the strong voice of opposition within and without the party rank to the rapid pace of industrialization, which developed in 1959, the so-called "rightist opportunism", and mass arrest of opposition

⁵ Yang Ying Shek, "Learn the Soviet Union's Experience in Construction", Hseuh Hsi, November 3, 1957, URS., URUNA., Vol. 9, No. 21, p. 324.

leaders.⁶ The second reason is a psychological one. 1957,

6 The political scene in China was not so calm as it has appeared. From 1956 to 1959, at least two waves of opposition were reported. The so-called "Rightist Opportunism" appeared as early as in 1955-56, suppressed during 1957, but developed into a larger scale in 1958-59. The first "Rightist Movement" challenged directly the cause of Socialism. Its existence is revealed in the speeches of many Party leaders during 1956-57. One of the most outspoken articles is Yang Ying Shek's "Learn Soviet Union's Experience in Construction". It was revealed that many people, including many high ranking party cadres, questioned the wisdom of adopting an ambitious second five year plan, copying solely from Soviet experience, and the soundness of the economic planning. The following phrases cited by Yang in his article might give us some idea on the causes of the opposition: "We should learn all other countries' experiences, capitalist countries and the Socialist alike."; "The U.S.S.R. is backward as compared to the U.S., and the latter is more advanced than the former."; "Economic planning brings nothing but rigidity, stalemate and retrogression to the development of our national economy."; "Planning is subjective and is against the law of economics."; "It is all right to learn the U.S.S.R.'s experience in construction, but it is not right to learn their experience of centering on heavy industry."; et cetera, et cetera. Mao, in his On Correctly Handling the Contradiction Among the People, published in 1957, also admitted that contradictions between the leadership and the mass, in the allocation of physical resources, et cetera, did exist in China. The opposition resulted in a stern reply from Chou En-lai and the other Communist leaders, saying that "Learning from the Soviet Union has been absolutely necessary. The question lies in how (China does) the learning.", And "if (they) do not learn well, the responsibility lies wholly with them." The opposition was suppressed in 1957 after the dramatic episode of "Let the hundred flowers bloom." Many party and non-party men were involved in this movement, including Dr. Ma Yin Chu, economist and president of the Peking University, who was asked to reform himself through manual labour, and was not restored to favour until 1960-61. The second opposition movement appeared during 1958-59. It was directed to the principle of "Politics taking Command", and the general line of operating through mass movements. The most conspicuous victim was Peng Te-huai, Minister of Defence, who sank into political obscurity because of this. Chou Chia Chi, "Follow the Road of the October Revolution; Learn the Experience of Construction from the Soviet Union", Outlook, Weekly, Nov. 2, 1957, URS., URUNA., Vol. 9, p. 32; Mao Tse-gung, On Correctly Handling the Internal Contradiction of the People; Yang Ying Shek, "Learn Soviet Union's Experience in Construction", HH (Study), Nov. 3, 1957, URS., URUNA., Vol. 9, No. 21, p. 319-328. For the second opposition movement, see Hannspeter Helbeck, "The Rightist Movement in 1959", E.S. Kirby, Op. Cit., Vol. IV, p. 48-53.

generally speaking, was a year of relative relaxation and a year for redeployment after a period of terrific speed of industrialization in 1955-1956. It was, in the words of E.S. Kirby, "an evident example of the art of backing a few steps as runway for the next leap".⁷ The use of the tactics of "one step backward, two steps forward" would have lost its psychological effect had the mass learned that more hardship awaited them after a brief period of relaxation.

The launching of the "Great Leap Forward" was of paramount importance because it brought a change in the existing institutional and structural pattern in the rural areas in China. As far as economic resources is concerned, the running of the many midget industries with raw materials locally supplied would have been impossible without more solid and self-sufficient basic social and structural units. The exploration of agricultural resources and metal mining work required quick mobilization of a huge labour force, which the individual cooperatives could not supply. And it would have been extremely difficult, if not impossible, for the old administrative and production units to coordinate and control the labour force that came from many different cooperatives and hsiang. The incorporation of several agricultural cooperatives and hence several hsiang into

⁷ E.S. Kirby, "The Enigma of the Communes", E.S. Kirby, Op. Cit., Vol. III, p. 155.

larger administrative and production units with the power to coordinate and control economic resources and labour force might be able to solve these problems.

2. The Reshaping of the Administrative System.

The decision of the Peking leaders to reshape the existing administrative system was announced in the Eighth National Congress of the Communist Party of China. After a series of national meetings, held between May and August in 1956, a set of resolutions was drawn up. Detailed plans were not announced, but some of the important outlines were given. The existing administrative system was to be reshaped so as to give more power and initiative to the local authorities. At the same time, central control over the local authorities was to be retained.⁸ It was further laid down that:

(...) the state administrative system should be improved step by step. Certain important changes should be carried out steadily and in orderly progression, i.e. to make preparation for them this year, to give them a tryout next year, and to carry them through in the Second Five Year Plan period.⁹

More detailed outlines were given in the regulations for the reshaping of financial, industrial and commercial

⁸ Chou En-lai, Op. Cit., p. 311.

⁹ Ibid., p. 310-311.

administrative systems, published in November, 1958.¹⁰ It was laid down that the control of many non-essential industries was to be removed from the industrial ministries to the provincial and local administrative levels. All construction enterprises, some transport undertakings and all factories other than heavy industrial enterprises (such as large mines, power installations, iron and steelworks, heavy and precision machinery factories, and oil refineries) were to be transferred to the local authorities at the hsien level. The power of local authorities was to be increased with the introduction of the double-track system of economic planning. Annual draft plans drawn up by local authorities were to include not only enterprises under their control but also those under the control of central authorities but situated in the localities under their jurisdiction. The twelve absolute control figures were reduced to four: the volume of production of principal products, number of workers and employees, the total amount of wages, and the level of profits retained.¹¹

¹⁰ These regulations laid down more detailed outlines for the changes that were to be effected. They were not to be carried out all at once. Some were carried out at the beginning of 1958, some later.

¹¹ State Council, "Regulations on Improving Industrial Management System", K.C. Chao, Economic Planning and Organization in Mainland China, A Documentary Study 1949-57, Vol. 1, p. 105-112.

In commerce, a greater delegation of power was announced. The local authorities were to take over all processing enterprises except the first class wholesale depots, and large scale refrigeration plants and warehouses, the latter of which were to be under dual control of central and local authorities. However, after the handing down of processing enterprises, the central commercial departments were still to control production tasks, specifications and standards, adjustments of capacity and processing costs. As in industry, the number of absolute control figures was cut down to four: sale, purchase, number of employees and profits. Local authorities were also allowed five per cent margin above and below targets fixed, and to retain twenty per cent of the profits of enterprises.¹²

In financial management, income from local finance was divided into three categories. Income from the existing local enterprises, local business establishments and the seven local taxes¹³ plus local sundry increase, was to be

¹² State Council, "Regulations on Improving the Commercial Management System", Op. Cit., Vol. 11, p. 47-51.

¹³ The seven local taxes were: stamp, interest income, slaughter-house, livestock transactions, urban real estate, amusement, and vehicle and vessel licence taxes. State Council, "Regulations on Improving the Financial Management", Ibid., Vol. 1, p. 221.

controlled by local authorities.¹⁴ One fifth of the income from the second category, those enterprises transferred to local authorities, was to be retained by local authorities. Income from the third category deriving from the allocation of a percentage of convertible state incomes, comprising commodity circulation goods, business, income and others, was to be controlled by the central authorities alone. The percentage of these state incomes to be allocated to local authorities was computed and decided according to the needs of different localities in balancing their income and expenditure. Expenditure on local economic construction and other uses was to be met by local authorities, while that spent in state capital construction and special programmes such as carrying out major calamity relief was to be met with special allocations by the central government.¹⁵ At the same time, it was specified that the Ministry of Finance was no longer responsible for the deficit incurred by the locally managed enterprises.¹⁶

14 State Council, "Regulations on Improving the Financial Management", Op. Cit., p. 221-222.

15 Jung Tzu-ho, "Some Problems in Improving the Financial Management System", T.C., No. 1, p. 1-4, cited by K.C. Chao, Op. Cit., Vol. 1, p. 183.

16 Ibid., p. 221.

In agriculture, control figures in the amount of production and sown acreage in food crops were to be abolished leaving only the control figure in the amount of state collections. Control figures in the growing of industrial crops, however, were to be retained. But at the same time, it was laid down that the state was to continue to follow the progress of agricultural production as the targets of state collections was to be based on the progress of agricultural production on the one hand and the production resources on the other.¹⁷

3. The Formation of the Rural Communes.

The "decentralization" in administrative system was significant in at least two ways. In the first place, it was meant to solve specific problems arising from over-centralization in China's administrative system. In the second place, it was meant to support the "Great Leap Forward". For without more power and initiative, it would have been practically impossible for the local authorities to run the estimated two million midget industries,¹⁸ the success of

¹⁷ A. Dornithorne, "Background to the People's Communes", Op. Cit., p. 342-343.

¹⁸ Figures from Ronald Hsia, "Growth and Structural Change of Chinese Industry", E.S. Kirby, (Ed.), Contemporary China, Vol. 3, p. 60.

which depended largely upon local initiative. While this furnishes further evidence in proving that the "Great Leap Forward" was planned beforehand as early as in 1956, it was important in yet another way. The reshaping of the administrative system was effected only because actual circumstances demanded a change in the economic planning and administrative machinery. Unlike Russia's decentralization in the same period, that in China had a different meaning and was prompted by a different motive. While Soviet Russia could afford to relax her central control, China was not in a position to do the same inasmuch as she was in the middle of the "Stalinist Era" during which a firm control over the people was indispensable. As pointed out by G.H. Hudson, director of Asian Studies at Oxford,

China, indeed, is not moving out of a Stalin Era, but into one. The Mao Regime finds itself confronted with virtually the same circumstances that faced the Soviet party twenty-eight years ago: low productivity and a backward economy; a population preponderantly composed of peasant proprietors and including a still numerous petty bourgeoisie; (...) an intelligentsia which received its higher education largely American in pre-Communist days; and a working class more interested in an immediate improvement of its miserably low standards of living than in gradual construction projects of remote benefit. Like the Stalinist leadership earlier, Peking proposes to cope with these conditions, not by slowing down but to speed up its program of rapid industrialization and socialization of all means of production. Instead of greater freedom, this spells the unavoidable maintenance of an extreme concentration of power, instead of a relaxation, it means the continuation, or even intensification, of police terror.¹⁹

¹⁹ G.F. Hudson, "Moscow and Peking: Seeds of Conflict?", FEER., Vol. 22, No. 9, Feb. 28, 1957, p. 264.

This was substantiated by one of Peking's moves during 1956-1958. Amidst the repeated statement that unified control should be retained in the course of decentralization, and the need of learning "Sovient advance experience", ferocious attacks were directed against the rightist and bureaucratic tendency in China.²⁰ This was followed by sending innumerable party cadres, estimated at half a million,²¹ into the countryside, either in the form of demotion of "voluntary participation" in production work. Whereas it is true that this move had multiple purposes, the strengthening of political and party control was certainly one of the important purposes. The slogan "Let politics take supreme command"²² was launched throughout the country. This being the case, the broadening of basic units in the administrative network which had the effect of eliminating some administrative levels and units, facilitated central control over local

20 For the attacks on the "bureaucratic tendency" in China, see Chou En-lai, "Report on the Proposals for the Second Five Year Plan for Development of the National Economy", Eighth National Congress of the Communist Party of China, Vol. 1, p. 279-280; Liu Shao Chi, "The Political Report of the Central Committee of the Communist Party to the Eighth National Congress of the Party", Op. Cit., p. 74-75.

21 Chinese Worker Editorial, "Is it a Glorious Thing to Return to the Agricultural Front?", CKKJ, July 12, 1959, URS, URUNA, Vol. 16, No. 12, p. 176.

22 JMJP Editorial, "Politics Assuming Command", JMJP, August 14, 1958.

authorities. The combination of administrative and production units had the effect of strengthening political control in the various production units. The more direct method of state collections, furthermore, made hoarding and profiteering more difficult.²³

The communal system, at least in its structural and institutional pattern, was hence the outcome of the twin-movements of the "Great Leap Forward", and the "decentralization" in the administrative system, both of which were planned as early as in 1956.

²³ While the elimination of hoarding and profiteering through private trade and black-marketing, which were reported to have existed in China during 1956-1957, was undoubtedly one of the purposes for adopting the communal system, it was only secondary in importance. The seriousness of this problem was most probably exaggerated by both Communist and non-Communist writers. The former exaggerated it to justify more rigid control over the masses, while the latter, to exaggerate the internal difficulties of the Communist rule. Mass hoarding in fact could not pose too serious a problem under the "Three Fixed Policy", which required arbitrarily certain amounts of agricultural products for state delivery. Private profiteering was in fact mostly the result of the relative slackening of state control in trade after the Communist government restored some freedom in internal trade during the winter of 1956; an integral part of the tactic of "One Step Backward; Two Steps Forward". The elimination of this did not require a change in the institutional pattern, but merely a rigid enforcement of the existing state regulations. For mass hoarding and profiteering, see A. Dornithorne, "Background to the People's Communes", *Op. Cit.*, p. 346-347; A.D. Barnett, Communist Strategy: The Rise of Mainland China, p. 47; also see p.75-76, Chapter IV.

But all these involved only a change in the existing institutional and structural pattern in the rural areas. The reason for the adoption of the new distribution system of "combining wage with free state supply" has to be further explored. The answer lies in the labour shortage which resulted from the intensive mobilization of the labour force. This phenomenon happening in a country such as China, which was long known for her abundance in labour power, should not be too surprising, if one takes into consideration how China used her labour force. An exploration into the use of manpower in agriculture proper is enough to help us to see the cause. In early 1958, the so-called "Eight Points Charter" was introduced by Mao Tse-tung to promote agricultural production. Two of the most important methods were deep ploughing and close planting of young seeds. The former involved ploughing the soil four or five times deeper, while the latter involved planting seeds three or four times closer than was usually done.²⁴ As a result of the introduction of the "Eight Points Charter" devised to break the law of Diminishing Return, much more labour force was required. According to the Communist calculation, while formerly the amount of labour needed to take care of one mou of field was

²⁴ The Eights are: earth, fertilizer, water, cultivation, density, storage, labour and management. "Experience in Close Planting of Paddy Rice in 1958", Agricultural Science Bulletin, April 4, 1959, URS., URUNA, Vol. 15, No. 23, p. 311-315.

only one hundred labour units, in 1958 it required 233.²⁵ The relative and absolute decrease of the number of draught animals due to the increase of land under cultivation, and other causes, resulted in a severe shortage of animal power. In some places, it was reported, manpower was substituted for animal force.²⁶ Besides, projects in metal mining, deforestation, reclamation of wasteland, et cetera, took a tremendous amount of labour. All these resulted in a severe shortage of manpower. Solution for this was found in calling women to participate in production work. In Yu Chung County of Kansu Province, of the forty-seven thousand women, excepting those physically unfit for manual work, ninety-five per cent were reported to be participating in most categories of farm work. Half of the county's road paving work, afforestation and grass planting was done by the women. In King Hsi Special District, while seventy per cent of male labourers were engaged in the gigantic engineering projects in water conservation, and a large portion of the rest in other construction works, most of the work in farming had been devolved on the women.²⁷

25 Hung Chung-yung, and Yun Cheng, "Labour Shortage: An Outstanding Contradiction in Farming Co-ops Today", Hupei Jih Pao, April 16, 1958.

26 T.C. Lee, "Food Problem in Communist China", E.S. Kirby, Contemporary China, Vol. 6, p. 21.

27 Wang Ming-yung, "Mobilize Women in Rural Villages to Learn Techniques", KLP, June 7, 1958.

The participation of women in production work caused several by-products. Long hours of work made it impossible for women to engage in household work. Consequently, public canteens, nurseries, kindergartens and other forms of public service organizations were set up. With the establishment of the communal kitchens and dining rooms, came the adoption of the new distribution system of combining wage with free supply. The system was adopted for conveniency and simplicity in calculation and management.

While it is true that the "Great Leap Forward" and the reshaping of the administrative system were causes directly leading to the formation of the rural communes, it by no means follows that they were the sole causes for the introduction of the new economic strategy. It involved other considerations as well. And certainly firmer control over consumption was one of the important factors. The more direct method of state collections, the restriction of intra-communal transaction, and the setting up of communal kitchens and dining rooms: all these helped to keep a rigid control over spending and consumption. Indeed, involuntary saving was so rigidly enforced under the communal system that the accumulation rate was increased roughly from twenty-one to

forty per cent.²⁸ While the Chinese leaders might assert that the increased rate of accumulation was due to the increase in production, and hence did not lower the living standard of the people, the cutting of the ration scale in 1958²⁹ reflects that this assertion is untrue. As pointed out by Professor A. Eckstein, the rural sector, with the introduction of the communal system, was pushed into involuntary partial autarchy: partial in the sense that while the rural sector should not import from the modern sector,

28 The accumulation rates, in fact, varied according to different localities. Take Honan Province, for example, that in Five Love Commune was 27.5%; Red Star Commune, 24%; Hsingshing Commune, 70%; Malou Commune, 66.4%. But the average amount must be around forty per cent, as the average rate of accumulation in Honan, a province of moderate fertility and agricultural productivity, was reported to be 45.4% of the total peasant income. Lok Ken Mo, "On the New System, the Embryo of Our Communistic Distribution", CCYC, Nov. 11, 1958; Li Feng-lin, "Half-Supply; Half-Wage in People's Communes", TKP, Oct. 25, 1958; Shek Hsing Sheng, "Several Problems Concerning the Consolidation of the People's Communes", JMJP, June 14, 1960.

29 Gilbert Etienne, Assistant Professor at the Graduate Institute of International Studies, Geneva, comments on the reduction of ration scale as follows: "Rationing has become much more severe since the autumn of 1958. The following figures come from Peking, Tientsin, Wuhan, Nanking, Shanghai, Hangchow and Canton: cereals (grain) 13 to 15 kg per month, vegetable oil, 200-400 grams. In some at least of these cities (...) no meat ration had been distributed for two months (at the time when the author passed through China during 1958). Fish may be available at a rate of 500 grams per month. Vegetables were sometimes sold freely and sometimes rationed to around 15 kg per month. Eggs were scarce; milk fats and sugar have hardly any place in the diet of the masses. Gilbert Etienne, "Difficulties of Chinese Economy", FEER, Vol. 34, No. 13, Dec. 28, 1961, p. 597.

it should be expected to provide a large un-requisitioned export surplus to it.³⁰

Hence the formation of the rural communes was the outcome of measures and, in itself, a measure, to meet practical problems arising in the course of China's industrialization. Ideological consideration seems to have played a very insignificant part. There is, to be sure, no point trying to prove whether or not ideological justifications were in keeping with the opportunistic Communist principles, which, as Hudson says, allow tactical variation for the attainment of goals.³¹ Yet judging from the actual circumstances from which the communal system evolved, ideological consideration played practically no part in the introduction of the new economic strategy. More evidence is found in the inconsistency in the theorization furnished by the Chinese Communists. It was said that the transference of farmland from the cooperative to the communes was a step to strengthen the collective ownership. But this is obviously in conflict with the handing down of industrial, commercial and financial assets to the local authorities in the rural areas, which was apparently weakening the collective ownership. The

30 A. Eckstein, "The Strategy of Economic Development in Communist China", The American Economic Review, Vol. LI, No. 2, May, 1961, p. 508.

31 Hudson, Op. Cit., p. 264.

Peking theoreticians were fully aware of this contradiction. In reply to the question of whether "decentralization" of these assets meant dragging the ownership by the whole people one step backward, Li Hsien-nien gave the following statement:

We should look at it this way: the transformation itself -- from agricultural cooperatives to people's communes -- has enlarged and elevated the collective ownership originally in existence, and also given it certain elements of ownership of the whole people. To transfer the state's basic level financial and trade organs down to the communes is to decentralize the authority of management and operation; it should not be interpreted as a change of ownership. After the downward transfer of these organs, they became constituent part of the communes on the one hand, and basic level financial and trade departments of the state on the other; (...) under the operation and management of the communes, they still belong to the whole people.³²

The above dubious statement shows that the theory of collective ownership and ownership by the whole people, as was given by the Chinese theoreticians, was merely a play of terms devised to justify the new form of ownership. Contradiction between practice and facts on the one hand, and theorization on the other, also shows that ideological consideration played a very small part in the formation of the communes. The contradiction between the withering away of the state power in theory and the strengthening of political

³² Li Hsien-nien, "How to Recognize Financial-Commercial System in Rural Areas", WHP., Op. Cit., p. 148.

control in practice, and that between the theory of the new distribution which was said to contain the sprout of Communism and the scarcity of economic resources, show the embarrassment of the Peking theoreticians in giving an appropriate justification for the new system. The swift change in ideological ground from "Peaceful Co-existence" to "Uninterrupted Revolution" during 1956-1957, though having nothing to do with the formation of the communes, shows, nevertheless, how little the Communist leaders concerned themselves with ideological consideration! The best remark on this, peculiarly, came from Khrushchev. In his address to the opening session of the Twenty-First Congress of the Soviet Communist Party in the winter of 1958-9, Khrushchev, while emphasizing that the transitional stage from Socialism to Communism could not be skipped at will without economic foundation, made the following remark:

In the history of development of our country, there was a period called "War Communism". At that time, we had to leave temporarily the principle of distribution according to labour and adopt the method of equal distribution "according to population". We did this not because there was a surplus of grain or industrial articles, but because grain and industrial articles were extremely scarce. (...) Such a form of distribution could not possibly be a normal system. (...) The form of ownership cannot be changed at will, but must be developed on the basis of economic principle and decided by the nature of productivity and the standard of development. (...) Following the further development of productivity, the level of communization of the collective farms' production will also be raised; the collective farms - cooperative ownership - will come closer to the ownership by the whole people, and the line between the two will gradually vanish (...)³³

This remark, though negatively expressed, was obviously directed to the almost concurrent development in Communist China.

³³ N. Krushchev, "Speech to the Opening Session of the Twenty-First Congress of the Soviet Communist Party", printed in JMJP, Peking, February 1, 1959.

CHAPTER V

TO WHAT EXTENT WAS THE COMMUNAL SYSTEM PREMEDITATED?

The causes of the formation of the rural communes, having thus been examined, the next problem is to see if the introduction of the new system into the rural areas was premeditated. The Chinese Communists present the case in a very interesting way. The communal system, they claim, was the culmination of the former agrarian programmes. It was the natural and inevitable product of the "Great Leap Forward" inasmuch as the existing agricultural cooperatives were inadequate both in size and in resources to cope with the tremendous work that had to be performed.¹ Yet, the communal movement was at the same time a surprise. Until April, 1958, no one had foreseen it. It started suddenly and spontaneously in two hsiang of Honan Province, where the peasant masses, realizing the inadequacy of the agricultural cooperatives, began amalgamating them into larger production units. Nurseries, messhalls and other forms of public service organization were consequently set up.² And Chairman

1 Li Ching-Chuen, "The People's Communes are the Inevitable Outcome of China's Social Development", HQ, No. 20, Oct. 16, 1959, p. 16-23.

2 Chou En-lai, Report on China's 1959 Economic Plan, p. 5; Wu Chi Po, "From Agricultural Cooperatives to People's Communes", Honqui, No. 8, September, 1958, p. 7.

Mao had gone down there to study it personally. After the news of the communes was published in the newspapers, and suddenly, as happened in China, the idea caught on, every one wanted to do the same thing at the same time. The communal movement was hence the natural product of China's situation, seen by the peasant masses first, but led by the Communist Party after it was launched.³

It is peculiar that this assertion has been accepted by many scholars.⁴ The formation of the rural communes, to be sure, did not merely involve the amalgamation of cooperatives, but many things as well. It involved the abolition of the remaining five per cent of private plots and other forms of private properties, and it involved a change in the existing administrative system in the rural areas, both of which were beyond the authority of the individual cooperatives. And "blind adventurism" was a "deviation" no less serious than "tailism", meaning lagging behind the masses, in China. Some sort of authorization must have been obtained before the communal movement was launched.

As has been pointed out, the formation of the communes, at least in its structural pattern, was the outcome of the twin-movements of the "Great Leap Forward" and the reshaping

³ R.A.S. Crossman, "The Chinese Communes", Newstatesman, London, Sept. 28, 1958, p. 35; Wu Chi-po, Op. Cit.

⁴ See Introduction, p. x.

of the administrative system. Was Mao, who is described as being able to see future events with "scientific accuracy", so blind and shortsighted as not to see the inter-relatedness of these movements on the one hand, and the need for a change in the institutional and structural pattern on the other? The Communist presentation of the communal system as the culmination of the former agrarian programmes and the natural and inevitable outcome of China's circumstances indicates otherwise.

Several historical coincidences are worth noting. The assertion that the communal movement started in two hsiang in Honan whose example served as the centre of development is untrue. Although there is no way to check the exact number of experiments carried out in different parts of China, available sources nonetheless indicate that experimentation with the new form of organization was started in other provinces as well. In the Provinces of Kwantung and Szechuen, as was later revealed, communes with nurseries, messhalls and kindergartens were set up long before the communal movement was officially announced.⁵ While no exact date of the Szechuen experimentation was given, that

5 Li Ching-Chuen, Op. Cit., p. 18.

of the Kwangtung experimentation was April, 1958, simultaneous with or even earlier than that in Honan.⁶

This historical coincidence, apart from refuting the official version, is especially significant when viewed with some other coincidences. The initial communal movement coincided with or was even preceded by one of Mao's inspection tours. Although the inspection tour of Mao's, as the Chinese Communists were willing to admit, was made during August-September, 1958, it seems highly probable that Mao had made more than one inspection tour. It was on April 15, 1958, in Canton that Mao wrote his Recommending a Certain Cooperative, in which he made the significant remark that the "not yet completed reform in production relation" was in rapid advance.⁷ While no important meeting was held during

6 In one of his interviews with newspaper reporters from Hong Kong and Macau, Tou Yau, First Secretary of Kwangtung Province, revealed that one of the communes in Kwangtung (Chueng Tsu) was formed during the month of April, 1958. No exact date was given. Yet judging from the distance between Kwangtung and Honan, and the fact that no news about the communes was published in the newspapers during the initial months of the movement, the Kwangtung experimentation could not have been an imitation of the Honan province which was started on April 20, 1958. It was launched either before or simultaneously with the Honan experiment. "Tou Yau's Interview with Newspaper Reporters from Hong Kong and Macau"; December 27, 1958, printed in WHP., Ed., Collected Materials on the Questions Concerning the People's Communes, p. 77.

7 Mao Tse-tung, "Recommending a Certain Cooperative", HQ, No. 1, June 1, 1958, p. 3.

these months in Canton, Mao's presence in Kwangtung Province has special significance. The Communist assertion that Mao had gone down to Honan Province to study the initial communal movement personally, and that he had "travelled far and wide" in 1958, further helps to affirm the above assumption.⁸

The communal movement, furthermore, was preceded by the incorporation of the other rural cooperatives into the agricultural producers' cooperatives, which reveals that the overall policy during 1956 and 1957 was for larger and more unified rural production organizations. The rural supply and marketing cooperatives, the credit cooperatives, and the handicraft cooperatives, which hitherto had existed as separate organs in the rural areas under the Hsiang Administrative Committee, were, during the course of 1957, rapidly integrated into the agricultural cooperatives, and consequently ceased to exist as separate organs.⁹

Although these historical coincidences by themselves cannot be taken as positive evidence, they help to make the Communist assertion that the communal movement came as a surprise, unplanned and spontaneous, appear extremely doubtful. It is certain that the Communist leaders were far less innocent than they appeared.

⁸ R.A.S. Crossman, Op. Cit.

⁹ URS., URUNA., Editorial, "A Big Bold Step Towards Communism", URS., NRUNA, Vol. 12, No. 18, p. 263.

More positive evidence, however, is found in Mao's own writings. It should be noted that the size of the cooperatives as was suggested by Mao in the winter of 1956 was roughly the same as that of the communes established in the course of 1958. In the chapter, "The Merits of Large Cooperatives", in the voluminous book The High Tide of Socialism in the Rural Areas in China, Mao wrote:

The existing semi-Socialist cooperatives (meaning the lower agricultural producers' cooperatives) were formed by amalgamating twenty to thirty households. It is done in such a manner because it made it both easier and quicker to form cooperatives, and for the cadres and peasant masses to acquire experience. But as they are limited in membership and in capital, they could not engage in large scale production works, and could not use machinery. These small cooperatives, therefore, still hinder the development of production. (...) and should be incorporated step by step (into larger ones). In some places, one cooperative should be formed in one hsiang. In fewer places, several hsiang should be formed into one cooperative, of course in many places, one hsiang could have several cooperatives. (...)10

Mao's idea of the average size of the cooperative is significant, because it shows that as early as 1956, Mao had in his mind the structural pattern of the communal system. The higher agricultural producers' cooperatives, which were made up of only 250 households, or approximately one fourth of the size of the hsiang, was certainly not the final form of the rural production units Mao had originally in mind. In other words, it means that the amalgamation of these production

10 Cited by Wu Chi-Po, Op. Cit., p. 10.

cooperatives into larger ones was long contemplated before it was carried out in 1958. Of no less importance is the fact that when the production units had grown to such a size, a structural change in the rural areas became inevitable inasmuch as the existing administrative organs were placed in an embarrassing position, with the production units either larger than or similar to their own size. Whereas the coexistence of the two organs, and the complete abolition of the hsiang administrative committees would have been impractical, the natural outcome was the fusion of the production and the administrative work. The relation between the expansion of the cooperatives in size, and the subsequent structural change in the rural areas has been so apparent that no one with ordinary foresight could have failed to see it. The structural change in the rural areas in 1958, which together with the amalgamation of the cooperatives, formed the major part of the communal movement, was therefore contemplated as early as 1956.

A study of the relationship between changes in the administrative system and the administrative structure could furnish further evidence in proving that the communal system was planned before it was adopted. The need to give more power to the local authorities on the one hand, and the need to retain a firm control over them on the other, has been expounded in the last chapter. The dilemma was solved by

carrying out decentralization in the administrative system on the one hand, and by counterpoising it with the restriction of intra-communal transactions and currency circulation on the other. These measures were called by the Communist leaders, "Two Decentralizations, Three Unifications, and One Guarantee".¹¹ These, as was pointed out by Li Hsien-nien, Minister of Finance, were parts that formed the integral whole.¹² He said:

Decentralization is to be done under the premise of unification, and does not mean letting things go without care any more. Unification is to be done on the basis of decentralization, and does not antagonize the due flexibility and initiative of the communes. Only by carrying out decentralization can the communes' productiveness be further developed and finance and trade be made to serve the communes' production in a still better manner; and only by enforcing unification can the state's centralized leadership be further ensured to meet the demand of Socialist planned economy. Decentralization and unification represent the fusion of two opposites and the actual application of the system of democratic centralization to rural finance and trade.¹³

11 Two decentralizations: to decentralize both working personnel and capital of various financial and trade organs to the communes; Three unifications: unified policy, unified planning and unified management of circulating capital; One guarantee: to guarantee (or control) financial task. Li Hsien-nien, "How to Recognize Improvement of Financial and Trading Administration in Rural Areas", WHP., Op. Cit., p. 150.

12 Ibid., p. 156.

13 Ibid.

The consideration of "decentralization" and its counter-measures is important in relation to the problem under discussion. The "fusion of the opposites", or concretely expressed, the counter-measures to decentralization would have been impossible without a structural and institutional pattern such as that existed under the communal system. As it would be inconceivable that the Peking planners should have carried out decentralization without, at the same time, devising measures to counterpoise it, the communal system, at least in its structural pattern, which was the prerequisite for the sound working of the new financial system, must have been devised at the time when the Peking planners planned to solve problems arising from the overcentralized administrative and planning machinery.

Further evidence is found in the time-table for the structural changes that took place in the rural and urban areas. It is to be noted that the structural reorganization in the rural areas was immediately followed by that at the hsien and municipal level. Similar to that in the rural areas, the structural reorganization at the hsien level, which was a measure to readjust changes in the rural areas, was to broaden the administrative bases by incorporating several units into larger ones. It was the counterpart of the rural structural reorganization with the purpose of strengthening political control after the decentralization in the

administrative system. The most far-reaching change at the hsien level took place during November and December in 1958, after ninety per cent of the rural population was swept into the rural communes.¹⁴ In some places, the structural reorganization at the hsien level was effected simultaneously with the communal movement in the rural areas.¹⁵ The phenomena of having structural reorganization in the rural and the urban areas almost simultaneously and at a moment when the communal movement had not yet taken its final shape, indicates that the communal movement was not unpremeditated, because the urban structural reorganization, which was a measure to readjust changes in the rural areas, could not be effected in such a swift manner if it had not been planned systematically beforehand. Granting that this could be explained away by the assumption that the Peking planners, when perceiving the possibility of a rapid communal movement in the early months, had started planning a structural

14 For the reorganization of administrative areas down to hsien and municipal levels, see dispatch in KMJP, Peking, Jan. 12, 1959; Feb. 3, 4, 6, 1959; LNJP, Mukden, Jan. 18, 1959.

15 For example, in Inner Mongolia, the communal movement came during the winter of 1958 immediately after the realization of collectivization during the summer and the autumn of 1958. Yet the structural reorganization at the hsien level was effected during November 1958, simultaneously with the communal movement. JMJP Edit., "Communes Established in Pastoral Areas; Light Emitted from Grassland", JMJP, Jan. 25, 1959, KMJP (dispatch), "Changes in Administrative Areas as Published by Ministry of Internal Affairs", (for November 1958) KMJP, Jan. 12, 1959.

reorganization throughout the whole country, the brief span of time was still too short for such a cumbersome task. Structural reorganization in a vast country such as China was no simple task. This consideration is especially significant when one considers that it was carried out amidst the "Great Leap Forward", which complicated the matter. It involved consideration of the suitable allocation of natural resources in the form of metal mines, et cetera, which were indispensable in the running of local industries; it involved consideration of transportation, administrative and other technical problems. Granting that Mao and the other Peking planners began to plan for a structural reorganization as early as May, 1958, a period of six months does not seem sufficient for such a cumbersome task, which required actual investigation, reporting, drawing of preliminary plans, and finally the decisions. The urban structural reorganization was therefore most probably planned beforehand to readjust changes brought by the communal movement.

That the adoption of the communal system was premeditated may be further evidenced by the fact that the establishment of the various forms of public service organization was foreseen. The need for utilizing female labour force should be explored and developed for the construction of the socialist state,¹⁶ the draft twelve year plan for

¹⁶ See p.72, Chapter IV.

agriculture drawn up in the spring of 1956, called for at least one hundred and fifty workdays from every able-bodied woman in production work from 1957 onward.¹⁷ This shows that the Peking planners were, as early as 1956, prepared to mobilize female labour on a large scale for the launching of the "Great Leap Forward". This consideration is important because mass mobilization of female labour force would have been practically impossible without the establishment of some forms of public service organizations to release women from their household work. The need for this, as shown in the speeches of two delegates to the Eighth National Congress of the Communist Party of China in 1956, was considered. In stressing the need to release women from the burden of household work, Tsai Chang, First Secretary of the Commission in Charge of Work Among Women, proposed that "all departments concerned" should "make every effort to set up various types of nurseries", run in "an economic way".¹⁸ She also said that "there should be more dining rooms, laundries and other services so that women cadres can gradually get their

17 "The Draft Outline for Agricultural Development", cited by Fu Jung, "Rely on the New and Higher Rates of Labour Productivity to Fulfill the Task of Increasing Agricultural Production", CCHH, No. 3, p. 1-2.

18 Tsai Chang, "Speech to Eighth National Congress of the Communist Party of China", Eighth National Congress of the Communist Party of China, Speeches, Vol. 11, p. 285.

children looked after in nurseries and lighten the load of their household tasks".¹⁹ Whereas this proposal was made mostly for the convenience of women cadres, the speech of Teng Ying-Chao, Vice-Chairman of All-China Democratic Women's Federation, extended this to the broad masses of women. She said:

In mobilizing women to take part in productive work, it is necessary to pay close attention at the same time to protect their safety, health and due rights and benefits and those of their children (...) to enable women to work without worries and cares, it is necessary to establish as many as possible child care organizations of various kinds. This is our urgent task. At present we are relying on the schools, and the agricultural and handicraft producers' cooperatives to establish child care organizations; but it is also necessary to enlist the support of the public and rely on the people to establish child care organizations of mass character (...)

The speeches of the two delegates tell much. The need to set up the various forms of public services was not felt after but more than one year before the "Great Leap Forward" was launched. The assertion that the public services were to be of mass character shows that those to be set up were different from the few existing ones. They later proved to be the self-sufficient and rudimentary communal messhalls,

¹⁹ Tsai Chang, "Speech to Eighth National Congress of the Communist Party of China", Op. Cit., p. 285.

²⁰ Teng Ying Chao, "Speech to the Eighth National Congress of the Communist Party of China", Eighth National Congress of the Communist Party of China, Speeches, Vol. 11, p. 229.

kindergartens and nurseries. The communal system was planned systematically almost two years before it was adopted.

Several factors that seem to run against the above assertion should be pointed out and explained. The first is the swift process of communization. The second is the fact that the adoption of the communal system, contrary to the traditional policy of the Communist party, was not announced previously, and that the name "commune" was not adopted until three months after the communal movement was launched.

The rapid process of communization during 1958 could not be taken as evidence to support the assertion that the communal movement was spontaneous. It indeed only reflects the strong hold the Communist party had over the masses, which was especially strengthened after the sending of Party cadres into the countryside during 1957-1958. Yet the fact that it took seven years for the Communists to complete collectivization, but only a few months to communize the whole countryside can be ascribed to the well controlled organizations that existed after the process of collectivization. From the organizational point of view, it was much easier to amalgamate several existing cooperatives into larger ones than to lure the peasant masses into the cooperative individual even though it might be more difficult to keep the gigantic organizations running smoothly. As was pointed out by Hughes, the question of being in a relatively small organization such as the

cooperative, or in a relatively large organization such as the commune, really did not bother the peasant masses much inasmuch as their physical well being was not much affected. This statement, while undoubtedly an exaggerated one, is probably true, when it is applied to the first stage of the communal movement, during which the peasant masses were no less well fed than they were in the agricultural cooperatives.²¹

It is more difficult to explain the belated announcement of the communal movement and the adoption of the name "commune". Some suggestions, however, are given as below. It has been traditional for the Chinese Communists to pretend that the agrarian programmes were achieved through the voluntary participation of the peasant masses. The withholding of information about the communal movement was probably meant to convince the people that the communal movement was spontaneous and unplanned. Yet there are deeper and more complex reasons. Some of the reasons are to be found in the same considerations that kept the Communist leaders from revealing the detailed features of the "Great Leap

²¹ J.T. Hughes, Economic Development in Communist China, p. 302. That Hughes' statement could be applied to the first stage of the communal movement is reflected in the fact that the number of "guarantees" and the percentage of peasant income spent in consumption were greater during the initial months of the communal movement than they were during the winter of 1958. See p.34-35, Chapter III. This corresponds with the assertion of most of the refugees fled to Hong Kong and Macau, who said that during the first few months of the communal movement, they were relatively well fed. It was when the communal movement was almost completed that the control over consumption and spending became more stringent.

Forward".²² One fact of tremendous importance is that the Chinese Communists drew their ideological inspiration for the communes directly from the Paris Communes of 1871. Nothing was mentioned about the unsuccessful Soviet experimentation. This shows that the Communist leaders were painfully aware of the difficulty in adopting the new system, which, unlike the others, had not been experimented in China until 1958. In other words, it meant that they were very uncertain of the success of the experiment. The uncertainty of the success of the experiment most probably made the Communist leaders cautious about making any public announcement before certain results had been achieved. The facts that the name "commune" was adopted three months after the communal movement was launched, and that the news of the communes had been kept secret during the initial months of the communal movement, while seeming to indicate that the movement was spontaneous and unplanned, in fact indicate otherwise. It would be indeed difficult to explain away the belated adoption of a name which was in no way unfamiliar to the Communist leaders, and the keeping secret for several months the alluded enthusiasm of the peasant masses in Socialist construction which the Communists were so eager to impart to the outside world, unless there were some purposes behind this secrecy.

22 See p. 74-76, Chapter IV.

CONCLUSION

This study of the formation of the rural communes in China during 1958 has considered the two problems of the factors involved in the introduction of this system, and of whether or not its introduction was premeditated. The causes of the formation of the communes are the difficulties arising from the ambitious five year plan and from the over-centralized administrative system, both of which called for rapid readjustment. The solution for the first was found in the "Great Leap Forward", while that for the second, in the reshaping of the administrative system. These in turn called for a change in the existing structural and institutional pattern. The "Great Leap Forward" required more solid and more self-sufficient structural and production basic units. The reshaping of the administrative system, likewise, demanded some changes in the institutional pattern, too. Decentralization in China, unlike that in Russia at the same time, was prompted by necessity. China, due to her need for firm control over the people, could not afford to relax the central control. Counter-measures therefore had to be found. It is mostly because of these considerations that the institutional and structural pattern of the communal system was adopted. The communal system, or at least its structural pattern, was hence the outcome

of the twin-movements of the "Great Leap Forward", and the reshaping of the administrative system. The intensive mobilization of labour, furthermore, caused a labour shortage. Women were called to take part in production work. But before this could be done, women had to be released from household work. It is in this manner that the communal kitchens, messhalls, kindergartens, et cetera, came into being. The establishment of the communal messhalls in turn caused the adoption of the new distribution system of combining wage with free supply. This is how the communal system as a whole came into being.

However, these were not the sole causes of the formation of the rural communes. More rigid control over individual consumption and spending was certainly one of the important causes for adopting the communal system. This is evidenced in the fact that the accumulation rate under the communal system was much higher than it was in the cooperatives. This was done by further lowering the living standard of the people in general. The rural sector had indeed been pushed into partial artarky in that while it was expected not to import anything from the urban areas, it was at the same time required to turn out capital and economic resources for the running of large industrial enterprises.

The introduction of the communal system was therefore prompted by practical considerations. While the

principles of the communal system might be in keeping with the opportunistic Communist ideals, ideological considerations played little part in its formation.

Much less evidence is available on the problem of whether or not the communal system was premeditated. It therefore yields more controversy. In fact, the communal movement was launched in such a way that it yields two opposite interpretations. The first is that the communal system, like the other agrarian programmes, was planned at the moment when the Communist leaders began to solve the agricultural problems in China. The other is that the communal movement was unplanned and spontaneously developed among the peasant masses. Both interpretations are wrong. To maintain that the communal system was planned nine years before it was adopted, is to neglect the fluctuating economic situation in China from 1949 to 1958. To assert that it was developed among the peasant masses, unplanned and spontaneous, is to underrate the foresight of the Peking planners, to overrate the initiative and freedom of the peasant masses, to overstress the problems China encountered at the end of the first five year plan period, and, finally, to neglect the measures and movements carried out during the two years preceding the communal movement.

An analytical examination on the situation of China during 1956-1958 shows that the communal system was planned

in 1956 when the Peking planners drew up the draft proposals for the second five year plan, and to find means to solve problems arising from the over-centralized administrative system. This assertion is supported by considerable circumstantial evidence. The fact that the communal movement coincided with and was preceded by certain other significant events shows that the Communist leaders were far less innocent than they appeared. Mao's idea of the size of the cooperatives in 1956, shows that as early as 1956, Mao had in mind the structural pattern of the communal system. The time-table for the structural reorganization in the rural areas, which came immediately after that in the rural areas, also helps to prove that the communal movement was not unplanned. The structural reorganization in China during 1958, was too complicated to be effected within a few months unless it had been planned ahead. This is especially so when we consider that the urban structural reorganization was a measure to readjust structural changes in the rural areas, which were brought by the communal movement. This assertion is further fortified by the fact that even the various forms of the communal public services were considered as early as 1956.

The communal system, furthermore, was the counter-measure to China's decentralization in the administrative system. Without the structural pattern that existed under

the communes, it would have been impossible for the Peking regime to carry out effectively the restriction of intra-communal transaction of commodities and the circulation of currency. The communal system, decentralization and its counter-measure should indeed be viewed as a whole, because they supplement each other in operation. As it would be inconceivable that the Peking planners would have carried out decentralization without at the same time devising counter-measures, the communal system must have been planned as a whole during 1956-1957 when the Chinese Communists began to plan for the "Great Leap Forward" and the reshaping of the administrative system.

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APPENDIX 1

ABSTRACT OF

An Analytical Study on the Formation of the Rural
Communes in China 1958¹

The communal system, introduced into China during 1958-1959, was an economic strategy designed to solve some problems encountered by Communist China in her effort of industrialization. In 1956-1957, the last two years of China's first five year plan period, it was found that China's overly ambitious industrialization program had caused serious disparity between raw materials and industrial capacity, and that the over-centralization of her colossal economic and administrative machinery had caused much red tap, waste of materials and incoordination among the various economic factors. To solve these problems, the Peking planners began launching the "Great Leap Forward" in 1957, and decentralizing her administrative system in 1956. These two measures caused a broadening of China's existing structural and production basis. The running of midget industries during the "Great Leap Forward" required more solid and self-sufficient production units. The reshaping of the administrative system, likewise, required some counter-

¹ Tsui Man-Shing, Master's thesis presented to the Department of History of the University of Ottawa, Ontario, May 1963, xv-130 p.

measures to provide relaxation of central control over the masses. Mass mobilization, furthermore, caused a serious labour shortage. To remedy this, women were called to take part in production work, and hence, the communal kitchens, messhalls, and other public service organizations were established. The establishment of the communal messhalls, in turn, changed the existing distribution system into that of combining wage with free supply. These, together with the government's intention to increase state collections and revenues by more rigid control over the masses, are the causes leading to the formation of the rural communes.

The result of the present study shows that the introduction of the communal system was foreseen and planned in 1956-1957, when China began to draw her second five year plan. Mao's idea of the size of the final form of production units, and the fact that the communal movement was preceded by or coincided with some significant events, suggest that the communal movement was not spontaneous as the Communist leaders proclaimed. An examination of the close relationship between the reshaping of China's administrative system and the changes in her structural basis, and that between the structural re-organization in rural and urban areas further help to support this assumption.