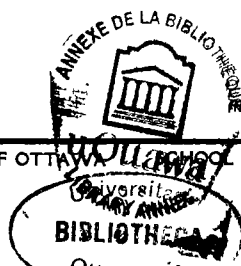


THE PEOPLE'S COMMUNES OF COMMUNIST CHINA

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Thesis presented to the Faculty of Social,
Political and Economic Science of the
University of Ottawa as partial fulfill-
ment of the requirements for the degree
of Master of Arts.

Ottawa, Canada, 1961



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INTRODUCTION

In the second half of 1958, a way of collective living known as the people's commune was implemented in Communist China. This is an unprecedented change in the social and economic structure of Communist China. However, this most recent development needs to be studied in the light of Chinese Communist origins.

Prior to the final conquest of power on the mainland in 1949, it was a widely held belief among the Western powers that Chinese Communists were not real communists, but merely agrarian reformers adopting the name of communists as a convenient label. This idea appears to have originated as a genuine impression among foreign observers. In reality the Chinese Communist leadership never regarded itself as anything but perfectly orthodox in its doctrine. However, the implementing of communist ideology in the early stages assumed an agrarian base, a characteristic which later entailed certain practical consequences differentiating the Chinese Communists from their Russian predecessors.

Early in 1930 among the Chinese Communists there arose the conception of "five together" — that is a group of human beings who work, eat, sleep, study and play together without any personal privacy or private possessions. This idea had its origin in the mode of living exercised by the

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guerrilla army, these war-time habits later evolved into a permanent way of living.

A further consequence of the agrarian guerrilla character of Chinese Communists was the endeavour to develop essential industries in rural areas under the control of the party in order to supply their armed forces. This development in the period 1927 to 1948 was a consequence of enemy blockades. The success which the communists had in improvising small-scale industrial production in the villages remained in their memories and was destined to play a part in the party's decision to adopt the commune system in 1958.

In the Soviet Union there has also been a tendency to amalgamate collective farms so as to form larger units. The total number has been drastically reduced over the past twenty-five years. The amalgamations, however, have not altered the essentially agricultural character of the Soviet collectives, and the reason appears to have been mainly administrative convenience. In China, on the other hand, the idea of having economic units which can combine agriculture with industrial enterprises has certainly been the main reason for the replacement of groups of collective farms by units which may contain anything up to 20,000 households.

The question is, therefore, why did the Chinese Communist leaders -- or some of them -- come to the conclusion that the industrialization of China could best be served

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by making use of labour in the countryside instead of bringing it to the cities. To explain this, it is necessary to understand that the rural population in China is made up of more than 80 per cent of the country's total population and it is the peasants who constitute the highest percentage of the total labour force.

Rapid industrialization of China was restricted by the low level of national income, scarcity of capital, paucity of foreign aid, and the insufficiency of foreign exchange. These restrictive factors became evident at the completion of the first Five Year Plan in 1957. With the second Five Year Plan, a "great leap forward" towards speeding up industrialization began, focusing every effort to solve these economic difficulties.

The intention of this paper is first to examine the reasons the commune system was introduced in the fall of 1958; to analyse the commune system primarily from the economic point of view; to evaluate the contribution of this new system to the economic development of the country and finally to appraise the advantages and disadvantages of the people's communes.

CHAPTER I

PRE-COMMUNE ECONOMY

1. The Traditional Economy in the
Chinese Mainland

China has traditionally been regarded as consisting of two parts, China Proper, composed of 18 provinces, and Hainan Island within the Great Wall; and Outer China consisting of the former dependencies beyond the Great Wall, Manchuria, Mongolia, Sinkiang, and Tibet. There are three provinces in Manchuria, namely Heilungkiang, Kirin, and Liaoning while as 18 provinces in China Proper namely, Hopei, Honan, Shansi, Shantung, Kiangsu, Anhwei, Chekiang, Fukien, Kwangtung, Kwangsi, Kiangsi, Hunan, Hupei, Kansu, Chinghai, Szechwan, Kweichow, and Yunnan.

The area of China is roughly 3,860,000 square miles. There is considerable range of climate, from the continental-type weather of the North, through the temperate zone of Central China with its mild winters and hot moist summers, to the perpetual humid heat of the South. The country is extremely mountainous with about three-fifths of the land lying more than 6,000 feet above the sea level, over a quarter consisting of valleys and the remainders of steppes, desert and oasis.

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The Great Wall marked the line between the agricultural civilization of historical China and the mainly pastoral and nomadic communities, beyond, which were only comparatively recently conquered. China within the Great Wall (18 provinces and Hainan Island) was not much more than one-third of the total area of the country; but it contained about 95 per cent of the total population.

According to the 1953 census, the population of China is approximately 600 million. The most fertile area of China are the basins of the great rivers and the east coast. Agriculture and population have therefore concentrated in these districts; and the principal waterways: the Yellow, the Huai, the Yangtze, and the Pearl River, flowing out of the mountains in the west to the eastern sea-board have largely determined the economic life of the country and shaped the three major regions -- North China, Central China, and South China -- of Proper China.

AGRICULTURE

China is a predominantly agricultural country, the rural population amounted to about 500 millions. In the 1930's the area under cultivation was generally estimated to be around 225 million acres.

Before the establishment of the Communist regime in 1949 China was the world's largest producer of rice, millet,

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kaoliang (sorghum), sweet potatoes and yams, broad beans, soya beans, and rape and sesame seeds; the second largest producer of barley, maize, peanuts and tobacco; the third largest of wheat; and probably the fourth largest of cotton.

Differences of climate dictated a variety of crops and rural economies in the different regions. The main crop division is between the wheat belt of the North and the rice zone of the South. The North is the area of 'dry' produce such as wheat, millet, kaoliang, and maize, with wheat as the chief crop; while in the South there are 'wet' crops, and double and treble cropping, with rice the main crop in the river basins.

Among leguminous crops soya beans are the most important because it is a food resource of great versatility, which can be used for human and animal food, for oil, and for manufacturing purposes, and has recently become one of China's chief exports. In addition China was the major producer or one of the major producers of a wide variety of other agricultural products such as tea, eggs, tung oil, essential oils, and bristles.

Pressure of population has made it necessary to produce the greatest amount of food possible per unit of land. But despite the high intensity of labour, yields were low; lower than in Britain and in Japan but higher than in India. However, within the limitations of his resources the Chinese

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farmer is skillful, though he is conservative in his methods and many of his implements are primitive -- wooden ploughs are very commonly used in many parts of China.

Because of the low rainfall during the winter months and the intense pressure on the land, there is a little pasture in most areas. Resources are used most economically in growing directly consumable crops, and animal husbandry is not practised to any great extent except in the Northwest (thus meat is something of a luxury in China). Animals, such as oxen and water-buffaloes, if owned at all, are reared for draught purposes rather than for consumption. But poultry and pigs are quite commonly kept -- eggs, for example, are quite an important item among Chinese exports.

The control of the rivers was a factor of vital importance within the agricultural economy. Made necessary by the perpetual disasters from draught and flood, it took the form of an elaborate system of canals and an intensive network of dykes among the main waterways, though these have not prevented the continued and frequent recurrences of such calamities.

NATURAL RESOURCES

China's natural resources were still largely unexplored before 1949, and it is true to say that China has much greater coal resources than any other country in Asia.

According to the estimate of coal reserves made in

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1947, cited by the United Nations Economic Commission for Asia and the Far East in 1953 in its Coal and Iron Resources of Asia and the Far East, placed them at 444,000 million tons. Even this figure is tentative, as explorations since 1949 indicate that the Northeast coal reserves were about three times higher than the best-informed previous estimates. However, an essential for modern industrial development is a high proportion of coking coal and in 1936 the Chinese coal mines only had an output of about 22 million tons.

China is potentially well endowed with hydroelectric power, the estimate of the United Nations Economic Commission for Asia and the Far East in 1949 amounting to 109 million kilowatts.¹ This estimate seems to exclude the Northeast which has two of the largest functioning hydroelectric station in the Far East; Tibet, which is the world's highest land mass and contains the sources of many large rivers including the Yangtze and the Brathmaputra; and Sinkiang.

Oil resources have not been fully explored, but are not thought to be extensive. There have been known to be oil shales in Manchuria, the most important of which were previously those in Fushun. But many more are now said to have been discovered, including the gigantic field at Pei-An in Manchuria. The main reserves of oil previously known,

¹ United Nations, Economic Survey of Asia and the Far East, 1949, p. 372.

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were those at Yumen in Kansu province, which still provide the greater part of current Chinese production. The Communist régime is now beginning to exploit new deposits in the Tzungaria basin in north Sinkiang, which it is hoped will provide half of the total production in 1962. They also claim to have discovered important deposits in the Tsaidam basin in Chinghai, in Kinchuan basin in Kansu, in central Szechwan, and on the borders of Inner Mongolia. These deposits are said to have an annual capacity of more than 100 million tons.² Even with recent discoveries, however, natural oil reserves are not plentiful in China.

Previous estimates of iron-ore resources varied between 1,200 million and 2,700 million tons. The Communist régime, again, on the basis of recent prospecting, has for some time claimed deposits of more than 12,000 million metric tons.³ Nearly three quarters of the deposits known previously were in Manchuria, though the metal content of these was low. The new deposits are said to have been found in Manchuria, the Kilian mountains in the North-west, Szechwan, Hainan, and east Kwangtung. However, in 1936, total output of iron-ore was only just over 2 million tons, mainly from Manchuria, and the country was largely dependent on foreign supplies of iron and steel.

² New China News Agency (N.C.N.A), November 14, 1958.

³ N.C.N.A., November 14, 1958.

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China strongest resources position is in the field of non-ferrous metals, such as tin, lead, molybdenum, and particularly in tungsten and antimony. All of these are found in considerable quantities in the mountainous regions of the Southwest.⁴

The chief mineral resources needed for industrialization on any considerable scale are, it is generally agreed, coal, petroleum, iron and copper; while there seems to be good or adequate supplies of coal, iron, and those of the non-ferrous metals in China, there are probably not, so far as can at present be judged, any great reserves of petroleum or copper. If these deficiencies are confirmed, China may be obliged to depend on imports of those commodities in undertaking any programme of large scale industrialization.

INDUSTRY

China has known no large scale industry until the last fifty years. It is perhaps that the largest scale industry was probably salt mining which at various times in Chinese history was nationalized and run by the state. There were also tin, iron and coal mines, though none of these commodities were used to the extent that they have been in

⁴ The Communist régime claimed that the Chinese deposits of tungsten, tin, and molybdenum are the largest in the world, the deposits of iron-ore, manganese, lead, and aluminium the second largest, and those of coal the third largest (N.C.N.A., December 29, 1958).

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Europe. Gold, silver, and copper were mined for use in currency and ornaments. For the rest the principal industries were mainly those devoted to the production of luxury goods, designed largely for the use of the imperial court and a comparatively small wealthy class. The most flourishing of these were the porcelain and brocade industries, but there was also significant production of enamel-ware, lacquer, ivory and jade-ware, as well as other ornaments. These craft industries were normally organized into guilds.

As a result, a number of foreign-owned cotton mills and other factories were introduced into the country, mainly in Shanghai. A scanty network of railways linking the main parts of China Proper began to build, largely financed by foreign capital. But the most important railway systems were built by the Russians in North Manchuria and by the Japanese in South Manchuria.

Until the Ching Dynasty the development of modern industry, mining and railway construction in China was chiefly financed by Western and Japanese capital. The Treaty of Nanking of 1842 opened China to Western trade, and the growth of foreign settlements or concessions had an important influence on subsequent economic development. For the first time the methods of large-scale commercial organizations and modern financial institutions were introduced into China. Furthermore, under the Treaty of Shimonoseki of 1895 China

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agreed to open additional ports and to permit foreign industrial enterprise at the ports.

Because of the National Revolution in 1911 and the Civil War after that, China was in chaos. Therefore, the condition was not propitious to rapid economic development and foreign investments were discouraged by the internal disorder. Native private investment was limited, partly by the exorbitant cost of borrowing and the competition in many fields of well-established foreign firms but mainly ~~but~~ the desperately low level of national income.

Despite all the difficulties some progress was made. By 1937, in Shanghai, Tientsin, Hankow, and a few other cities, there was a fairly rapid expansion of modern, often foreign-owned, businesses. Employment in industry rose to over a million while about ten million more were engaged in handicrafts.

The most spectacular economic development on Chinese ~~main~~ land was made by Japanese in Formosa and especially in Manchuria, where they developed a flourishing heavy industry complex. In 1937, about half the coal, about two-thirds of the iron, and something like nine-tenths of the steel produced in China came from Manchuria. In China Proper such modern industry as had developed was almost entirely light industry, especially textiles, which accounted for nearly half the total industrial output. Even so, handicraft in-

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dustry still predominated among industries. There was almost no heavy industry. The total output of steel outside Manchuria was only 50,000 tons, of pig-iron 430,000 tons, of coal 20 million tons and of electricity 2,500 million kwh.

Under the pressure of war, the Japanese in Northeast of China forced up the production of pig-iron and ingot steel to over 1,800,000 tons in the peak year 19~~43~~⁴⁴5.5 Sizeable-scale production of pig-iron and steel in the rest of China was negligible and demand was met by small domestic foundries and engineering shops and of course, by imports.

A large part of the modern industry of China was foreign-owned. Even for light industrial goods the country was dependent on imports for between 50-70 per cent of requirements, and industry was largely concentrated in the Treaty Ports and along the Yangtze valley, Shanghai accounted for about half the industrial output. Capital was scarce and expensive. There was no organized security market, and virtually no public issues of industrial securities.

Even after the Second World War, the Nationalist Government never obtained effective control of the country's most important centre of heavy industry built up by the Japanese in Manchuria. These installations were almost completely dismantled and removed to the Soviet Union at the

5 Li Fu-chun, Report on the First Five Year Plan, p. 33, Peking, 1955.

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time of the Russian occupation of the area in 1945-1946. From 1946 onwards Nationalist control of the region was disputed by the Communists and their Manchuria allies.

2. From the Period of Collectivization
to Communization

When the Communist party came to power on mainland China in 1949, Mao Tse-tung promised the Chinese peasants that he would eliminate the landlord class and return the land to the peasants. Under this slogan, the agrarian reform was carried out between 1950 to 1952, by the end of which the landlord class had indeed been eliminated. However, a drive for mutual aid and co-operation was launched immediately afterwards. It was the first step to force the peasants to join in agricultural producers' co-operatives. On December 16, 1953, the Central Committee of the Communist Party (CCP) adopted the "Resolution on the Development of Agricultural Producers' Co-operatives" by which it was decided to set up agricultural producers' co-operatives of the elementary type throughout the countryside.

In accordance with this decision, rural area on the mainland began to undergo a momentous reorganization. To conform with the need for co-operativization, peasants were forced to put the land, draught animals and farm implements,

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which they had obtained not long before during the agrarian reform, into the co-operatives as shares in the common pool. The yearly crops, after the deduction of the part reserved for the state, were to be distributed among the members of the co-operatives according to their land-shares and labour point.⁶ Each co-operative of this elementary type has a membership ranging from several score to several hundred households. By the end of 1954 there were about 400,000 such co-operatives, with some 15 million households taking part.

At a meeting of secretaries of provincial, municipal and autonomous region committee of the CCP held on July 31, 1955, Mao Tse-tung asked cadres throughout the countryside to speed up co-operativization and bring about a so-called "socialist upsurge" in the countryside. He demanded that by the year 1958, 50 per cent of China's farmers should have joined agricultural producers' co-operatives of the elementary type and that the rural areas should be basically co-operativized by 1960.⁷ (In fact, at the end of 1956, 96 per cent of all peasant households had been "co-operativized", the overwhelming majority in 'large' or 'higher' co-operatives.)⁸

⁶ Labour point means the work-days presented by the members in the co-operative.

⁷ Report on the CCP Meeting, September, 1955, Peking.

⁸ Report on the Fulfillment of the Economic Plan for 1956, Statistical Office, 1957, Peking.

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Mao Tse tung further demanded that all agricultural co-operatives should gradually develop into collective farms during the period of the Third Five Year Plan. This new plan laid down by him was formally promulgated after its adoption at the 6th Plenary Session of the CCP 7th National Congress in October 1955.

The promulgation of this new plan set in motion a sweeping development of co-operativization through the mainland, sharply increasing the number of agricultural co-operatives of the elementary type to roughly 2 million by January 1956, with 92,850,000 households -- 78 per cent of the total peasant households in the whole country -- taking part.⁹ On January 25, 1956, Mao Tse-tung called a meeting of the Supreme State Conference at which he announced his plan to complete agricultural co-operativization in its elementary form by the end of 1956, and to complete it basically in its advanced form by 1958.¹⁰ This new plan shortened the period of Mao's original plan as stated on July 31, 1955, by nearly two years.

On June 30, 1956, a set of "Model Regulations for Advanced Agricultural Producers' Co-operatives" was adopted by the CCP Central Committee which stipulated that peasants joining a co-operative must turn over their private land and

⁹ Report on the Fulfillment of the Economic Plan for 1956, Statistical Office, 1957, Peking.

¹⁰ Draft Programme for National Agricultural Development 1956-1957, Peking.

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other important means of production, such as draught animals and large farm implements, to the collective ownership of the co-operative; but that household goods privately owned by members and that small holding of timber, poultry, domestic animals, small farm implements and tools needed for subsidiary cottage husbandry would not be made the common property of the co-operative; and that for the purpose of raising pigs and growing vegetables each household should be allowed to retain a small plot of land not exceeding 5 per cent of the average landholding in the village in question. Income of the co-operative would be distributed according to the total number of work-days credited to members, and land-shares would no longer be entitled to compensation. In other words, in a co-operative of the advanced type, both production and distribution were under the control of the co-operative -- the fundamental goal of collectivization.

After agricultural collectivization was completed on the mainland, Mao Tse-tung started to plan the merging of small co-operatives into large ones. As indicated: "..... small co-operatives have fewer members, less land and not much money. They cannot operate on a large scale or employ machinery. The development of their forces of production is still hampered. They should not remain in this position too long but should go on to combine with other co-operatives".¹¹

¹¹ From "The Superiority of Large Cooperatives", one of the articles in "The Socialist Upsurge in China's Country-side", published by the People's Publishing House, Jan. 1956, Peking.

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This plan was to set up large co-operatives, thus then, it simply formed the basis of the present movement for the establishment of people's communes.

At the end of 1957 (the year that Communist China fulfilled her First Five Year Plan), it was decided to compete economically with the West; Communist China took up the slogan of "surpassing Britain in industrial production within 15 years". To do this, the Peking régime on the one hand set a campaign going in the countryside to build water conservancy projects on an unprecedentedly large scale, and, on the other hand, gave an impulse to the development of small scale local industries. According to incomplete statistics compiled by Chinese Communist authorities, from the winter of 1957 to the middle part of April 1958, 100 million peasants had been sent to various water conservancy projects where they had completed some 56,000 million cubic metres of earth and stone work after working a total of more than 13,000 million work days. In other words, at that time almost every peasant household had contributed the entire labour of one member of the family for a period of over three months.¹² Besides, large numbers of peasants were mobilized to build roads and dredge rivers. Consequently, there was a great strain on rural labour power.

The labour shortage was aggravated by the "Great

¹² Jen-min jih-pao (People's Daily), May 3, 1958, Peking.

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Leap Forward" Movement, which was decided in February 1958 as a result of the meeting of the National People's Congress, and started in March 1958, as native-type local factories began to sprout everywhere.

The Great Leap Forward movement is a 'great leap forward' in economic development in the next three years, and its main objective is to increase the production of steel, electricity, coal and other industries as well. Starting from March of 1958, the campaign for a Great Leap Forward was waged with the greatest intensity throughout the country. Workers in every kind of enterprise, in the factories, on the railways, in the shops, and on the farms pledged themselves to achieve startling improvements in their previous performances. Under this movement, the national targets for all the major products were raised, some of them several times in succession. There were especially big increases in the targets for local authority-controlled industries, large numbers of small and medium-sized low-cost factories and mines were to be built by the county authorities and agricultural co-operatives. Moreover, publicity was given to the plan of the rural authorities and individual farms for the construction of tiny iron-casting furnaces of anything down to 1.5 cu.m. capacity, capable of producing 500 tons of iron a year at a cost of less than 100 yuan (about \$15) a ton. The importance of making use of native-type furnaces using traditional

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methods was repeatedly emphasized. Besides, the iron foundries, small scale "fertilizer factories", coal, iron, and lead mines, instrument repair shops, and plans for the manufacture of ball-bearings were the projects most widely undertaken. It is clear, however, that in many cases small blacksmiths' furnaces and sheds used for repairing tools, or collection of manure and compost, were being dignified by the name of 'factories' or 'fertilizer plants'. These were the main features of the Great Leap Forward movement.

As mentioned on the previous page, the labour shortage in 1958 was aggravated by the great leap forward movement. To overcome this labour shortage which constituted a fundamental obstacle to the "great leap forward", the Peking régime believed it expedient to change the labour organization in rural areas and the mode of living of the rural population, so that women -- representing 50 per cent of the total rural labour -- could be thrown into production. Thus, it was decided to collectivize the life of the peasants and it was precisely on this basis that the people's communes movement was launched.

CHAPTER II

PEOPLE'S COMMUNES IN RURAL AREAS

1. The Establishment of the People's
Communes in Rural Areas

In China, the mass of the peasantry was first won over by promises of the abolition of landlordism and a redistribution of land to become the private property of the cultivators, then, there was a period of peasants ownership after the elimination of the landlords; and finally there was collectivization.

Collectivization was an essential means to the high speed expansion of heavy industry. This expansion required a big and rapid increase of the labour force, which could only be achieved by bringing about a large-scale migration from the countryside. On the other hand, in China, the margin of the national income over the subsistence level of the population was very small; the contrast between the abundance of manpower and scarcity of capital was extreme.

The paucity of the Soviet aid, the embargoes by the Western nations on supplies of "strategic materials", and a shortage of suitable exports for obtaining a sufficiency of foreign exchange, all were very formidable difficulties in the way of a rapid development of heavy industry. Therefore,

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towards the end of 1957, serious bottlenecks developed in Chinese industry, while there was a political urge for a "great leap forward" movement, the theme of which is to produce more iron and steel for the development of heavy industry; to reap more industrial crops for the requirements of light industry; and to harvest more grains for the feeding of the growing population.

As a result, the growth of industry depends on a very great degree on the growth of iron and steel and machine-building, which are the two great "marshalls", the foundation and nucleus of modern industry. The growth of machine-building, in its turn, depends on the growth of the iron and steel industry. Only after the iron and steel industry has developed will the machine-building industry be able to obtain sufficient materials and turn out machine and equipment in large quantities for the further development of other industries. It is for this reason, especially under the campaign of "great leap forward" that great number of iron smelting and steel-making furnaces -- and of small coal pits, coking plants, oil refineries, chemical fertilizer plants and machine-building plants -- were built all over the country, and steel making became everybody's business.

As the existing wage fund left no room for any expansion of the non-agricultural labour force, the Peking government faced serious economic difficulties beginning from the

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end of 1957. To overcome this shortcoming, however, much extra unpaid labour might be obtained from workers, students and other urban inhabitants, and the main source of unpaid labour had to be the 500 million peasants. Moreover, the use of the peasant labour for non-agricultural work would affect agricultural work far less than the drafting of urban workers which would disrupt the planned industrial development of the country, because the peasant draftees could be replaced at home by female labour. When the individual worker or peasant had to be paid for his labour, it was more economical to employ a peasant since he was paid less than an urban worker for the same work, and his wage could be paid out of the agricultural co-operatives' wage fund instead of the state.

These considerations led the Peking régime to search for a new economic organization which would facilitate the systematic and permanent mobilization of unpaid peasant labour for construction, water conservancy, industrial production, and other investment activities, while at the same time increasing deliveries of agricultural produce for exports and industrial raw materials. These needs impelled them to consider social forms quite different from those which were developed in Soviet Russia.

The establishment of the people's communes was officially announced on August 18, 1958. But it has been claimed that the people's communes were planned and established in

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April, May, June and July and completed by July since it had been announced in June 1958 that 9,200 co-operatives in Liaoning province had been merged into 1,500 larger ones, having an average membership of nearly 2,000 households. It was said that such large co-operatives were more efficient in the mobilization of manpower, materials, and financial resources, and were thus better equipped to undertake water conservancy projects, capital construction work and other measures for increasing production. By June and July this movement had expanded throughout those populous provinces like Kirin, Honan, Hopei and others.

Nevertheless, the establishment of the people's communes was officially announced on August 18, 1958 and the first commune appeared in Honan province:

In order to cope with the situation where both labour power and capital were in shortage in rural areas after the "great leap forward", Suiping and Pingyu -- two counties in Hsingang Special Administrative District in Honan province -- started to merge their co-operatives as from April 1958. The merger was completed in June. By the end of July, the 5,376 agricultural producers' co-operatives in the entire special district had been merged into 208 'people's communes'. . . and the experience of this trial operation proved that this system of people's communes is . . . still more suitable for the further development of the productive power of rural society in our country .¹³

By the end of August, a total of 1,378 large and com-

¹³ Jen-min jih-pao (People's Daily), August 18, 1958, Peking.

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prehensive "people's communes" had been built from the 38,473 agricultural co-operatives in the entire Honan province. As 99.88 per cent of the peasant households in the province had joined these communes, average more than 7,200 in each, thus then, communization was basically realized.

Following the example of Honan, other provinces and municipalities set up communes one after another, to quote:

The movement was started spontaneously by the peasants on the basis of their great socialist consciousness. When the small number of the earliest communes proved successful, many agricultural co-operatives immediately followed their example . . . Now, with the encouragement and the guidance given by the Central Committee of the Party and Chairman Mao, it is making even bigger studies forwards.¹⁴

According to statistics published by the Rural Work Department of the CCP Central Committee, by the end of September of 1958, in the provinces of Honan, Liaoning, Kwangsi, Chinghai, Hopei, Shansi, Shantung, Heilungkiang and Kirin and Peking and Shanghai municipalities had fully completed rural communization. In the provinces of Shansi, Kwangtung, Hunan, Szechwan, Kiangsu, Anhwei, Hupeh and Fukien and the Inner Mongolia Autonomous Region it had been completed about 85 per cent. The number of communes in the above provinces and municipalities by the end of September stood at 26,425 representing

¹⁴ Ibid., Editorial, September 3, 1958.

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98.2 per cent of the total number of peasant households in mainland China and averaging 4,614 households in each commune.

The following Table shows the number and the percentage of total peasant households joining in the rural communes in different provinces and municipalities on the Chinese mainland.

Despite all the communist statements that the commune movement was started by the peasants throughout the country, however, the official communist documents published so far strongly indicated that this change from collectivization to communization had not been a pre-planned action but a measure taken as an expediency. This can be seen from the fact that the 2nd Session of the CCP 8th National Congress held in May 1958 did not adopt any resolution regarding the introduction of people's communes. And the reasons for the delay and conflicting accounts might best be sought in two factors: First, that the various elements in the commune concept appeared to have developed separately and were only later merged into one concept which was claimed to be a new way of life, a new contribution to Marxism and Leninism. Second, the Party may have wished to prevent the peasants themselves from knowing in advance about this new stage in communization. Because of this reason, therefore, even when communes were first set up in the province of Honan in April 1958, they were only large cooperatives formed by merging small ones together, and the

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TABLE I

Statistics on People's Communes Established up to
the end of September 1958

No. of communes already established	No. of participating households		Average No. of households in each commune	
	Total	Percentage of total peasant households		
TOTAL	26,425	121,936,350	98.2	4,614
Peking	56	663,124	100.0	11,841
Shanghai	23	256,000	100.0	11,130
Hopei	951	8,402,639	100.0	8,836
Shansi	975	3,483,564	100.0	3,573
Inner Mongolia	812	1,561,023	98.6	1,922
Liaoning	428	3,264,579	100.0	7,627
Kirin	481	1,914,547	100.0	3,980
Heilungkiang	718	1,946,478	100.0	2,710
Shensi	1,673	3,232,904	100.0	1,932
Kansu	794	2,006,389	100.0	2,526
Chinghai	144	245,624	100.0	2,456
Ninghsia	53	201,815	67.3	3,808
Sinkiang	389	625,151	59.3	1,607
Shangtung	1,580	11,347,989	100.0	7,182
Kiangsu	1,490	9,127,234	99.4	6,126
Anhwei	1,054	7,219,244	100.0	6,849
Chekiang	761	5,697,412	100.0	7,487
Fukien	622	2,672,839	95.1	4,297
Honan	1,285	10,272,517	100.0	7,994
Hupeh	729	6,040,000	96.1	8,286
Hunan	1,284	8,172,440	100.0	6,365
Kiangsi	1,240	3,720,000	92.0	3,000
Kwangtung	803	7,905,553	100.0	9,845
Kwangsi	784	4,041,944	100.0	5,155
Szechwan	4,827	13,676,988	99.1	2,833
Kweichow	2,194	3,101,205	94.5	1,413
Yunnan	275	1,137,148	31.0	4,153

(As published in Statistical Work, semi-monthly,
No. 20, 1958, p. 23)

communist cadres at the provincial level generally knew nothing about the nature of the new venture, and the name of 'people's communes' was not clearly established until the beginning of August when Mao Tse-tung, on his inspection trip in Hopei, Honan and Shantung, said: "... it is better to set up people's communes because the communes can combine industry, agriculture, commerce, education and the militia together, this facilitating leadership".¹⁵ Therefore, according to this direction of Mao Tse-tung on the formation of people's communes, farmers were required not only to grow more grains and industrial crops but also to produce iron and steel, construct their own transportation network, build their own reservoirs and power plants, and establish their own schools, hospitals, and other welfare facilities.

2. The Essential Features of the People's Communes

What kind of organization are the people's communes, after all? This has been the subject of heated controversy among party members themselves. Some were of the opinion that people's communes should actually be called "collective farms" because they were simply enlarged agricultural co-

¹⁵ Red Flag, August 1958, Peking. See the article "From Agricultural Producers' Co-operatives to People's Communes" by Wu Chih-p'u, First Secretary of the CCP Honan Provincial Committee.

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operatives; others believed that communes should be called "state farms" because in communes collective ownership should be replaced by ownership of the entire people. The Party centre, however, considered both these explanations inadequate. The people's communes in the present form are still on the whole a system of collective ownership, they are not entirely of the nature of a communist organization; at the same time, they are not the same as the original agricultural co-operatives of the advanced type because they contain the element of "ownership by the whole people". They were actually a form of transitional organization leading from collective ownership to the ownership of the whole people, and, according to Mao Tse-tung, should be called "people's communes".

As analysed in the previous discussion, the aim of people's communes, as indicated by Mao Tse-tung, is to combine industry, agriculture, commerce, education and the militia together so as to facilitate party leadership. But someone may ask: "What is the difference between the people's communes and the Soviet collective farms?" To answer this question, we must know that the Chinese communes differ from the Soviet collective farms in four ways. In the first place, they are bigger units in terms of membership. Secondly, they carry on industrial as well as agricultural production. Thirdly, they are organized -- though this varies greatly

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from one commune to another -- much more on a basis of "collective living" than the Soviet collective farm. Finally, they are not only economic, but also military units, which differ from Soviet collective farms.

Apart from the difference in scale, a commune is also different from agricultural co-operatives in the following aspects:

1. Organization

Whereas the original agricultural co-operatives were purely organizations of agricultural production, the communes merged the workers, the peasants, the traders, the students and the militiamen into one organization. They are not only engaging in agriculture, forestry, animal husbandry, subsidiary occupations and fishery, but also running factories, establishing banks and commercial organizations, handling credit and distribution, undertaking cultural and educational work. These organizations have become all inclusive.

2. Member's way of life

Since in the former agricultural co-operatives, collectivization was enforced only in regard to production, the peasants still had their own family life. With the establishment of people's communes, however, the peasants eat collectively in public mess-halls; children are gathered together and put into the care of nurseries; all sewing and mending jobs are centralized in the tailoring teams; and even lodgings are

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also centralized in certain areas. In short, the family as a unit is being destroyed.

3. Labour Organization

Since the establishment of the communes, production brigades -- basic organizations in the original agricultural co-operatives -- have been reorganized along military lines and put under military control. Regiments, battalions, companies, platoons and squads are organized corresponding to the levels of commune, tilling area, production brigade and production team; and such units as field command, local command, rear command as well as iron and steel field army, water conservancy field army, railways corps, highway engineering command and army service transport corps are formed in accordance with different production tasks and labour capacities. In this way, industry, agriculture and military training are merged into one entity, and the foundation is thus laid for arming the entire nation.

From the above characteristics, it has been seen that the communes now being set up all over the Chinese mainland are not only larger in scale than the former agricultural co-operatives, but also differ in nature.

However, the introduction of the people's communes has involved an over all organization of Communist China's social and economic structure and has directly affected the lives of 600 million Chinese. The Peking régime embarked on this

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gigantic organization because it felt that by so doing it could solve certain serious problems in addition to the labour difficulties caused by drafting rural workers to industrial projects.

Obviously, the new system was to produce 'all rounders', who would be "peasants in the field and workmen in the factories", while the administrative personnel would be both administrators and labourers; "they are to be both functionaries and workmen". As stated by Chan Po-ta experiences had shown that: "...our country must quickly eliminate the distinction between industry and agriculture, and between mental and physical labour, thereby, opening a road on which our country can pass smoothly from socialism to communism."¹⁶

Moreover, in order to centralize all domestic affairs and enable all members of the family to be sent separately to various working projects, they set up public mess-halls, nurseries, kindergartens, homes for old people, sewing teams, laundry teams and shoemaking teams.

1. Public Mess Halls

The first step the communists took in their communication movement was to set up public mess halls in all rural areas. According to a preliminary survey, no less than 2.65 million of such mess halls were in existence at the end of

¹⁶ Red Flag, July 1, 1958, Peking.

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1958, serving meals to over 80 per cent of the rural population.¹⁷

Another report said that in Honan province alone, 98 per cent of the rural population were eating in the public mess halls of which there were over 269,000 in that province.¹⁸

As a general rule, one mess hall is set up for each production brigade or enterprise, comprising about 150 to 200 households. For production teams "setting up their camps at the head of the field" or moving up to the mountains to mine and smelt iron, temporary "mess halls to accompany the camps" are established. And thus, therefore, food supplies for the mess halls are controlled by the commune, and issued directly to the mess halls every month.

It is clear, however, that the public mess halls were regarded as a valuable method of "liberating" female labour for agricultural work within the framework of the commune.

Moreover, in order to force the peasants to eat in the public mess halls, the grain formerly distributed to members as their share of production was to be held by the commune and distributed at meal-times. The commune will keep all the grain held back for consumption by members under its control and it will issue grain coupons to its members who

¹⁷ People's Daily, December 31, 1958.

¹⁸ Ibid., Editorial, October 25, 1958.

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will pay for the grain they consume at the mess halls with coupons instead of money.

2. Nurseries, Kindergartens and Homes

The communes have also set up nurseries, kindergartens and homes; the nurseries for children under four years of age, the kindergartens for those between four and seven, and the homes for people over sixty who can no longer work.

According to incomplete statistics, by the end of 1958 4,750,000 nurseries and kindergartens and over 100,000 homes for the old people had been established in mainland China.¹⁹

The establishment of the nurseries and kindergartens, on the one hand, was a step to force housewives to take part on production, and on the other hand, it was also a measure to remove the children from their parents since the communists consider that the socialization of juvenile education creates the best conditions for freeing children from the bad influence of the old society and for training them as completely 'new people'. Furthermore, the training of children was also to include participation in productive work from the age of nine, in order to strengthen their ideological understanding while the parents were declared to be unfit to educate their children not only in the academic sense, but also in "labour experience and morals", and parents would not be needed to

¹⁹ Ibid., December 31, 1958.

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care for their children's material needs since the society would do that too. They also take into consideration that home education often breeds spoiled children indisposed towards labour, and if a child receives communist education at school and non-communist education at home the result is unsatisfactory. Therefore, their aim was to educate children in communism from the cradle up, not only in the sense of moulding their ideology, but also bringing them up free from family orientation without any acquisitive feelings, or concepts of 'mine and thine'. Thus being raised in nurseries where they eat, live, play, and study together, the children assimilate the concept of 'ours' early in life when referring to toys, classrooms, teachers and nurses, and have few opportunities for saying 'mine' to indicate private property.

In the Chinghai province, more than 9,800 nurseries had been set up by November 12, 1958, taking care of over 85 per cent of the children requiring such care. In Shansi, some 160,000 nurseries and kindergartens looked after more than 90 per cent of the children under seven years of age in that province, therefore, freeing over 3,300,000 women for work in production.²⁰

People over the age of sixty are placed in what they called "homes of happiness". Those old people are expected to do some comparatively light work such as feeding pigs and

20 Ibid., November 12, 1958.

chickens, weaving and plaiting straw while old women must mend clothes and bedding.

3. Sewing, Shoemaking and Laundry Teams

Sewing, shoemaking and laundry teams are set up to deal with the peasants' clothing. For instance, in Hout'un village, Tungkuang county, Hopei, the five sewing machines belonging to the villagers have been collected together in one spot to form a sewing team. In order to provide clothing for the 1,500 inhabitants of that village all the year round, each of the five members of the teams has to make three suits of clothes per day. Each member of the shoemaking team has to produce one pair of shoes per day and each member of the laundry team has to wash over a dozen suits.²¹

In most communes, as all able-bodied women have to join in production, sewing and laundry work is done by the old and infirm especially confined to those women who are unfit for work in the fields.

4. Concentration of Housing

After the establishment of the communes, there rose the difficulties of combining scattered housing and collective living. Many peasants had to walk long distances to get to the mess halls. To overcome this shortcoming, some communes have already begun to erect 'habitation centres', demolishing isolated villagers and building new houses at these 'centres'.

²¹ Peking Review, weekly magazine, Dec. 30, 1958, Peking.

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At these habitation centres department stores, mess halls, nurseries, maternity clinics, old people's homes, sewing shops, primary schools and clubs would be built.

According to the Chinese Communists, there are many advantages in setting up these habitation centres or new villages; since concentrated housing enables the peasants in each centre to assemble within 15 minutes, and then march off to the fields, thus raising labour efficiency generally by more than 20 per cent. Secondly, it facilitates "organization along military lines, the carrying out of duties in combat style, and living a collective life". Finally, it enables the communes to conduct political and ideological work among its members without difficulty and to educate them in communist ways of thought.²²

3. Ownership and Distribution

Although the major means of production in the original agricultural co-operatives were owned collectively by the members, each member was allowed to retain a small plot of land as well as their house, poultry, domestic animals etc. The annual income from this property could reach as much as 20-30 per cent of the peasants' total income. With the establishment of the commune, however, all means of production,

22 Ibid.

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capital construction, land, machinery, public buildings, as well as reserve funds, welfare funds and reserves of grain must be handed over to the state, and put under the ownership of the people as a whole, thus then, the small plots of land the members formerly retained for themselves, as well as their houses are all owned by the commune now. In this way, private ownership is entirely abolished.

Prior to the communization movement, peasants on the Chinese mainland received their income from two sources: from the co-operatives as compensation according to workdays; and from private land and subsidiary occupations. But following the establishment of communes, with the resultant abolition of private ownership of even small plots of land, the peasant's income from family subsidiary occupation ceased. As to the income received from the commune, a system of half-supply and half-payment in wages has been introduced.

The main features of ownership and distribution, under communization now prevailing in mainland China, can be seen from the following analysis.

At the present stage, the people's communes in rural areas of Communist China, according to the Chinese communists, are socialist in nature; their means of production, therefore, are under collective ownership and their principle of distribution is "from each according to his ability, to each according to his labour". It is obvious, however, that the collective

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ownership of the commune already contains certain elements of ownership by the whole people. The communes also enforce now the distribution system of combining wage system with supply system, which latter system represents the sprout of the "to each according to his needs" principle. The Chinese communists consider that the communes are the best forms of organization for the transition of collective ownership into ownership by the whole people, and also for the transition from socialism into communism.

The "Resolution on the Establishment of People's Communes in the Rural Areas", as adopted by the CCP Central Committee on August 29, 1958, has clearly indicated that:

..... In fact, collective ownership in people's communes already contains some elements of ownership by the people as a whole. These elements will grow constantly in the course of continuous development of people's communes and will gradually replace collective ownership. The transition from collective ownership to ownership by the people as a whole is a process..... Even with the completion of this transition, people's communes, like state-owned industry, are still socialist in character, where the principle of 'from each according to his ability and to each according to his labour' prevails. After a number of years, as the social 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 differences between workers and peasants, town and country and mental and manual labour-legacies of the old society that have inevitably been carried over into the socialist period, and the remnants of unequal bourgeois rights which are the reflection of these differences - will gradually vanish, and the function of the state will be limited to protecting the country from external aggression but will play no role internally. At that time

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Chinese society will enter the era of communism where the principle of 'from each according to his ability and to each according to his needs' will be practised.²³

1. Ownership System in People's Communes

Before the analysis of the distribution system in people's communes, it is necessary to discuss first the communes' ownership of the means of production since the distribution system is decided upon by ownership of means of production: "He who owns the means of production distributes the products".

At present, the communes' production means: land, draft animals, implements of husbandry and tools for side line occupation are all under socialist, collective ownership. In the commune system, ownership of the means of production consists of the ownership by the production brigades, by the commune itself and by the production teams which have only a small portion of ownership. The ownership is divided in this way mainly because the various production brigades are not exactly the same in economic conditions, in production capacity and in income level, and the economy directly operated by the commune and belonging to the commune as a whole is not developed well enough; under such conditions, as argued by the communists, to concentrate ownership at the commune level

²³ Jen-min jih-pao (People's Daily), October 18, 1959, Peking.

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would hinder the development of production. As all means of production are basically owned by the production brigades, products from the collective labour of all members of a production brigade are distributed within that brigade with the exception of the portion to be paid to the state as tax and another portion to be put aside as accumulated capital of the commune. Nevertheless, the commune level still possesses a part of 'ownership' which is very important since the commune can draw every year from the various production brigades appropriate amounts of funds as public accumulation because the people's communes integrate government and commune administration into one. In other words, the commune itself is the representative of the government.

Production teams under the production brigades are the units to contract production. In order to encourage these production teams to undertake their production projects, therefore, a small part of the ownership is vested in them. These teams contract production, labour and cost from the production brigade, surrender to the brigade for unified distribution the amounts of production they have contracted as well as a certain percentage of the amounts they have produced in excess, and keep the rest for themselves. Under the premises of not 'hampering' the fulfilment of their contract tasks, the production teams, in some cases, could also make use of the scattered plots of land under their care. Finally, income

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from these efforts is distributed by the production teams themselves. This is what the communists called "small private ownership" and "small freedom" under communization.

The "Resolution on Some Questions Concerning the People's Communes, as adopted by the 8th Central Committee of the CCP as its 6th Plenary Session, indicated that at the time the people's commune could not satisfy the needs of the people in various aspects of their livelihood, and under the premise of not hampering collective labour but facilitating the development of communal economy, they allowed^a certain amount of "small private ownership" and "small freedom" aids to supplement collective economy and to further consolidate the commune. However, this was only a transitional measure the function of which was to supplement collective economy and as for the part of ownership at the communal level which contained elements of ownership by the whole people, private ownership had been basically abolished.

2. Distribution System in People's Communes

Under this system, the various all-round and 'specialized' production teams under a production brigade have to hand over the products of their collective labour to that brigade. And from this income, the production brigade is first to deduct the cost of production, then to pay grain tax and other taxes, to deduct accumulation fund and welfare fund, and finally to use the rest as compensation for labour

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of commune members according to the principle of combining wage with supply system. The wage portion is first distributed among the various production teams according to the number of labour days originally fixed to fulfil the contracted production quotas; then the various teams are to distribute it among team members according to the actual number of workdays each member is entitled to. The supply portion is distributed in accordance with the total number of members of the entire brigade and the distribution of a commune's income that is 40 per cent of the total income is for the cost of production, grain tax and other taxes, public accumulation and welfare fund, while the other 60 per cent is distributed among the commune members for their compensation.

Again, the wage portion is distributed according to the number of workdays of each commune member, and the supply portion is distributed according to the size of the families of the commune members.

Under the principle of "he who does not labour receives no food", all commune members having labour power must participate in labour according to the best of his ability and if the commune member does not fulfil the fixed number of workdays cannot have the privilege of free supply.

The Chinese communists argued that as a result of the implementation of this system of partial supply, the long-standing contradiction posed by so called "spending more than

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their shares" households and "receiving less than their shares" households in the agricultural producers' co-operatives in the past has been solved since in the rural areas there are certain families having many members but little labour power, or the main labour power of which can not join in labour for several months on account of illness. These families constitute the so called "spending more than their shares" households. Because of the existence of this kind of households, certain other households can not but receive less than their due shares. Under such circumstances, this contradiction which could not be solved for a long time during the co-operativization period has been basically solved under the distribution system in communization. To quote from People's Daily of October 18, 1959:

.....as far as the effect of the implementation of the partial supply system is concerned, inhabitants in rural areas may be generally classified into three categories; the first category consists of those peasant families having few hands to work but many mouths to feed; they represent about 20 per cent of the total number of households in the countryside. The second category consists of peasant families in which the proportion between labour power and labour-less dependents is about the same as that in the entire production brigade or the entire commune; they represent from 60 to 70 per cent of the total number of rural households. The third category consists of families having strong labour power but few dependents; they represent from 10 to 20 per cent of the total number of rural households. Therefore, peasant families of the first category entirely support this system; those of the second category also generally support this kind of social insurance since their income does not vary greatly no matter whether it is under the system of

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combining wage and supply or under the system of distribution entirely according to workdays. Most of the people of the third category will also accept this distribution system and consider it a kind of security for their own later years, when they think they may have children or illness or death in their families too.....²⁴

Despite the uniformity and advantages of the distribution system as claimed by the communist officials, the half-supply and half-wage system is not quite uniform. For instance, in most communes, the portion of wages generally makes up from 30 to 50 per cent of the peasants' total income instead of 60 per cent. Moreover, the wage portion is divided into parts, basic wage and bonus, using the latter to encourage the peasants to exceed their production goals. On the other hand, they stipulated that no wage is to be paid for extra working hours required in production, i.e. to meet the production quota.

From the above discussion, it is clear that even in communization the elements of human nature must be taken into consideration; consequently, some incentives must be provided to induce the workers to work. In the rural communes in Communist China, ownership and distribution determine the peasants' enthusiasm in production and this is the main

²⁴ People's Daily, October 18, 1959, Peking. See the article written on "Some Questions Concerning the People's Communes" by Ch'en Cheng-jen. Ch'en is Vice-director of the Rural Work Department of the CCP Central Committee, Minister of Agricultural Machine-Building and Vice-director of the Agricultural and Forestry General Office of the State Council.

reason why the communist régime, in some cases, allows the existence of what they called "small private ownership" and "small freedom" under "big collectiveness".

4. Trade and Finance

In respect to the trade and finance of the people's communes, the public accumulation funds and welfare funds are its main financial sources. As analysed in the previous discussion, both funds are deducted from the peasants' total income. The accumulation fund is used to expand the commune's means of production, such as the purchase of farm machinery, draft animals and other tools, and to strengthen the circulation capital of the commune and other reserve funds in production, such as the reserve of seeds, etc. A portion of the accumulation is also used to build commune-sponsored collective welfare undertakings, such as schools, hospitals and dormitories. As for the welfare fund, it is used for the maintenance of schools, hospitals, nurseries, 'homes of happiness' for the aged people, and other welfare undertakings.

The objectives of financial management of the people's communes are indicated by the following statement:

.....to mobilize, on the basis of production development, all latent forces in the communes to ensure availability of capital funds for high speed development of production; to implement state financial and economic policy, thus to guarantee accomplishment of communes' task of surrendering financial

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receipts to the state; to handle correctly the ratio between accumulation and consumption, so as to guarantee that production of the communes and the living of their members will be suitably provided and to make rational allocation of capital funds for different kinds of construction projects, so as to ensure most effective use of these funds....²⁵

On December 22, 1958, the "Resolution for Improving Financial and Trade Control System" was adopted by the CCP Central Committee and the State Council. This resolution was to improve the administration of financial and trade work in the rural areas. This joint decision emphasized that the 'revolution' caused by the creation of the people's communes was bound to give rise to a series of profound changes in production, distribution, exchange, and consumption. Relations of production had been further changed, and surviving private ownership of certain means of production existing under the agricultural cooperatives had been wiped out. Moreover, the distribution system was also changed, as the distribution according to work-points had been transformed into a distribution system in which a wage system is combined with a supply system. Part of the products exchanged through trade are now produced by the communes for their own use and

²⁵ Red Flag, January 16, 1959. See the article "Strengthening Financial Control Work in People's Communes in Rural Villages" as written by Wu Po, Vice-minister of Finance.

are directly distributed in the communes.

With the State power and the communes becoming one, the communes became both a basic level of economic and State power organization, with greater concentration of collection, purchase and supply, and a basic disappearance of free market and commercial work becomes all the more an indivisible part in the economic life of the communes. Thus then, the system of industrial and commercial tax is no longer applicable and it is no longer necessary to collect and deliver taxes and profits separately, and the financial work of State and commune has to be combined. Under these conditions, cash transactions are therefore relatively reduced, and the rural banks will go a step further to serve as a centre for the settlement of accounts in relation to all the economic activities of the communes. All these new conditions make it necessary to improve the financial and trade administration. The resolution says that this is of the utmost importance in order to aid the development of the communes, accelerate the socialist construction and prepare conditions for the transition to communism.

Again, the decision adds that in the rural areas, the mechanical structure should be transferred to the lower level, the plans unified, and the financial tasks guaranteed according to the policy of unified leadership and decentralized control. The method of "two transfers, three

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unifications and one guarantee" should be adopted. By "two transfers", which means the transfer of personnel and assets to the lower level, except those in the service of the communes or of a broader section, all the basic level organizations, such as the departments of food, commerce and finance and banks, are to be transferred to the people's communes. The prescribed rights to administration should also be delegated to the communes, and the personnel and assets, both fixed assets and working funds, of these organizations are to be administered and used by the communes. The "three unifications" means unified policy, plan and control of the working funds; under this principle, the communes must obey the unified policy of the State and carry out the State policies on market prices, planned purchase and marketing, and other financial matters. The "one guarantee" means the guarantee of financial obligations; the communes are to guarantee delivery to the Treasury of the agricultural tax, industrial and commercial tax, income of transferred enterprises, local surtax and other receipts collected by the State in the rural areas.

Obviously, the transfer of commercial organizations to the communes in the rural areas is intended to facilitate unified leadership over the communes and to serve members' production and consumption in a better way. The transfer of commercial organizations, as indicated by the communist régime, "should serve to strengthen State market control and

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planned control instead of weakening them".²⁶ While the people's communes are unified economic organizations in which the whole commune shares profits and losses, this does not imply that it is not necessary for each economic department and business unit of the commune to establish their own financial work and carry out separate business accounting.

The credit department of a people's commune is to serve as a local business office of the People's Bank (the Central Bank of Communist China). This credit department must carry out the State regulations governing cash control. The guarantee of financial tasks -- the method adopted by the State in respect to the communes -- is to deliver to the Treasury all the combined financial receipts of the State. And the communes have to make unified arrangements for all their labour power, financial resources, production and consumption.

However, the new system is very different indeed from the system of financial and trade administration hitherto enforced, but is more in keeping with the establishment of the people's communes.

Since the introduction of this new system, some government officials of lower level have doubts and misgivings about it, and regard it as a retrogression from the ownership by the whole people to collective ownership. Moreover, they

²⁶ Peking Review, December 30, 1958, Peking.

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are afraid that the transfer will lead to confusion and chaos. Some of them are also afraid that, after the transfer of the financial and trade organizations to the communes, the department in charge of financial and trade will lose their functions. For this reason, they hesitate to execute this policy.

The matter became so serious that the People's Daily, a Communist Party organ, had to refute, in a lengthy editorial, the allegation of retrogression by citing a long statement of the Resolution of the Wuhan Conference. The foundation of financial and trade work lies in the communes, it says. They must be helped to institute and perfect their work and relevant system. It was erroneous for the financial and trade departments to imagine that they would have nothing to do.

The "two transfers, three unifications, and one guarantee" forms an indivisible and integral whole, and this has been emphasized repeatedly. After the two transfers are completed, the communes business accounting will have to be strengthened. "It is understandable that the system is not perfect because the communes were set up only a short time ago. But the doubts and misgivings about the new system must not continue."²⁷

²⁷ Editorial, People's Daily, February 12, 1959, Peking.

CHAPTER III

PEOPLE'S COMMUNES IN URBAN AREAS

1. The Establishment of People's Communes
in the Cities

By the end of November 1958, no less than 26,425 communes had been established in the vast countryside on the Chinese mainland, embracing over 99 per cent of the country's entire population.

During the high tide of this communization drive the Chinese communists planned to turn all the cities into communes as well. This intention was fully manifested by Party Secretary Teng Hsiao-ping when he stated in October 1958 that to set up urban communes is the general tendency. In fact, urban communes had already been set up in certain cities by that time.

However, since the communes were cursed even by the comparatively simple-minded peasants in the countryside, they certainly would meet with much stronger resistance in the cities. For instance, the reactions of industrialists and businessmen in three largest cities namely Shanghai, Canton and Tientsin clearly showed that bourgeois ideology was still prevalent among them indeed. To put it in the communists' own words, "bourgeois ideology is still fairly prevalent

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among many of the capitalists and intellectuals". Consequently, for expediency's sake perhaps, the communists yielded to this bourgeois ideology and decided to postpone the setting up of people's communes in the cities, and until further experience has been gained proving their value to the sceptics and doubters. Therefore, the Communes Resolution of December 10, 1958 said: "we should wait for them" -- meaning the capitalists and intellectuals in the cities.

According to an article written in the Red Flag magazine of October 16, 1958, the first urban commune was formed as an adjunct of the Chengshow Textile Machinery Plant in the Honan province. This urban commune is run on military lines and organized into an army corps with brigades, battalions, and companies. The head of the machinery plant is also chief of the commune. Moreover, this commune organized all the families of its staff and workers living near the factory, as well as people in all trades serving the factory -- totalling 10,559 persons -- into a commune under the name of the factory.

Unlike rural communes, the urban communes had no authority over the factory, and the workers received their wages directly from the factory. Since its inception the commune had succeeded in extracting a good deal of money and labour from the factory workers and staff and their dependants. Since its establishment, the commune immediately required the office employees and workers of the factory to make washing

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and dyeing machinery from scrap in their spare time, the savings of the factory personnel had been mobilized in a planned way, their labour power had also been mobilized in a planned way. Some means of production owned by the workers' families like saws, planes, hammers, sewing machines, etc., all belonged to the people's commune.

In September 1958, after inspecting certain large cities in the Northeast, Tang Hsiao-ping believed that it would be appropriate to set up one commune for each city or each district in a city. Therefore, he asked the Party committees of the cities to draw up plans, draft rules and regulations.

In support of Tang's idea, a People's Daily editorial of October 22, 1958 urged other cities, factories and mines to "create conditions for setting up people's commune.... to lay the foundations for building new communist cities".

Though the formation of urban communes here and there in the provinces was reported, there has been no rapid or wide-spread establishment of urban communes comparable to development in the countryside.

The December resolution of 1958 of the CCP Central Committee on people's communes, unlike its predecessor, raised the question of urban communes, but without much enthusiasm and it concluded that "we should continue to make experiments and, generally speaking, should not be in a hurry to set up people's communes on a large scale in the cities. Particularly

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in the big cities this work should be postponed except for the necessary preparatory measures."

Because of the postponement of establishing urban communes, there was a gap between living conditions in the countryside and those in the cities, and because of this, peasants in the rural area began to flee from the communes and flow into the cities, this fact urged the communist régime to set up people's communes in the cities.

According to Vice-Premier Li Hsien-nien, 42 million urban dwellers (approximately 52 per cent of the total city population) had by May 20, 1960, been organized into over 1,000 urban people's communes. This, Li said, had "emancipated about 6 million able-bodied women from household drudgery" and enabled over 60,000 factories, 180,000 community dining rooms, 120,000 nurseries and kindergartens and 100,000 service trade centres to be established.²⁸

2. General Organization

Urban communes are of three kinds, based respectively on existing factories, street residents and government institutions or schools. Their first function is to collectivize their cooking and washing, setting up communal food processing and laundry centres that to some extent mechanize these menial tasks.

²⁸ People's Daily, June 5, 1960.

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The organization of the urban communes can be characterized by the following aspects:

1. Street Industry

Street communes are formed by the street residents. In these communes, all members are required to build up different kinds of industries according to the prevailing circumstances and conditions. For instance, according to incomplete statistics, up to the end of 1959, twenty-two big cities including Peking, Tientsin, Shanghai, Canton, Wuhan in mainland China have built approximately 20,000 units of "Street Industry" drafting 750,000 workers into work.²⁹ These industries are small in scale, the workers of each unit averaging 33. The capital equipment is very simple. Among these industries, most of the workers are women especially housewives. For instance, in those cities like Peking, Tientsin and Wuhan, the number of women workers is over 380,000 representing 76 per cent of the total labour force in those street industries. In street industries, the workers are working in different ways; some of them are working in the factories while others are working at home, and the working hours ranging from four to eight hours per day.

With the simple equipments and unskilled women workers, the productivity is relatively low, and most of the street

²⁹ New Construction, February 1, 1960, Peking.

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industries are undertaking repair works in assistance to the factories. Only a small portion can produce commodities.

2. Public Mess Halls and other Organizations

(1) Social welfare organization

This organization includes Street Mess Halls which are similar to those in the rural communes. Under this organization, the residents of the street are confined to eat in their Street Mess Halls. Besides, there are also the establishment of kindergartens, nurseries, homes for the old aged and street service station. The duty of the street service station is to offer their services for the street residents such as washing, sewing, cloth-making, shoe-making, furniture repairing, building and painting.

(2) Education organization

Schools are operated by the street residents themselves. They establish primary schools, high schools and evening schools.

(3) Administration organization

The municipal government establish their "Street Office" in every municipality. Such offices are the representatives of the municipal government, they are to execute the government policy and to organize the street industries. On the other hand, they are leaders and organizers of production, distribution and exchange among the urban communes.

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3. Industries in City Communes

According to the communist régime, 1958-1959-1960 were the years of the "great leap forward", that is simultaneous development of industry and agriculture on the basis of priority for heavy industry; simultaneous development of heavy and light industry; of central and local industry; of large enterprises, medium and small; of production by both modern and indigenous techniques. The combination of centralized leadership with mass movements on the industrial fronts, combining "steel as the key" with an all-round industrial leap forward, was known as the three years of "hard battle" by the communists.

In an article in Red Flag (January 16, 1959) 1958-1960 was a period of economic development with priority to heavy industry under three motives, namely the General Line for building Socialism, the Great Leap Forward and the People's Commune.

Under the movement of urban communization, numerous small factories, using locally devised or a combination of modern and local methods in production, were set up in the vast urban areas of the country. These included small iron works, oil refineries, power stations, cement plants, fertilizer plants, repair plants and food processing factories, and most of the communes can produce products such as simplified machine tools, locally made iron, steel, chemical fertilizer,

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cement and some kinds of consumer goods.

The industrial activity of the urban communes can be characterized by the following big cities.

According to an official New China News Agency despatch from Tientsin, January 1, 1960, over 3,000 factories and workshops have been set up by Tientsin's urban communes, and that more than 170,000 people (mostly former housewives) are at work in them. The plants are described as producing consumer goods, machine parts and semi-processed materials for large factories, and many of them have established direct links with state-owned factories -- using their scrap as raw materials or doing processing work for them.

Workers in the factories of urban communes, after acquiring techniques from the larger ones, are now able to produce, it is claimed, towels, stockings and other consumer items, "up-to-standard" machine tools, heavy castings and electric appliances. "Many of the women", the NCNA reporter continues, "who previously spent their lives looking after children and cooking have become skilled workers, directors of communal factories and workshops and leaders of production teams."

The process of consolidating the more efficient and economic of the smaller-scale industrial establishments throughout the country, which now seems to be linked with the activities of the urban communes, is continuing.

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In May 1960, Vice-Premier Li Hsin-nien declared that more than 7,000 small enterprises set up by the people, using modern or indigenous methods of production, had been completed and began operations in the first four months of 1960. Tens of thousands of small industrial enterprises are being run by the urban communes.³⁰

Later, he urged a faster pace in setting up these small industries "to increase the tempo of China's industrial development and stimulate a reasonable distribution of industry." As a corollary, the principle of "varied-production" should be followed to achieve better utilization of materials -- "light industrial enterprises could undertake some heavy industrial production, which in turn could undertake some light industrial output. Both commercial departments and schools could undertake industrial production."³¹

A number of recent official reports have referred to "small integrated iron and steel enterprises" in various parts of China. These have made the Chefoo region in Shantung province, for example, self-sufficient in iron and steel since 1958 and the factories and workshops set up by the urban communes are now turning out equipment for blast furnaces, electric motors, tractors and motor vehicles.

³⁰ Red Flag, May 16, 1960, Peking.

³¹ Red Flag, June 1, 1960.

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In Anyang in the Honan province, Canton in the Kwangtung province, and Tsinan in the Shantung province, the development of local iron and steel units set up in the 1958 "backyard" drive into a single "medium-sized, integrated iron and steel enterprise" has now been accomplished, according to official claims. The city of Anyang has more than a dozen small and medium blast furnaces and converters, and in the second quarter of 1960 two steel rolling workshops started making small-sized rolled steel and seamless steel tubing.³²

There are only a few examples. According to NCNA reported on June 10, 1960, hundreds of new small iron and steel plants, and small integrated works have been created in the "national-wide drive..... to set up iron and steel enterprises in every city." These miniature complexes are designed to serve a variety of local needs.

One enterprise in Fukien province is said to be producing cooling equipment for the commune's chemical factories and some of the equipment for a 100 kw power station and a paper mill.

Nor is this movement confined to iron and steel. In Honan province, again, the NCNA reported on June 9, 1960, practically every commune has its own cement plant or workshop and between them they produced 86,000 tons in the first quarter of 1960.

³² Red Flag, June 1, 1960.

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Hainan island was recorded, before the war, as possessing gold, silver-lead and tin. Only at present, the iron resources are being mined. The largest mine being probably at Shihlu where the ore is of high quality and easy to extract. The island, like the mainland, was plunged into the drive for production of "backyard" steel and an iron and steel enterprise, presumably of more advanced type, is now being built gradually concentrating on malachite iron ore.

In all 147 newly constructed modern factories are in operation and over 1,000 small factories and workshops run by communes in the Autonomous Chou alone. At Haikow, the largest city of the island, 249 factories have gone up in the past few years and the share of industry in the total value of the island's industrial and agricultural production rose from 12.3 per cent (184.46 million yuan) in 1949 to 50 per cent (399.22 million yuan) in 1959.³³

³³ People's Daily, January 23, 1960.

CHAPTER IV

APPRAISAL OF THE COMMUNE SYSTEM

1. Social: Collective Living

The establishment of agricultural collectivization in Communist China may be observed in the three periods of development. The period of land reform from 1949 to 1952 in which the main objective was to destroy the system of land distribution of the 'old society', and to eliminate the landlord class. The second period of agricultural co-operativization from 1953 to 1955 was a transition from a system of individual economy to collectivization. Finally, from 1956 on, was the period of collectivization wherein was laid the foundation of communization -- the establishment of the people's communes.

For thousands of years the Chinese lived under a system of individual economy, tilling their small plots of land generation after generation, and treasuring these plots as their fundamental means of subsistence. The introduction of agricultural co-operatives in 1953 forced the peasants to give up their land and join the co-operatives. Nevertheless, they still lived a family life, cooking their own food and taking care of their own children. This way of life, however, is considered by the Chinese Communists "the source of all

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selfish ideas". With the establishment of the people's communes, efforts are being made to collectivize life. Concrete measures taken were the setting up of public mess halls, nurseries, kindergartens, homes for old people, sewing teams, laundry teams and shoe-making teams, in order to centralize all domestic affairs and enable all members of the family to be sent separately to various organizations, thereby completely overthrowing the original family system and thoroughly re-shaping the social foundations of the country.

From the above discussion, it is apparent that the purpose of collective living was first to destroy the family system because the communists considered that the family was a source of individualism. They believed that to get rid of individualism it was necessary to abolish the peasants' concept of taking the family as the social unit. With the establishment of people's communes, the foundation of the family is indeed being shaken as a result of the collectivization of living and the disappearance of private ownership of property. There are no more moral obligations between father and son, between husband and wife, or between relatives and friends, but only the relationship between 'fellow workers'. Such a 'revolution' can very well break the family as the fundamental social unit, and change every human being into an isolated body. Moreover, the communists consider that collective living has entirely revolutionized the lives of 500 million

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peasants and they believe that a man's mode of production and living decides his thinking.

Secondly, it is to eliminate the peasant class and overcome the final obstacle to communism since the peasants, according to the communists, constitute the last bourgeois class. To realize communism, therefore, it is necessary to transform the peasants into workers. Under the commune system, following the establishment of the labour army of workers-peasants-soldiers and the introduction of the wage system, the distinction between peasants and workers diminishes; the peasants will eventually be transformed into 'agricultural workers' and the peasant class will at long last be out of existence.

Thirdly, collective living is to make 'everyone a soldier' and build a reserve army. The People's Daily did not try to hide the régime's intention in this respect when the paper carried the following passage in its editorial on September 4, 1958:

In the commune, everyone should become a soldier. Young men eligible by age and all demobilized servicemen should be organized into militia, put under constant military training and required to shoulder the mission assigned by the State.

The ostensible aim of this, as indicated by the above-quoted passage is to give all able-bodied men and women a fundamental military training thus cutting defence expenditures and agricultural collectivization under military control with

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the intention of increasing efficiency in production. That is, if everyone becomes a soldier, the government would be able to cut the number of its regular-reserved army and thus greatly reduce military expenditures ^{for internal security.} In establishing a nation-wide militia under the control of the Party, the presence of activists and demobilized soldiers within the nation-wide militia would serve as a stabilizing force against counter-revolutionaries.

Finally, collective living enables the Party to strengthen communist education. For instance, in the kindergartens, children use the term 'ours' instead of 'mine', they are trained to say, for example, 'our classroom' and 'our toys'. This attempt is to eliminate the concept of private ownership. Children under seven years of age receive their education in the communes' kindergartens and those above the age of seven are forced to become boarders in school wherein they live and eat collectively, study and labour collectively, the purpose of this, again, is to separate the children from their homes while they are still young, in order to form a habit of collective living.

2. Economic: Productivity and Labour Force

It is true that the productive capacity of mainland China has greatly been raised since the establishment of the Communist régime from 1949, particularly through the period

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of the First Five Year Plan (1953-1957). For instance, from 1901 to 1948 China produced 7,600,000 tons of steel, but within the period of the first Five Year Plan, 16,000,000 tons were produced. The increase of productivity can also be seen in the other aspects of economic development.

In order to accelerate the economic development in both agriculture and industry, a great leap forward campaign was started in 1958. This was initiated under the slogan "to surpass Britain in steel production within fifteen years". As a result of the great leap forward in both agricultural and industrial development, in order to fulfil the target of producing 10.7 million tons of steel, the Peking régime had mobilized approximately 100 million labourers. Along with this, they also had to mobilize 100 million labourers to fulfil their water-conservancy project and about 60-70 million for other capital constructions. Since male labour throughout the countryside on the mainland only amounted to about 100 million, there was a labour shortage. Under such circumstances, female labour was first utilized. Thus, efforts were made to release women from their family and as a result the people's commune was introduced.

As a result of collective living in the commune, women labourers constitute a great portion in the total labour force. The official estimates showed that under general mobilization, about 100 million women labourers could be drawn from the countryside.

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According to statistics for nine provinces of North and Southeast China as a result of the extensive establishment of public mess halls and nurseries, more than 24 million women have been released for work in production. Other figures are 6.9 million in Honan, 7 million in Shantung; while in Shensi the number of women taking part in production has raised from 60 to 70 per cent. In the province of Hunan, at the end of September 1958, there were 10.15 million women engaged in production, representing 64 per cent of the total number of rural women in that province. Of this figure, 8 million were engaged in agricultural production, and comprised 80 per cent of the entire agricultural labour power in that province, therefore, women have already become the main force on the agricultural front in Hunan.³⁴

In order to facilitate control over the peasants, the communist régime, apart from collectivizing the peasants' way of life, has organized labour along military lines, therefore, the peasants are organized into various forms of the "labour army" since the Chinese Communists believe that "labour in the people's communes should be as organized and disciplined in the factory as well as in the army", that "the forces of large-scale agricultural production constitute an industrial army", and "each factory being like a military camp, discipline for the worker standing before the machine should be as

34 People's Daily, November 12, 1958.

rigid as that in the army". Thus then, the peasants became "an industrial army for agriculture".³⁵

Moreover, the Chinese Communists hierarchy believe that "production itself is a battle". Therefore, under the slogan "Fight bitterly for three years to change the backward look of the country", the CCP Central Committee asked the people to take combative action to push production ahead and overcome all difficulties.³⁶

In the opinion of the communist leaders, "acting as if in battle" is the greatest importance in at least two ways:

First, it makes life tense, and tense living is the motive power of rapid economic progress. The editorial of the People's Daily of October 20, 1958 pointed out that "tension is the feature of the order of life in our present era. If we do not live tensely, how can we free ourselves from the burden of poverty and backwardness left to us by history? And how can we build socialism and enter communism?" Therefore, the only way to keep the people in a state of both mental and physical strain is to make them act as if in battle.

³⁵ See the "Resolution of Some Questions Concerning the People's Communes" adopted by the Sixth Plenary Session of the CCP 8th Central Committee on December 10, 1958.

³⁶ "Battle of three years" means great leap forward in both agriculture and industry for three years (1958-1960).

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Secondly, this system can raise working efficiency and shorten the period required for construction. The communists also believe that the present great leap forward in the economic field is "a tense struggle between man and time, during which to organize along military lines and act as if fighting a battle is of the greatest importance for the fulfillment of production task in a rapid and accurate manner." For it is possible to achieve a high rate of progress by making the people "fight for every single minute or second regardless of day or night, rain or shine." For instance, to remedy the lack of communication facilities, people mobilized to take shock action in transport, work like "ants removing a mountain"; to make up the deficiency in raw materials for the production of iron and steel, masses of people are sent to the mountains to search for and excavate iron ore. To carry out such mass movements, all production, construction and transport tasks must be handled as if in battle.

In accordance with the principle of acting as if in battle, all construction and production undertakings are tackled not in the traditional way but by shock labour. Shock labour has two fundamental features; firstly, it has no definite time-limit for work. To accomplish a certain task in production or construction, peasants or workers may be mobilized to work continuously for several days and nights without proper rest. Secondly, it has no definite quota of work. In

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general, maximum results should be achieved within the shortest possible time.

When the Political Bureau of the CCP Central Committee decided in August 1958 to raise the year's output of steel from the previous year's 5.35 million tons to 10.7 million tons, about 100 million people in mainland China were mobilized and sent to the steel production front to attain this goal by shock action. The Shihchingshan Iron and Steel Plant near Peking, for instance, was ordered to complete within 14 days a steel-smelting workshop with converters capable of producing 100,000 tons of steel each year. The work involved included the building of a main work-shed 1,380 square meters in area, the construction and installing of four converters three tons each in weight, as well as the installing of auxiliary equipment such as cranes and blast machines. The only way this task could be accomplished was to force the people to work day and night in three shifts.

In the Autonomous Region of Kwangsi, over a million youths of the Chuang people were organized into some 80,000 shock brigades to build more than 34,000 native-style blast furnaces; and 1.9 million youths in the "iron and steel expeditionary force" climbed the mountains and waded through water to support iron and steel construction.³⁷

³⁷ People's Daily, November 26, 1958.

Shock labour was not limited to iron and steel smelting, but was utilized as well in agricultural and water conservancy work, in communication and transport undertaking organizations. For instance, during the autumn sowing in 1958, the communists coined the slogan "demand grain from nature and declare war against the great earth", and mobilized peasants in various places "to eat and sleep in the fields, and fight day and night". In Hopeh province, during the winter deep ploughing of 1958, some 150,000 commune members "continued working even on windy and snowy days, eating and sleeping right in the field.... They broke the frozen earth in the morning, ploughed it deep in the afternoon and kept on fighting rotating during the night. After three shock attacks, they ploughed all the county's 390,000 mou³⁸ of farmland to a depth of 1 foot and two inches".³⁹

In the sphere of communications and transport, shock labour drives were launched from time to time. During one such drive in December 1958, three million people in Hunan were organized to move more than 100,000 tons of materials from various major sharves and railway stations to rural areas within a few days.⁴⁰ In Changchow municipality in Kiangsu, one-fifth of the population was organized to transport

³⁸ 1 hectare is equivalent to 15 mou.

³⁹ New Construction, October 1, 1958, Peking.

⁴⁰ People's Daily, December 11, 1958.

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minerals, according to the People's Daily of September 12, 1958, people of this municipality were mobilized to transport the minerals in wheel-barrow or carry them in baskets, wheat-flour bags and straw hats, braving the heat during the day and working under lanterns throughout the night.

In Shantung province, no less than 15 million people were mobilized to deep-plough 80 million mou of land.

In these 'battle' actions, women played an extremely important role. The majority of them were separated from their husbands and children and organized into various kinds of fighting battalion or expeditionary forces.

For a time after the peasants had moved their lodgings to field and factory, labour efficiency rose markedly. In Hopei province the speed of deep-ploughing was at first increased fivefold. In Honan province efficiency in iron and steel production was raised so noticeably that a provincial Party committee openly pointed out that shock action "represents a very efficient method of mobilizing the masses and reaching a high level in iron and steel production".

According to the Report on Economic Development in 1958, published by the State Statistical Bureau Communique on April 14, 1959, in Peking, output of steel for 1958, (including some steel produced by local-type furnaces) reached 11.08 million tons, an increase of more than 100 per cent,

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or 5.73 million tons, over the year 1957. Pig iron output (including some pig iron produced by local-type furnaces) reached 13.69 million tons, an increase of 131 per cent, or 7.75 million tons over 1957. The average daily iron output of big and modern blast furnaces per cubic meter of available volume reached 1.49 tons, an increase of 12 per cent over 1957; the average daily output of steel by open-hearth furnaces per square meter of hearth area reached 7.78 tons, an increase of 8 per cent over 1957, it was claimed.

As for agriculture, it stated that China achieved a bumper harvest in agricultural production in 1958. The total output of grain reached 750,000 million catties (one catty equals half a kilogramme), doubling that of 1957. The total output of cotton reached 66,380,000 piculs (one picul equals 50 kilogrammes), also doubling that of 1957. The percentage of the increase in the output of other staple crops over 1957 were: soya beans 24 per cent, peanuts 56 per cent, rapseed 24 per cent, sugar beet 93 per cent, sugar cane 30 per cent, tobacco 115 per cent, and jute and ambary hemp 8 per cent.

In terms of the cultivated areas in 1958, many counties and cities in the country achieved in advance the grain per mou targets of 400, 500 and 800 catties stipulated in the National Programme for Agricultural Development in the period from 1956 to 1957. Many cotton growing areas also achieved in advance the targets in cotton per mou output of 60, 80 and

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100 cattles respectively stipulated in the Programme.

Again, a report made by Li Fu-chun, Vice-Premier and Minister of Finance of Communist China, on April 1960, claimed that the total value of industrial and agricultural output in 1959 amounted to 287,000 million yuan, 41 per cent and 39 per cent respectively higher than 1958. In line with the target of 18 million tons of steel and 380 million tons of coal, pig iron output has been increased from 13.6 million tons in 1958 to 23 million tons in 1959. Electricity output has also been raised from 25,500 million kilowatt hours to 40,000 million kwh.⁴¹

In spite of the achievements claimed by the Communist régime, however, it is doubtful that the increase in labour efficiency would last long since human beings are not machines. With lack of sufficient rest, consequently, labour efficiency will drop sharply. Moreover, it can be imagined that as production is not handled according to normal procedure, cases of accident will increase sharply, and finally it is doubtful that unskilled workers could produce iron and steel in quantities and quantities suggested by the figures of 11 million tons in 1958 and 18 million tons in 1959.

The figure of agricultural grains as claimed by the Chinese Communists is also doubtful. According to them, the

⁴¹ Red Flag, April 16, 1960. See the "Report on the Achievements of 1959" written by Li Fu-chun, Vice-Premier and Minister of Finance.

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total grain output for 1958 amounted to 750,000 million catties and increased to 525 million tons in 1959. But the fact is that in 1958, the land under cultivation of sweet potatoes had been expanded by 100 million mou and the production of sweet potatoes occupied one-third of the total autumn crop in that year. In some provinces, because of the surplus of such products and because of the difficulties of storage and transportation, the communist government forced the peasants to take sweet potatoes as the chief food.⁴²

Actually the reports of increased agricultural output in grain were due mainly to the expansion of acreage under cultivation of sweet potatoes. Here are some of the underlying facts for increasing agricultural grain. One mou of land can produce a maximum of 20,000 catties of sweet potatoes while the same land can only produce 600 catties of rice. According to the Chinese Communists, the value between sweet potatoes and rice is four to one respectively, therefore, the expansion of cultivating sweet potatoes by 100 million mou of land can increase the grain crops by more than 400,000 million catties. As the figure of 1958 is doubtful, the increased figure of 525 million tons in 1959 is hardly to be considered as established.

Nevertheless, it is undeniable that the Chinese Commu-

⁴² In China, the chief food is rice for the South and wheat for the North.

nists have achieved rapid economic development in the fields of steel production, agricultural products and capital construction.

Steel and Food Problem

1. Steel Problem:

The first modern iron and steel plant in China was founded in 1890 at Hanyang city (now part of the triple city of Wuhan) on the Yangtze River. Up to 1949, the Chinese Government figures show that steel production totalled 7.6 million tons. The peak year was 1943, when 920,000 tons were produced.

In 1949, steel output was only 158,000 tons. By 1952 it had reached 1.35 million tons, by 1957 5.35 million tons and on December 19, 1958, the total for the year to then was 10.73 million tons.

The following quotation, as taken from New Construction journal of December 1958, will illustrate the productive capacity of steel as stated by Po I-po, Vice-Premier and Chairman of the State Economic Commission:

In the Shanghai No.3 Steel Plant, utilization of open-hearth furnace area reached 15 tons per square metre, surpassing that of any capitalist country. In the Penki Iron and Steel Plant, efficiency reached 2.2 tons per cubic metre of blast furnace volume and 43 tons per 1,000 KVA of electric furnace volume in an inter-factory emulation.

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...The world's biggest open-hearth furnaces, with a daily capacity of 1,300 to 1,500 tons each, and China's two biggest blast furnaces, each with a capacity more than 2,000 tons a day, were in operation a short while ago in Anshan and Wuhan. By the end of November, the open-hearth furnaces had turned out more than 45,000 tons of steel . . . Other metallurgical equipment put into operation this year includes a big Bessemer converter workshop with an annual capacity of 600,000 tons, which was built in Shanghai in only 47 days, and a large number of other Bessemer converters and open-hearth furnaces.

Again, it is claimed that in 1958 over 40,000 blowers, 110,000 sets of blast furnace equipment and 3,000 sets of Bessemer converter equipment were produced.

The achievement of steel production of 11 million tons in 1958, as claimed by the Peking government, doubled the output of 1957 (steel produce in 1957 was 5.35 million tons) and in 1959 output increased to 18 million tons. However, this figure is doubtful. Judging from the reference of various sources, it has been found that there was an insufficient supply of iron ore and coking coal, consequently many local blast furnaces were forced to cease operation. Secondly, because of the poor mining techniques, it was found that a great percentage of the mineral products were of a very low quality, consequently, labour in this area of production was wasted. Thirdly, because of the difficulties of transporting raw materials to the source of production and because of the lack of transport utilities, the Chinese Communists mobilized all means of transportation throughout the country, and at

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the same instance increased the speed of construction of railways and highways. However, the difficulty of transportation cannot be solved in a short run, consequently no doubt this effects the rate of production. Finally, although a great number of open-hearth furnaces were built, because of the lack of training in techniques, the unskilled peasant labourers were unable to produce efficiently, and even what was produced was of a very low quality.

From these facts, it can be seen that the achievements of steel produce as claimed by the communist officials only represents a quantity figure in order to fulfil their production targets and strengthen their propaganda.

2. Food Problem:

The Peking government has repeatedly announced unprecedented bumper crops for 1958-1959, and claimed that China is now the world's biggest producer and the largest exporter of rice; of the latter, it is quite true since the export of rice to the neighbour countries has been increasing annually. However, apparently, there has been a serious shortage of food supplies in the market. For instance, in North China where flour is the basic food, as rice in the South, the quota of flour allocation was cut sharply to less than that set by food rationing in 1954.

Judging from the policy of the Peking government in recent years and the results of the great leap forward

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campaign accompanied by the commune system from the second half of 1958, the food shortage of mainland China today is due to the following reasons:

Firstly, the rate of exporting rice and wheat to the neighbour countries has increased annually in order to obtain a sufficient foreign exchange or in exchange for heavy machinery. It is under these conditions that millions of tons of rice and wheat have been exported to Soviet Russia and to Ceylon each year in exchange for heavy machinery, military equipment and aircraft. Secondly, the authorities have launched a transport drive to clear all bottlenecks on steel produce, therefore, transport of grain was delayed, consequently a great portion of the grain has been found unedible due to poor storage conditions.

The food shortage can be seen from the fact that the people have drawn 34 per cent of their basic food rations in wheat flour, but henceforth they will be allocated only 20 per cent. Since rationing commenced in 1954, the allocation of flour has never been dropped to such a low level.

Monthly allocations of basic foods are: heavy workers, 60 lb. for men, and 40 lb. for women; manual workers, 40 lb. for men, and 30 lb. for women; intellectual workers, 32 lb. for both men and women; housewives and aged persons, 28 lb. per person; children up to 15 years of age, 6 lb. to 11 lb. according to age. The monthly ration of oil and fat is one

lb. for heavy workers and 10 ounces for intellectuals, and 12 ounces of meat and pork for each person. Although fat and oils are allocated, it does not mean that one will receive his full allocation.

In the larger port cities such as Shanghai and Tientsin, rationing is reported to be even more severe, owing to the shortage of pigs, poultry, vegetables and other daily necessities.

Despite the food shortage, China's exports to Southern Asia countries, East European countries and Soviet Russia increased sharply. The main items of exports were food stuff and agricultural products, only a small portion was light industrial products to those under-developed countries in South Asia, Africa and Latin America. At the time of food shortage at home, but sharp increase in exports, the Peking government frankly told the people that domestic consumption of foods and consumer goods had to be curtailed so that the country's earning in foreign exchange could be augmented through more exports.

The trade policy of Peking is that communist officials in China as well as those sent abroad are instructed to supply various items only to those friendly dealers at lower prices, rather than selling the goods at the higher prices irrespective of whoever the buyers are. Therefore, in many cases, the price of her exports even could not cover the

cost of production. This can be seen particularly in those countries of South East Asia. The aim of this policy is first to earn more foreign exchange, second, to control the market in those under-developed countries with its light industrial products, in order to drive Japanese goods out of the market, and finally to impress those under-developed countries with what China is now able to produce.

Because of the above-mentioned reasons, the crisis of food shortage has been deepened despite the recent years' 'bumper harvest'. (1958, 1959)

Financial Aspects

Since communization took place in the rural areas on the Chinese mainland in the second half of 1958, there was not only an unprecedented change in the life of 500 million peasants but also a change in the framework of production, distribution and exchange as well. Because of this reason, the Peking government had to change the financial structure, system of business and trade, and plans of administration. As far as the government finance is concerned, because of the establishment of the people's communes and because the communes can produce various kinds of products which are mostly consumed by themselves, the scope of exchange has been narrowed. Numerous kinds of commodities exchanged now need not

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go to the Department of Business and Trade, therefore, business behaviour has been basically changed and the revenue of the State from this respect has been greatly reduced. Consequently, this affects the government budget and financial policy. For instance, since the introduction of the commune system, there has been a rapid decline in the revenue of business tax, and tax on the trade of animal husbandry; besides this, the commercial tax has been eliminated. Moreover, it has been found that the original agricultural tax is not applicable any more. Thus, the Department of Finance introduced a system of "Two Transfers, Three Unifications and One Guarantee" (see Trade and Finance in Chapter II, pp. ⁴³⁻⁴⁸29-30) in order to stabilize the government revenue on the basis of not obstructing the solidity of the commune system.

According to the report written by Li Fu-chun on the State's final accounts for 1958 and the draft State Budget for 1959 at the end of 1959, the execution of the 1958 budget showed that both revenue and expenditure greatly exceeded the original estimates and far surpassed any year in the past in both scale and rate of increase. Revenue in 1958 amounted to 41,860 million yuan, an increase of 26.1 per cent over the original budget, which exceeded 1957 revenue by 35 per cent, while the average annual increase in the first Five Year Plan period was 12 per cent. There was a surplus of 900 million yuan over expenditure.⁴³ The report also pointed out

⁴³ Peking Review, April 7, 1959, Peking. See the

"Report on 1959 National Economic Plan" written by Li Fu-chun.

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that some 83.9 per cent of the State revenue in 1958 was from taxes and profits paid by state enterprises and undertakings, while only 13.7 per cent came from the people's communes. Revenue collected from the rural areas in the form of taxes and the issue of State bonds⁴⁴ amounted to 6,170 million yuan, or 7 per cent of the total output of agriculture, in comparison with 10 per cent in 1957.

According to Li Fu-chun, total expenditures for 1958 were 40,960 million yuan, about 123.4 per cent of the budgeted expenditure, or 35 per cent over 1957 expenditure. Of this, 26,270 million went to economic development and 4,350 million to social services, cultural and education. National defence accounted for 5,000 million, and administration expenses called for 2,270 million. Repayment of domestic and foreign loans and aid to foreign countries came to 1,180 million; other expenditures, 240 million. Capital construction investment totalled 21,400 million, an increase of 70 per cent over 1957.

From the above figures, the financial features of 1958 can be seen. It is noticeable that revenue derived from the communes only amounted to 13.7 per cent of the total

⁴⁴ There is no money market in Communist China. State bonds are issued by the Central Government as a means of providing funds to supplement the insufficiency of state revenue. The people are forced to buy State bonds at a fixed quota. The rate of interest of State bonds is fixed by the Government.

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revenue while there was 83.9 per cent derived from taxes and profits of the state enterprises. This indicates a decline on the revenue from the rural areas when comparing with 1957 due to the non-existence of agricultural tax and implies a decline on the revenue from taxes upon rural trade and commerce. The greatest amount of expenditure is the figure of 21,400 million yuan for capital construction investment and 5,000 million yuan for national defence. As a result of the new financial system of "Two Transfers, Three Unifications, One Guarantee" introduced at the end of 1958, it can be observed that the government expenditures from 1959 on must be decreased since a great portion of government expenditure for administration, social service and education, under the new financial system, will partly be paid by the communes themselves instead of the government. Moreover, since the labour for capital construction is also paid in part by the communes, thus, part of the expenditure of labour cost for capital construction investment can also be saved on the part of the central government. Therefore, the decrease in revenue from the rural areas can be balanced by the decrease of government expenditure in the forementioned areas.

Despite its advantages as mentioned above, however, the new financial system is subject to criticism for the following reasons:

First, the transfer of financial institutions to the

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commune level under the control of lower level communist officials whose educational standard were generally very low and lacking in administrative and financial administration.

Second, those civil servants and experienced financial experts who were transferred to the commune level to help implement the changeover, were obliged to accept lower wages. This fact along with conflict resulting from the change of authority no doubt affected their efficiency.

Third, at the time of the "two transfers" a great portion of the lower level officials were opposed to the system. Since the rural financial task of the Peking government depends upon the support of the lower level officials, it is doubtful that the new system would succeed without their whole hearted cooperation.

Fourth, since the system of "one guarantee" is planned by low level of communist officials according to the current record of production, they have a tendency to exaggerate the figures of production, thus, it is doubtful that this pre-planned record could be reached. Consequently, in order to execute the "one guarantee" policy, the quota of distribution among the commune members must be reduced further, this would, again, lower the income of the peasants and a lower standard of living would occur.

Finally, in the short run, the transfer of the

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financial institutions to the commune level required a great deal of skilled experts, economists and accountants of which there was a scarcity. These facts plus the normal problems resulting from such a changeover would lead one to doubt its success and solidity.

CONCLUSION

China has been regarded as an under-developed country whose national economy is based on rural economy. The Chinese rural economy, for more than four thousand years, was based on feudalism which led to the class struggle between the landlords and the peasants. On the other hand, because of the lack of adequate farming machinery and technique, because of recurring calamities of flood and famine, the income of the peasants tended to be very unstable. On top of this, under the conditions of land rent exploitation and the high rate of agricultural tax, the peasants had been subjected to a very low standard of living.

The unequal distribution of land along with the starvation prevailing among 500 million peasants who in effect were more than 80 per cent of the total population brought about the communist revolution. The Chinese Communists, with their promises of eliminating the landlord class, returning the land to the peasants and improving the standard of living, were successful in obtaining the support of the rural population and came into power in 1949.

In fact, the Chinese Communists contributed to the rapid economic development of agriculture and industry, as was reflected in the annual rate of growth of the national income and gross output since 1949.

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To build up socialism the Chinese Communists made every endeavour to build a highly industrialized economy. The first Five-Year-Plan which held as a long-range objective was launched in 1953. The planners expected that it would take three Five-Year-Plan to realize a socialist society. It was hoped that by 1968 the country would be sufficiently industrialized and able to produce all the machinery and equipment needed for further economic development.

The transition from capitalism to socialism was in itself remarkable although only to a lower type of communism. But since the ultimate goal was to bring about fully evolved communism the system of people's commune was selected as the path to be taken.

As far as the commune system is concerned, efforts were made in Communist Russia prior to 1930 to establish agricultural ^{collective farms} ~~communes~~, but due to various conditions particularly the dissatisfied reaction of the peasants, they have not to present succeeded.

In comparing with Soviet Russia, the introduction of the commune system in Communist China was a premature step towards communism for the following reasons:

First, the formation of the people's commune is a transition from socialism to communism (as the Chinese Communists assert). But, to be effective in this regard the people's commune requires the modernization of agriculture,

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this in turn depends upon the high industrialization of the country, and in China this was not planned to be achieved before 1968. The people's commune of China is therefore premature because the transition to socialism is yet incomplete.

Second, the people's commune has been greatly hampered in its objective of increasing the agricultural productivity because of the shortage of farm machinery and of chemical fertilizer.

Lastly, since the introduction of land reform, agricultural productivity has been increased. However, this increase in productivity was somewhat counteracted by the sharp increase in annual exports. Therefore, because the standard of living for the peasants had not been improved, the attempts at collective living with regard to increasing efficiency in production was hampered by dissatisfied peasants.

The process of establishing people's communes was completed within a few months after the official announcement reflecting an outward success, but in fact this was not so. The problems involved were not to be solved easily. First, because the peasants were forced to join the communes, those who hesitated were considered as counter-revolutionaries and severely tried. Second, the establishment of the commune system completely destroyed the family system and the people lost everything they possessed. This brought about great dissatisfaction. Furthermore, there was much disagreement

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among the Party leaders regarding the introduction of the commune system. This was reflected in the fact that Mao Tse-tung did not wish to have the policy discussed in the Central Committee of the CCP until such time as the commune were in existence in a greater part of China.

According to various reports which cannot be verified, but may be considered as reliable, at the Central Committee of the CCP which met in November 1958, Premier Chou En-lai, supported by a group of army generals, requested to curb the communization. The army generals complained that the attack on family life would have an ill-effect on the minds of the soldiers who were mainly conscripted from peasant families. It was because of this opposition that Mao Tse-tung was forced to resign from the office of Chairman of the Republic, after which Liu Shao-chi was elected as the Chairman of the Republic (April 27, 1959).

The responses of the Chinese people to the commune system can be seen to be unfavourable for the following reasons:

First, with the establishment of the communes a great number of the Chinese people fled into Hong Kong and Macao, taking the risk of being sentenced to death if they were captured. Secondly, with the establishing of collective living on the Chinese mainland the overseas Chinese remittances decreased sharply in the following years. Since the

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remittances by overseas Chinese was an important source contributing to the foreign exchange of the Peking government, China's external financing was faced with additional difficulties, and in order to maintain a sufficiency in foreign exchange, a further increase of exports was necessitated. This would prolong any attempt to raise the standard of living of the Chinese people.

Combining these factors, it is reasonable to believe that the commune system has not succeeded. Looking back into the history of China, during the past four thousand years, there had been many revolutions, most of which had their roots in the uprising of the peasantry, motivated by their fight against starvation, exploitation and dictatorship. In concluding therefore, unless the standard of living is to be improved and the policy towards collective living revised, the continuance of the commune system may lead to another revolution.

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