

*Economic Development*

The government in 1949 inherited a badly disrupted economy. Inflation had rocketed beyond control; floods had affected 30-40 percent of the arable land; and industrial and food output had plummeted to 56 and 70-75 percent of the prewar peak, respectively. Thus, the first order of business was to rehabilitate the economic life of the nation and restore industrial and agricultural production to prewar levels.

To promote financial stability, the government issued a People's Currency (*Jen-min p'iao*) in May 1949 and banned the circulation of foreign currencies as a medium of exchange. Strenuous efforts were made to achieve price and wage stabilization through a drastic reduction of the paper money in circulation and the introduction of a "wage-point" system for payment of workers, based on the prices of five basic items—rice, oil, coal, flour, and cotton cloth. As the prices of these articles fluctuated from week to week, the "wage-point" rose and fell accordingly, so that the average salary of workers varied in money value but not in actual purchasing power. Similar methods were used to safeguard savings and bank deposits. Furthermore, concerted efforts were made by the Liberation Army to restore communication lines in order to facilitate the exchange of commodities. Also put into practice was a new taxation system involving agricultural, industrial, commercial, sales and incomes taxes. With these measures, by 1950 inflation was controlled and the government budget balanced.

LAND REVOLUTION AND AGRICULTURAL COLLECTIVIZATION. In addition to efforts to eliminate inflation and restore fiscal stability, the government launched a vigorous agrarian revolution in an attempt to cure the age-old problem of landlordism.<sup>12</sup> The government promulgated in June 1950 the Agrarian Reform Law, which called for the abolition of the "land ownership system of feudal exploitation" and the confiscation of landowners' holdings and farm implements for redistribution to landless peasants. The agrarian population was classified into five categories: (1) landlords: those who possessed large land properties and who did no manual work themselves but lived on usury and the exploitation of others; (2) rich peasants: those who owned land but worked it themselves while also hiring farm hands, lending money, and renting part of the land to poor peasants; (3) middle peasants: those who owned land but worked it themselves without

12. Actually the average landlord's holding was only forty acres. See T. J. Hughes and D. E. T. Luard, *The Economic Development of Communist China, 1949-1960* (London, 1962), 143.

exploiting others; (4) poor peasants: those who owned little land or farm implements and who had to sell part of their land to make ends meet, or who had to rent land from others; and (5) hired hands: those who owned no land and had to live on labor or loans.

Theoretically, the government allowed the landlords to keep their portions of the redistributed land, and exempted from confiscation the rich peasants' land that they themselves cultivated. But in practice many injustices and acts of violence were committed in local "accusation meetings," where virulent denunciations of landlords and rich peasants took place under the guidance of overzealous party cadres and vengeful peasants. Both landlords and rich peasants suffered grievous losses at these meetings, and many were summarily shot after a brief public trial. The gentry, formerly the dominant elite and the backbone of the traditional society, was destroyed.

By December 1952 the agrarian revolution had been completed, and some 700 million *mou* ( $\frac{1}{6}$  acre) of land had been redistributed to 300 million peasants. On the average, in East and South China—where the population density was the highest—each head received one *mou*; in Central China, 2 to 3 *mou*; in North China, 3 *mou*; and in Manchuria, 7 *mou*. On the whole, the land revolution favored the poor peasants and the hired hands at the expense of the landlords and the rich peasants, while the middle peasants were affected least of all.

No sooner had the land revolution been completed in December 1952 than the government started a second phase of agrarian reform—a drive toward collectivization in 1953, with a view to raising production, preventing the re-emergence of rich peasants, achieving greater agricultural specialization, and proceeding faster toward the goal of socialist transformation. Collectivization involved several stages, the lowest being the "mutual aid" teams where the peasants pooled or loaned their implements and worked jointly and seasonally, as during the spring planting and the autumn harvest. The second stage was the semisocialist agricultural producers' cooperatives, in which the members pooled not only their implements and labor but land as well, although theoretically retaining individual ownership. The third stage was the fully socialized cooperative, similar to the Soviet collective farm, in which all members collectively owned the land. By the end of 1956, some 96 percent of all peasant households had officially become members of the semisocialist producers' cooperatives. When the collectivization campaign was completed in 1957, there were a total of 760,000 to 800,000 cooperative farms, each averaging 160 families, or 600 to 700 persons. A further move toward socialist transformation was the introduction of the people's communes in 1958.

INDUSTRIAL EXPANSION. Lenin stated, "There is only one real foundation for a socialist society, and it is large industry." Recognizing the critical role of industrialization in building a socialist state, the CCP spared no effort to achieve this goal. By 1952 not only had the prewar industrial and agricultural peaks been matched, but those of 1949 surpassed by 77.5 percent. Preparatory work for a First Five-Year Plan began in 1951, and in the autumn of the following year a State Planning Committee was established under the direction of Kao Kang, chairman of the Northeast Administrative Area. This Five-Year Plan was supposed to start in 1953, but inexperience and lack of statistical knowledge, planning technique, and machinery plagued it with delay and constant revision. When the Plan was finally put into practice in February 1955—some two years after the official beginning—it was in effect only a Two-and-a-half-Year Plan. It called for the construction of 694 industrial projects, of which 156 plants were to be built with Soviet aid. By the end of the planned period, the industrial output was supposed to double, the introduction of the cooperative farms was to be effected, and the incorporation of private industry and commerce into state organizations was to be completed, so that a "socialist transformation" might become a reality. Of the total outlay of capital, 58.2 percent was earmarked for industrial construction, 19.2 percent for transport, posts, and telecommunication, 7.6 percent for agriculture, forestry, and water conservancy, and 7.2 percent for culture, education, and public health.

The year 1956 marked a spectacular advance in industrial output that topped the previous year by 25 percent, matched by an increase of 60 percent in capital investment. Although the pace slowed down somewhat in 1957, the First Five-Year Plan still overfulfilled the original targets by 17 percent according to the "fixed prices of 1952." Steel production reached 5.3 million tons, iron 5.8 million tons, electric power 19,030 million kwh—each representing a 25 percent increase over the original quotas. The coal production of 122 million tons was an 8 percent overfulfillment, while grain output was 11.6 percent above quota.

The success of the First Five-Year Plan prompted the government to launch a more ambitious Second Five-Year Plan for 1958-62. It called for an overall increase of 75 percent in both industrial and agricultural production by 1962 and a 50 percent increase in national income. A sample of the target figures for key industries and agricultural products indicates the confidence of the planners: coal, 190-210 million tons; steel, 10.5-12 million tons, electricity, 40,000-43,000 million kwh; crude oil, 5-6 million tons; grain, 275 million tons; and cotton, 2.4 million tons.<sup>13</sup>

13. Hughes and Luard, 31, 64-65.

In harmony with the rapid economic growth, the government radically revamped the system of higher education with a view to producing larger numbers of engineers and technicians in a shorter time. Liberal arts education was discouraged in favor of technical education, and many technical institutes were created at the expense of general universities. The curriculum was revised, and departments within the universities and institutes were reorganized to allow the student greater concentration on a specialty. Thus, specialized knowledge in a narrow field was preferred to general education. According to the study of a noted American scientist, 90 percent of China's quarter of a million scientists and engineers in 1960 had been trained since the Communist take-over in 1949, and in 1960, China graduated about 75 percent as many engineers as the United States.<sup>14</sup>

THE "GREAT LEAP" AND THE COMMUNE. No sooner had the Second Five-Year Plan begun than the government plunged ahead in a new feverish drive to accelerate the expansion of the already overheated economy. In early February 1958, the National People's Congress announced a "Great Leap Forward" Movement for the next three years, calling for a 19 percent increase in steel production, 18 percent in electricity, and 17 percent in coal output for 1958. Mao talked about catching up with or even surpassing the British industrial capacity in fifteen years, i.e. 1972. Buoyed by optimism, the exuberant planners repeatedly revised the production targets upward in the ensuing months in hopes of achieving an unprecedented rate of growth. The steel quota was raised from 6.2 million tons in February 1958 to 8-8.5 million in May and to 10.7 million in August. A general increase of 33 percent in industrial output was confidently predicted for the year.<sup>15</sup> To achieve this phenomenal development record, everyone was urged to participate in industrial production, and in so doing everybody, regardless of his background—government official, peasant, student, professor, worker, etc.—became a proletarian. By the fall of 1958, some 600,000 backyard furnaces had sprung up all over the country.

Along with this frenzied drive for industrialization, the government took a further step toward socialist transformation by the creation of People's Communes. In the spring of 1958, piecemeal amalgamation of agricultural producers' cooperatives had already begun in Hopeh, Honan, and parts of Manchuria; by July the movement reached a "high tide," and the term "People's Commune" formally appeared. Mao and other high offi-

14. John A. Berberet, *Science and Technology in Communist China* (Santa Barbara, 1960), 3.

15. Hughes and Luard, 66-69.

cials inspected some of the early models in Honan and Hopeh, and on August 29 the CCP Central Committee officially announced the birth of People's Communes. By November 1958 there were 26,000 communes embracing 98 percent of the farm population. On the average each rural commune consisted of some thirty cooperatives of about 5,000 households, or 25,000 people. It assumed the administrative functions of the villages; controlled the area's agricultural as well as industrial resources; collected taxes; and operated schools, banks, nurseries, public kitchens, old folks homes, public cemeteries, etc. It appropriated all private properties such as land, houses, and livestock. However, the family institution was not destroyed and members continued to live under the same roof. Only those who were single, widowed, or childless lived in the communal facilities. The size of the commune was later reduced and by the early 1960s there were 74,000 of them, each maintaining numerous production brigades and teams to increase agricultural and industrial output.

In parallel existence with rural communes were urban communes, of which the Red Flag Commune of Chengchow in North China stood out as a model. It was created in August 1958 with 4,134 households—comprising 18,729 people—and centered around the Chengchow Spinning and Weaving Machinery Factory. Collective living began with the moving of the workers to the factory area, around which the commune developed clothing stores, public dining halls, child care centers, nurseries, hospitals, schools, parks, banks, and movie theatres. There were also old folks homes, savings banks, and farms where vegetables were grown and pigs and poultry were raised for the public mess halls. Since 80 percent of the women were employed, "livelihood service stations" and neighborhood service units were indispensable. They were run mostly by elderly persons, who performed chores for a small fee, such as paying bills, mending clothes, cleaning the houses, baby-sitting, and caring for the sick. Organizationally, the head of the Chengchow Spinning and Weaving Machinery Factory served also as the head of the commune, while the CCP branch at the factory was concurrently the party committee of the commune, over which it maintained close control. The various departments of the commune included industry, agriculture, finance, planning, civil security, welfare, sanitation, and culture. There were, of course, production teams—organized along military lines as regiments, battalions, and platoons—to raise industrial, agricultural, and every other aspect of output.<sup>16</sup>

Historically, only two commune experiments had ever been attempted

16. Janet Salaff, "The Urban Communes and Anti-city Experiment in Communist China," *The China Quarterly* (January-March 1967), 82-110.



and both soon expired as ignominious failures. They were the Paris Commune of 1871, which lasted seventy-three days from March 17 to May 28, and the peasant communes in the Soviet Union during the early revolutionary period. In 1930 Stalin pronounced communes unfit for the socialist present, though ideal for the distant future. Mao was of course not unaware of these experiences, but he seems to have been more influenced by the late Ch'ing reformer K'ang Yu-wei's work, *Ta-t'ung shu* (The Book of Universal Commonwealth), which was inspired by the ancient work "The Evolution of Li" (*Li-yin*) of the *Book of Rites* (*Li-chi*). In the *Ta-t'ung shu*, K'ang argued for the creation of a utopia in which there would be no private property, no private ownership, no sale of land, no private industry, no private commerce; in which there would be public hospitals, public maternity wards, public welfare, public education, public homes for the aged, and public cemeteries. A basic feature of this utopia was the destruction of the family and the emancipation of women from servitude in the kitchen.<sup>17</sup> It was no coincidence that Mao described the characteristic of the commune as *ta* (grand) and *kung* (public), which were the key concepts in the opening passage of the "Evolution of Li": "When the *Grand* Course was pursued, a *public* and common spirit ruled all under the sky."<sup>18</sup> Hailing the introduction of the commune as "the morning sun above the broad horizon of East Asia," the Chinese Communists confidently boasted that "the attainment of communism in China is no longer a remote event."<sup>19</sup>

As a result of the Great Leap and the introduction of the communes, the government proudly announced at the end of 1958 that industrial production for the year had surpassed that of 1957 by 65 percent. Machine tools had trebled; coal and steel had doubled; oil had increased by 50 percent and electricity by 40 percent. Even given the unavoidable exaggeration of the figures, the progress made was considerable. Yet, much of the quality was sacrificed for quantity as the government itself later admitted. In August 1959, 3 million of the 11 million tons of steel produced in 1958 was pronounced unfit for industrial use—backyard furnaces simply did not perform the same function as the giant steel mill. Amid the utopian dreams of instant development, a new feeling of pragmatism be-

17. For contents of the *Ta-t'ung shu*, see Liang Ch'i-ch'ao, *Intellectual Trends*, 95-98. For K'ang's influence on Mao, see Wen-shun Chi, "The Ideological Source of the People's Communes in Communist China," *Pacific Coast Philology*, II (April 1967), 62-78.

18. Translation by James Legge, *The Sacred Books of China*, Part III, *The Li Ki* (Oxford, 1885), 364. Italics added.

19. Benjamin I. Schwartz, "China and the Communist Bloc: A Speculative Reconstruction," *Current History*, 35:208:326 (Dec. 1958).

gan to emerge which stressed realism in planning and expertise in technological operations. It was becoming apparent that authentic economic progress needed far more than ideological power to become a reality.

Western sources generally agreed that Chinese economic growth in the 1950s was quite impressive but less so in the 1960s. A noted American economist estimated that China's Gross National Product (GNP) rose from 73.8 billions of *yüan* in 1952 to 123.4 billions in 1959, an increase of 70 percent, compared with 30 percent between 1959 and 1970 (171.4 billions). Taking the period 1952-70 as a whole, the annual growth rate was about 4 to 4.5 percent, a respectable though not spectacular performance.<sup>20</sup>

#### *Social and Psychological Control*

A basic ingredient of Maoism is the continuous organization of mass movements for the attainment of specific objectives predetermined by the party. Indeed, surges of mass campaigns punctuate the daily rhythm of life in Communist China, and the Chinese people, once described as a pile of loose sand, are now more tightly organized than any other national population in the world. Practically everybody belongs to some mass organization through which the party and the government exercise their control and carry out national policy. In addition, their monopoly of the communications media and the omnipresence of their security police and party cadre have combined to make the society a watertight compartment unprecedented in the history of China. Under such strict control freedom is anathema except when it serves the interests of the state.

The mass organizations are actually semigovernmental bodies of gigantic size. Foremost among them in 1953 were the All-China Federation of Democratic Youth, with a membership of 18 million; the All-China Federation of Trade Union, 10.2 million; the All-China Democratic Women's Federation, 76 million; and the All-China Students' Federation, 3.29 million. In addition, the Young Pioneers, which included children between the ages of 9 and 14, claimed a membership of 8 million, and the Democratic Youth League, which spanned the age group 14 to 25, boasted 12 million. Through these gigantic organizations, the government indoctrinated the people and organized them for demonstrations, parades, and drives, such as the Resist-America Aid-Korea Campaign in 1951, the Three-Anti (*San-fan*) Movement in 1951 to combat corruption, waste,

20. Value indicators in 1952 prices; exchange rate at 2.46 *yüan* to the dollar in 1952. Alexander Eckstein, "Economic Growth and Change in China: A Twenty-Year Perspective." *The China Quarterly* (April-June 1973), 54:232, 234-35.