

**FIRST FIVE-YEAR PLAN
FOR DEVELOPMENT
OF THE
NATIONAL ECONOMY
OF THE
PEOPLE'S REPUBLIC OF CHINA
IN 1953-1957**

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**RESOLUTION ON THE FIRST
FIVE-YEAR PLAN FOR DEVELOPMENT OF
THE NATIONAL ECONOMY OF THE
PEOPLE'S REPUBLIC OF CHINA**

*Adopted on July 30, 1955 by the First National
People's Congress at Its Second Session*

Having heard the Report on the First Five-Year Plan for Development of the National Economy by Li Fu-chun, Vice-Premier of the State Council and Chairman of the State Planning Commission and having discussed the draft First Five-Year Plan for Development of the National Economy, the Second Session of the First National People's Congress is unanimously of the opinion that the First Five-Year Plan, drawn up under the direction of the Central Committee of the Communist Party of China and Chairman Mao Tse-tung, is a programme of decisive importance for our whole people in their effort to carry out the fundamental task of the transition period; it is a plan for peaceful economic construction and cultural development. All the principles, tasks and policies outlined in the Plan are correct and the distribution of investments and targets set are rational and in line with actual conditions. The fulfilment of this Plan will lay a sound preliminary groundwork for the socialist construction and socialist transformation of our country and will thus further the prosperity of our country and the happiness of our people.

Therefore, Congress resolves:

1. That the First Five-Year Plan for Development of the National Economy of the People's Republic of China be adopted and Vice-Premier Li Fu-chun's Report on it be approved;
2. That the State Council of the People's Republic of China and government organizations at all levels be directed to take effective measures and see to it that all personnel rely on the masses in their work and make great efforts to guarantee the

fulfilment and overfulfilment of the First Five-Year Plan and the various annual plans;

3. That government organizations at all levels and all our people must continue to show spirit and tenacity in struggling to overcome difficulties, make every effort to increase production, practise strict economy and eliminate waste of every kind in the use of manpower, material resources and funds. In the field of capital construction in particular, while ensuring that the proper progress and quality of productive and technical projects is maintained, efforts should be made to improve on the economy measures outlined in the Plan to effect economies in our investments and the various items of expenditure;

4. That government organizations at all levels and all our people must greatly heighten their revolutionary vigilance in order to uproot all counter-revolutionaries, open or undercover, and smash all subversive activities directed by enemies both inside and outside the country against our cause of socialist construction and transformation; and

5. That government organizations at all levels and all our people, following the leadership of the Communist Party of China and Chairman Mao Tse-tung, must further consolidate the people's democratic dictatorship and strengthen the people's democratic united front, led by the working class, based on the worker-peasant alliance and comprising all the nationalities, democratic classes, democratic parties and people's organizations. They must win the support of all international friends, earnestly learn from the experience of the peoples of the Soviet Union and the People's Democracies in building socialism and strive for the successful fulfilment of our First Five-Year Plan.

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PREFACE

In 1953 the People's Republic of China embarked on its great First Five-Year Plan for Development of the National Economy.

The founding of the People's Republic of China, led by the working class, and control by the state of key branches of the national economy have made it possible for us, in accordance with our aim of building socialism, to develop and transform our national economy in a planned way, so as to convert China, step by step, from a backward, agricultural country into an advanced, socialist, industrial state.

By the end of 1952, China completed restoration of her national economy and, with few exceptions, the output of all major industrial and agricultural products surpassed peak pre-liberation levels. Transport and posts and telecommunications were restored and expanded to an appropriate extent. We did this by relying on the splendid initiative and creative spirit of the working class and the masses of the people in the front line of labour. We did this by relying on the victories of the whole nation on various fronts, such as in the reform of the agrarian system, the movement to resist American aggression and aid Korea, the suppression of counter-revolutionaries, and the *san fan* campaign (the movement against corruption, waste and bureaucratism) and *wu fan* campaign (the movement against bribery of government workers, tax evasion, theft of state property, cheating on government contracts, and stealing economic in-

formation for speculation). We did this by relying for guidance on the economic policy correctly laid down by the Communist Party of China and the Central People's Government in the light of the Common Programme. We did this with the support of the great Soviet Union and the People's Democracies. The tremendous achievements of the state in balancing revenue and expenditure and stabilizing commodity prices had a marked influence on the rapid rehabilitation of the national economy and improvement of the people's life.

In 1952, the total value of China's industrial and agricultural production (all values here and below being calculated in terms of constant prices of 1952) registered a 77.5 per cent increase compared with 1949. Modern industry showed an increase of 178.6 per cent, and agriculture (including subsidiary rural production) an increase of 48.5 per cent. In the total value of output of industry and agriculture, the proportion of modern industry, which is the main indicator of the level of development of a nation's economy, went up from 17 per cent in 1949 to 26.7 per cent in 1952. In the total value of industrial output (including that of modern industry and handicraft workshops but excluding that of handicraft co-operatives, individual handicraftsmen and handicrafts as a subsidiary rural production), the ratio between the value of output of means of production and that of consumer goods changed from 29:71 in 1949 to 39.7:60.3 in 1952. The share of state, co-operative¹ and joint state-private industrial enterprises rose from 36.7 per cent of the total industrial production in

¹The reference to co-operative industrial enterprises in this document includes those run by supply and marketing co-operatives, but not handicraft producers' co-operatives.

1949 to 61 per cent in 1952; the absolute value of output of private capitalist industrial enterprises increased, but its share of total industrial production dropped from 63.3 per cent in 1949 to 39 per cent in 1952. In agriculture, 40 per cent of the nation's peasant households had joined mutual-aid teams by 1952, while 3,644 agricultural producers' co-operatives were organized. State concerns and co-operatives handled 63.2 per cent of domestic wholesale trade and 34 per cent of retail sales. Foreign trade was brought under state control. In general, during the period of rehabilitation, following the steady consolidation of our people's democratic dictatorship, the socialist sector greatly strengthened its leading role and position in the national economy. This provided us with the possibility of introducing a planned economy in our country, and confronted us with the task of drawing up a long-term plan for development of the national economy.

Our country was a colonial, semi-colonial and semi-feudal state dominated by imperialism; it had a backward economy. Before liberation, the highest annual output of pig iron was only something over 1,800,000 tons, and of steel, slightly more than 900,000 tons.¹ There was no machine-building industry to make the essential means of production. In 1952 when China completed her economic recovery, the output of pig iron was only 1,900,000 tons, and of steel, 1,350,000 tons. These figures surpass those of pre-liberation years, nevertheless. Because of this extremely backward state of our national economy,

¹These figures refer to 1943 which include the output of pig iron and steel in Northeast China then occupied by the Japanese imperialists. In Kuomintang-controlled areas, the output of pig iron was actually only about 200,000 tons, and of steel, a little over 40,000 tons.

we must carry through a positive policy of socialist industrialization in order to raise the level of the productive forces of our country. As Comrade Mao Tse-tung has said: "Without industry, there can be no solid national defence, no people's welfare and no national prosperity and power." The purpose of adopting a positive policy of industrialization, that is, a policy which gives priority to the growth of heavy industry, is to provide a material basis on which to strengthen our national defence, meet the needs of the people and bring about the socialist transformation of our national economy. That is why, in drawing up the First Five-Year Plan for Development of the National Economy, we emphasize heavy industrial capital construction and centre our efforts in the first place on building the 156 projects which the Soviet Union is helping us to design;¹ it is on this main groundwork that we shall continue to use, restrict and transform the capitalist sector of the national economy, and ensure the progressive consolidation and expansion of the socialist sector.

At the present time, the situation in our country is as follows:

Firstly, small-peasant economy still constitutes the overwhelming proportion of our agricultural economy. Since small-peasant economy restricts the growth of productive forces in agriculture and is incompatible with socialist industrialization, scattered, individual, small-scale farming must be replaced step by step by co-operative farming. At the same time, individual handicrafts, playing an important role in

¹The 156 projects which the Soviet Union is helping us to design include the principal water conservancy project at Sanmen Gorge on the Yellow River. During the First Five-Year Plan, 145 of these 156 projects will be started, the other 11 projects will be started during the Second Five-Year Plan.