

CHOU EN-LAI

REPORT ON
ADJUSTING THE MAJOR TARGETS
OF THE
1959 NATIONAL ECONOMIC PLAN AND
FURTHER DEVELOPING THE CAMPAIGN
FOR INCREASING PRODUCTION
AND PRACTISING ECONOMY

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*Delivered at
the Fifth Meeting of the Standing Committee
of the Second National People's Congress
on August 26, 1959*

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周 恩 來

关于調整一九五九年国民經济計劃主要
指标和进一步开展增产节约运动的报告

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Chou En-lai

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ECONOMY**

(Delivered at the Fifth Meeting of the Standing Committee of the
Second National People's Congress on August 26, 1959)

The Eighth Plenary Session of the Eighth Central Committee of the Chinese Communist Party, meeting from August 2 to August 16, 1959, in the light of the implementation of the 1959 national economic plan and an analysis of the present economic situation, recommended that the economic targets for this year be adjusted and put forward the militant task of further developing the campaign for increasing production and practising economy in order to fulfil ahead of schedule, within this year, the major targets of the Second Five-Year Plan. The State Council at its plenary meeting on August 25 unanimously endorsed the appraisal of the present economic situation made by the Eighth Plenary Session of the Eighth Central Committee of the Chinese Communist Party and agreed with its recommendation to adjust the major targets of the 1959 national economic plan and to further develop the campaign to increase production and practise economy. On behalf of the State Council, I shall

now deliver a report to the Standing Committee of the Second National People's Congress on adjusting the major targets of the 1959 national economic plan and further developing the campaign to increase production and practise economy.

I. THE ECONOMIC SITUATION IN 1959

On the basis of the great leap forward in 1958, we gained the victory of a continued leap forward in the national economy in the first half of 1959.

Industry: The total output value of industry in the first half of this year was 72,900 million yuan, this was 65 per cent more than the 44,300 million yuan of the corresponding period of last year. Outputs of some of the most important industrial products in the first half of this year and their increases compared to the same period of last year are as follows: iron (produced with modern equipment), 9.5 million tons, 160 per cent; steel (produced with modern equipment), 5.3 million tons, 66 per cent; coal, 174 million tons, more than 100 per cent; electricity, 18,400 million kilowatt-hours, 55 per cent; metal-cutting machine tools, 45,000 units, more than 100 per cent; cotton yarn, 4,147,000 bales, 46 per cent; and sugar, 780,000 tons, 43 per cent. To a greater or lesser extent outputs of other products all surpassed those of the corresponding period of last year; only a very few among them showed an increase of less than 20 per cent.

Agriculture: Although the area sown to summer crops was somewhat reduced and there were serious natural calamities in the spring of this year, thanks to the check-up and consolidation of the people's communes,

which has brought the initiative of the broad mass of peasantry into greater play, the total output of wheat, coarse grains and early rice reached 139,000 million catties,¹ exceeding even the 136,500 million catties of last year's exceptionally rich summer harvest by 2,500 million catties.

Transport: The volume of railway freight in the first half of this year was 247 million tons, an increase of 49 per cent compared with the same period of last year; the volume of freight carried by steamship and barge was 55 million tons, a 75 per cent increase; the volume of freight carried by lorry was 140 million tons, a 94 per cent increase.

Capital construction: The total actual investment in the first half of this year was 10,700 million yuan, which was 54 per cent more than in the corresponding period of last year. As a result of this large-scale capital construction, many projects went into production either wholly or partially, and there was a big increase in the production capacity of industry.

Commerce: Retail sales in the first half of this year totalled 29,600 million yuan, an increase of 23 per cent compared with the corresponding period of last year. To various extents the supply of most commodities in this period surpassed that of the corresponding period of last year.

It can be seen from the above that in the first half of this year industry, agriculture, transport, capital construction and commerce all continued to develop at high speed. On the whole, the economic situation of our country is good, the achievements have been great and the

¹ 1 catty=0.5 kg. or 1.1023 lb.

whole picture is one of a continued leap forward. The broad masses of the people are satisfied with this state of affairs and are full of confidence in our bright prospects.

But unlike the overwhelming majority of the people, who are full of confidence and energy, there is a very small number of people who remain apathetic to our country's great achievements in socialist construction; they are pessimistic about the current economic situation and even try hard to spread their extremely erroneous ideas. This would undoubtedly dampen the enthusiasm of the masses and blunt their initiative. In the interests of socialism, we must thoroughly criticize these erroneous and harmful views. Here I will only refute their arguments on three questions around which they have concentrated most of their talk.

(1) THE MASS CAMPAIGN TO MAKE IRON AND STEEL

Inspired by the general line — to go all out, aim high and get greater, quicker, better and more economical results to build socialism — and the series of policies of “walking on two legs,” our 600 million and more people plunged themselves eagerly and in high spirits into the movement to build socialism. This has given rise to a large-scale mass campaign for economic construction which is unparalleled in China's history. One of the important aspects of this mass campaign was that tens of millions of people went in for mining ore and coal and making iron and steel. The mass of people understand that vigorous, large-scale mass campaigns on the economic front will ensure the high-speed development of the national economy and so transform China's face of

"poverty and blankness" all the quicker. That is why they show such boundless enthusiasm in their work and even neglect their sleep and meals. The reactionaries at home and abroad call this "forced labour" and "depriving the people of their freedom." That is a shameless slander. It is the imperialist bosses themselves who are accustomed to depriving the people of their freedom. Let them ask themselves: when has the Western world ever witnessed the magnificent spectacle of tens of millions of people going in for mining ore and coal and making iron and steel? There can be no doubt that such spontaneous labour enthusiasm on the part of the working people has been and will remain an impossibility under the capitalist system. Our general line for building socialism is a true expression of the will of the working people throughout China. That is why once grasped by the masses, it has produced such a great and unparalleled force. The reactionaries at home and abroad cannot possibly understand this, nor do they wish to understand it.

Some people hold that during last year's mass campaign to make iron and steel much manpower was used, much money was spent and part of the total products was iron and steel made by indigenous methods, as a result, it was "more loss than gain" or at most "loss and gain was a 50-50 affair." We consider this view utterly wrong.

In 1958, we produced 13.69 million tons of pig iron (excluding the 4 to 5 million tons of pig iron which were not suitable for steel-making, but good for the manufacture of simple farm implements and tools), which was 2.3 times as much as was produced in 1957; and 11.08 million tons of steel, which was more than double our production in 1957. In iron and steel production, the mass campaign

to build small enterprises which use light equipment and employ indigenous methods gave impetus to a further mass campaign in the big enterprises using heavy equipment and modern methods and to further mass campaigns covering the entire industrial front. With steel as the key lever, there was brought about the big leap forward in industry. The output of many important industrial products was doubled or went up several-fold while gross industrial output value in 1958 was 66 per cent higher than in 1957. Moreover, the mass campaign to make iron and steel paved the way for the future development of the iron and steel industry and industry as a whole. With regard to the indigenous iron smelting furnaces and small blast furnaces built last year, after rationalizing the grouping of installations, adding equipment and improving technique during last winter and this spring, many places which have suitable resources have developed groups of small blast furnaces and the output and quality of the pig iron they produced have been markedly raised. The aggregate capacity of the small blast furnaces (between 6.5 and 100 cubic metres each) which are now in operation has mounted to 43,000 cubic metres, nearly twice as much as the total volume of the large blast furnaces in the country — 24,000 cubic metres. They are able to turn out about 10 million tons of pig iron this year. In the Second Five-Year Plan period, these small blast furnaces will produce a total of about 55 million tons of pig iron. Starting from 1963, they will turn out more than 15 million tons a year. It is fully worth our while, and, indeed, very important for us to allocate a certain amount of subsidies for the operation of small blast furnaces in these five years. Owing to limitations imposed by existing conditions, if, with the same or even larger

investments, we built only big blast furnaces, we could not possibly produce so much pig iron in such a short period as five years. The history of industrial development in all countries shows that given iron and steel, machinery can be made, and given iron, steel and machinery, it is possible to achieve a rapid development of industry as a whole and of the entire national economy. It is therefore impermissible to belittle in the slightest last year's mass campaign to make iron and steel or the great significance which the large groups of small blast furnaces have for the production of iron and steel in the future.

As to the quality of the products from the small blast furnaces and their rate of coal consumption, considerable improvements have been made in the past few months. By July, the proportion of pig iron produced up to standard by small blast furnaces had risen to about 75 per cent; the rate of coal consumption dropped to about four tons per ton of pig iron and the average daily pig iron output approached 0.7 tons per cubic metre of useful capacity of the furnace. This proves that the mass campaign in the iron and steel industry has tremendous vitality and has been raised to a new stage. It can be expected that even greater progress will be made in the near future in raising output and improving the quality of the products of the small blast furnaces and lowering their rate of coal consumption. The mass campaign to make iron and steel has also served to "temper people": it has enabled the masses to acquire technical skill and knowledge and large numbers of cadres to gain experience.

Facts prove that the simultaneous development of large, small and medium-sized industrial enterprises and the use of both modern and indigenous methods have

the following advantages: The enterprises are widely distributed; it takes less time to build them; they are less demanding in the quality of raw and other materials used; and it is easier to keep them supplied. This is of great help, enabling us to make an extensive survey of resources, deploy our productive forces more rationally, make full use of resources and economize on the use of means of transportation. Of course, in our industrial construction, we must energetically build large and medium-sized enterprises using modern methods. This is the principal aspect. We must not, however, overlook the construction of small enterprises using indigenous methods or integrating modern and indigenous methods. We must "walk on two legs," not on one leg alone.

In view of the above-mentioned facts, we must affirm that the mass campaign to make iron and steel has made very big gains; it is not that "gain and loss was a 50-50 affair," still less that "there was more loss than gain." The mass campaign to make iron and steel constitutes an important aspect of the implementation of the general line for socialist construction and the set of policies of "walking on two legs." The fact-twisting attacks on the mass campaign to make iron and steel are actually attacks on the general line for socialist construction and the policy of "walking on two legs." We must resolutely rebuff such attacks.

(2) THE PEOPLE'S COMMUNES AND COMMUNITY DINING-ROOMS

In 1958, along with the great leap forward in the national economy, people's communes were set up throughout our countryside. The establishment of the

people's communes represents the desire of hundreds of millions of peasants. In their striving to get rid of poverty and backwardness more quickly and effectively, the broad mass of peasants were not content with the organizational form of the co-operatives of the advanced type which they already had; they wished to organize communes which are much larger in scale and have a much wider scope of activities. It was actually as early as the juncture of spring and summer of 1958, that the organizational form of the people's commune appeared in many places in Honan and some other provinces. As soon as it came into existence, it evoked a warm response everywhere and barely a few months elapsed before the whole countryside had switched over to people's communes. It is precisely because the people's communes represent the will of the great majority of the peasantry and play a great part in further emancipating and developing the social productive forces that they displayed a great vitality even in their initial stage. Everyone knows that the exceptionally big leap forward in the national economy last autumn and winter was inseparably connected with the setting up of people's communes throughout the countryside.

Since the people's commune movement was a large-scale mass movement and the commune was something entirely new, it is impossible that they should be perfect at the very start and that no defects or difficulties at all should be met with. Such phenomena as over-centralization of some administrative powers, equalitarianism in distribution and extravagance did appear in some degree during the initial period of the people's commune movement because both cadres and masses lacked experience. But these defects were rapidly discovered and rectified by the Central Committee of the Communist

Party. The question of a check-up in the people's communes was already discussed at the meeting called by Comrade Mao Tse-tung at Chengchow in November last year and attended by part of the leading comrades of the Central Committee and the local Party committees. Later, at the Sixth Plenary Session of the Eighth Central Committee of the Chinese Communist Party held at Wuchang and at the Enlarged Meeting of the Political Bureau of the Central Committee held at Chengchow in February and March this year, a series of important decisions were made on checking up the work of the people's communes. In accordance with these decisions, since last winter local leading Party and government organs of various levels have conducted a large-scale check-up in the people's communes, applied the principles of management and business accounting at different levels, of "to each according to his work" and more payment for those who work more; and laid it down that, at the present stage, a three-level ownership of the means of production should be observed in the people's communes, and that while ownership at the production brigade level constitutes the basic one, part of the ownership is vested in the commune level and a small part of the ownership should also be vested in the production team level. After the check-up and consolidation, the advantages of the people's communes have come into play more and more clearly and will do so even more clearly in the future in the comprehensive development of farming, forestry, animal husbandry, side-occupations and fishery and also of industry, agriculture, trade, education and defence, the gradual mechanization of agriculture, increasing the peasants' incomes and improving rural standards of living, and developing public welfare undertakings such as com-

munity dining-rooms and nurseries. Ownership in the people's communes is still of a collective character, but, ownership at the commune level already has some elements of ownership by the whole people. It can be anticipated that the people's commune will provide a good organizational form and valuable experience for the future switch over of the rural areas from collective ownership to ownership by the whole people and from socialism to communism.

The emergence of the people's communes, the growth of the commune movement, is very good indeed and by no means an awful mess. The people's communes are the inevitable result of developing circumstances and their rise was not at all "premature." Those who assert that the people's communes are in "an awful mess" are none other than the imperialists who are violently hostile to our country's socialist cause, as well as some Rightists and other reactionaries who are against the people and against socialism. Apart from these, there are some people who pay lip-service to socialism but find fault with this and that in the people's commune movement, which has the active support of hundreds of millions of people, and maintain that the people's communes have been set up prematurely and have gone wrong. We would ask: Aren't you afraid of being thrown over to the borderline of the bourgeois Rightists?

Here, I would also like to say something about the community dining-rooms. The community dining-rooms established in the wide rural areas and run by some street communities in the cities are likewise undertakings of the masses. Many rural dining-rooms are several years old and developed especially rapidly in the summer of

last year; they suit the requirements of the masses and therefore are welcomed by them. They are especially warmly acclaimed by our working women, because they relieve them to a great extent of heavy household chores and facilitate their taking part in productive work like their menfolk. For the old folk and children they perform at the same time the functions of collective welfare and social insurance establishments. In the initial period of their formation, owing to lack of experience in management and to the influence of the bumper harvest and the mass campaigns for making iron and steel and for developing industry, some dining-rooms failed to manage their grain and non-staple foods well, so that a little too much was consumed. This is understandable. This defect has now been corrected. After the summer harvest, such measures as distributing grain to each family, voluntary participation in dining-rooms, allocating food according to each individual's need and returning unconsumed grain to the person who saves it, have been introduced in various localities, with the result that most of the dining-rooms have been put on a sound basis. We maintain that so long as the principles of active management and voluntary participation are adhered to, the community dining-rooms will attain their aim of providing convenient services to production and for the masses and will therefore be warmly supported by the broad mass of working people. So it is obviously very wrong to exaggerate certain shortcomings of the community dining-rooms in their initial stage, and find fault with and oppose them, or even close them down forcibly in contravention of the desire of the masses.