

CHOU EN-LAI

**REPORT ON THE WORK
OF THE GOVERNMENT**

*Delivered at the First Session
of the Second National People's Congress
on April 18, 1959*

FOREIGN LANGUAGES PRESS
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CONTENTS

I. THE GREAT ACHIEVEMENTS OF THE FIRST FIVE-YEAR PLAN AND OF 1958 — THE FIRST YEAR OF THE SECOND FIVE-YEAR PLAN	1
II. OUR TASKS ON THE ECONOMIC FRONT IN 1959 — THE SECOND YEAR OF THE SECOND FIVE-YEAR PLAN	16
III. OUR TASKS ON THE CULTURAL AND EDUCATIONAL FRONTS	34
IV. THE POLITICAL LIFE OF OUR COUNTRY	43
V. FOREIGN POLICY	56

Fellow Deputies:

In accordance with the decision of the State Council, I will now report on the work of the government to the First Session of the Second National People's Congress.

I

THE GREAT ACHIEVEMENTS OF THE FIRST FIVE-YEAR PLAN AND OF 1958 — THE FIRST YEAR OF THE SECOND FIVE-YEAR PLAN

During the four years and more of the term of office of the First National People's Congress, a series of changes of great historic significance have taken place in our country.

When the First Session of the First National People's Congress convened in 1954, the socialist sector already occupied a leading position in our national economy, but there still remained a large amount of capitalist industry and commerce and of individual agriculture and handicrafts. The movement for mutual aid in labour had developed widely in the rural areas; about 60 per cent of all peasant households had joined agricultural labour mutual-aid teams, but only about 2 per cent of all peasant households had yet organized themselves into agricultural producers' co-operatives. By that time our country had completed the tasks of the period of economic rehabilitation, and had begun large-scale, planned economic construction, but it remained to be seen whether

we would be able to lay a foundation for socialist industrialization in a fairly short period in such a big country as ours with a population of more than 600 million. How do things stand now? All of us can see what brilliant achievements in socialist revolution and socialist construction were gained by the Chinese people in just over four years under the leadership of the Chinese Communist Party and Chairman Mao Tse-tung.

In 1955 and 1956, our country carried out the overall socialist transformation of capitalist industry and commerce, and of agriculture and handicrafts, and thus accomplished, in the main, the task of the socialist revolution in the sphere of ownership of the means of production. Now, with the exception of a few national minority areas, our country has in the main only two types of ownership of the means of production — socialist ownership by the whole people and socialist collective ownership. In 1957 and the first half of 1958, our people carried through the nation-wide rectification campaign and the struggle against the bourgeois rightists, and won a great victory for the socialist revolution on the ideological and political fronts. Thus, in the struggle between the two roads, socialism has now won a basic victory over capitalism on all fronts.

In our country socialist construction and socialist revolution are carried out simultaneously, with the one promoting the other. From 1953 to 1957, China carried out its First Five-Year Plan for development of the national economy. When we put forward this plan, the imperialists declared that it was all a dream, foredoomed to failure. But the fact is that we overfulfilled the First Five-Year Plan in 1957 and, on this basis, began to im-

plement the even more magnificent Second Five-Year Plan in 1958.

As a result of the fulfilment and overfulfilment of the First Five-Year Plan, the total value of our industrial and agricultural output in 1957 amounted to 138,740 million yuan, an increase of 68 per cent compared with 1952 when it was 82,710 million yuan. The total output value of industry reached 65,020 million yuan, an increase of 141 per cent over 1952 when it was 27,010 million yuan; that of handicraft production reached 13,370 million yuan, an increase of 83 per cent over 1952 when it was 7,310 million yuan; and that of agriculture reached 60,350 million yuan, an increase of 25 per cent over 1952 when it was 48,390 million yuan.¹

During the First Five-Year Plan period, capital investments made by the state in the economic and cultural fields totalled 49,300 million yuan, exceeding by 15.3 per cent the planned figure of 42,740 million yuan. During the five years under review construction started on more

¹In calculating the output value of industry and agriculture during the First Five-Year Plan period, prices were taken as being constant at the 1952 level. The output value of industry and agriculture in 1957 and 1952 was calculated on this same basis.

Because the prices of a certain number of industrial and agricultural products were adjusted in 1957, in calculating the output value of industry and agriculture during the Second Five-Year Plan period prices are taken as being constant at the 1957 price level. Therefore, when comparing the output value in 1957 with those of the years of the Second Five-Year Plan, all prices should be calculated as being constant at the 1957 price level. Thus, the total output value of industry and agriculture in 1957 should be 124,100 million yuan, that of industry and handicrafts, 70,400 million yuan, and that of agriculture, 53,700 million yuan.

than 10,000 industrial and mining projects, of which 921 were above-norm,¹ 227 more than was envisaged under the plan. By the end of 1957, 537 above-norm industrial and mining projects had been completed or partially completed and had gone into production.

As a result of the fulfilment of the First Five-Year Plan, we not only greatly strengthened those branches of industry which already existed, but began to create many new branches of industry such as those for the manufacture of metallurgical, mining and power-generating equipment, aircraft, motor vehicles and modern machine tools, as well as those for the smelting of high-grade alloy steels and important non-ferrous metals. There was a big increase in our technical forces too. In 1957, industries throughout the country employed 175,000 engineers and technicians, a threefold increase compared with 1952 when the number was 58,000; industries and capital construction projects employed 10,190,000 workers and staff, or 66 per cent more than in 1952 when the number was 6,150,000. As a result of the increase both in industrial output and the variety of industrial products, the rate of industrial self-sufficiency in both materials and equipment also went up. For example, in 1957 the rate of self-sufficiency in steel products reached 86 per cent, and in machinery and equipment, over 60 per cent.

At the same time, important changes took place in the ratio between industry and agriculture, and between heavy and light industries. Industry and handicrafts contributed 41.5 per cent of the combined output value of

¹The norm of investment in capital construction for heavy industry ranges between five to ten million yuan and that for light industry, between three to five million yuan — *Tr.*

industry and agriculture in 1952, while in 1957 their share rose to 56.5 per cent. In 1952, capital goods accounted for 39.7 per cent of the total output value of industry; this proportion rose to 52.8 per cent in 1957.

It may therefore be said that by fulfilling and overfulfilling the First Five-Year Plan, a preliminary foundation was laid for the socialist industrialization of our country.

In 1958, the first year of the Second Five-Year Plan, a big leap unparalleled in Chinese history took place in the development of our national economy.

In 1958, the total value of our industrial and agricultural output reached 205,000 million yuan; this was 65 per cent more than the 124,100 million yuan in 1957. The total output value of industry and handicrafts amounted to 117,000 million yuan, or 66 per cent more than the 70,400 million yuan in 1957. Compared with 1957, the output of pig iron, steel, coal, power-generating equipment, locomotives, motor vehicles, and engines more than doubled (part of the pig iron and steel output was produced by indigenous methods). The total value of agricultural output reached 88,000 million yuan, this was 64 per cent more than the 53,700 million yuan in 1957. The output of food crops, cotton and cured tobacco also more than doubled. Capital investments made through the state budget totalled 21,400 million yuan, or 70 per cent more than the 12,600 million yuan in 1957.

In the case of many industrial and agricultural products increases in output in 1958 alone exceeded the increases of 1957 over 1952. For instance, compared with 1952, steel output in 1957 increased by 4 million tons; coal, by 64 million tons; machine tools (here and below, excluding simple machine tools), by 14,300; food crops,

by 61,200 million catties;¹ and cotton, by 6.73 million *tan*.² Compared with 1957, however, steel output in 1958 increased by 5.73 million tons; coal, by 140 million tons; machine tools, by 22,000; food crops, by 380,000 million catties; and cotton, by 33.58 million *tan*.

Side by side with this leap forward in industry and agriculture, big leaps were also made in transport, posts and telecommunications, in commerce, and in culture and education.

In the course of the big leap forward in 1958, the Chinese people came up with a great creation in social organization — the people's commune established in response to the demands of the broad mass of peasants in the rural areas throughout the country. On the basis of agricultural co-operation, 120 million peasant households in the country went on to organize themselves into more than 26,000 large-scale people's communes in which industry, agriculture, trade, education and military affairs are combined and government administration and commune management are merged. This form of organization, the people's commune, has emerged to meet the needs of the big advance in our industry and agriculture. It will have vitally important significance for the development of our country's social economy. In the conditions obtaining in our country, it is not only the best form for promoting the continued development of the productive forces and quickening the tempo of socialist construction, but is the best form for effecting the future transition of our entire countryside from socialist collective ownership

¹ A catty is equivalent to 0.5 kilogramme or 1.1023 pounds.

² A *tan* is equivalent to 0.05 ton or 0.984 hundredweight — *Tr*.

to ownership by the whole people and the transition from socialist to communist society.

The expansion of the national economy in 1958 is clearly not just an ordinary advance but a gigantic and all-round leap forward.

Our national economy has developed at a speed which has never been attained and cannot be attained under the capitalist system. Take steel for instance. Britain's annual steel output reached 1.31 million tons as early as 1880; but by 1935 it had only increased to 10.02 million tons. China's steel output was 1.35 million tons in 1952, but by 1958 it had already increased to 11.08 million tons. That is to say, it took us only six years to achieve in steel production what it took Britain more than 50 years to do. As regards coal, early in 1854, Britain was already able to produce 65.7 million tons, about as much as we produced in 1952, which was 66.49 million tons. It was not till 1907, after a lapse of more than fifty years, that Britain increased its coal output to 270 million tons; while it took our country only six years to reach that level in 1958. Twice in the early twentieth century British coal output came close to 300 million tons, but it has declined and stagnated in the past twenty-odd years. In 1958 it was only about 220 million tons, and lagged behind that of our country.

The imperialists, and the U.S. imperialists in particular, have done all they could to deny that this big leap forward has taken place in our national economy, because they know that this fact will inevitably strengthen the confidence of people the world over in the superiority of socialism and increase their doubts about the capitalist system. Since they have found it impossible to deny the facts about our big leap, they have resorted to every

form of distortion and slander. No matter how they rack their brains, they will never achieve their ends. They allege that we are using slave labour here. The work which the workers and peasants do voluntarily and conscientiously for their own well-being is described as "slave labour," while forced and bitter toil for the capitalists and landlords in the face of the threat of starvation is called "free labour"! Then how is it that the masses of so-called "free" labourers in the Western world live in sorrow and suffering while the so-called "slave" labourers under socialism are filled with joy and hope? They allege that the well-being of the people is sacrificed in our country. But while unemployment is spreading everywhere in the capitalist world, the socialist system has not only ended, once and for all, the phenomenon of unemployment long inherited from the old society, but also ensures that the standards of living of our more than 600 million people rise steadily along with the growth of production. During the big leap forward of 1958, the year-round average figure of workers and employees in the country increased by about 8 million compared with 1957. The number of people employed in cities has never been so large; while in the countryside the broad mass of women have been freed from their household chores and have joined agricultural production. However, as a result of the all-round leap in industrial and agricultural production and because mechanization cannot proceed so fast in our country, a shortage of manpower is still being felt in the cities and countryside. The incomes of our people have increased remarkably, and so has their purchasing power; the total retail sales of commodities increased by 16 per cent over 1957. Particular mention should be made of the fact that while

our capital goods industries spurred ahead, the output value of our consumer goods industries also increased by 34 per cent in 1958 alone. Has the capitalist world ever attained such rates of increase? The bosses of the Western bourgeoisie can make as much noise as they like. Our workers and peasants have lost nothing but the "freedom" to be unemployed and starve.

The imperialists are unable to understand nor do they want to understand the reasons for our big leap forward. What are the reasons after all?

The big leap forward in 1958 was brought about on the basis of the victory of our socialist revolution and the fulfilment of the First Five-Year Plan. The fact that for a long time in the past our country was "poor and blank," both economically and culturally, was not because we lacked manpower or natural resources, but because we lacked a social system which could meet the requirements of the development of the productive forces. As you all know, ours is a country with a big population, rich natural resources and good climatic conditions, all of which are highly favourable to the growth of the productive forces. Old China had the same population and the same geographical conditions, but semi-colonial and semi-feudal as it was it could never bring about any leap forward. Even after liberation, it would have been impossible to achieve such a big leap forward as that of 1958 before we had effected the socialist transformation of capitalist industry and commerce, individual peasant economy and handicrafts, and won a revolutionary victory on the political and ideological fronts. Moreover, with the fulfilment of the First Five-Year Plan, the building of a number of big, modern key enterprises, and the training of a body of personnel fully capable of mastering modern tech-

niques, we were able to design and build on our own some fairly large and technically complicated industrial enterprises, such as integrated iron and steel works with an annual capacity of 1,500,000 tons of steel, coal mines with an annual capacity of 2,400,000 tons of coal, hydro-electric power stations with a generating capacity of 1,000,000 kilowatts and thermal power stations with a generating capacity of 650,000 kilowatts. Without this material and technical foundation, it would also have been impossible for us to achieve the big leap forward in 1958.

The most important reason for that big leap forward, however, was the fact that in the spring of 1958 we summed up the experience gained in carrying through the First Five-Year Plan, began to find a better way of building socialism in our country, and worked out the general line of "going all out, aiming high and getting greater, quicker, better and more economical results to build socialism." This general line, laid down by the Central Committee of the Chinese Communist Party and Chairman Mao Tse-tung, is a line which takes full account of the enthusiasm of more than 600 million people in building socialism after the victory of the socialist revolution, and mobilizes all positive factors to the fullest extent. It was under the guidance of this general line that the big leap forward of 1958 was brought about.

Under the general line, we effected an overall leap forward in the industrial field with steel as the key link, pursuing the policy of giving priority to heavy industry and simultaneously developing heavy and light industries. Steel is the most important material at the present stage of our industrial production and capital construction and an insufficient output of it hampers the growth of

our entire national economy. In 1958, therefore, we mobilized the whole nation to increase the output of iron and steel, and so raised steel output from 5,350,000 tons in 1957 to 11,080,000 tons. The leap forward in steel output gave a direct impetus to a leap forward in the coal industry and created conditions for a simultaneous leap forward in the machine-building and other industries. How could the iron and steel and other industries develop at such high speed? This was because, on the industrial front, we implemented the policy of simultaneous development of national and local industries, the policy of simultaneous development of large enterprises and medium-sized and small enterprises, the policy of simultaneously employing modern and indigenous methods of production, and the working method of combining centralized leadership with a full-scale mass movement in industrial management, thus opening up the concrete way of developing our industry with greater, quicker, better and more economical results.

In 1958, we extended the powers of local governments in the management of industrial construction and production. This gave a dynamic spur to the initiative of local organs on all levels and to the working people in building industry energetically, greatly accelerated the tempo of construction and rapidly increased industrial output. More than 1,000 above-norm industrial and mining enterprises, either newly built or expanded, were started in 1958 by the Central Government and the provincial, municipal and autonomous regional governments; of these about 700, completed or partially completed, went into operation. This exceeded the total of 537 industrial and mining enterprises which were put into operation, completed or partially completed, during the

First Five-Year Plan. Large numbers of below-norm industrial and mining projects simultaneously employing modern and indigenous methods of production were started by different provinces, municipalities, autonomous regions, special administrative regions and counties, and the overwhelming majority of these, completed or partially completed, were put into operation in 1958. In addition, the people's communes set up a host of industrial and mining units which, in the main, employ indigenous methods of production. Thanks to all this construction, our industrial production capacity has rapidly increased.

Of course, the big leap in industry in 1958 depended mainly on increased production in existing enterprises. By expanding equipment, increasing the labour force, improving management and efficiency in the utilization of equipment and raising labour productivity, the existing enterprises greatly increased their production. Many enterprises put into effect the measures of workers' participation in management, cadres' participation in production, the welding of leading personnel, technicians and workers into a single entity, and launched a mass movement to improve working techniques, equipment and the design of products, make more rational use of raw and other materials, make fuller use of existing equipment, develop the trial manufacture and production of new products, improve the organization of production, and reform irrational rules and regulations. As a result, the productive potential of existing industrial enterprises was brought into fuller play.

The great achievements scored in 1958 on the agricultural front also testified to the power of the general line for socialist construction; they proved that industry and agriculture should and can be developed simultane-

ously and that agriculture, as well as industry, can be developed at top speed. As a matter of fact, the 1958 leap in industry and agriculture began with the latter. Our output of agricultural machinery and chemical fertilizer is still low, but once the initiative of the peasants is brought into full play, farm yields per unit area can still be raised rapidly. The National Programme for Agricultural Development as revised in 1957 stipulates that by 1967 the per *mou*¹ yield of grain in the three regions into which the country is divided should reach the targets of 400, 500 and 800 catties respectively and in the case of cotton, 60, 80 and 100 catties respectively. As a matter of fact, by 1958 most counties and municipalities throughout the country reached the targets of grain production laid down for them in the National Programme for Agricultural Development ahead of schedule, while most of the country's cotton-producing areas also hit the targets of cotton production set them by the Programme ahead of schedule. In the same year, many places reported the reaping of exceptionally high yields of grain and cotton over wide areas.

The measures taken by the peasant masses to raise per *mou* yields are those covering soil improvement, fertilizer, water conservancy, seed selection, close planting, plant protection, field management, and tools reform, which are commonly called the eight-point "Charter of Agriculture." In the case of soil improvement, a great amount of work was done to deep-plough the land, improve soil fertility and level the fields. In the case of fertilizer, in 1958, bigger sources of fertilizer were tapped than in previous years and large numbers of small fac-

¹ A *mou* is equivalent to 0.06 hectare or 0.1647 acre — Tr.