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Economic Intelligence Report

ECONOMIC ASPECTS OF COMMUNIST CHINA'S COMMUNES
1959-60



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CENTRAL INTELLIGENCE AGENCY
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FOREWORD

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[REDACTED] report reappraises the early phases of the commune movement, describes the present-day commune, and evaluates its current role and effectiveness. A brief survey of the recently revived urban commune also is included.

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ECONOMIC ASPECTS OF COMMUNIST CHINA'S COMMUNES*
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Summary and Conclusions

In its original form the commune movement in Communist China was one of the most radical experiments in social engineering attempted in modern times. During the initial phase of the movement, in the fall of 1958, the regime set out to control nearly every aspect of the work and life of Chinese peasants by means of communes, new monolithic political-economic-social units run on semimilitary lines.

In mid-1960, after a year and a half of "tidying up," the commune retains few of its original radical characteristics, although remaining a strong ideological force. The process of moderating radical features of the commune and narrowing its economic responsibilities began in December 1958 and was completed in August 1959, at which time the commune was stabilized in its present-day form. Early factors contributing to the moderating moves were Soviet criticism and mounting complaints of peasants and junior officials. Eventually even the top leadership became aware of the poor economic performance of the commune, and, in August 1959, Premier Chou En-lai publicly admitted that the commune had been overcentralized and had been too egalitarian and extravagant.

In August 1959, formal action was taken to decentralize ownership of the principal means of production from the commune to the production brigade, the next lower level of control, roughly equal in size to the precommune cooperative farm. To doctrinaire Communists this action was an ignominious retreat from ownership on a large scale to ownership on a small scale. The right of the commune to conscript peasant labor and to siphon off brigade income was sharply restricted. The top level of the commune continued to operate and own enterprises, and a few communes, such as the showplaces exhibited to foreign tourists, retained some measure of their original importance. Nevertheless, after August 1959 the commune became in essence a federation of cooperatives consolidated with local government, and it possessed no function not held previously by the township government, which it had replaced in 1958. The status of the commune was further reduced in the spring of 1960, when the regime began encouraging growth of the state farm, an alternative form of agricultural organization.

* The estimates and conclusions in this report represent the best judgment of this Office as of 1 August 1960.

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Bolstering of the commune concept -- badly needed if the concept was to be saved at all -- began in August 1959 with reassertions periodically repeated since then that the commune (1) was still regarded as the best form for transition from collective ownership to ownership by all the people (state ownership -- for example, a state farm), and thereafter for the transition from socialism to communism; (2) contained seeds of communism; and (3) would be a mainstay of the program for economic development throughout the period of building socialism. The regime has tried to silence domestic critics by reminding them that the commune is a valuable product of the thought of Mao Tse-tung and that only imperialists and right opportunists would criticize it. The renewed campaign to glorify the rural commune has been conducted more at the ideological than the practical level. The campaign has not included efforts to revive the economic authority of the original commune but has emphasized the importance of the messhall system now operated by the production brigade and has insisted on the superiority of the commune system as the means of reaching ultimate Communist goals. Peasants are taught to think of themselves as members of a commune, not just a production brigade.

The average rural commune today is a community of 5,000 households farming 10,000 acres of land. Since August 1959 the basic agricultural production unit has been the production brigade in which some 250 households farm 500 acres. Communes and brigades are tightly controlled through the Party apparatus, which now includes millions of Party members recently recruited in the countryside, primarily among leaders at the brigade level.

The level of administration in the commune, like that in the township which it replaced, is the lowest level of local government concerned with rural affairs and operates a variety of economic enterprises, such as a breeding farm, a blacksmith shop, and a flour mill, primarily to provide services to its agricultural elements. The Party committee attached to the commune oversees planning in the commune and supervises the implementation of state policy by the commune and its brigades. Responsibility for directing the work of the individual peasants and determining individual incomes has resided with the production brigade since August 1959. The brigade manages messhalls, retail stores, elementary schools, nurseries, and homes for old people within the commune. The production team, lowest echelon in the commune, is known as the "basic contracting unit" because it performs specific farm tasks -- such as cultivating certain fields or caring for a certain number of animals -- and is assigned quotas under a contract signed with the production brigade.

During 1959 the Chinese Communists quietly abandoned their policy, adopted in 1958, of rapidly industrializing the countryside through the

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medium of the commune. The regime currently gives little encouragement to commune industry that is not useful to the agricultural activities of the commune. According to official data, as of the end of 1959, there were only 200,000 commune factories employing 5 million full-time workers. During 1959 these factories produced about 10 billion yuan* worth of goods in terms of the gross value of output. These figures are of the same order of magnitude as figures reported for the predecessors of commune industry -- the rural handicraft workshops and rural subsidiary occupations.

The recently accelerated program for modernizing agriculture in Communist China may turn out to be the salvation of the rural communes, which have been assigned a key role in carrying out the program. To carry out its new role, the commune has been designated the primary agency for owning large and modern machinery, operating experimental agricultural stations, and running agricultural schools.

The commune has three main financial problems, as follows: (1) determining how far to go in limiting consumption, (2) setting the size of the brigade contribution to the investment fund of the commune, and (3) determining how much of personal consumption by commune members is to be distributed as "free supply" according to the communistic principle of distribution according to need. When commune accounts were carefully checked for the first time in 1959, the regime discovered that the commune organization had not greatly increased productivity, that annual per capita disposable income in the countryside was still extremely low (officially estimated for 1959 at 85 yuan, or the equivalent of US \$35), and that it was impractical to try to lower the proportion of brigade income allocated for consumption or to increase the amount for investment. Rural income today is therefore distributed for approximately the same uses as in precommune times. In the average brigade, 60 percent goes for consumption, 25 percent for production costs (feed, seed, and fertilizer), 7 percent for taxes, and 8 percent for investment and welfare. The levy paid over to the commune, which probably averages 1 percent, comes out of this last category. This contribution by the brigade to the commune has been kept small since August 1959. Poor brigades have been exempt, and richer ones have been reported contributing from 0.3 to 2.5 percent of their gross income.

After August 1959 the rule was laid down that no brigade should distribute more than 40 percent of the consumption fund as free supply and that the average should be 30 percent. This restriction, accompanied by

* The yuan is the basic unit of currency in Communist China. It is worth US 40.6 cents at the pound sterling cross rate of exchange.

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a return to the system of calculating wages on the basis of workpoints* assigned for each job performed, effectively restored material incentives. Nevertheless, even Mao Tse-tung is said to have admitted that the able-bodied single worker who contributes the most while receiving no more return than the others is a type who continues to give trouble in the commune. The concern of the regime about incentives also was reflected in its decision during 1959 to encourage peasants to cultivate small private garden plots, raise hogs and chickens, and engage in other sideline occupations in their spare time. When the welfare budget of the commune and brigades was slashed in 1959, it became impossible to supply commune members with the wide range of services advertised by the original commune. The only services usually made available now are the messhall, nursery, and home for old people, with the last now open only to old people without working relatives.

Although the process of collectivization has weakened family ties, the family in the present-day commune is still a fairly strong social unit. It lives together in a small dwelling, has a small garden plot, and is responsible as a unit for financing the care and education of dependents. Little remains of the policies of 1958 designed to separate members of the family and to transfer loyalty of individuals from the family to the collective body. If sustained over a prolonged period of time, such attempts might well have constituted an effective means for enforcing birth control.

Now that the authority of the commune level has been curtailed and basic responsibility delegated to the brigade, the present rural organization performs more adequately the tasks of organizing labor for farm work and for delivering grain to the state. The commune is a logical level of administration for operating machine tractor stations and agricultural experimental stations in Communist China. The commune does less well in encouraging peasants to carry out sideline occupations, traditionally an important subsidiary source of farm production and income in China. Consumption of food in most areas has been adequately controlled by the messhall system, which, however, does not run smoothly.

Now that the commune has been stabilized in its present limited role, it may not undergo further major change for some years. Too much prestige is tied up in the commune concept for it to be easily abandoned altogether, although recent experimentation with the state farm reveals that the commune is no longer an untouchable organization. Also, it is doubtful that the regime will move sharply in the other direction and try to restore functions of the original commune. Although some Chinese

* The term workpoint is a nonmonetary unit of labor similar to the Soviet term trudoden except that it is based on 1 hour's labor instead of 1 day's.

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Communists may still retain their admiration for a large comprehensive rural unit and be encouraged by Mao Tse-tung's doctrine of "uninterrupted revolution" to experiment again, the top leadership probably is disillusioned with the original commune. Feeling that the present commune works adequately and that alternatives are unattractive, the regime has given notice that the rural commune will be around for a long time in its present form, with the production brigade the basic unit. This policy was clarified in April 1960 by T'an Chen-lin, a prominent Party spokesman on rural affairs, who said that the commune would not evolve to the next stage -- a return to ownership at the commune level -- until certain preconditions were met, the most important of which was the requirement that rural per capita disposable income rise above 85 yuan, the level of 1959, to between 150 and 200 yuan.

The commune movement has had a greater impact on rural than on urban society. There has been little economic justification for communes in cities, where economic activity already was highly organized and controlled by the government. Nevertheless, the regime decided in March 1960 to revive the original urban commune movement that had never really been implemented and that had been suspended since December 1958. By 20 May 1960, 42 million city dwellers, nearly one-half of the total urban population, had joined urban communes. Less disruptive than rural communes, the urban communes have been primarily organizations set up to promote collective living and to organize housewives into neighborhood workshops. From initial reports, it appears that urban communes do not try to run large factories and major economic institutions of a city. Urban messhalls seem to be as poorly run as those in the rural areas. The Chinese Communists have not as yet claimed for the urban commune such communistic features as the free supply system that has characterized the rural commune. Urban commune industry has inherited the functions of handicraft producer cooperatives, petty household industry, and peddlers, which, before their curtailment in 1958, were important for subcontracting work for state factories, for producing a wide variety of "daily use" items and construction materials, and for supplying services for local use. The regime has said that it intends to expand the role of the urban commune when conditions permit, but the record of difficulties encountered by both urban and rural communes to date indicates that such expansion will not be an easy task.

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I. Introduction and Background

A. Commune-1 and Commune-2

The rural commune* in Communist China has attracted worldwide attention because of its unique potential for controlling the work and life of its peasant members and because of the willingness of the regime at first to exercise this potential to an extreme, Orwellian degree. The commune was established universally in Communist China during a whirlwind campaign that reached its peak during September 1958. The initial energy of the campaign was soon spent, however, and from December 1958 through August 1959 the rural commune passed through phases in which radical features were moderated and economic responsibilities narrowed. The commune was stabilized in August 1959 when it was formally reorganized and its status was reduced, in essence, to that of a federation of cooperatives combined with local government. The way in which production is now collectivized differs little from the Soviet or the precommune Chinese farming systems. The Chinese commune, however, does differ from those systems in one important respect: it has collectivized consumption to a greater degree, primarily through the institution of the messhall.

The first commune form established in August 1958 differed so greatly from the reorganized form decreed in August 1959 that these forms can be regarded as two distinct types. When necessary to avoid ambiguity, this report will use the term commune-1 to designate the form established in 1958 and the term commune-2 to designate the form established in 1959.

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These terms refer to rural communes. The report also will deal briefly with the version of the urban commune established in 1960, which so far has been less significant economically and less disruptive than the rural commune.

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B. Marxist Concepts

Before analyzing the development of the Chinese Communist commune, it is useful to review basic Marxist concepts that affect policies for socializing agriculture in China. According to concepts adhered to by both Moscow and Peking, socialism is a lower phase of Communism. The two concepts are distinguished primarily by their systems of distributing products for consumption. Under socialism, distribution is based on labor performed, but under the pure Communist state, attainable only after products are in abundant supply, distribution will be according to

* For an orientation map of Communist China, see Figure 1, inside back cover.

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need. According to the timetable the Chinese have set themselves, they will continue building socialism for another decade or so before they will be in the transition to Communism. Although the problem of attaining Communist ideals, therefore, would not seem to be of immediate importance, nevertheless, Chinese leaders have found it useful since 1957 to stress these ideals in support of their vigorous efforts to step up the pace of economic and ideological change. The population often has been exhorted not to allow itself to stagnate but to engage in "uninterrupted revolution" and to keep working toward goals of pure Communism, or at least to keep them constantly in mind as ultimate goals. To underscore their determination to keep evolving, Chinese policymakers have tried to insure that both commune-1 and commune-2 contain communistic features in rudimentary form. The feature that gets principal billing in the propaganda is the free supply system under which staple foods, at least, are distributed to all commune members according to need. Another feature said to be a seed of Communism consists of efforts to reduce the differences between industry and agriculture and between peasant and urban workers. The assignment of peasants to primitive industrial undertakings such as the abortive native blast furnaces was one means of carrying out this policy, which was stressed more heavily in commune-1 than commune-2, although it still receives lip service.

A basic Marxist concept which the Chinese Communists share with the USSR is the belief that almost any economic activity is more effective and more ideologically advanced if carried out on a large scale. This belief applies to the scale of farming and to the scale of collective participation in ownership of means of production and in distribution and consumption of the product. The state farm is theoretically the most advanced socialist organization in agriculture. It is owned by all the people and transmits profits to the state rather than distributing them among farmer members as the collective farm does. The state farm pays predetermined wages, and laborers on a state farm are called "workers" not "peasants." Lower on the ideological scale, but still a permissible socialist form, is the collective farm, in which the residual product -- after deduction for taxes, for the common fund, and for uses for seed and feed -- is distributed among collective members rather than paid entirely to the state. It is an article of faith that large collectives are better than small ones. Production by individuals has no ideological standing at all and is regarded with great suspicion in Communist China, where it was virtually eliminated under commune-1. Individual enterprise has since revived slightly as individual peasants were again permitted, during 1959, to raise small animals and cultivate small household garden plots.

To doctrinaire Marxists the commune traditionally has been an ideal organization in which property was commonly owned and income evenly distributed according to need. Its greatest popularity was

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reached in the USSR during the period of War Communism immediately after the revolution, when it seemed to appeal to many young Communist idealists both in cities and in rural areas and fitted in with the radical psychology of the times. The form favored for the collectivization drive that took place a decade later, however, was the collective, with the commune then being relegated to the indefinite future. As recently as 1955 the commune was still being referred to in Soviet literature as the ideal form to which the collective would evolve when Soviet agriculture had overtaken that of other countries in productivity, but the current Soviet attitude is ambivalent, partly because the name commune has been vulgarized by the Chinese Communists.

The Chinese Communist commune does not greatly resemble the Soviet experiment, because communistic features in the Chinese commune, especially commune-2, are present only in rudimentary form. It is an ideological hybrid that even the Chinese Communists have difficulty describing. According to their stereotyped description, commune-2 is "big and comprehensive," with features that contain seeds of Communism. With respect to ownership and distribution, the commune is mainly a lower socialist form of organization like the collective, but it does contain elements of higher socialism in the "publicly owned" enterprises, such as the workshops and specialized farms formerly operated by the township government that was absorbed into the commune.

C. Commune-1

In forming commune-1, the Chinese Communist leadership was motivated less by economic purpose than by Communist zeal and the desire to extend political control over the life of the peasant. The one important innovation adopted for purely economic reasons was the enlargement of the farm management area -- but this enlargement could have been and, in fact, was in the process of being accomplished through more orthodox means than commune-1. Early in 1958, Communist China announced that institutional changes were necessary to facilitate mobilizing peasant labor for the huge shock campaigns of that period. In compliance with this policy, there was extensive combining of cooperatives into amalgamated cooperatives, or state farms, during the precommune months of 1958. This reorganization attracted little international attention, however, as it contained no doctrinally radical features, and it might have been this deficiency that caused the Chinese leadership, in striving for ideological as well as economic advances, to decide in favor of the commune form with its overlay of communistic features.

The radical features of commune-1, as described [redacted]
[redacted] by numerous refugees who have fled the

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commune system, are as follows: (1) commune-1 was huge, occupying 10,000 acres farmed by 5,000 households; (2) it exercised comprehensive control over all political, economic, and social activity within its boundaries; (3) it organized labor teams along semimilitary lines under a philosophy that separated working members of a family and separated the peasant and his work team from year-round responsibility for a definite plot of land; (4) it attempted to industrialize the countryside by establishing many small industrial enterprises, such as native iron furnaces; (5) it confiscated privately owned means of production, including chickens and pigs, private plots, and tools; (6) it collectivized consumption through messhalls and other institutions; and (7) it partly applied the communistic principle of "to each according to his need" by expanding welfare services, the most important of which was the distribution of free food through the messhalls. The purpose of several of these measures, especially the new policies for allocation of labor, was to weaken the individual's attachment to his family, to transfer his loyalties to the commune, and to make him an all-purpose worker, thereby (it was hoped) increasing his receptivity toward Communism.

Because the organizational form of commune-1 involved such far-reaching changes in the socio-economic structure of the countryside, it was generally assumed outside Communist China that many communes at first were only paper organizations. That a cautious approach would be taken was also the impression given by the initial Party directive, dated 29 August 1958, on the establishment of communes, which gave the following advice, "The original production, organization, and administrative system may for the time being remain unchanged, and production may continue as usual."

Subsequent information, however, indicates that the policy directive was carried out with far more zeal and thoroughness than at first required. Of hundreds of eyewitness accounts of commune-1, not one states that work and life continued as usual after the peasant became a member of a commune, an event that occurred for most Chinese during the month of September 1958. Local Party leaders were often ineffective or incompetent, and their actions might lead to chaos, but the evidence is that they at least made vigorous attempts to create a radical new organization wherever communes were established. (The commune system was set up everywhere except in some minority areas of western China and in Tibet.)

Remarkably little regional variance has been reported in the institutional features of commune-1. Refugees from Kuldja in Sinkiang to Canton in Kwangtung agree that the commune, among its first acts, confiscated peasants' animals, tools, and plots and organized the work along semimilitary lines at a greatly intensified pace. Messhalls were universally established, but, surprisingly, they were not used initially

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as a device for limiting consumption. Most refugees have conceded that for a few weeks at least food rations supplied through messhalls were unlimited or very generous by previous standards.



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The assignment of peasants to labor projects off the farm was greatly intensified and resulted in a shortage of farm hands. Nonfarm tasks stressed in the Hsu-chou area included work on water conservancy projects; production of native iron; and laying of a second track on the Tientsin - P'u-k'ou Railroad, the main north-south railroad in East China. Industrial assignments usually were away from the commune because the Hsu-chou suburban communes themselves made little attempt to establish new industries. Besides turning over animals and tools to the commune, farmers also "donated" pots and pans, door hinges, and other iron articles from their houses to the drive to collect scrap for native iron furnaces.

Messhalls [redacted] were established in houses requisitioned from commune members, and each messhall fed about 100 persons. During September and October, farmers could eat as much as they wanted, and even in November the ration was still generous. The menu often included vegetables and fish or pork. Welfare facilities provided by the commune included nurseries -- which were popular -- laundry and sewing teams, one out-patient clinic, and homes for old people. The communes had grandiose plans for building living quarters for members, and the existence of these plans partly explains why such a cavalier attitude was taken toward farmers' houses.

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Food and most welfare services were provided free, constituting the "free supply" part of the new wage system. Payment by piecework -- the workpoint system derived from Soviet practice -- was abolished. Instead, members were graded by weight-carrying ability, efficiency, age, and skill. The residual income, after deduction for seed, feed, taxes, welfare, and reserve uses, was then distributed to each member according to his grade. Under this system the commune incurred no obligation to pay the peasant for overtime work. Although commune headquarters controlled finances, distribution was determined by the income of each production brigade, not of the entire commune.

D. Decline of Commune-1

Degeneration of the authority and concept of the commune in Communist China began in December 1958 and continued through May 1959, at which point the commune remained fairly stable until its further reorganization in August 1959 into commune-2. Chinese Communist propaganda has minimized the extent to which changes occurred by referring to early 1959 as a "tidying-up period" for communes. [redacted]

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[redacted] Food stocks, which should have been plentiful according to early estimates of the harvest, were running out. Peasants were sullen, and local Party leaders were confused. Mao Tse-tung presided over a series of major Party conferences

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held in December 1958 and February and April 1959 that sought to find solutions to problems caused by communes. The latter two conferences, which have been given little publicity, resulted in drastic action being taken at lower levels.

In the Hsu-chou area during this period, direct control by the commune over many economic activities within its boundary was curtailed sharply. Responsibility for managing financial affairs and messhalls was turned over to the production brigade. The authority of the commune to conscript peasants, previously unlimited, was limited to 2 to 3 percent of the labor force in the brigades (slightly higher percentages have been reported from other areas of Communist China). Carts taken by the commune to form transportation brigades were returned to the production brigades. The bank branch and general store were removed from the control of the commune, forcing the commune to obtain higher authority before floating a loan and to pay cash for goods. In an attempt to placate farmers, the regime promised them compensation for articles confiscated the previous autumn and gave them small plots of land.

Lack of grain forced messhalls around Hsu-chou to suspend briefly in March, but they reopened in April when relief supplies of corn from Manchuria became available. No other welfare facilities closed, but after April the clinic began charging for medical services.

In an effort to improve work incentives, the authorities in the Hsu-chou area restored the old workpoint system of payment, whereby a farmer earned a specific number of workpoints for each task performed. The ordinary farmer could earn as many as 3,000 points in a year. A large part called "basic workpoints" went to the messhall to pay for food eaten by him and nonworking dependent members of his family. Other working family members, such as his wife, also had basic workpoints deducted from their earnings to help pay for the messhall system.

Changes in commune policy effected in the spring of 1959 were said to be welcomed both by the peasants, who preferred to be paid for their work, and by junior Party leaders who had more authority than under commune-1. Nevertheless, [redacted] complaints were 50X1 still heard everywhere, and farmers had little confidence in the Communist Party, believing that it should not have committed such errors as confiscating private property in the first place.

The account of the decline of the commune [redacted] 50X1 is fairly complete, but one further change [redacted] 50X1 [redacted] is worth mentioning. The state, as reported in 50X1 Chinese Communist newspapers, reinstated tax collectors and grain buyers in the countryside to procure produce directly from the production

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brigade rather than through the commune organization. Thus by June 1959, commune-2 was effectively in operation, and all that remained was to make formal acknowledgment of this fact.*

E. Reevaluation of Commune-1

[redacted] Chinese Communist communes [redacted] were a potent force either for better or poorer use of resources. [redacted] whereas the initial effectiveness of the commune was low, in the long run it appeared to be a very effective mechanism for implementing state policy.

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In August 1959, however, top Chinese Communist planners apparently estimated that they were incompetent to provide sound directives to such a large unit as commune-1, proclaimed it "overcentralized," and formally stripped the commune of important elements of authority. Their criticism struck at the economic essence of the commune -- its tight comprehensive control over thousands of peasant households.

Economically, commune-1 was a poor performer partly because of its newness and the "leap forward" policies of the period that required it to divert its manpower to nonagricultural purposes. The basic and innate defect of the commune, however, was its large and unwieldy size, especially in view of the scarcity of managerial talent in Communist China. It proved difficult for a central authority to provide rational direction to thousands of farmers employing intensive farming techniques and engaged in an enormous variety of operations. Commune-1 certainly would be less easily managed than the Soviet collective, which has one-twentieth of the population, one-half of the acreage, and one-third of the average yield per acre of a typical commune-1. [redacted]

[redacted] the Soviet collective probably is too large for efficiency. [redacted] the collective farms were huge and "gained the impression that in striving for bigness, per se, farm efficiency was actually neglected."

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Although the Chinese Communist regime at first was enamored with the ability of the commune to mobilize tens of millions of farmers for mining and industrial tasks, disillusion set in when the regime discovered that losses in agriculture and food attributable to the commune far outweighed the value of the low-quality industrial products produced by commune labor. From the point of view of any Communist state, the key functions of a farming organization are (1) to increase agricultural production, (2) while limiting consumption, (3) in order to maximize deliveries to the state. Commune-1 performed badly on all three counts.

* This acknowledgment was made in August 1959 in an action that will be described in II, p. 15, below.

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Commune-1 botched the two major agricultural tasks undertaken before its activities were curtailed -- the fall harvest of 1958 and planting crops for 1959. With many farmers diverted to industrial work, heavy waste occurred in reaping and processing the fall harvest and in delivering it to granaries. Misled by politically inspired statistics reported by communes on crop yields, planners made the mistake of ordering that the acreage sown to crops in 1959 be reduced. Although more intensive efforts were to be applied to the reduced acreage, the prescribed measures for intensive farming (publicized as Mao Tse-tung's eight-point charter) often were mechanically and irrationally put into effect. Although it has not been unusual in Soviet or Chinese Communist agricultural history for new techniques to be applied harmfully, it is believed that the commune because of its size caused more damage than the collective would have done.

Even though the communes gathered the harvest badly in 1958, a record harvest of food grain and potatoes was garnered because of good weather and the incredibly intense labor effort applied before communes were formed. This hard-earned gain for the regime was promptly dissipated, however, when the commune, deluded by grossly inflated harvest figures, failed to limit consumption in the new messhalls. Peasants made extra hungry by the driving work pace probably ate two to three times their accustomed amount during this period of free food. Not until late November did the regime seem to become fully aware of the extent to which the commune system and related policies had turned plenty into shortage. At that time the regime clamped down on consumption. The damage was done, however, and, from then until early summer harvests brought relief, varying degrees of food shortage were reported from most cities and large areas of the countryside. In the circumstances it was not surprising that in 1958 the commune lagged in deliveries of farm produce to the state, a failure in performance that led to the reinstatement of state collection offices inside the commune early in 1959.*

II. Commune-2, the Present-Day Rural Commune

A. Party Line

Since early in 1959, a series of decisions by the Chinese Communist Party has narrowed the authority and concept of the commune, elevated the idea of the commune to the level of sacrosanct official dogma, and reaffirmed that the commune, in one form or another, would be a permanent feature of the social scene in Communist China. The role of the commune in developing the rural economy is now limited, but the regime hopes to restore some measure of real importance to the commune by

* See I, D, p. 12, above.

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assigning to it the task of bringing mechanization to Chinese agriculture, a program that is to receive increasing emphasis during the coming decade.

Formal authorization for commune-2, the present-day rural commune, is provided in a resolution adopted on 16 August 1959 by the Eighth Central Committee of the CCP at its Eighth Plenary Session. ^{5/} This resolution acknowledged that, as a result of Party directives issued subsequently to a meeting of the Political Bureau at Cheng-chou in February and March 1959, the commune had decentralized "management and business accounting" and implemented the principle of giving more income to those who do more work.* The resolution adopted in August then made the important declaration that "it has been decided that at the present stage a three-level type of ownership of the means of production should be instituted in the people's communes." The resolution continued: "Ownership at the production brigade level constitutes the basic one. Ownership at the commune level constitutes another part (in addition to ownership of the public economic undertakings run by the commune, the commune can draw each year a reasonable amount for its capital accumulation fund from the income of the production brigades). A small part of the ownership should also be vested in the production team." This transfer of ownership was the coup de grace for commune-1, for it meant taking the principal means of agricultural production -- land, animals, and tools -- formally out of commune control and giving them to the nominally subordinate production brigade, a unit equivalent to the precommune cooperative. In dialectical terms the system of ownership had reverted back from collective ownership on a large scale to collective ownership on a small scale.

Although the regime has said that it plans to recover lost ground and eventually to restore basic ownership to the commune, it also has laid down stringent conditions that a commune must meet before it can qualify for ownership. T'an Chen-lin, a Party spokesman on agricultural matters who was prominent during the formative days of the commune, in April 1960 set down the following four conditions: " (1) average annual income per capita in the commune must reach 150 to 200 yuan (it was 85 yuan in 1959); (2) the sector owned by the commune must take up the overwhelming proportion of the economy of the whole commune; (3) poorer brigades must catch up with richer ones; and (4) mechanization must reach "certain proportions." ^{6/} The first condition alone would seem sufficient to disqualify most communes for the indefinite future.

The Chinese Communists have been much more specific in their delineation of ownership relationships and distribution of income than of

* The response in the countryside to these directives is described in I, D, p. 12, above.

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other aspects of commune-2. The powers and functions of the commune have been described only vaguely, partly because the regime is reluctant to publicize the extent to which the powers and functions have diminished and partly because these powers and functions have not yet been determined. The current formula for describing the powers of commune-2 presents them in these very general terms: "The rural people's communes are not only comprehensive economic organizations, including agriculture, forestry, animal husbandry, side occupations, and fishery, but are also basic social organizations integrating industry, agriculture, trade, education, and defense and merging government administration and commune management into one." This formulation differs little from the official description of the township, which used to be "the basic unit of state power ... [and] played a leading role in industry, agriculture, trade, education, and military affairs." 7/ The functions of commune-2 were described in the resolution of August 1959 only in terms of the potential of the commune to do things: for example, "it can plan production," and "it can facilitate the speedy integrated development" of diversified activities. Although they make the commune sound important, these statements actually are so imprecise that it is possible for them to denote a wide range of weak and strong communes. In practice the commune and its Party committee often perform little more than the functions of the former township government and Party committee. It could be said of those organizations that they, too, planned and facilitated production to some extent. Other communes in different economic situations and perhaps under stronger leadership have maintained firmer administrative control over their production brigades.

The resolution of August 1959 also avoided spelling out policy on how and to what extent consumption was to be collectivized. Subsequent reports indicate that there has been nationwide stress since August 1959 on establishing messhalls and nurseries, although success in their operation has not been universally achieved. Plans for communal housing have been shelved in favor of capital construction for productive purposes, according to T'an Chen-lin in his report in April 1960 to the National Peoples Congress (NPC). The wild talk indulged in during 1958 at the peak of the commune movement about breaking up the family is no longer heard, and for most purposes the peasant household under commune-2 is treated as a unit. It now is official policy to encourage cultivation of private plots and individual raising of animals on a small scale.

The reason that the Chinese Communists have not committed themselves to a more definite form for the rural commune seems to be simply that policy has not yet jelled and that the commune is still in a state of flux. Vice Premier Li Fu-chun told the NPC on 31 March 1960 that the plan for this year is "further to bring out the advantages of the

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people's communes and to continue to consolidate and develop the communes." ^{8/} Other official statements since then have indicated dissatisfaction with the way messhalls are run. ^{9/} In view of this evidence of uncertainty, it is not surprising that no charter of a model commune has yet been published, such as existed for commune-1 in the form of the draft regulations governing the Ch'a-ya-shan, or Sputnik, Commune. ^{10/}

The Chinese Communist leadership may feel undecided about the proper form that the rural commune should take, but it has pledged allegiance to the use of the name "commune," which has been elevated to the level of mystic dogma. Typical of recent statements is a statement contained in Li Fu-chun's speech in March 1960 that listed the general line, the big leap, and the commune* as "three magic keys for the entire period of our socialist construction. They are the products of Mao Tse-tung's thinking." Although Peking has admitted that in 1959 there were "rightists" even inside the Party who criticized the commune, it would take a brave Party member to speak up against the commune in its present state of glorification. Li also indicated that it is still official policy to regard the commune as the "best form of organization for the transition of our countryside from collective ownership to ownership by the whole people and from socialism to communism."

Even this forthright statement, however, cannot be accepted at its face value, for elsewhere in his speech Li Fu-chun undercut the idea that the commune was the ideal form of rural organization by calling on localities to "bring into full play the advantages of the state farm," which would seem to be a competitor of the commune. His was the first major statement of policy since August 1958 to stress the state farm, which used to be regarded as the highest form of socialist agricultural organization by the Chinese Communists and still is by the USSR. There are two types of state farms in Communist China -- the large, mechanized state farms set up in the border regions of the Northeast and Northwest by the Ministry of State Farms and Land Reclamation and the small state farms run by local governments. The first type had been untouched by the commune movement, but farms under local administration dropped out of the picture late in 1958 and early in 1959. Since then, however, the revival and growth of state farms run by local governments. The movement, reported so far from Heilungkiang, Hupeh, Kiangsi, Yunnan, and Kwangtung Provinces, has not advanced to the point of making serious inroads on established

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* The general line, publicized under the slogan "walking on two legs," is a policy of comprehensive development of small and native enterprises as well as large, modern ones. Leap forward policies stress deliberate creation of imbalances and are characterized by politically inflated statistics and recurrent drives to mobilize large masses of labor for work projects.

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communes. Nevertheless, in Kiangsi Province, state farms reportedly "have already become a major force" in agriculture, and in Kwangtung Province, according to refugee farmers, some communes have been disbanded, and selected production brigades have been converted into experimental state farms run by the county. One Kwangtung farmer heard a Communist spokesman explain at a meeting that if the experiment worked, it would be extended to other brigades. It is doubtful that the Chinese are thinking of replacing most communes with state farms, but such reports are significant as evidence that the official view of the commune as the ideal form of organization for the Chinese countryside has been qualified.

B. Size and Structure of Commune-2

1. Size

More than 90 percent of peasant households in Communist China are in 24,000 rural communes, which average nearly 25,000 people, 5,000 households, 10,000 able-bodied laborers, and a little more than 10,000 acres of farmland. Altogether, about 120 million Chinese peasant households are working about 280 million acres of farmland. The Chinese commune approximates in its number of people the rural population of the average county in the US (about 20,000) and the average Soviet rayon (about 30,000). The communes were formed in 1958 out of 740,000 agricultural producers' cooperatives, averaging nearly 200 households each, or about the number of households in the average Soviet collective at that time. The drastic reorganization early in 1959 caused little change to the boundaries of most communes but greatly affected their internal structure. The typical commune in 1958 combined its 30 cooperatives into 10 or fewer units called "production brigades," or "work areas," in order to reduce immediately subordinate units to a more manageable number. As management responsibilities of the commune declined, these subunits became less necessary and were reorganized. The original cooperative, slightly enlarged, reemerged as the basic farm organization in China. The experience of the Ch'a-ya-shan Commune, also known as the Sputnik Commune, is an example of this reorganization. Originally, this commune had combined 27 agricultural producers cooperatives into 8 production brigades, but in 1959 these were redivided into 26 production brigades. 11/ Similarly, following a readjustment in Shantung Province, the original 1,391 communes and their 11,775 subunits were reorganized into 1,353 communes and 50,468 production brigades. 12/ There now are about 500,000 basic accounting units, usually termed production brigades,* and about 20 of these brigades are assigned to each commune,

* The term Kuan-li ch'u, variously translated as "administrative area" or "management ch'u," is used instead of production brigade to designate the basic accounting unit in many provinces, including Heilungkiang, Kirin, Shansi, and Yunnan.

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each brigade farming an average of 500 acres of land and embracing an average of about 250 households. Each brigade in turn is subdivided into about 6 production teams of about 40 households each.

Like political units in any country, communes tend to have fewer people in sparsely populated areas and more people in densely populated areas. Thus, in mountainous regions, communes may have as few as 1,000 households, whereas in densely populated plains, communes with several tens of thousands of households exist. Commune-2, however, apparently varies in size less than commune-1 did. Since August 1959 there has been no mention in the Chinese Communist press or by travelers of the giant countywide communes that had been formed in some provinces in the fall of 1958 and were regarded as the ideal size for commune-1. Because a major role of commune-2 is to serve as a political unit at the subcounty level, the huge communes may have been split up.

The commune is the lowest level of government in rural areas of Communist China. Local governmental units of importance to agriculture are, from top to bottom, the province, special district, county, and commune, and late in 1958, the numbers of these were as follows: 22 provinces; 121 special districts, 5.5 per province; 1,626 counties, 13.4 per special district; and about 24,000 communes, about 15 per county. 13/ No significant change in this structure has occurred since 1958.

2. Party Apparatus

Rural activities in Communist China, far more than urban and industrial activities, are directly and openly controlled by the apparatus of the Chinese Communist Party -- Party committees attached to the various levels of government -- rather than by the machinery of government itself. The commune is the lowest level at which Party committees exist. Brigades and major enterprises under the commune usually have branch cells.

After the decision early in 1959 to decentralize the authority of the commune and to promote the importance of the production brigade, the Party discovered that its organization was weak at the brigade level. Therefore, during the fall of 1959 a nationwide campaign was conducted to recruit junior Party members for assignment to basic level Party branches attached to production brigades. The recruitment drive has even extended down to the production team, where it is preferred that a Party member be in charge, and probably most officials in brigades are now Party members. The Communist press has given the impression that the drive was a huge success. No nationwide figures on the results have been reported, but scattered regional data are available, such as [] the average brigade in Kiangsi Province now

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has 12 Party members 14/ and that a brigade in Kwangtung has 29 members. 15/ If the national average of Party members per brigade were as high as ten, then 5 million men, or one-third of the Party's total membership strength, would now be assigned to production brigades. Probably the recruitment drive has built up rural branches of the Party far beyond their precommune strength and has greatly improved the ability of the Party to maintain discipline in the brigades and over the entire peasantry.

3. Superstructure of the Commune

It is difficult to draw up a valid detailed chart of the administrative structure of commune-2 because, as noted above, no model charter has yet been published, and no reasonably comprehensive report of an individual example of commune-2 is available [redacted] (For a simplified chart of the administrative structure of commune-2, see Figure 2.) The few detailed descriptions of individual communes that

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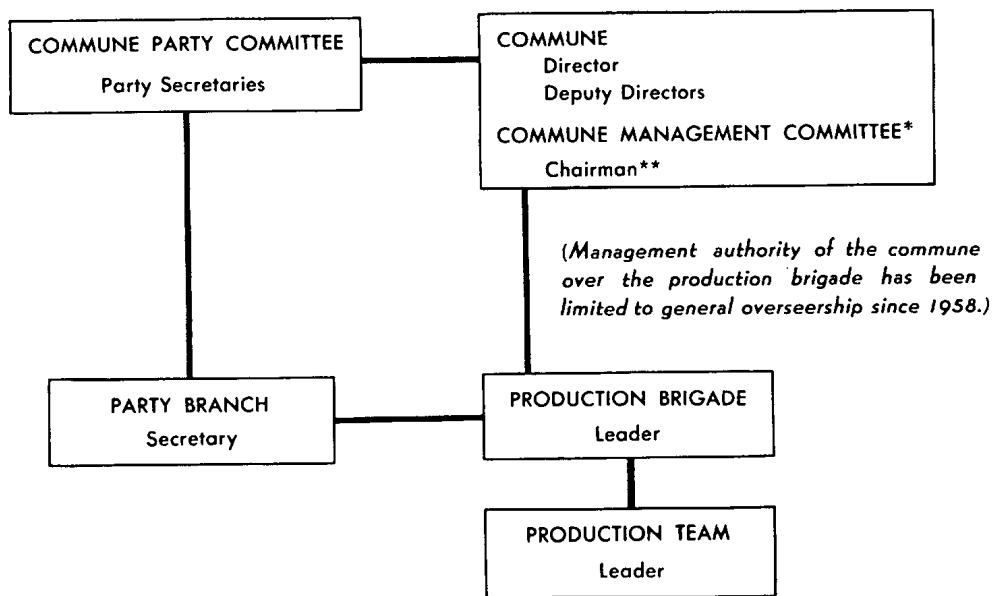


Figure 2. COMMUNIST CHINA: Organization of a Rural Commune

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have appeared in the Communist press since August 1959 are imprecise because, in their effort to glorify the commune, they blur the distinction between activities carried on by the top commune level and those conducted autonomously by production brigades. [redacted]

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[redacted]
have been far more informative on the actual organization of commune-2 than has the Communist press, but even the best such reports have been cursory because of the brief time, ordinarily 2 to 3 hours, allotted to the usual tour of a commune, and, in any event, communes open to tourists are apt to be showplaces.

Communes are headed by a director and one or more deputy directors and, on the Party side, by one or more secretaries. All personnel are appointed by Party committees at higher levels, and few are native to the commune. [redacted] communes where the director was a figurehead who deferred to a Party secretary. In other cases the deputy director seemed to be in effective charge, for he was the chairman of the important management committee.

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In a rare official reference to the nature of top authority in commune-2, the magazine Ching-chi Yen-chiu (Economic Research), published in Peking, asserted in January 1960 that a certain commune in Hopeh Province operated under the unified direction of the commune Party committee and the "administration area work committee." This group supervised the management committee, which executed the work of the commune through two offices and some assistants. The offices were concerned with "administration" and "agriculture, forestry, and water conservancy." There were assistants for the following four groups of functions: culture and health; civil affairs; trade, finance, and industry; and military affairs. 16/ In its simplicity this organization resembles that of the former township rather than the more elaborate structure required for commune-1.

A finer division of functions is employed at the Great Wall Commune, a showplace near Shanghai [redacted] in this commune the management committee controlled the following departments: administration, agriculture, industry, finance, commerce, animal husbandry and aquatic products, education and health, and militia. 17/

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One organizational feature of commune-1 that seems to have been dropped is the "elected" congress of commune members that used to be the nominal authority. This formal tie between members and leadership may no longer be considered necessary under commune-2.

At the headquarters of a typical commune there is a center that houses the offices of the Party committee, the management committee, the finance department, grain collection unit, tax unit, the general store selling consumer goods, and a branch of the Bank of China. The last four in this list are responsible to higher levels of government, receiving only administrative services, not direction, from

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commune headquarters. Economic enterprises operated by the commune include small industrial enterprises -- the average commune has 9 or 10, such as brickyards, blacksmith shops, and flour mills -- an animal breeding farm, an agricultural experimental station, and in a few communes, a machine-tractor station. Most communes also directly run a clinic and a part-time agricultural junior middle school (grades 7 to 9). Militia offices are still reported at the commune level, but it is believed that in most communes the militia is more highly organized at the brigade than at the commune level.

4. Production Brigade

There is extensive information suggesting that responsibility for directing the work and the life of the peasantry since August 1959 has resided basically in the production brigade rather than in the next higher level (the commune) or the next lower level (the production team). In spite of its importance, however, little information is available on the organization of the brigade, for it has not been described in the Communist press, and few visitors shown to communes penetrate below the commune level. For example, [redacted] after a recent visit to a commune near Lo-yang, expressed surprise to find at the headquarters of a commune only 30 officials administering 48,000 inhabitants. ^{18/} Apparently, [redacted] these officials were just a superstructure and that basic administration was carried out by officials at the brigade level. Most brigades are run by a branch office of the Party and an administrative committee. At present there does not seem to be any field in which the commune still exercises genuinely overriding control.

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The economic activities of brigades may be more specialized than that of the larger commune. For example, [redacted] the Wuk'an commune on the south China coast has 14 farm brigades, 7 fishing brigades, and 5 salt brigades. ^{19/} Elsewhere brigades specializing in forestry or raising hogs have been reported. In most areas of Communist China, however, the scope for diversified occupations is limited, and the primary occupation of most brigades is to till the soil.

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As already noted, the brigade now owns most means of production in the commune. It operates small factories or repair shops. Other institutions in the typical brigade are a small branch general store and a primary school. Because the brigade is responsible for managing the collective income of the peasants, it manages the messhalls and welfare activities financed out of this fund, such as nurseries, homes for old people, and primary schools.

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5. Production Team

The production team, being the lowest echelon in the commune, is the unit that actually does the work. Known as the "basic contracting unit" in the commune, it performs specific farm tasks under a contract signed with the production brigade to meet specified quotas. 20/ In turn, the brigade guarantees to supply the necessary means of production, such as seed, insecticides, and implements, and promises not to conscript more than a predetermined percentage of the labor force of the teams during the course of the crop season. The team owns a few simple implements and is said to have certain ownership rights in the harvest, for it is permitted to keep and to divide among team members a proportion of any amount produced above the quota. Team leaders also work in the field and either are appointed by the brigade from among team members or are elected with the approval of the brigade. The typical team is composed of about 40 families but varies in size according to local conditions of agriculture. A team may be assigned the task of cultivating a particular area or of caring for a certain number of farm animals. The production brigade -- not the production team -- hands down orders on the kind of crops to be grown and the farming techniques to be employed. Some farming may be done on an individual basis by peasants, who are now encouraged to work their own small private plots and to raise chickens and pigs on the side.*

C. Planning and Decision Making

Peasants in Communist China live and work under policies, rules, plans, and institutions decreed for them by various levels of the Party and the government. Commune-2 is one of these levels and performs an active although generally not predominant role in making decisions for agriculture. At first, in 1958, the regime envisioned concentrating extensive powers at the commune level by centralizing management authority previously held by cooperatives and by decentralizing planning and decision-making powers from higher levels to the commune level.

The commune certainly was given powerful authority for management then but probably never had delegated to it important responsibilities for planning. At any rate, today, as in precommune times, few responsibilities for economic planning appear to be delegated below the county level of administration, although efforts to strengthen the planning role of the commune continue. Among some communes such as the large, advanced suburban communes shown to foreign visitors, the planning function of the commune may be well developed.

* For a further discussion of private farming, see II, F, 3, p. 34, below.

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As in any Communist country, all planning and policy for Chinese agriculture is determined in broad terms at the top. Translation into specific activities is accomplished at various lower levels in a manner depending on the subject matter. Usually, one level is given primary responsibility for action. For example, detailed directives on how to operate messhalls and communal welfare activities are prepared at the provincial level on the basis of a broad policy decision by the Central Committee and passed down for implementation by the production brigade. The role of the commune in this instance is to transmit the directive and to supervise its implementation.

Among the most important planning decisions that rural administrative levels must make in Communist China are those determining the various specific uses to which land will be put and a related type of decision, the determination of production quotas for the production team. The core of this type of planning is the annual production plan for agriculture that takes, as its basis, targets issued by the central government and province for staple grains and a few key subsidiary products such as pigs. These targets are then incorporated into detailed, specific plans by lower levels. There is good evidence suggesting that the focus both of responsibility for planning land use and final determination of production quotas usually lies with the county or special district, with the commune participating in a subordinate role. Official propaganda, however, sometimes has tried to give the impression that the commune does most of its own planning. A newspaper article on the importance of the commune reported in August 1959 that within the framework of state plans the commune "is itself free to determine the per unit area yield for different kinds of crops, the acreage to be sown with nonstaple crops, the number of animals of all kinds and the quantity of their products, and all kinds of agricultural techniques and technical measures concerning the feeding of animals." 21/ The article did not actually say that the commune did these things, and an editorial in Jen-min Jih-pao (People's Daily) on 17 March 1960, urging that "communes should formulate land utilization plans," seemed to be an admission that they do not yet generally do so. 22/ Moreover, this editorial seemed to be confused in its text concerning the question as to whether the commune or county should have primary planning responsibility, for the editorial approvingly noted the experience of Tsao-yang county in Hupeh Province, where a major rearrangement of patterns of cultivation was carried out last winter under the direction of the county Party committee* and where there was no indication that the commune played a significant role. The point of the editorial seemed to be that it did not matter who did the planning so long as it was done.

* The work program undertaken in Tsao-yang county illustrates the type of construction underway in many rural areas last winter. Out of 358,000 acres of cultivable land in the [Footnote continued on p. 26]

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In Kiangsu Province the special district rather than the commune or the county seems to be the primary planning authority for agriculture. The Party cadre from Hsu-chou, Kiangsu,* reported that production plans for agriculture in his area were prepared at the special district headquarters, where full data were maintained on arable land, type of soil, and manpower. 24/ These plans were passed through channels to the brigade, which, after May 1959, was permitted a degree of independence in making final revisions.

Because the district usually encompasses a large market town or small city and its surrounding counties, it is in a good position to carry out a policy, recently stressed, of strengthening economic relations between cities and their rural environs. These relations have become increasingly complex as cities expand their need for food and raw materials and as the regime attempts to stimulate a reverse flow of industrial products to help modernize the countryside.

Further strengthening of the special supervisory role of the district over agriculture in Kiangsu occurred during a reorganization last year, when cities such as Hsu-chou that had been operating under direct provincial control were put under the special district for the express purpose of insuring that urban industries improve their support to agriculture. 25/

Perhaps the most important annual decision affecting peasants is the production quota assigned to production teams. The commune probably participates in the work of setting quotas, but there is little evidence that it serves a prominent role. When the problem of setting quotas was reviewed on 10 March 1960 in an editorial in the People's Daily, no explicit mention was made of responsibilities for setting quotas at the

county, peasants last winter transformed 198,000 acres of rough fields into level land and combined more than 130,000 scattered fields into 7,000 large tracts. In addition, peasants filled unnecessary ditches, leveled unnecessary land boundaries, and reclaimed 17,000 acres of wasteland. It also was reported that under their new plan for land use the peasants built more than 3,000 irrigation projects as well as many highways and farm trails.

* For a description of the commune see I, D, p. 12, above.

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commune level of administration. Instead, the editorial called on "local CCP committees" to direct the task of assigning quotas and cited examples of a special district in Kiangsu and a county in Kiangsi where this task had been done well. 26/

D. Role of the Commune in Modernizing Agriculture

The recently accelerated program for modernizing agriculture in Communist China may turn out to be the economic salvation of the commune, which has been assigned a key role in carrying out the program. Mechanization of Chinese agriculture received renewed stress in 1959, when an ambitious 10-year plan was unfolded for mechanizing farm operations and rural transportation, expanding rural electrification, and irrigating by machinery.* The plan was first publicly outlined by Vice Premier Po I-po in October 1959. Subsequent statements attributing the idea for the plan to Mao Tse-tung himself indicate that it has become firmly established as basic policy for the long run. 27/ Emphasizing the higher priority assigned to the new plan, Party spokesman T'an Chen-lin said in April 1960 that the tempo for mechanizing agriculture was now much faster than originally envisioned. 28/

Chinese Communist planners have exaggerated the economic benefits to be gained from mechanizing agriculture in a country where a huge peasant labor force is already engaged in intensive methods of cultivation. Nevertheless, the program seems basically sound for Communist China. It will not, as the Chinese apparently hope, significantly increase yields per unit of area, but it should increase peasant productivity, thus releasing peasant labor for urban industrial work while permitting the regime to continue its recently adopted techniques for all-out mobilization of peasant labor for rural construction work. Moreover, the costs of the program will not present a major problem, for it is anticipated that the rapidly growing industrial establishment will be able readily to supply machinery needed for the program, which is geared to relatively modest Soviet standards of farm mechanization, not to current US standards. 29/

The Chinese Communists hope to have made a start on mechanizing agriculture by the end of 1960, when it is planned that rural areas will have the following inventory of equipment: 450,000 kilowatts (kw) of small powerplants; 81,000 tractors, measured in 15 horsepower (hp) standard units (the actual number is much less); 6,900 combine harvesters; and 5.88 million hp of irrigation and drainage equipment. The plan for 1960 envisions this equipment being used to plow 18.5 million acres of farmland, or about 10 percent of the area suitable for cultivation by tractor, and to irrigate and drain 44 million acres, or 38 percent of the farmland said to require mechanized irrigation and drainage.

* See the photograph, Figure 3, following p. 28. For other photographs relating to activities in the peoples communes, see Figures 4 through 11, Appendix B.

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A propaganda claim has been made that machinery to be supplied to rural areas in 1960 will be equivalent to 30 million labor units, or 14 per cent of the labor power in rural areas. 30/

The regime is pushing mechanization at first in prosperous areas that can best afford to buy machinery. .These areas include suburban farms and farms producing large quantities of marketable grain and industrial crops. Dry farming in the flat plains of north China and Manchuria also is slated for early mechanization because there are few technical problems in adapting Western methods to these areas.

In most of China, however, according to the timetable of the 10-year plan, the next 3 years will constitute only a "preliminary stage." 31/ The main effort during this stage will be experimental (devising machinery and improved methods for cultivating hilly land, paddy fields, and other special types of Chinese farmland), political (persuading farmers to discard old methods for new ones), and organizational (strengthening the commune as a medium for carrying out mechanization).

During 1959 the regime seems to have decided that the role of the commune in agricultural production should be to modernize it, not to direct it. To carry out its new role, the commune has been designated the primary agency for owning large and modern machinery, operating experimental agricultural stations, and running agricultural schools.

The ownership function of the commune was clarified in October 1959 by Chen Cheng-jen, Deputy Director of the Rural Work Department of the CCP, who said that "modern agricultural equipment ... will be mainly controlled at the commune level." 32/ Foreign tourists who have visited communes in a fairly advanced stage of mechanization have confirmed that this rule is carried out in practice. Tractors are usually maintained by a commune-owned tractor station and hired out to production brigades.

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T'an Chen-lin in his report on agricultural development in April 1960 declared that the commune is the basis for a nationwide "agro-science experimental and research network" that is taking shape. 34/ The usual agrarian research institute in a commune combines propaganda with the normal functions of an agricultural extension service. These research institutes cultivate demonstration plots on which they lavishly expend fertilizer and labor to enhance the propaganda effect. They also are supposed to conduct useful experimental work, issue weather reports, disseminate information, and train peasants in the application of new techniques. 35/

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Figure 3. Communist China: Tractor Station of an Advanced Commune in Kwang-tung Province (Characters on the tractors read Hua-shan Kung-she, or "Hua-shan Commune").

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Nearly every commune operates one or more agricultural middle schools. In the same report, T'an Chen-lin said that there were 30,000 such schools with a total enrollment of 2,960,000 students -- an average of 1.2 middle schools and 120 students for every commune. ^{36/} Although they are only part-time schools in which students devote half the day to agricultural work, these schools nevertheless represent for most peasant youth the only educational opportunity above the elementary school. The major purpose of these schools is to produce semiskilled agricultural technicians and to train peasants to maintain and operate agricultural machinery.

E. Commune Industry

One of the most striking reversals in policy ever made by the Chinese Communists was their virtual abandonment during 1959 of the policy of rapidly industrializing the countryside through the medium of the commune. Although this change in policy has not been loudly proclaimed in propaganda, official data and tourist descriptions confirm that rural industry has been relegated to its traditional level of comparative unimportance, subordinate to agricultural production.

By late 1958, according to Chinese Communist propaganda, 6 million new industrial enterprises had been established by rural communes, ^{37/} and as much as one-third of the rural labor force was engaged in such industrial efforts as the ill-fated drive to produce iron in native blast furnaces.

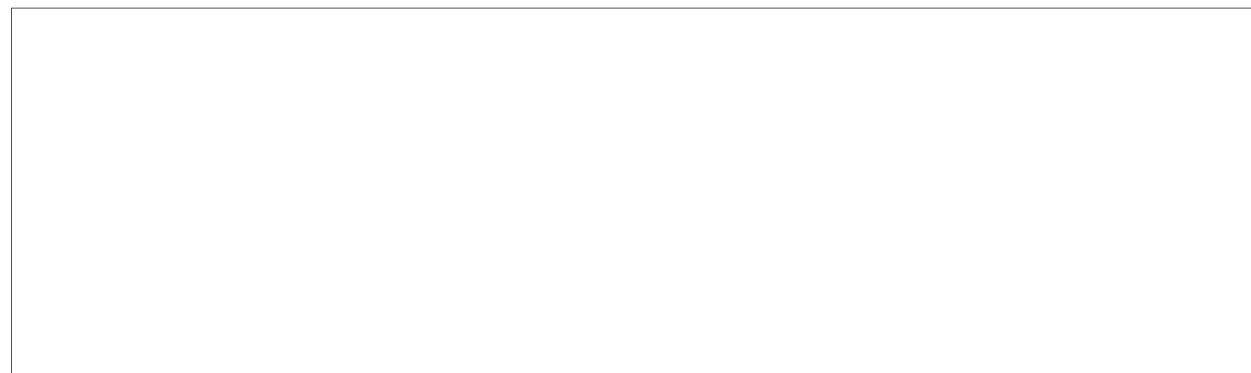
The results were so disappointing to the regime, however, that early in 1959 it decreed that communes should concentrate their financial resources and labor power on developing agriculture. As a result, many enterprises were abandoned, and some were turned over to production brigades to run as part-time activities. By October 1959 the number of industrial enterprises run by communes had declined to 700,000, about 30 per commune. ^{38/} During a further reorganization in the last quarter of 1959, the total number of commune industries dropped to 200,000. These industries are said to employ 5 million full-time workers, or 2 percent of the rural labor force. ^{39/} Scattered data on industrial work performed at lower levels of the commune suggest that perhaps another 1 to 2 percent of the labor force are engaged in part-time subsidiary industries of a traditional nature. It is claimed that the gross value of output of industries operated by rural communes was 10 billion yuan in 1959, and the plan for 1960 calls for 15 billion yuan. ^{40/} Such figures on employment and value of output are of the same order of magnitude as those previously reported for the predecessors of commune industry, the rural handicraft workshops and rural subsidiary occupations. Under present policies, commune industry is expanding gradually, not as a result of forced growth, but as a normal accompaniment to rural economic development in Communist China.

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The scope of commune industry is severely limited by fiat. Vice Premier Li Fu-chun in his report to the NPC in March 1960 reiterated previously stated injunctions that commune industry "must continue to observe the principles of producing those products best suited to their localities, of using local materials, of depending on their own efforts in production, and of being thrifty in everything." 41/ The range of products that commune industry is encouraged to make also is limited. Li Fu-chun said in the same report that commune industry should concentrate on making and repairing small farm tools, processing farm and subsidiary products, and producing building materials.

An article in the 16 March 1960 issue of Hung-ch'i (Red Flag), journal of the Central Committee of the CCP, was even more explicit than Li in subordinating commune industry to agriculture. This article stated that county and commune industry "must first of all serve agricultural development and the realization of technical transformation of agriculture. This is a key factor determining whether or not county and commune-run industry can be developed." 42/

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Chinese Communist propaganda makes a strong point of the claim that commune industry produces more than 10 percent of the gross value of industrial and agricultural output of communes and that this percentage is rapidly growing. This presentation of data is essentially erroneous, however, because measurements of gross value greatly overstate the importance of rural industry relative to agricultural activity. In terms of value added to the product, commune industry probably contributes less than 5 percent to the total economic output of rural areas.

According to official statistics, the average commune operates 10 workshops or factories, each employing 25 workers. An idea of the nature of these workshops may be obtained from reports of individual communes. Four typical ones from the files are described below. Because they were selected by the regime either for display to foreign visitors or as examples in the press, it may be presumed that they are above average in prosperity and development.

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1. The Great Wall Commune, described as the most modern in the Shanghai area, operated 12 factories at the commune level and 55 at the brigade level [redacted] Their products were almost exclusively for agriculture -- implements, fertilizers and insecticides, bricks, cement, and lime. The commune also operated plants for processing fodder and preserving vegetables. 44/

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2. The Kuotai Commune in Shansi Province, described in the 12 November 1959 issue of T'ai-yuan Jih-pao (T'ai-yuan Daily), is one of the few in the country still running an iron and steel establishment. This commune had five industrial establishments, the other four producing foodstuffs, chemical fertilizer, sundries, and milk powder. These plants employed 8 percent of the commune labor force, and another 6 percent worked in 95 small workshops at the production brigade level, many on a seasonal basis only. 45/

3. [redacted] industry in the Cheng-kuan Commune near Shih-chia-chuang, Hopeh Province, was observed to consist only of a newly established factory to make gunny sacks from cotton stalk fiber. 46/

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F. Sources and Uses of Commune Income

1. At the Top Level

Since early 1959 in Communist China, accounting for income and expenditures at the top level of the commune has been carefully separated from accounting done by production brigades. Income at the commune level is derived from the following three sources: state grants and loans, proceeds from commune enterprises, and contributions from production brigades. This income is used to defray costs of administration; to buy machinery, construction materials, and animals for developing enterprises at the commune level; and to finance the building of projects of communewide value, such as reservoirs.

State grants to communes are planned to increase from 1 billion yuan in 1959 to 1.5 billion yuan in 1960. 48/ Not all of this grant is available for strengthening the economy at the commune level, for a large but unspecified amount is earmarked for poor production

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brigades. In 1960, the Peoples Bank of China plans to expand circulating agricultural loans, which totaled 4.19 billion yuan in 1959, by 500 million yuan. ^{49/} Most of this sum will be used for seasonal loans to production brigades, but the amount directed to the commune level probably will be an important source of funds for development at that level. Such loans are usually granted to finance specific activities, such as a tractor station, which the state wants the commune to undertake or expand.

The second category of commune income, proceeds from commune industry, is growing as a source of developmental revenue. Because of high costs, however, net income from these enterprises is only a small fraction of the gross value of their product.

Although the Chinese Communists point to the amount contributed by the production brigade to the commune as a unique source of economic strength of the commune distinguishing the commune from the cooperative, this contribution closely resembles the local surtax that the township government formerly collected from cooperatives.

The brigade contribution to the capital investment fund of commune-2 has been kept to a small amount in keeping with the policy enunciated by T'an Chen-lin in his report on agriculture in April 1960, to "make energetic efforts to develop the economy at the production brigade level" as well as at the commune level. ^{50/} Poor brigades receiving state subsidies are exempted; prosperous ones after the fall harvests in 1959 were noted contributing from 0.3 to 2.5 percent of their gross income. The average for all brigades probably is about 1 percent. Under commune-2 the Chinese Communists have been forced to demarcate more clearly types of investment that the top level of the commune should undertake and those that more properly are the responsibility of the production brigades. In Hopeh Province the CCP Provincial Committee declared in November 1959 that the investment funds of the commune "should be used principally for the purchase of large-size agricultural machinery, for water conservancy construction, and for the establishment of industries The communal reserve funds retained by the production brigade should . . . be used for the construction of large and medium capital construction projects for farming, for the purchase of livestock and agricultural implements, and for the building of medium and large farm implement repair and assembly stations." ^{51/} Current policy in all but the most advanced areas of China probably is to restrict the level of investment in the commune to an amount less than that spent by brigades.

2. At the Production Brigade Level

The average production brigade relies primarily on its own farm produce for income, although poor brigades receive state subsidies

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and relief grain. Cash is earned by selling marketable produce to state commercial organs. A measure of the backwardness of Chinese agriculture is the fact that the average brigade engaged in farming consumes more than 60 percent of its own produce for seed, animal feed, and human consumption.

Data on how the brigade distributes its gross income are scant, but there is nothing to indicate that its pattern is different from that of the old cooperative, which in a typical case distributed its product as shown in the following tabulation. 52/

<u>Category</u>	<u>Percent</u>
Personal consumption	60
Production costs	25
Taxes, including local surtax	7
Investment and welfare funds	8
Gross value of the product of a typical agricultural producers cooperative in 1957	<u>100</u>

Chinese Communist economic planners have evinced major concern over how to distribute properly the produce of the brigades. According to the Rural Work Office of the Hopeh CCP Provincial Committee in an article published in November 1959, the problem centers on the correct determination of the following three proportions: (a) the ratio of personal consumption to "accumulation" (a Chinese Communist term referring to all nonconsumption uses), (b) the proportion of the accumulation fund to be handed over to the commune, and (c) the proportion of the amount consumed by members to be distributed as "free supply" rather than wages. 53/

The first is a perennial problem facing the Chinese Communist regime -- how to reduce the proportion allocated to consumption without unduly weakening the peasant's ability and will to work. Because productivity under the commune has not increased significantly, the regime has not found it practical to try to reduce this proportion. In fact, Chen Cheng-jen, Deputy Director of the Rural Work Committee of the CCP, admitted in October 1959 that the average brigade distributes 60 percent of its income to members for consumption. 54/ This percentage is the same as that which prevailed in most cooperatives. Prospering brigades, however, after allowing for a slight increase in consumption, are supposed to maximize accumulation, and wealthy communes that distribute as little as 47 percent of income to members have been reported.

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The second problem -- determining the amount of the brigade contribution to the commune -- already has been discussed.* No official guidance has been published recommending a correct proportion, but scattered reports indicate that most brigades, unless exempt by reasons of poverty, contribute from 10 to 20 percent of their own investment fund to the commune, that is, 1 to 2 percent of their gross income.

Regarding the third problem of how far to extend the free supply system, Chen Cheng-jen in October 1959 noted that it had been CCP policy since the summer of 1959 "appropriately to restrict the portion of free supplies and gradually to increase the portion of wages." In compliance with this policy, the Sputnik Commune in Honan Province, for example, reduced the proportion distributed under free supply from 70 percent in 1958 to 38 percent in 1959. ^{55/} Chen laid down the rule to be followed in all of Communist China that most brigades should distribute about 30 percent as free supply and that in no event should this proportion exceed 40 percent. ^{56/} Under this percentage restriction, few brigades have been rich enough to extend the free supply system to cover more than staple food grains. Some communes, unable to go even this far, cannot operate messhalls.

Chen Cheng-jen argued persuasively that the free supply system in its present limited form was simply a slight extension of the system of social insurance operated by the former cooperative, which also provided for old people and orphans who had no relatives. Chen said that in the usual brigade the income of 60 to 70 percent of families remains unchanged, for the ratio of labor power to dependents in these families approximates the average for the brigade as a whole. He claimed that when free supply is 30 percent of distributable income, the system benefits about 20 percent of the families in a brigade -- those with an unusually high number of dependents -- by an amount equal to only 2 percent of the brigade's income. In spite of this moderation of the free supply system, even Mao Tse-tung is said to have admitted that the able-bodied single worker who contributes the most while receiving no more return than the others is a type who continues to give trouble.

3. Sources of Peasant Income, Incentives, and Private Production

The sources of peasant income in commune-2 are, in order of importance, wages paid for work performed in the collective organization, welfare services including "free supply," and earnings from spare-time work.

* See II, F, 1, p. 31, above.

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The part of a peasant's income supplied in the form of public welfare, although greater now than before 1958, is still minor. Essentially a system of strong material incentives is employed to get the peasant to work hard. The system in use is the precommune system, copied from the USSR, under which the peasant's income is derived from a complex combination of factors dependent on production of his brigade, his team, and his own efforts. Although the Chinese Communist regime often adjures Party members to work without thought of remuneration in the true Communist spirit, the regime with typical ambivalence also tries to make sure that in practice Party members who run communes and brigades are adequately stimulated by material rewards. Commune officials generally earn from 40 to 100 yuan per month, many times the income of the average peasant, and at least one province (Kirin) decreed after the late harvests in 1959 that the pay of principal leaders at lower levels in the commune be equal to or exceed the level of income of the highest paid farmers under their supervision. 57/

For each specific job done for the collective, the peasant is credited with the number of workpoints assigned to the job according to a pre-set schedule of values. The principle usually followed is that one hour of heavy, unskilled labor is worth one point. A strong farmer thus can earn 10 points in a 10-hour workday. Easier tasks, such as tending water buffaloes, are worth less, and supervisory positions and mining and industrial tasks requiring some skill are valued more highly than ordinary farm work. Workpoints are converted to cash at the end of the year or after each harvest. At that time the brigade calculates the residual income to be divided among members, divides this residual by the total workpoints earned by all members, and, after the value of a workpoint has been established, credits each member's account with the amount due him. In 1959 the value of a workpoint in some prosperous brigades was reported by the Chinese Communist press to have been as high as 0.20 yuan. Refugees in Hong Kong late in 1959 and early in 1960 reported values of workpoints varying from 0.03 to 0.08 yuan. A farmer who earned 3,000 workpoints during the year would have earned 240 yuan if the workpoint had been valued at 0.08 yuan. A large part, but usually less than half, of an individual's earnings from workpoints is deducted for the messhall fee (the "free supply" item) as are any debts incurred by the individual or his dependents for such items as unpaid school and medical fees. Much of the remainder is held by the brigade on deposit. This deposit is releasable only by the brigade leader, who may issue a small monthly dole for pocket money and authorize withdrawals for such purposes as weddings and funerals.

The peasant's basic income derived from his workpoints may be supplemented by a bonus earned by his team and divided among team members. The bonus consists of a part, which the team is allowed to retain, of production achieved in excess of the assigned production quota.

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In the spring of both 1959 and 1960, when production quotas were being levied throughout the country, the Chinese Communists issued instructions to set them at an amount generally less than the state target in order to encourage the exceeding of goals by teams. ^{58/} Unless these instructions were merely a device for compensating for excessive and unrealistic targets, they suggest that the regime has been anxious to strengthen the bonus system.

Chinese Communist official policy on the question of private plots and private raising of animals has come full circle around to the traditional Soviet view that the practice of permitting peasants to engage in private sideline activities should be encouraged up to a point but should be closely controlled because of its potential threat to collectivist principles. A comprehensive statement of the current Chinese view was set down by Chen Cheng-jen in an article in October 1959 explaining principles of ownership in the commune. ^{59/} He said that the Central Committee has encouraged commune members "to use to the full scattered unused land around their houses and in the villages and beside streams and roads. The crops produced on such land ... are to be left entirely at the disposal of individual commune members." According to Chen, private ownership of houses, clothing, bedding, furniture, bank deposits, odd trees, small farm tools, hogs, chickens, and small plots and the right of individuals to engage in sideline activities in their spare time are known as "small private ownership" and the "small freedoms" within the large collective. Although their existence is permitted, he warned that their function is only to supplement the collective economy and that any undue growth in private activity at the expense of the collective economy must be guarded against.

The situation in mid-1960 is that private income may be earned by raising chickens and hogs, cultivating small garden plots, and engaging in a limited variety of sideline occupations. Such private activity, which was discouraged to the point of extinction in 1958, is now officially encouraged as spare-time occupation. It is a small but significant supplementary source of income for the peasant family and is important for the rural economy as a whole. The proportion of private income to the collective total reportedly amounted to 4.5 percent in Honan Province in 1959, ^{60/} and since the commune movement is more advanced in Honan than in most parts of China the percentage may have been higher for the country as a whole.

According to official reports, which refugees in Hong Kong tend to confirm, households in many areas of China in the spring of 1959 were allotted about 0.01 acre per person for cultivating vegetables, sweet potatoes, fodder crops, and oilseeds. This allocation would give the average household of five persons a plot of 2,000 square feet, a not insignificant amount in China where there is less than one-half acre of

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farmland per capita. Early in 1960 there were conflicting reports from different areas that the regime had reaffirmed its policy on private plots and that it had ordered a reduction in their size. In Kwangtung Province, for example, it was decided early in 1960 to have peasants turn over 30 to 50 percent of their private plots to messhalls, 61/ but officials in Kansu Province were instructed in February 1960 to encourage peasants to expand their private plots.

Recent emphasis on collective raising of hogs has reduced private participation in this field, but the raising of chickens by individuals seems to be a required activity. Several ex-commune members who fled to Hong Kong in the spring of 1960 reported that peasants in their areas had been given quotas of chickens to be raised for sale to the commune and that if a household was unfortunate enough to lose one of its required chickens through disease or theft, it had to make up the loss by buying one from a neighbor's surplus. 62/

Raising livestock, fishing, off-season mining, transport, mat weaving, collecting herbs, and a variety of other sideline occupations traditionally have kept members of peasant households busy when they were not working in the fields raising staple crops. These useful activities declined during 1958, and the regime early in 1959 began to encourage peasants to revive some of these activities in their spare time. In one commune in Kwangtung, for example, approved individual sideline activities included collecting grass, collecting night soil, and plaiting straw mats, in addition to raising pigs and chickens.

G. Communal Living and the Family

The stress on collective living, although weaker than in 1958, is a principal feature distinguishing the commune from Soviet or former Chinese Communist agricultural organizations. Although such collective institutions as the messhall are an integral feature of the Chinese commune system, they are no longer a responsibility of the commune level of administration but are financed and managed by the production brigade.

It was the goal of commune-1 to collectivize homelife thoroughly by building communal housing and establishing community facilities for cooking, eating, taking care of children and old people, laundering, and tailoring. Many early plans for communalization had to be dropped early in 1959, however, when the CCP decreed that communes slash their budgets for welfare activities. The only services that remain in most communes are the messhalls, nurseries, and homes for old people. The last are now reserved only for old people without families to support them. Because nurseries and homes for old people are a conventional feature of Soviet collective organizations, it really is only the messhall that stands out as a unique feature of the Chinese commune.

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The messhall system has a strong ideological attraction for Chinese Communist leaders who have been willing to compromise almost every aspect of the original commune concept except this one. It has been an uphill fight, however. Messhalls have proved unpopular, extremely difficult to operate smoothly, and lacking in marked economic advantages. Therefore, the messhall is far from being an established institution, even now in its second year of existence. In spite of periodic nationwide drives to strengthen messhalls, the number of people eating in them has declined. Whereas attendance at messhalls was nearly universal at the end of 1958, it dropped to 73 percent at the end of 1959, when 3.9 million rural messhalls reportedly were feeding 400 million people. ^{63/} In many areas of China, messhalls were forced to disband early in 1959, when they ran out of food. With food stocks replenished by summer harvest, Party leaders initiated a drive to reopen messhalls under a new set of rules intended to make them more acceptable to the populace and to improve their effectiveness in managing food supplies. The new approach toward messhalls, as affirmed in the Party resolution adopted in August 1959 at Lu-shan, directed that attendance be voluntary (although political pressure to join probably has amounted to coercion in some cases) and that the food ration be distributed directly to households, which would turn it over to the messhall in exchange for food tickets. The household could turn in unused tickets for grain. ^{64/} Such measures, however, were not generally successful, and the Party in the spring of 1960 again felt it necessary to undertake a campaign to try to reinvigorate the system. T'an Chen-lin, in his report to the NPC in April 1960, revealed the concern felt by the CCP when he noted that messhalls "are now a central question in arranging the life of the masses Not enough community dining rooms have been set up in some places, and some of them are not well run." ^{65/} Some provincial reports have filled in details of this dark picture. At a conference on the messhall question held in Kwangtung Province at the end of March 1960, it was admitted that messhalls successfully served only 35 percent of the rural population. Ten percent of Kwangtung farm families were not served by messhalls at all, and of the messhalls that did exist, 15 to 20 percent were seasonal "rice-processing" halls that existed in name only, and another 40 to 45 percent, while permanent, had such major shortcomings as corrupt and unsound management and monotonous menus. The complaint was made that team and brigade officials refuse to eat in such messhalls. ^{66/}

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To strengthen the messhall system, Kwangtung Province decided at the March conference to require peasants to turn over from 30 to 50 percent of their private plots to messhalls, which were to cultivate plots

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at the rate of 0.05 to 0.1 mou* per messhall member. The average messhall in Kwangtung, with 150 members, thus is supposed to have a garden of 7.5 to 15 mou (1.25 to 2.5 acres), acquired at the expense of private plots and also is supposed to try to raise 15 to 30 pigs and 300 chickens.

Whether or not these measures will be more effective than previous efforts to strengthen messhalls remains to be seen. The testimony of refugees in Hong Kong indicates that the Chinese Communists may have created a dilemma for themselves -- considerations of prestige make them unwilling to drop the messhall system, yet they seem unable to make it work well on a continuing basis. [REDACTED]

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[REDACTED] dissatisfaction with the commune centered on the messhall and that the abolition of messhalls in many parts of southern China from March to May 1959 was the most popular single feature of the process of tidying up communes. 68/ [REDACTED] the revival of the messhall late in 1959 and early in 1960 was done in the face of considerable opposition from the peasants, a factor that could hinder the consolidation and smooth operation of messhalls which the Chinese are trying to achieve.

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Although the process of collectivization has weakened family ties, the family in the present-day commune still appears to be a fairly strong social unit. Family unity has been weakened as a result of the increase in community welfare services and payment of wages to individuals, which have reduced the financial dependence of working members of the family on the head of the household. Moreover, several traditional family activities such as cooking, eating, and child rearing now are frequently done on a community basis. Nevertheless, it is possible to exaggerate the degree of social change that is taking place. The typical peasant family still lives together in a small hut, has a small garden plot, and owns small animals and fowl. The brigade is supposed to disburse the grain ration to the household, not to individuals. The household is responsible as a unit for financing the care and education of dependents and paying for weddings and funerals.

The official CCP position on the question of family life in the commune is contained in a resolution issued at Wu-han in December 1958. It stated that "we stand for the abolition of the irrational patriarchal system inherited from the past and for the development of family life in which there is democracy and unity." 69/ In concentrating its attack on the old large family system -- the type romanticized in the novels of Pearl S. Buck -- the CCP took a safe, nondisruptive stand, for the large family system had always tended to be the way of life of the gentry rather than of the ordinary peasant and had been in decline for several decades anyway. By 1958, after 9 years of Communist suppression, the system must have been nearly extinct.

* One mou is equivalent to 0.1666 acre.

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Little remains of the demographically significant features of the original commune. The attempts to separate members of the family and to transfer loyalty of individuals from the family to the collective body, if sustained over a prolonged period of time might have constituted an effective weapon for enforcing birth control. Although anti-natalist influences in the present-day commune may still exist, a counterforce might be the free supply system that, by guaranteeing communal feeding of children, would tend to reduce parental worries about the cost of supporting children. On balance, there is little reason to expect a significant drop in the present annual birth rate in Communist China, estimated at about 40 per thousand. This birth rate is nearly the maximum number of babies that can be had by women of childbearing age in China, considering the present age structure of its population.

III. Economic Role and Effectiveness of the Rural Commune

A close scrutiny of the commune in Communist China as it operates today discloses no important economic function not possessed by the former township government. Like the township the commune is the lowest of several levels of local government concerned with rural affairs. It is financed partly by small levies, equivalent to local taxes, supplied by subordinate units; it may conscript a limited percentage of the rural labor force for community projects; and it operates a variety of small economic enterprises, primarily to provide services to its agricultural community. The Party committee attached to the commune, like its predecessor, guides and supervises implementation of state policy by the basic agricultural production unit -- formerly the cooperative and now the production brigade. In brief, the commune may be defined as a government-Party superstructure placed over collectives equipped with messhalls.

Understandably, in view of the glorified state of the commune concept, Chinese Communist propaganda does not take such a prosaic view of the commune's role. For example, Peking Radio in December 1959 declared that "the people's commune formed the foundation of the water conservancy campaign." In March the English-language Peking Review attributed all success allegedly attained in combating drought in 1959 to the commune form of organization. The Review added that the "intrinsic strength and vitality" of the commune also had been demonstrated in many other fields. Peking Radio on 3 June 1960 claimed that spring planting had been done well this year, mainly because of the "high efficiency displayed by the rural people's communes and the mass scale technical revolution in farming implements."

Such publicity essentially misleads by attributing to the commune results achieved primarily by subordinate units or superior levels of government. The commune level actually played only a small role last

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winter in the construction campaign for water conservancy, being only one of several levels of government engaged in such activity. Moreover, although the commune seems to be fairly efficient in organizing peasant labor, its effectiveness is due more to good organization at the level of the production brigade than at the level of the commune. [redacted]

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[redacted] (Improved discipline at the brigade level would be a natural outcome of the nationwide drive in the fall of 1959 to recruit Party members at this level.)

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Although the Chinese Communist regime has indicated that further improvements are possible in the organization of the rural commune, the regime has seemed fairly satisfied with the over-all economic efficiency of the commune. The strong points of the commune system, like those of the Soviet collective, are its ability to organize labor for principal farm tasks and to deliver grain to the state. The commune should be an adequate organization for operating machine-tractor stations and transmitting modern agricultural technology to production units. The commune does less well in encouraging peasants to carry out sideline occupations, an important subsidiary source of farm income in Communist China. Consumption of food in most areas has been adequately controlled by the messhall system, which, however, does not run smoothly.

Commune performance in delivering grain to the state improved markedly after commune authority was curtailed. The reestablishment of tax and purchasing stations in 1959 at the production brigade level resulted in a speedup and increase in state procurement. In spite of a drop in the size of the harvest in 1959, official data indicate that grain deliveries in the food year 1959/60 may have slightly exceeded the amount in 1958/59.

Although rural food supplies in 1959/60 were almost certainly less than in the previous year, fewer messhalls reportedly closed down for lack of food in the spring of 1960 than in the previous spring. This improvement indicates that most messhalls are now capable of managing food supplies adequately and making at least minimum rations continuously available. On the debit side the messhall system is unpopular, difficult to run, and probably no more economical than the previous system in which peasants cooked and ate at home. Moreover, there is little evidence supporting the contention, often made in the propaganda, that messhalls release for work in the commune large numbers of women, who would otherwise be tied down with housework. This contention tends to be disproved by the fact that in the USSR and many parts of Communist China, especially in the South, women have traditionally performed heavy farm labor as well as kept house. Although the future of the messhall seems to be far from assured, the regime is still trying hard to make it work. The

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regime has been willing to drop other once-cherished goals of the commune, such as the special role for developing industry, but it has been stubbornly reluctant to give up the messhall, which it regards as a vital feature distinguishing the commune system and to which it has a strong ideological attachment.

IV. Urban Commune

The Chinese Communist leadership ran into difficulties late in 1958 when the commune movement was pushed into urban areas. Subsequently, urban communes were suspended in December 1958, after it became apparent that a tremendous effort would be needed to make them take root. In March 1960, however, the regime announced that it had decided to revive the program for the urban commune, and in June it was announced that, by 20 May 1960, 42 million people, nearly one-half of the urban population of the country, were in newly formed communes. 71/

The urban commune, in its rather mild 1960 model, is less disruptive than the original rural commune. As currently organized, the urban commune has little discernible effect on the economy but is primarily important for its efforts to promote collective living. Perhaps because of the persistence of shortcomings in the rural commune movement, the regime has moved cautiously in the cities. Initial reports indicate that the urban commune has not taken over control of municipal utilities, state-owned factories, banks, and wholesale commercial organizations -- the fundamental economic institutions of a city. Instead, the urban commune is an organization of residents, usually based on the street committee or on the ch'u, which is similar to a ward, and it may take over the functions of those organizations. The urban commune seems to be a label used to dramatize the well-publicized movement during the first quarter of 1960 to promote collective life and to organize housewives into neighborhood workshops.

Although communes that appear to replace existing levels of administration in the city (either the street committee or the ch'u) are the most prevalent type, two other types have emerged -- communes formed around large factories and large government organizations (not to operate them, but to organize living arrangements of their workers and dependents). The urban commune has not yet attempted to adopt communistic features, such as the free supply system, which mark the rural commune. Urban messhalls, for example, are really public restaurants in which the diner pays for what he eats.

According to official statistics, as of 20 May 1960, 1,000 urban communes had been set up, each with an average membership of 42,000 people. These 1,000 communes were said to operate 60,000 factories, 180,000 messhalls, 120,000 nurseries and kindergartens, and 100,000 service centers. 72/ No employment figures for commune factories and service

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centers have been reported. Many housewives now working for the commune are employed in the varied service and welfare organizations that have mushroomed in recent months to replace the domestic care of children, family cooking, and other household activities.

The claim of Chinese Communist propaganda that communes release an enormous reservoir of womanpower previously tied down by household tasks is misleading because the proportion of city women who work in Communist China probably could have been expanded greatly without resort to wholesale collectivization of household tasks. There are about 25 million adult women in Chinese cities. At the end of 1959, 8 million women were employed by state-owned enterprises, and neighborhood industry (now called commune industry) employed additionally only 1 million women. 73/ A small number may still be engaged in personal service and self-employed activities. Thus, at the beginning of 1960, probably only about 40 percent of the women in Chinese cities were employed outside the home, compared with a proportion of 60 percent in the USSR and about one-third in the US. If the Soviet housewife, with the help of nurseries, is able both to work and to take care of the home, the Chinese housewife should be able to do the same.

Under the economic plan for 1960, urban commune industry is to produce 4 billion yuan in terms of the gross value of the product, or double its output in 1959 (when it was called neighborhood industry). Commune industry contributes about 2 percent to total Chinese Communist industrial output. Descriptions of urban commune industry indicate that its main functions are to process raw materials for state factories and to produce tile, brick, clothing, shoes, noodles, and other small items for local use -- traditional activities of handicraft producers cooperatives, petty household industry, and peddlers. Such activities were curtailed in 1958, when millions of people engaged in them were drafted for construction, mining, and industrial work in state enterprises. In reviving small-scale production of goods and services, first under street and later under commune sponsorship, the Chinese Communist regime has tacitly admitted that this activity is needed to support the growing population and industry of the cities.

The messhall is the principal social innovation introduced by the urban commune. Initial reports indicate that the Communists are having as much difficulty running urban messhalls as they have had with rural messhalls. In Canton, where the situation may be unusually bad, it has been reported that messhall food is poorly cooked and that lines have been so long that people with regular jobs cannot afford to take the time to eat in messhalls, which are patronized primarily by dependents and unemployed people. 74/ Under such conditions, it is not surprising that the number of people served by Cantonese messhalls declined during March and April. Official data indicate that during that period the

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number dropped by one-fourth to 277,000, which is only 15 percent of the population of the city. 75/

In April 1960, Peking reaffirmed the long-range goals set forth by the Central Committee of the CCP in a communiqué, dated 10 December 1958, which said, "In the future urban people's communes ... will ... become instruments for the transformation of old cities and the construction of new socialist cities; they will become the unified organizers of production, exchange, and distribution and of the livelihood and well-being of the people; they will become social organizations which combine industry, agriculture, trade, education, and military affairs, organizations in which government administration and commune management are integrated." 76/ It is too early to evaluate the full economic significance of the urban commune and the direction it is taking. Nevertheless, in spite of the unpopularity and economic ineffectiveness of some features of the urban commune, the regime apparently intends to increase the importance of the role of the urban commune when conditions permit.

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APPENDIX A

CHRONOLOGY OF MAJOR DEVELOPMENTS IN THE HISTORY
OF THE COMMUNE MOVEMENT IN COMMUNIST CHINA

April 1958 -- A campaign began to merge agricultural producers' cooperatives into "large cooperatives" the forerunner of the commune.

1 June 1958 -- The groundwork for the commune concept was laid by Mao Tse-tung in an article entitled "Introducing a Cooperative," published in the first issue of Red Flag, new theoretical fortnightly of the Chinese Communist Party (CCP). Although he did not mention the word commune, Mao equated the "poor and white" Chinese people to a clean sheet of paper on which could be painted "the newest and most beautiful picture," thus suggesting that radical social innovations were impending.

1 and 16 July 1958 -- The concept of the commune for rural China was unveiled in articles in Red Flag. An article in the 1 July issue stated that a cooperative in Hupeh Province had taken on the character of a "people's commune," the first official mention of a Chinese commune. The 16 July issue of Red Flag quoted Mao as saying that the general direction of Chinese society should be gradually to "organize industry, agriculture, commerce and trade, culture and education, and the militia ... into a large commune which should form the basic unit of our society." 77/

11 August 1958 -- Peking issued the first widely circulated publicity on communes. The People's Daily and Radio Peking both reported the commune concept and Mao's praise of communes that he inspected during his tour of Honan. 78/

29 August 1958 -- A nationwide movement to organize rural communes was formally launched with a resolution adopted by the Central Committee (CC) of the CCP "On the Establishment of People's Communes in the Rural Areas" 79/ (not publicly released until 9 September 1958). The resolution called for formation of communes by merging cooperatives, organizing the labor force along military lines, and collectivizing daily living. It predicted transition from the present system of collective ownership to a system of ownership by all the people (state ownership) quickly in some areas "say 3 or 4 years, and more slowly in other places, say in 5 or 6 years or even longer." The resolution asserted that the commune would be the best organizational form for the building of

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socialism and the gradual transition to Communism and would develop into the basic social unit of the future Communist society. It concluded, "... it appears now that the realization of Communism in our country is no longer a thing of the distant future." In some ways, however, this resolution was comparatively cautious. It affirmed that "our task at the present stage is the building of socialism," insisted that the socialist principle of distribution (according to work done) be adhered to, did not mention the communistic principle of "free supply" soon to be adopted by most communes, and did not put forth the claim made subsequently that the commune contained seeds of Communism.

September 1958 -- In a whirlwind movement that went beyond the recommendations of the CCP resolution of 29 August 1958, peasants were herded into communes, private property including houses was confiscated, messhalls were established, welfare services were expanded, and the wage system was changed from one based on earned workpoints to a combination of "free supply" and fixed wages according to grade. By the end of September, 98.2 percent of peasant households were in communes. 80/ Some enormous county-size communes were formed. Initial, confused steps were taken to introduce communes to cities.

10 December 1958 -- A halt to the expansion of the commune movement was called for in "A Resolution on Some Questions Concerning People's Communes," adopted at Wu-han by the Sixth Plenary Session of the Eighth CC, CCP. 81/ This resolution suspended urban communes, toned down claims for the speed at which China was said to be making the transition to Communism, and reaffirmed the socialist nature of the present Chinese commune. The resolution promised that peasants would not be worked more than 12 hours a day and declared that they could cook at home, take their children home from nurseries, and would have to take care of their old relatives because the "homes of respect for the aged" (earlier in the commune movement termed "happy homes") would no longer be open to old people who had working relatives. The resolution called for a 5-month period of "tidying up."

February 1959 -- Further moderation of radical features of the commune was ordered at an Enlarged Meeting of the Politburo of the CC, CCP, held at Cheng-chou, as disclosed in August 1959. 82/ Refugees have reported that this was an important meeting at which major decisions were made to return management authority from the commune to the old cooperative level, to replace the new fixed wage system with the old workpoint system of calculating wages, to return confiscated property to peasants or compensate them and further to curtail welfare activities.

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- 2 to 4 April 1959 -- At the Seventh Plenary Session of the Eighth CC, CCP, held in Shanghai, the further "tidying up of communes" for "a period of time" was proposed. 83/ This proposal extended the consolidation period recommended at the Sixth Plenary Session in December 1958.
- 16 August 1959 -- A resolution adopted by the Eighth Plenary Session of the Eighth CC, CCP at Lu-shan 84/ disclosed that the tidying up of the previous 8 months had consisted of narrowing commune responsibilities to approximately those held by the former township, replaced by the commune in 1958. Specifically the resolution called for institution of a system of a three-level type of ownership of the means of production. It gave the principal means of production to the production brigade (approximately the pre-commune cooperative), reserved for the top level of the commune the right to own certain enterprises, and permitted the production team to own small tools. It encouraged revival of dining halls under strict rules to control consumption and authorized continued distribution of a part of commune income in the form of free supply, that is, according to the communistic principle of distribution according to need.
- 26 August 1959 -- Chou En-lai, in his famous speech retracting claims for production in 1958, admitted that communes had been over-centralized, too egalitarian, and extravagant. 85/ He claimed that such errors were isolated and temporary -- equivalent to "one finger among ten" -- and were corrected immediately on being discovered. He denied that the rise of communes was "premature" or that they were in "an awful mess" as charged by some rightists.
- 28 August 1959 -- Radio Peking announced that China had about 500,000 production brigades belonging to more than 24,000 communes. Production teams, each made up of about 40 households, numbered 3 million. 86/
- 29 August 1959 -- The People's Daily undertook an ideological defense of communes against the attacks of "some people, apart from the reactionaries, at home and abroad /meaning the USSR/ who are still dissatisfied with and opposed to the people's communes (These include) certain right opportunists in the Communist Party." 87/ The newspaper defended the Chinese commune against two common arguments: (1) a country not yet in the stage of building Communism cannot have communes, and (2) the commune is so similar to the former cooperative that it is therefore unnecessary. The editorial affirmed that the commune in China today is socialist in character but has seeds of Communism. It asserted that ownership at the commune level will grow rapidly

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through expansion of its enterprises and investment fund and that herein lies a great, bright future for the Chinese rural areas.

22 September 1959 -- An editorial in the People's Daily asserted that community messhalls have a "boundless" future and that "these buds of Communism are bound to grow healthfully." Although admitting that some early defects caused the dissolution of a few messhalls, the editorial claimed that great improvement had been made. 88/

1 and 2 October 1959 -- The Chinese carried their defense of communes to the Soviet-controlled press. Liu Shao-ch'i, Chairman of the PRC and number two Chinese Communist, devoted several paragraphs of the article "The Victory of Marxism-Leninism in China," written for the Cominform journal, Problems of Peace and Socialism, in defense of the commune. 89/ So did Teng Hsiao-p'ing, Secretary General of the Central Committee of the CCP, in an article published by Pravda on 2 October 1959. 90/

October 1959 -- A new edition of the Soviet textbook and economic bible Political Economy contained a brief description of the Chinese commune, endorsed it as suitable to China in its present stage of building socialism, but did not mention Chinese claims that it contains seeds of Communism or will be the best form of organization for the transition to Communism. Meanwhile, Khrushchev and other top Russians visiting Peking in October in connection with the 10th anniversary celebrations failed to mention communes.

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18 October 1959 -- Systems of ownership and distribution in the commune were definitively outlined by Chen Cheng-jen, Deputy Head of the Rural Work Department of the CC, CCP. 92/ In an article published by the People's Daily, he spelled out ownership rights of each of the three levels of the commune. The top level is to own large, modern machinery, when it becomes available, but meanwhile most means of production is to be owned by the production brigade. He stated that 60 percent of the gross income of communes is consumed by members and prescribed that no more than 40 percent of disposable income be distributed under the free supply system.

16 December 1959 -- The strengthening of the role of the Party in communes was urged by An Tzu-wen, head of the Organization Department of the CC, CCP. In an article in Red Flag, he said that it was especially important to strengthen the role of the Party branch at the brigade or team level because Party branches are "bastions in the rural areas and the basic transmission belts between the Party and commune members." 93/

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- 1 January 1960 -- The commune concept was further entrenched as Chinese Communist dogma when an editorial in the People's Daily listed the general line, the leap forward, and the commune as three precious (or magic) things devised by Mao and the Party for adapting the building of socialism to special conditions prevailing in China. 94/
- 1 January 1960 -- The first issue of Red Flag for 1960 reported the rapid development of neighborhood organizations to organize urban residents for production and livelihood. These organizations were said to combine production, exchange, distribution, and the daily welfare of the residents. In 11 cities, more than 500,000 persons, 76 percent of them housewives, were reported to be in neighborhood workshops and service centers. 95/
- 10 March 1960 -- The CCP Shanghsin street committee, Chungking, according to Radio Peking, has successfully organized the economic and social life of the people through an "economic life committee." Twenty messhalls have been set up to serve 90 percent of the residents. Nurseries take care of 80 percent of preschool children. Three service stations employing 1,100 persons sell merchandise, postage stamps, and newspapers; handle bank deposits; collect garbage; install utilities; provide care for the sick and aged; and provide housecleaning service. The experience of this street was given widespread publicity as a model for nationwide emulation. 96/
- 30 March 1960 -- The 1960 model of the urban commune was unveiled. In a major speech on the economic plan for 1960, Li Fu-chun told the National People's Congress (NPC) that urban communes were spreading in a big way. He said that the gross value of output of urban commune industry was expected to expand from 2 billion yuan in 1959 to 4 billion yuan in 1960 (gross value for all industry was 210 billion yuan in the 1960 plan). Turning to the commune movement as a whole, Li repeated the standard formula that the commune is big, comprehensive, and the best form of basic social organization for the building of socialism and the transition from socialism to Communism. He admitted, however, that further development and consolidation of the communes were still necessary and seemed to undercut the claim of the commune to superiority by urging localities to "bring into full play the advantages of the state farms." 97/
- 6 April 1960 -- T'an Chen-lin, Party spokesman on rural affairs, told the NPC that the rural commune would be around in its present form for a long time. 98/ Before it evolved to the next stage (return to collective ownership by the top level of the commune), four conditions would have to be met: (1) per capita annual disposable income would have to reach 150 to 200 yuan (it was 85 yuan in 1959);

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(2) the sector owned by the top level would have to take up the overwhelming proportion of the economy of the whole commune; (3) poorer brigades would have to catch up with prosperous brigades; and (4) mechanization must reach certain proportions. "Meanwhile," said T'an, "because ownership by the production brigade is basic, we should make energetic efforts to develop the economy at the production brigade level." T'an disclosed that running messhalls well was a difficult problem and that by the end of 1959 only 400 million people, 73 percent of the rural population, ate in messhalls (the practice had been nearly universal at the end of 1958).

6 April 1960 -- Li Hsieh-po, Vice Chairman of the All-China Federation of Trade Unions, told the NPC that urban communes were being organized in three forms, as follows: those formed around big state-operated factories; those formed around government organizations and schools; and those mainly made up of local street residents. He reported that membership totaled 20 million and that some 2 million workers were employed in 56,000 industrial units operated by urban communes and street governments. More than 50,000 community messhalls had been established in cities and catered to more than 5.2 million people. There were more than 66,000 neighborhood service stations. Li reaffirmed that the goal of the movement was to carry out a resolution adopted in December 1958 by the Sixth Plenary Session, Eighth CC, CCP, that urban people's communes must "serve as a tool for the reform of old cities and the establishment of socialist new cities; as an over-all organizer for production, exchange, and distribution and for the welfare of the people; and as a social organization where workers, peasants, merchants, students, and soldiers are coordinated with one another and where government and commune authorities are combined into one." 99/

4 June 1960 -- Vice Premier Li Hsien-nien, in a speech at a conference of cultural workers, said that as of 20 May a total of more than 1,000 urban people's communes had been set up, with a membership of 42 million people. According to Li, communes had set up more than 60,000 factories, 180,000 community dining rooms, 120,000 nurseries, and 100,000 service and trade centers. 100/

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APPENDIX B

PHOTOGRAPHS

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Figure 4. Commune Members Terracing a Graveyard on a Hillside in South China.

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Figure 5. Irrigating and Applying Fertilizer in the Winter While Snow Was Still on the Ground in the "August 1" Commune near Nan-ch'ang in Central China.



Figure 6. Communist China: Field Workers Team in Hsin-chiao Peoples Commune near Canton.

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Figure 7. Communist China: Blacksmith Shop in Hsin-chiao Peoples Commune near Canton.



Figure 8. Communist China: Workers in a Village in Hsin-chiao Peoples Commune near Canton.

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Figure 9. Communist China: Health Clinic in a Building in Hsin-chiao Peoples Commune near Canton.



Figure 10. Communist China: Messhall in Hsin-chiao Peoples Commune near Canton.

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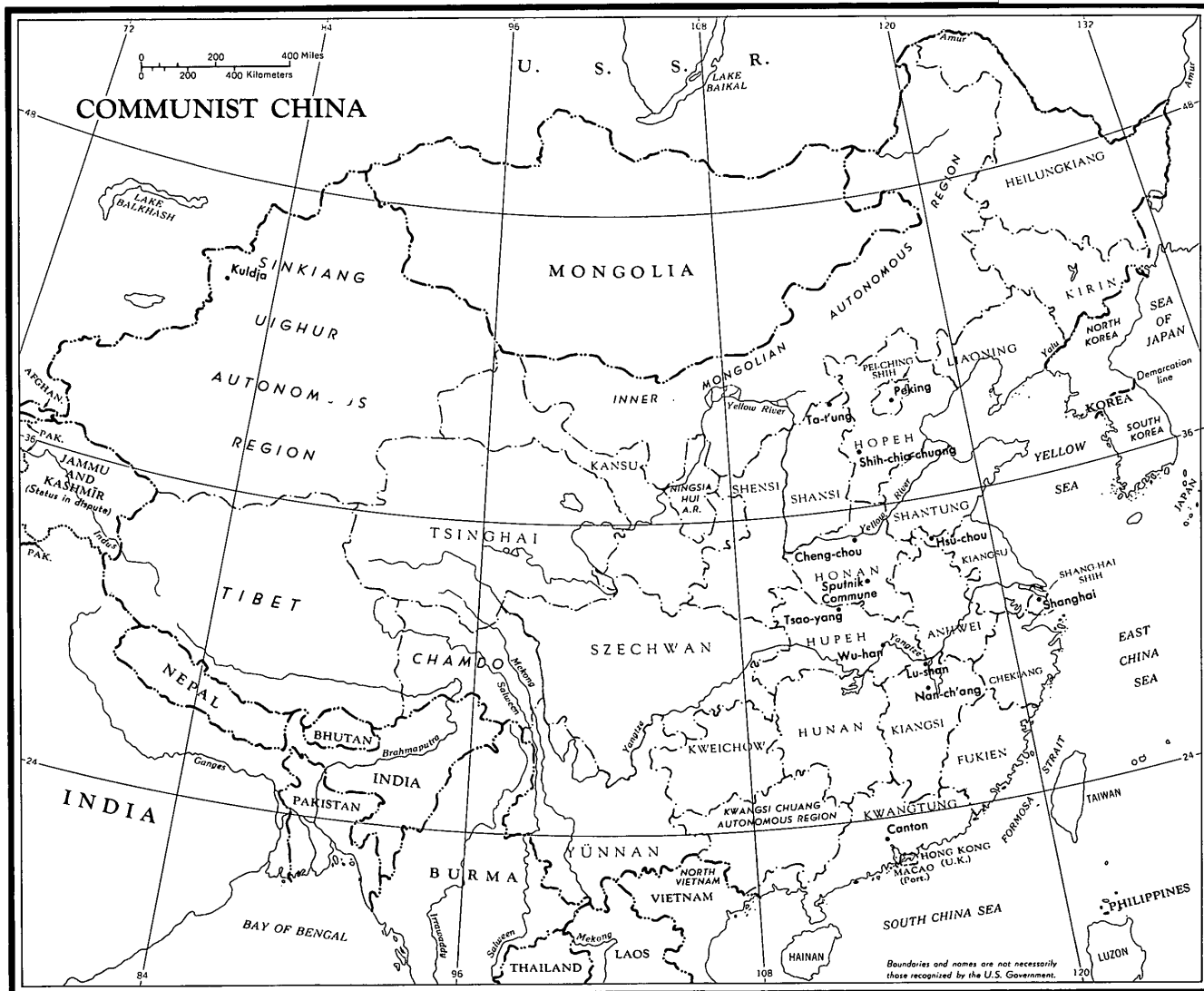
Figure 11. Communist China: Entrance to a "Leap Forward" Messhall of the Taku Camp in Hsin-chiao Peoples Commune near Canton.

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