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Economic Intelligence Report

CHINESE COMMUNIST POLICY ON COMMUNES 1960–61

CIA/RR ER 61–42

September 1961

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FOREWORD

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[redacted] Since mid-1960 the organizational form of the rural commune has remained essentially unchanged, but important moderating changes in economic policies have occurred. These changes are described and evaluated in this report, which also reviews briefly the organizational form of the present-day rural commune. A brief survey of the urban commune is included. 50X1

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CHINESE COMMUNIST POLICY ON COMMUNES*
1960-61

Summary and Conclusions

Poor harvests, inefficient management, and mounting peasant unrest compelled Chinese Communist leaders during the fall of 1960 to moderate their policies on rural communes. Major changes in the functions of the communes were made to allow the peasant more freedom, to delegate more responsibility to low-level officials, and to eliminate wasteful and inefficient management practices. These changes continued through the first 7 months of 1961. For ideological reasons, however, the leaders have refused thus far to make major modifications in the formal organization of the commune, which has remained essentially unchanged since the reorganization of 1959.**

The present-day Chinese rural commune is essentially a federation of collectives and is organized on three levels: the top level (the commune proper), the production brigade, and the production team. Authority is centered mainly in the production brigade, which since the reorganization of 1959 has been permitted considerable autonomy in planning and directing production and in distributing income. The brigade, with 240 households on the average, resembles in size and function the Soviet collective farm and the former Chinese agricultural producers cooperative. Production teams of about 40 households do the actual farm work under contracts signed with their brigades.

Urban communes, which were revived on a wide scale early in 1960, have been less important and less disruptive than rural communes. Their organization has been shadowy and their role limited. In a typical urban commune, messhalls and communal services were set up to free housewives for work in small-scale communal workshops, which produced items for consumers and intermediate products for state-owned factories. Scant attention has been paid to the urban commune in the official press since June 1960, and its future is in doubt.

* The estimates and conclusions in this report represent the best judgment of this Office as of 1 August 1961.

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During the first half of 1960 the Chinese Communists were still operating in a "leap forward"* mood, although less exuberantly than in 1958. Radical programs carried out early in 1960 included a drive to expand the collective raising of hogs, a high-pressure program to expand rural industry, the scheduling of a vast amount of rural construction work on irrigation projects and roads, and a campaign to revitalize urban communes. All these programs were curtailed or suspended by the end of 1960.

In the countryside the general effect of changes in policy adopted during the fall of 1960 was to cause a return to agricultural practices prevailing before 1958. The new rural policies had four broad objectives: (1) to encourage a limited revival of private plots and the free rural markets; (2) to reduce peasant unrest by such measures as allowing the peasant more freedom, slowing the workpace, and compensating him for property confiscated in 1958; (3) to overhaul finances, curtail wasteful investments, and cut costs; and (4) to improve labor and management policies. Basic to new management policies was a sharp curtailment in nonagricultural activities, with large numbers of peasants reassigned to production teams to engage in field work. Thousands of officials also were transferred down to production teams to strengthen leadership at the bottom level. The increased importance of teams was stressed further when brigades were instructed to allow teams more leeway in making production decisions such as the time of sowing.

Agriculture under Chinese Communist rule has been marked by instability and inefficiency, characteristics that probably will persist as long as the country is ruled by impatient and doctrinaire leaders such as Mao Tse-tung and Liu Shao-chi. These leaders can be forced to relax controls whenever their mistakes become disastrous, as in 1960, but in general they believe that the long-term solution lies not in getting along with few controls but in devising correct controls.

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* The term leap forward as used in this report refers to the regime's policy -- instituted in 1958 and carried over into 1959 and 1960 in milder form -- of working men and machines at maximum speed with only secondary concern for the quality and variety of output.

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I. Organization as of 1 August 1961

A. Rural Communes

The organizational structure of the rural commune in Communist China was stabilized in its present form during 1959, when the most radical features of the original 1958 commune were dropped.* The original huge commune of 1958 had quickly proved inefficient in carrying out agricultural and allied tasks, and key management responsibilities were returned in 1959 to the next lower level of organization -- the production brigade, which is similar in size of labor force and function to the former Chinese agricultural producers cooperative and to the Soviet collective farm.

The rural commune is organized on three levels: the top level (the commune proper), the production brigade, and the production team. There are about 24,000 communes averaging 5,000 peasant households each, 500,000 brigades averaging 240 households each, and 3 million teams with about 40 households each. There are wide variations in the size of individual units, however, depending on the density of population, the type of crop, and other local conditions.**

The top level of the present-day commune has little to do with either the planning or the execution of agricultural policy. Important decisions on matters such as land use are made primarily by the county (hsien) government -- the level of authority next above the commune -- on the basis of broad state directives from above and detailed plans supplied by the brigade from below. Execution of decisions on production is the responsibility of brigades and teams, the role of the top commune level being confined to the general supervision of performance by the brigades and teams. Apart from this function, at the top level of nearly every commune are found the office of the commune Party committee; a branch of the Peoples Bank; a general store; state tax and grain collection units; a clinic; an agrarian research institute; a junior middle school; a farm tool manufacture and repair station; and such enterprises as a flour mill, a tailor shop, and a breeding farm. A few communes have machine-tractor stations.

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** For example, in densely populated Kwangtung Province the average brigade has 400 households compared with the nationwide average of 240 households. Many refugees from Kwangtung have reported that they belonged to outsize brigades with more than 1,000 households. Action reportedly has been taken to break up some of these larger brigades into smaller units.

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The production brigade, the next lower level, is the key collective unit for planning production and distributing income. Brigades are said to own 80 to 90 percent of all farm implements and draft animals. Equipment under the direct management of the brigade includes power, irrigation, threshing, and transport equipment. In addition, brigades operate miscellaneous enterprises, such as blacksmith shops, hog farms, and fisheries, which under current rules are authorized to employ no more than 3 percent of the rural labor supply. The typical brigade is run by a management committee that is staffed by 10 to 15 officials who in most cases also are members of a branch of the commune Party committee. The typical brigade also has one primary school.

The production team, the lowest level of the commune, is the operational unit and works under a contract signed with the brigade. A team is headed by two or three officials, at least one of whom is a Party member. Each team has a messhall, provisioned by the brigade, and usually a nursery and a kindergarten.

B. Urban Communes

The urban commune in Communist China is a far more shadowy organization than its rural counterpart. Eventually, according to Chinese Communist ideology, cities will be transformed into ideal communal units, but meanwhile application of the concept has been limited to the freeing of housewives from household tasks for other work.

In the hectic days of 1958, confused efforts were made and then dropped to introduce urban communes, and not until the spring of 1960 was the concept revitalized and introduced on a wide scale. The scope of the campaign was nationwide except that Shanghai, the largest and most cosmopolitan city in Communist China, was exempted from participation in the movement. When an urban commune was formed, it set up or expanded messhalls, nurseries, kindergartens, and neighborhood service centers that provided such services as mending and washing clothes and cleaning houses. Then all adult urban dwellers who were not already working for state enterprises -- mostly housewives plus a few peddlers and handicraft workers -- were put to work in large numbers of small commune industrial enterprises.

No figures on urban communes have been released since August 1960, when it was stated that 52 million urban residents were enrolled in 1,027 communes. There is ample evidence, however, that the movement has bogged down. Peking clearly became dissatisfied with the inefficiency and high cost of operation of many commune enterprises and after August 1960 adopted several restrictive measures. For example, many enterprises were getting subsidies and paying little or no taxes, and a stop to this favored treatment was ordered. 4/ Most new commune

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enterprises at first were engaged in subcontracting work for state-owned enterprises, but this activity was curtailed when it became apparent that quality control was difficult to maintain. Commune industry was reminded repeatedly that its main tasks were to produce small items for consumption (like buttons, pots, pans, and shoes) and to engage in repair and service work -- the traditional functions of the handicraft sector. The urban handicraft sector had been curtailed sharply in 1958, when most of its labor force was transferred to state-owned enterprises for work in heavy industry and construction.

II. Policies, January 1960 Through July 1961

A. Radical Policy, First Half of 1960

In the period 1958 through mid-1960 the Chinese Communist leadership was in a radical mood, believing that rapid economic gains were attainable by means of crash programs carried out under close Party direction. Although by early 1960 the Chinese had moderated their general policy by dropping such ill-conceived programs as the backyard steel furnaces and the overcentralized features of the rural commune, it was apparent from the new programs adopted for 1960 that the "leap forward" approach was still being followed.

In rural areas early in 1960 the approach led to a reckless expansion of activities (other than the cultivation of crops) in disregard of cost and usefulness of the effort expended. Communes and brigades assigned 10 million men, or nearly 5 percent of the rural labor force, to the drive to expand collective raising of hogs in the busy agricultural month of May 1960. Insufficient feed and poor sanitary conditions caused the death of many collectively raised hogs later in the year. The labor force of commune industry was expanded from 5 million men at the end of 1959 to 9 million in the spring of 1960. The additional labor force was used largely to manufacture new and untested items of farm machinery, such as rice transplanters, millions of which were made before they proved to be impractical. A vast amount of rural construction work on water control projects, rural roads, and terracing of hills was performed, and most of this work was hastily planned and apparently was of slight value. This stress on collective activities occurred at the expense of private economic activities, such as the cultivation of private plots and the private raising of hogs -- sideline activities that normally are important sources of supplementary income to the peasant.

In urban areas, Peking's radical mood found an outlet in the campaign to revive urban communes. Another radical activity, affecting both rural and urban areas, was the largely wasteful campaign to encourage the masses of ordinary farmers and workers to invent new tools and devise new methods of production.

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In the second quarter of 1960 the Chinese Communists were still driving ahead on radical programs in both the cities and the countryside. Then two unexpected difficulties occurred -- a very poor wheat harvest in June 1960 and the sudden decision by Moscow in July to recall the 2,000 to 3,000 Soviet industrial technicians in China. These difficulties forced the regime to make a critical appraisal of the entire economic situation, an appraisal that exposed the existence of a third major problem -- disruptions resulting from "leap forward" excesses. After more than 2 years of "letting politics command economics," Peking discovered that deferred maintenance was shortening the life of machinery, that standards of quality in production had dropped, that methods of production in agriculture and industry generally were wasteful, and that the statistical organization and the planning system were impaired.

B. Moderate Policy, Second Half of 1960 and First Seven Months of 1961

Under the pressure of all its economic difficulties, Peking during the second half of 1960 abandoned or drastically modified almost all of the economic policies introduced in the "leap forward" period.*

The general effect of changes in policy adopted in the countryside after June 1960 was to cause a gradual return to the policy prevailing before 1958. The major reversals in rural policy were codified and endorsed by the Central Committee of the Chinese Communist Party, the top policymaking body in China, in a resolution issued on 3 November 1960 and called a "12-point resolution on rural communes." 5/ This resolution was the first major Party review of policy on rural communes undertaken since August 1959, when the system of three-level ownership was announced. The resolution of November 1960 was given little publicity and apparently was issued primarily to assure rank-and-file Party officials that the top leadership was serious this time in wanting to reverse policy, the effect of the moderating measures ordered in 1959 having been lessened by a concurrent campaign against conservative officials.

The text of the 12-point resolution was not published, but its probable contents may be reconstructed from discussions of individual policies in the Chinese Communist press [redacted] 50X1 50X1 The evidence indicates that Peking was trying to accomplish four objectives: (1) to encourage a limited increase in private economic activity;

* The effect of these changes on urban communes is described in I, B, p. 4, above. The effect on rural communes and rural policies is the subject of the rest of this section.

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(2) to reduce peasant unrest; (3) to overhaul finances, curtail wasteful investment, and cut costs of collective farm units; and (4) to improve farming methods and management practices. Many specific rules and regulations were issued to achieve these four objectives, and refugees generally have confirmed that the new rules were seriously carried out.

1. Limited Revival of Private Peasant Activity

A major policy change after mid-1960 was the decision to encourage a limited revival of private peasant activity. This revival was desired partly because the regime was beginning to recognize that the collective sector was less effective than the private sector in some sideline activities such as the raising of hogs. In addition, the regime hoped to allay popular discontent by restoring a measure of individual freedom to peasants.*

To encourage private activity, the regime put into effect many measures to provide the peasant with genuine incentives to grow vegetables, raise chickens and hogs, and make handicraft items, all on his own initiative. The most important measures were the reassignment of small private plots of land and the reopening of rural trade fairs. In addition, collective units agreed to provide seed and small pigs to individuals, not to requisition manure from the household cesspool, and to leave peasants enough spare time to work on their own.

[redacted] soon after the fall harvests of 1960 the regime began to reallot private plots to peasants, to be used as they desired. Private plots are small, usually less than one-twentieth of an acre, and probably make up only 1 to 2 percent of the land under cultivation. Their importance is out of proportion to their size, however, because they receive careful attention and because substantial quantities of vegetables and fodder crops are grown on them. 50X1

During December 1960 the regime ordered the reopening of rural trade fairs throughout the country in order to restore a convenient market outlet for the produce of the peasant. The fairs are held about once a week. Buyers include other peasants, visitors from nearby urban centers, and state commercial units. Numerous restrictions have been set up to prevent the resurgence of "capitalist tendencies." No individual is allowed to buy for resale. No trade is permitted in "Category 1" commodities -- staples like rice, wheat, and beans. Trade in "Category 2" commodities, which include pigs and eggs, is permitted only after a state procurement quota has been met. "Category 3" items, which may be traded freely, include such items as

* See 2, p. 8, below.

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herbs, firewood, and woven baskets. All sellers must buy a license and carry a certificate from their brigade authorizing them to sell their produce. The trade fairs are carefully policed by "market control committees," and in spite of controls and restrictions the fairs apparently have flourished.

Private activity is often an important source of cash income to the peasant household, although it probably accounts for less than 20 percent of the total income in both cash and kind.

2. Efforts to Placate the Peasantry

In giving the peasant more freedom the regime also hoped to reduce peasant unrest after 3 years of overwork and 2 years of undereating. Additional measures adopted to achieve this purpose included efforts to ease rural food shortages and instructions to Party officials and militia to cease maltreating peasants, to ease the driving workpace, to compensate peasants for property confiscated in 1958, to stop withholding wages in the form of forced deposits, and to alleviate individual cases of extreme malnutrition. To ease rural food shortages, the regime took extraordinary action to reduce the obligation of rural areas to feed the cities and supply foodgrain for export. For example, the regime reduced urban food rations by 10 to 15 percent, greatly reduced exports of foodstuffs, and purchased large quantities of foodgrain from abroad. In spite of such measures, widespread malnutrition and food shortages developed in the countryside early in 1961. Collective officials were told in the late summer of 1960 to stop requiring night work and to give adult males at least 2 days vacation a month and females 4 days, and later in the winter the vacation rule was liberalized to 4 days for men and 6 for women. Low-level officials became noticeably more polite after October 1960, according to refugees, and militiamen were ordered not to use violence against farmers caught stealing foodstuffs. To please the peasantry further, Peking instructed collective farms to compensate peasants for houses, tools, and animals confiscated during the commune movement of 1958. Because officials had made a similar promise early in 1959 but had taken no action, peasants were pleasantly surprised this time when they actually received money. Brigades made these payments out of reserve funds, which normally are reserved for new investment.

Brigades also were told to stop withholding wages in the form of forced deposits. Previously, under pressure to build hog farms and buy large quantities of new tools and construction materials, many brigades had spent funds that should have been distributed to peasants. From various activities, both collective and private, the average peasant in 1960/61 received more cash income than in 1959/60, but there was a shortage of the goods that he wanted most to buy -- food and clothing.

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He probably spent most of his additional income to buy handicraft articles or food items sold at very high prices in the free rural markets, or he put it in savings.

Hungry peasants had been promised late in 1960 that food rations would be increased, but this promise was one that the authorities were not able to fulfill. [redacted] by April 1961 supplementary rations and medical treatment were being provided to alleviate severe cases of malnutrition and that by July 1961 the first harvests of the year had led to a general easing of the food shortage. 50X1

3. Financial and Investment Policies

In November 1960 the regime promulgated relatively conservative financial rules for communes and brigades. These rules had a double purpose -- to ensure that collective farms had no funds to continue "leap forward" policies and that peasant welfare would be given more consideration in the 1960/61 year. The regulations were first publicized in mid-November 1960 in the Party journal Red Flag, which summarized them as "the policy of keeping less and distributing more and the policy of distributing less by the free supply system than by the wage system." 6/

The "free supply system" is the name given to the system of distributing foodstuffs communally through the messhall, the decision to reduce the amount of "free supply" marking a further retreat from the original commune concept. In 1959 the rule had been to distribute 30 to 40 percent of disposable income in the form of "free supply." In November 1960, brigades were told to keep "free supply" below 30 percent in order to maximize the amount distributed directly to peasants according to their workpoints. The effect in a poor year was to reduce the amount of food available for "free" distribution by the messhall and to weaken the messhall system.

The new financial policy for communes reversed the usual priorities followed in Communist China for investment and consumption and ordered that consumption come first. When distributing gross income, brigades were told to see that at least 90 percent of commune members received an increase in income. The proportion of gross income distributed for consumption was to be 65 percent in "normal" areas and more if natural calamities had occurred. The official standard previously had been 60 percent, and apparently it had fallen to 55 percent in the 1959/60 year, when brigades and communes were under great pressure to increase investment and production expenditures.

Tight controls over production costs were reimposed. For example, one brigade cited by Peking had spent 34.5 and 35 percent of its gross income in 1958 and 1959, respectively, on such production

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items as seed, feed, repair of tools and equipment, and purchase of insecticides and fertilizer. After reducing the seeding rate and eliminating all possible waste, this brigade allegedly cut production costs to 19 percent of gross income. In Kwangtung Province in October 1960 the provincial Party committee recommended that brigades cut the seeding rate in half, back to the traditional rate, and reduce production costs to a level less than 20 to 25 percent of gross income. 7/

Brigades were told to regard investment activities as a residual claimant on gross income. The allocation to the reserve fund for investment was cut to 5 percent of gross income compared with about 10 percent in 1958/59 and 1959/60. The brigades were advised that it was not necessary to maintain any certain level of investment but, rather, that investment should be larger in a year of abundance and less in an ordinary year.

A comparison of estimates of the main uses of income of collective farms in 1956/57, 1959/60, and 1960/61 is presented below:

	Percent		
Allocations	1956/57	1959/60	1960/61
Consumptions ("free supply" and wages in cash and kind)	60	55	65
Production costs	25	30	25
Reserve fund	8	10	5
Taxes	7	5	5
Gross income	100	100	100

The ability of communes (including brigades) to finance investment in 1960/61 must have declined sharply. Communes not only reduced allocations for the reserve fund but also spent funds previously accumulated for investment purposes to compensate peasants for property confiscated in 1958. State subsidies and loans were an important source of investment funds in 1958/59 and 1959/60. Their amount for 1960/61 is unknown, but probably, in line with state policy discouraging unnecessary investment, they were no larger than in previous years.

Brigades also were told to lower investment expenditures by requiring commune members to buy their own simple farm tools. 8/ If peasants were too poor to buy tools, brigades were advised to go ahead and procure tools for commune members, while deducting the expenses incurred from the wages of the commune members concerned. Although

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Communist doctrine insists that means of production be owned by the collective or the state, Peking adopted this new rule on the sensible grounds that peasants would take better care of their own tools than of collectively owned tools.

The paradox of the attempt to give agriculture higher priority while rural investment is reduced can be explained by the recklessness and ineffectiveness of much of the investment carried out in 1959/60. Communes and brigades were then compelled to buy huge quantities of tools and implements that were often unneeded, build hog farms that were later abandoned, and carry out extensive construction work (such as irrigation ditches, roads, and hillside terraces) that was hastily planned and frequently of little immediate value. The regime in 1960/61 apparently decided that a first step in rationalizing agricultural production methods was to discontinue all projects except those of proved effectiveness in increasing production. It then hoped to make a fresh start on developing sound plans that took local conditions into account. Under this more rational approach, investment opportunities would be small at the beginning (while the emphasis was on planning and preparations) and would increase gradually, for example, as effective techniques for using new tools and building irrigation projects were worked out.

4. Labor and Management Policies

Drastic changes also occurred in management policy affecting all rural production -- that is, production in commune industry, cultivation of crops, and other agricultural activities. These changes were brought about by curtailing commune industry, collective hog farms, and construction activities; reassigning the labor released from these activities back to the production teams to work in the fields; discontinuing almost all of the superintensive farming methods introduced in the 1958-60 period; and allowing peasants and team officials more responsibility for deciding how to grow crops.

a. Curtailment of Activities Other Than Cultivation of Crops

(1) Rural Construction

The new approach to rural construction was announced by Peking in November 1960, when the regime declared that in the coming winter "rural areas would spend much less manpower on such capital construction tasks as building water conservancy works and leveling farmland as compared with the previous two years." 9/ It was added that peasants released from this activity were to be either put to work in the fields or allowed to engage in sideline production of their own.

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In the previous winter of 1959/60, according to Peking, there were 77 million peasants (or one-third of the rural labor force) working on water conservancy projects.

Peking elaborated the new policy in December 1960 in a directive specifying that water conservancy projects sponsored by the state and top level of the commune rely primarily on specialized mechanized construction teams rather than on ordinary peasants and that work performed inside brigades and teams such as digging ditches and leveling terraces should be restricted to projects that would yield profits in the same year.

(2) Collective Hog Farms

The intensive campaign by collective units to expand hog raising collapsed in mid-season. As early as July 1960 the People's Daily was admitting that the campaign had "not produced the desired results." 10/ The reasons given were (a) lack of managerial experience in large-scale hog farming, (b) inadequacy of fodder, and (c) unsanitary conditions that caused high death losses in crowded pens. Subsequent statements confirm that the regime has ordered collectives to leave the raising of hogs, for the most part, to individual households. 11/ Present policy is to make small pigs available to peasants at cheap prices, allow peasants to grow fodder and to take the time necessary for the care of their private plots and pigs, offer fair prices for pork and hog manure, and give meat ration coupons equivalent to a percentage of the pork delivered to the state.

As yet there has been no indication of the extent to which this shift in emphasis will affect the planned production of hogs or the ratio between hogs raised collectively and privately.* The shift, however, should stimulate production, although some peasants may be slow in responding to the new incentive measures. Recalling past vacillation in this regard, many probably will adopt a wait-and-see attitude out of fear that they will not be adequately compensated for the labor and other costs expended.

(3) Commune Industry and Other Undertakings at the Commune Level

Curtailment of industry and sideline agricultural undertakings, such as fish hatcheries and tree nurseries, at the commune level became drastic late in 1960. According to Peking, the number of

* The most recent figures available are for 1959, when, according to Peking, the inventory of hogs reached 180 million (an unbelievable "leap forward" claim), 70 percent of which, it was claimed, were raised collectively.

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workers employed in full-time industrial enterprises at the commune level swelled from 5 million men (about 2 percent of the rural labor force) at the end of 1959 to nearly 9 million men (about 3.5 percent of the rural labor force) in the first half of 1960. In September 1960, Chinese Communist newspapers were instructing that all undertakings at the commune level, except a "very small number," should discontinue full-time operations and either disband altogether or operate on a seasonal basis. 12/ In mid-April 1961, Red Flag recommended that full-time undertakings of all types at the commune level employ only 2 percent of the rural labor force. 13/ This quota covered not only industrial enterprises but also such undertakings as breeding farms, fish hatcheries, tree nurseries, experimental farm plots, stores, and special transport units. The number available for commune industry alone was not specified but would have been substantially less than the 5 million employed at the end of 1959. It seems likely that, in most of China, industrial enterprises now run by rural communes resemble in size and scope the handicraft producers cooperatives that existed at the township level before 1958.

b. Reassignment of Labor Back to Farm Work

According to the 1 March 1961 issue of Red Flag, more than 20 million laborers had been shifted to the "first line" of agriculture since the fall of 1960.* Although the combined effect of this transfer and the cessation of superintensive "leap forward" methods of agriculture should have left agriculture with an ample labor supply, the Chinese Communists still claim that a shortage exists and that further reallocation of labor is necessary. It is unclear whether the Chinese genuinely believe that a shortage exists or whether they merely recognize that no alternative opportunity for employment exists for unskilled peasant labor.

In allocating rural labor, rural officials have been told to assign about 95 percent of rural labor to production teams and to make sure that during the busy farm seasons at least 80 percent of production team workers are assigned to field work. 14/

c. Discontinuation of Superintensive Farming Methods

In the period 1958 through June 1960 the regime introduced with great fanfare a series of superintensive farming methods that were called Mao's "eight-point charter." The eight points were soil

* In Kwangtung Province, for example, the official response to this problem was to send nearly 2.2 million workers to the "first line" of agriculture. Among them were 239,000 from state-owned enterprises, 190,000 idle laborers in towns, and 1,735,000 from various activities within communes.

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improvement, manuring, irrigation, the use of good seed strains, close planting, plant protection, field management (including deep plowing), and the use of improved implements. These were applied on a nationwide scale by huge numbers of political officials who were overzealous and gave little heed to local conditions or the need for prior testing on a rational basis. Therefore, in spite of the expenditure of tremendous amounts of labor and of additional amounts of grain to maintain the new high seeding rate, these efforts were largely wasted. By the fall of 1960 the entire body of new methods had been quietly abandoned, and collective units were being advised to go back to traditional methods and traditional seeding rates.

d. Delegation of Responsibility to Production Teams

In the fall of 1960 the Chinese Communists adopted measures to give the production team a greater sense of identity, more responsibility for management of cultivation work, and an incentive to work harder. 15/ First, brigades were ordered to stabilize the boundaries and personnel of teams and make fixed assignments of draft animals and farm tools to teams, an action called the "four fixes." Then brigades were supposed to make firm production contracts with teams, called the "three guarantees and one reward." Under this contract, each team guarantees to meet production quotas, and on its part the brigade guarantees to leave the teams a specified amount of manpower and to supply a fixed sum of money and materials to meet production costs. The brigade also is supposed to leave teams free to determine their own farming techniques as long as they carry out sowing assignments and meet production quotas. In theory, teams that exceed production quotas are entitled to a portion of the excess under a complicated formula -- this is the "one reward." Teams also are permitted to engage in certain sideline activities, such as raising livestock and breeding fish, outside its contract with the brigade. According to the regulations, only a small portion of the proceeds from such sideline activities has to be turned in to the brigade. It is official policy to encourage competition among teams.

The regime has admitted that the same general rules on the team-brigade relationship were on the books in 1959/60 but generally were ignored. In 1960/61, however, commune and brigade officials were told to treat the rules more seriously, and scattered reports by refugees indicate that, as far as production decisions are concerned, teams were in fact given considerable freedom. Nevertheless, frequent repetition in Chinese Communist propaganda of the theme "respect the authority of the production team" suggests that division of authority probably remains confused to the detriment of efficient management. Confusion could result either because brigade officials are unwilling to give up authority to make production decisions or because they are uncertain how much authority to delegate and how much to retain.

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Brigades are still charged, insofar as is known, with the primary responsibility for determining specific sowing plans and production quotas. Moreover, the brigade, with its control of the purse strings, continues to supply grain for seed and feed, tools, fertilizer, insecticides, and other production materials, largely according to its judgment of team requirements. But if some brigades have been unwilling to delegate much responsibility, others would appear to have gone to the other extreme and delegated the day-to-day responsibility for operating a given plot of land to individual households or small groups of households. Travelers arriving in Hong Kong from the north report that it is again common to see peasants working in the fields in small groups, as opposed to the great assemblages that characterized the early years of the commune.

III. Outlook*

What the Chinese Communists need most is a year of good agricultural weather. They nevertheless stand to gain important political and economic benefits from their new rural policies. Refugees leaving the mainland late in the spring of 1961 reported that peasants generally were pleased that past errors were being corrected, although believing that the mistakes should not have been committed in the first place. The morale of low-level Party officials should rise with the increased delegation of authority to them. By reducing the amount of arbitrary "guidance" from above, the authorities have created a better climate in the collectives for improving farming methods according to local requirements.

How long such an improved atmosphere will last is uncertain, however, because collectivized agriculture in Communist China has been characterized by instability in policy and inefficiency in performance. To the difficulties associated with doctrinaire policies of collectivization must be added such basic difficulties as shortage of arable land, high cost of reclamation, widespread illiteracy, and periodic flood and drought. As a result, the long-run task of increasing total production and production per worker in Chinese agriculture will be at best a complex and lengthy process.

A. Instability

The Chinese Communist Party (CCP) remains strongly committed to the concept of the rural commune in spite of its shortcomings. Liu Shao-chi, number two man in the hierarchy, reaffirmed this commitment

* The discussion in this section centers on the outlook for the rural commune. The urban commune is not expected to play an important role in the next year or two.

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in a speech on 1 July 1961 commemorating the 40th anniversary of the CCP. 16/ Although defending the commune, Liu also indicated dissatisfaction with it. He said that the commune "should be placed on a sound footing and consolidated and [that] the superiority of the people's commune system in promoting agricultural production should be brought into full play." That further changes in commune organization are contemplated was admitted by Foreign Minister Chen Yi in March 1961 to a Hungarian newsman, as follows:

> Communes are very young organizations, and we have not yet gained sufficient experience with them ... . We must make changes in their internal organization, but the principle of the people's commune is right, and we do not want to make changes in this regard. 17/

In domestic propaganda the Chinese Communists have stressed the stability, not the instability, of the present-day commune. They have promised, for example, that ownership rights of the production brigade will not be touched for at least 5 years. 18/ Probably few Chinese put much faith in such promises, however, because the brief history of socialized agriculture in China has often been marked by the adoption of radical changes soon after reassurances were given against their adoption. For example, the First Five Year Plan proposal promised that collectivization would be gradual, but this proposal was published in July 1955, a few weeks before an all-out drive began to gather all peasants into agricultural producers cooperatives, which soon came to resemble Soviet collectives. A year before communes were formed, in September 1957, the CCP directed that cooperatives be reduced in size to just over 100 households (for reasons of efficiency) and that no change thereafter be made for 10 years. 19/

The Chinese Communists tend to exaggerate the size of agricultural problems and successes and typically have overreacted to them. This manic-depressive tendency partly accounts for the swings that have occurred from radical to cautious policies. After the poor 1960 harvests the regime relaxed its guidance over agricultural production matters, but it may resume radical policies after the next one or two bumper harvests. The leaders probably have not yet learned the one lesson of the commune movement -- that tight central control can compound difficulties in the agricultural sector. Disaster may force the leaders to admit that mistakes have been made, but they seem convinced that the solution lies not in getting along with few controls but in devising correct ones. Thus they talk about reorganizing the commune but not abandoning it. Mao's belief in the need for tight controls was expressed in October 1960 as follows:

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> In order to prevent mistakes and ensure orderly progress, it is essential that the Chinese people follow a very narrow line for the foreseeable future and that, regrettable as it might be, a great number of people would have to do the same thing at the same time and according to a prescribed formula.

The next drive to accelerated agricultural production is not expected to repeat past mistakes automatically and almost certainly will stop short of the excesses practiced in 1958. However, the general pattern of radical periods in the past (such as 1956 and 1958-60) may be followed. In these radical periods, collective controls over the peasant have been strengthened at the expense of the private sector of the economy. The Party apparatus has been mobilized throughout the country to institute new policies, such as raising hogs or using new cultivation tools, which might be profitable if introduced gradually and practiced in moderation but which usually have been carried out to excess.

Until the next drive the current set of relatively moderate policies may prevail with little change, although there are additional moderate measures that the Chinese Communists may adopt while still staying within the framework of socialized agriculture. They may permit a further enlargement of the private sector, which is still small by Soviet standards. They may reduce the number of officials assigned to production units from the outside and give more responsibility to local peasants. They may reduce the size of production brigades, which now average 240 households. As noted above, in 1957 the CCP decided that the optimum size of cooperatives under "present conditions" was a few more than 100 households. It stated then that exceptions should be allowed only for "a few big cooperatives which are really run with success." A final, though less likely, possibility would be the abandonment of the messhall and the "free supply" of staple grain.

B. Inefficiency

Socialized agriculture in Communist China has certain inherent inefficiencies, some of which are characteristic of Soviet agriculture also. At all times, whether the policy line is hard or soft, direction over agricultural production is exercised through a huge Party apparatus made up of officials selected mainly for political qualifications rather than technical and managerial skills. The Chinese regime tends to think in terms of organizational solutions first and technical solutions second. This order of priority was described in a typical article that appeared in a Peking newspaper in February 1961. The article declared that the

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development of agriculture involves two problems: the first is that of "production relations," which (it said) is to be solved by faithfully following Party policies on communes, and the second concerns "productivity," which is to be solved by economizing labor and mechanizing agriculture. 20/ Late in 1960, when the regime reaffirmed its promise to give agriculture higher priority, the chief measure adopted was to assign large numbers of additional officials to work teams.

In Communist China, as in the USSR, new methods that show promise in selective areas often are mechanically applied on a wide scale with little regard to local conditions, and such methods may do more harm than good.

Even though the highly wasteful labor-intensive projects of the "leap forward" have been discontinued, the regime apparently still believes that a labor shortage* exists. In a country where there is barely 1 hectare (2.471 acres) of farmland for each peasant household, this belief is either a delusion or an acknowledgement that the organization of labor for farmwork is incredibly inefficient. A direct result of this belief is that current efforts to modernize agriculture emphasize unduly the development of labor-saving machinery and give insufficient stress to measures, such as producing or importing more chemical fertilizer, that increase the yield per acre.

C. Prospects of Success

There are two factors that favor agricultural development in Communist China: (1) modern technology is creating an increasing variety of possibilities for increasing agricultural production, and (2) the regime since 1959 has seemed willing to assign higher priority to agriculture in the allocation of manpower and materials. Given moderately efficient agricultural institutions and average weather, the prospects for agriculture over the next few years should be sufficiently good to provide a slowly increasing supply of foodstuffs per capita for the rapidly growing population. The Communist system of control, however, with its elements of politics, prejudices of leadership, and dogma, will complicate the difficulties of effectively applying resources and modern technology to Chinese agricultural conditions.

* "Leap forward" policies tended to create "labor shortages" by overcommitting the labor force for various mobilization programs. There is, of course, no labor shortage in China in the sense of too few workers per unit of land or per unit of capital.

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