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Current Support Brief

PROBABLE POSTPONEMENT
OF COMMUNIST CHINA'S THIRD FIVE YEAR PLAN



CIA/RR CB 64-19

March 1964

CENTRAL INTELLIGENCE AGENCY

Office of Research and Reports

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PROBABLE POSTPONEMENT
OF COMMUNIST CHINA'S THIRD FIVE YEAR PLAN

Public statements in recent months by some of the top economic officials of Communist China have contained strong suggestions that the beginning of China's Third Five Year Plan, which normally would have begun in 1963, has been postponed until 1965 or 1966. The annual economic plans for 1964, and possibly for 1965, apparently will continue to reflect the "readjustment" policies of the past 3 years. It is expected that these plans will involve a continued low level of investment; will set moderate production targets for all but a few priority sectors supporting agriculture and defense; and will place primary reliance on domestic sources of raw materials, equipment, and technical know-how.

Continued stagnation of the economy can be expected to delay Peiping's original timetable for industrializing the Chinese mainland, which is at least 3 years behind schedule already as a result of the failure of the "leap forward," the cut off of Soviet aid, and successive years of poor crops. The delay in launching the Third Five Year Plan provides additional evidence that piecemeal readjustments during 1961-63 may have been less effective than anticipated.

1. Search for a Long-Term Plan

Although the Third Five Year Plan was scheduled to begin on 1 January 1963, the stagnation of the economy and the postponement of the annual meeting of the National People's Congress from the second to the fourth quarter of 1963 implied that only an annual plan was in effect for 1963. Indeed, there was little mention of a Third Five Year Plan until late in the year, although a number of planning units were reported to be drafting both 5-year and 10-year programs.

The first firm indications that the next long-term plan might be deferred until the economy was on a sounder footing came in October 1963. According to Foreign Minister Ch'en Yi, the National People's Congress was to discuss the drafting of a new long-term program, although a final decision had not been reached as to whether the plan should be for 5, 7, or 10 years. Many persons, he said, believed that a conventional 5-year plan (1963-67) would cover too short a period, particularly because 1 more year was needed to complete readjustments. 1/ The communiqué issued after the secret session of the National People's Congress in November 1963 made no reference to long-term planning.

C-O-N-F-I-D-E-N-T-I-A-L

Statements by Ch'en Yi implied that the next long-term program -- whatever its length -- would not be launched before 1965. A later date for initiation of a long-term plan was implied by Po I-po, chairman of the State Economic Commission, who remarked that planning for an economic advance would not begin until 1965. 2/ The issue of China Reconstructs for January 1964 also seemed to suggest a later start for a new plan with the statement that readjustments must continue for a "short period." 3/

2. Implied Economic Policies

Although it is impossible to judge with certainty the period that the next long-term plan will cover, recent commentary from Communist China does make clear that, for the next year or so at least, no resumption of rapid economic growth is scheduled. The basic planning documents will continue to span only 1 year, at least through 1964 and possibly even through 1965, and economic policy will remain centered on the extension of greater support to agriculture, on the implementation of more realistic production goals, and on the restoration of a system of reliable statistical reporting.

Sources:

1. FBIS. Daily Report (Far East), 29 Oct 63, p. BBB 1-2. OFF USE.
Ibid., 30 Oct 63, p. BBB 10. OFF USE.
2. State, Hong Kong. Survey of China Mainland Press, no 3152, 3 Feb 64, p. 9. U.
3. Yung Lung-kwei. "Economic Prospect: Further Advance," China Reconstructs, Peking, vol xiii, no 1, Jan 64, p. 2-5. U.

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Analyst: [REDACTED]

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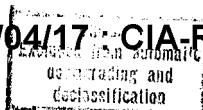
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