

## II. THE GREAT VICTORY OF THE SOCIALIST REVOLUTION AND THE PEOPLE'S COMMUNE MOVEMENT

The founding of the People's Republic of China in 1949 marked the basic end of the democratic revolution and the beginning of the socialist revolution in China. Early in the decade the Chinese people completed the historic task of the democratic revolution and won the great victory of the socialist revolution.

The land reform which was carried out in the early stages after the founding of the Republic was a revolutionary change of historic significance. As is known to everyone, the system of landownership in old China was extremely irrational. Landlords and rich peasants, who constituted less than 10 per cent of the rural population owned over 70 per cent of all the cultivated land. They ruthlessly exploited the peasants. On the other hand, the farm labourers, poor peasants and middle peasants, who accounted for over 90 per cent of the rural population, owned less than 30 per cent of the cultivated land. They toiled the whole year round but could not earn enough for food or clothing. This was the root cause of the centuries-old poverty and backwardness of China.

The confiscation of the land of the landlord class for distribution to the landless or land-poor peasants and the transformation of the landownership system of feudal exploitation into a system of peasant landownership were the basic contents of China's new democratic revolution. Before liberation land reform had already been completed, in the main, in the revolutionary bases and liberated areas led by the Communist Party of China. Following the founding of the People's Republic of China, the broad masses of the peasants were immediately organized to carry out a nation-wide, thorough, land reform movement. Within the brief time of three years this historic task was brought to a successful end. By 1952 about 300 million landless or land-poor peasants received about 700 million mou of land free of cost and a great number of draught animals, farm implements, houses, etc. Moreover, these peasants no longer had to pay the exorbitant rent to the landlords, which had amounted to an annual total of 70,000 million catties of grain. The feudal system of exploitation in China which had lasted for several thousands of years, was thoroughly eliminated.

By 1952, when the rehabilitation of the national economy and the land reform were successfully completed, the socialist state economy had already grown tremendously. But non-socialist economic elements still existed on a large scale in the national economy as a whole. In agriculture, individual small-scale farming

still predominated. In industrial production and commerce the capitalist economy still accounted for a heavy percentage. Had these conditions not been changed drastically it would have been impossible to establish a socialist system in China quickly nor would it have been possible for the country to advance on the path of prosperity and strength.

To overcome the backwardness of China's national economy and speed up the socialist transformation and socialist construction, the Central Committee of the Communist Party of China formulated the well-timed general line for the period of transition from capitalism to socialism when the rehabilitation of the national economy was nearing completion. Under the brilliant guidance of the Party's general line the Chinese people, simultaneously with their planned, large-scale socialist construction, swiftly completed the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce.

Following the land reform the Chinese peasants, led by the Communist Party, immediately set up mutual-aid organizations which contained rudiments of socialism. In 1952, 40 per cent of the country's total peasant households belonged to mutual-aid teams, and in 1954 they increased to 58 per cent. Simultaneous with the swift growth of the mutual-aid teams, the peasants started to organize semi-socialist agricultural producers' co-operatives characterized by the pooling of land as shares and a single management. In 1952 there were only about 3,600 agricultural producers' co-operatives, but since these co-operatives proved to have advantages over the mutual-aid teams they grew rapidly. By the first half of 1955 their number increased to 670,000, embracing some 17 million peasant households. In July 1955 Chairman Mao Tse-tung delivered his well-known report The Question of Agricultural Co-operation. Based on this report the Central Committee of the Chinese Communist Party adopted the "Decisions on the Question of Agricultural Co-operation" in October of the same year. Under the inspiration of these historically significant documents the peasant masses showed unprecedented socialist enthusiasm. As a result, a high tide of socialist co-operation on a magnificent scale appeared in the second half of 1955. By 1956 the agricultural co-operation was in the main completed in China. By the end of 1956, 120 million peasant households, or 96 per cent of all the peasant households in China had joined co-operatives. More than 100 million of them, or 88 per cent, joined the advanced agricultural producer's co-operatives. This showed that the socialist transformation of agriculture was basically completed throughout the length and breadth of China, a social change of profound historic significance which paved the way for the rapid growth of China's productive forces in the countryside.

Under the impetus of the high tide of agricultural co-operation the organization of individual handicraftsmen into co-operatives was also completed in the main in 1956. By the end of 1956



the number of handicraft co-operatives exceeded 100,000, embracing over 6,000,000 handicraftsmen, or 92 per cent of the total number of handicraftsmen in China. At the same time the socialist transformation of the individual economy of the small merchants and peddlers was also in the main completed in 1956 through co-operatives.

In dealing with the capitalist industry and commerce the state has carried out the policy of utilization, restriction and transformation--to use the positive side of capitalist industry and commerce which is beneficial to the national welfare and the people's livelihood, while restricting its negative side which is not beneficial to the national welfare and the people's livelihood. This was done mainly through two forms of state capitalism. Briefly speaking, the initial form of state capitalism was to supply private capitalist industries with raw materials and to place orders with them for processing and manufacturing goods. As to private capitalist enterprises, they are allowed to serve as retail distributors or commission agents for the state. The higher form of state capitalism was to place private capitalist enterprises under joint state-private management. The carrying out of these measures step by step transformed capitalist ownership of the means of production to socialist ownership by the whole people. In 1952, 56 per cent of the gross output value of capitalist industry was produced by enterprises under the initial form of state capitalism, i.e. processing goods for the state and executing state orders. In 1952, only five per cent of China's gross output value of industry (exclusive of handicrafts) came from the joint state-private industrial enterprises. By 1955, 81.7 per cent of the gross output value of capitalist industry was produced by processing goods for the state and executing state orders, while the gross output value of joint state-private industrial enterprises rose to 16.1 per cent of the gross output value of industry (exclusive of handicrafts) as a whole.

State capitalist commerce did not make marked growth until after 1954. In the later half of 1953 the state started to introduce planned purchase and distribution. As a result, many of the capitalist commercial enterprises became state authorized dealers of distributing agents. At the same time, since the sources of all principal commodities were in the hands of state commerce, the state capitalist commerce under various forms developed rapidly. In 1954 the state capitalist share of trade (including the authorized dealers and distributing agents) and co-operatives trade in the national total of retail sales was 5.4 per cent. In 1955 it rose to 14.6 per cent.

In the second half of 1955, along with the high tide of agricultural co-operation throughout the nation the socialist transformation of capitalist industry and commerce also entered a new state. At the beginning of 1956 there was a nation-wide high tide

for the conversion of capitalist enterprises into joint state-private enterprises by whole trades. Tens of thousands of capitalists beat gongs and sounded drums in the streets and decorated their shops with lanterns and festoons to welcome this high tide of transformation. By the end of 1956 some 70,000 private industrial establishments came under joint state-private management. The gross output value of these enterprises accounted for 99.6 per cent of the total produced by the former private establishments in industry. In commerce, 1,990,000 shops, large, medium-sized and small, came under joint state trading enterprises. These shops employed about 85 per cent of the total number of employees of the former private commercial enterprises. This showed that the socialist transformation of capitalist industry and commerce was practically completed.

Following the successful completion of the socialist transformation of agriculture, handicrafts, and capitalist industry and commerce, a fundamental change took place in the economic structure of Chinese society. The socialist sector of the economy was overwhelmingly predominant in the national economy as a whole. The few figures below suffice to show this profound change. Compared with 1952, the percentage increases in the national income by economic sector for 1956 were as follows: the state sector increased from 19.1 per cent to 33.2 per cent; the co-operative sector increased from 1.5 per cent to 53.4 per cent; joint state-private sector jumped from 0.7 per cent to 7.3 per cent. The sector of individual ownership declined from 71.8 per cent to 7.1 per cent and the capitalist sector decreased from 6.9 per cent to less than 0.1 per cent.

Immediately after the great victory of the socialist revolution on the economic front (i.e. the change of ownership of the means of production), in 1957 all the Chinese people, led by the Communist Party, carried out a militant rectification campaign and a struggle against bourgeois rightists, and won a signal victory of the socialist revolution on the political and ideological fronts. The victories on the economic, political and ideological fronts have further consolidated China's socialist political and economic systems and enhanced the working people's initiative and creativeness in building socialism, which in turn promoted the speedy development of the national economy.

In 1958 a big leap forward unparalleled in Chinese history took place in the development of China's national economy. In the course of the big leap forward in 1958, the Chinese people came up with a great creation in social organization--the people's commune, established in response to the demands of the broad masses of peasants throughout the country. Beginning in the summer of 1958, in a few months more than 740,000 agricultural co-operatives were merged and reorganized into over 26,000 large-scale



people's communes in which industry, agriculture, trade, education and military affairs were combined and government administration and commune management were merged. The communes embrace 120 million peasant households, or over 99 per cent of the total peasant families of all the nationalities in China.

The emergence of the people's communes is not accidental. They are a product of China's economic and political development and a result of the socialist rectification campaign of the Chinese Communist Party, a result of the general line for building socialism and the big leap in socialist construction in 1958. The form of organization of the people's communes is extremely significant in the social and economic development of China. The establishment of the people's communes gave a great impetus to the big leap in industry and agriculture. In 1958 grain output in China increased 130,000 million catties over the 1957 figure, more than double the total increase during the First Five-Year Plan period which amounted to 61,200 million catties. The cotton output in 1958 was increased 9.2 million tan over the 1957 figure, or 1.4 times the total cotton increase of 6.73 million tan during the First Five-Year Plan period. The summer harvest in 1959 was the first one after the establishment of the people's communes. In spite of the serious natural calamities during the spring and summer of that year the total yields of summer crops of wheat, coarse grains, and early rice were still bigger than the extraordinary bumper harvest of 1958. This was due to the fact that the people's communes, after the check-up and consolidation, have further enhanced the peasant's initiative.

In the course of the big leap forward of 1958 the people's communes, by employing indigenous methods as well as a combination of modern and indigenous methods, set up a number of small iron smelting mills, coal mines, power plants, cement works, fertilizer plants, workshops for producing and repairing farming implements and food processing plants. These small industries were further strengthened and improved after the check-up. By the first half of 1959, the industrial units operated by the people's communes numbered more than 700,000 with a gross output value of 7,100 million yuan. This represented about 10 per cent of the gross output value of industry in the country in the corresponding period. Tremendous increases were made in the output of many kinds of products.

After the establishment of people's communes, there was a remarkable development of construction in various fields and a growth of public welfare works. In 1958 the people's communes built more than 1,200 big and medium-sized reservoirs and countless small ones. They also organized huge labour forces to help with railway construction and transport work, thus successfully fulfilling the tremendous task of short-distance transport for farm products and iron and steel production. By the end of 1958 the rural areas had 3,400,000 nurseries and kindergartens, 150,000 homes of respect

for the aged, approximately 60,000 cultural halls and stations, 500,000 clubs and more than 180,000 amateur dramatic groups.

The foregoing facts show that the people's communes are the best form of organization for accelerating the tempo of China's socialist construction, for transforming socialist collective ownership into socialist ownership by the whole people in the countryside and for the transition from socialism to communism in the future.

## THOROUGH CARRYING OUT OF THE LAND REFORM

1. The changes in the number of mou owned by various classes prior to and after the land reform movement: In old China the system of landownership in the countryside was extremely irrational. Landlords and rich peasants, who constituted less than 10 per cent of the total rural population, possessed more than 70 per cent of the total arable land. Poor peasants, farm labourers and middle peasants who made up over 90 per cent of the population, possessed less than 30 per cent of the total arable land. After the land reform the poor peasants and middle peasants possessed more than 90 per cent of the total arable land, while the former landlords and rich peasants possessed about 8 per cent of the total arable land.
2. After the completion of the land reform over 300 million peasants who owned little or no land received 700 million mou of arable land and other means of production free of charge. In addition, they no longer had to pay the exorbitant rent to the landlords which formerly amounted to 70,000 million catties of grain each year.

## AGRICULTURAL CO-OPERATION (I)

(thousand households)

No. of peasant households in mutual-aid and co-operative organizations		Total	Advanced	Elementary	No. of peasant households in mutual-aid teams
1950	11,313	0.219	0.032	0.187	11,313
1951	21,002	1.618	0.030	1.588	21,000
1952	45,423	59	2	57	45,364
1953	45,912	275	2	273	45,637
1954	70,775	2,297	12	2,285	68,478
1955	77,310	16,921	40	16,881	60,389
1956	117,829	117,829	107,422	10,407	-



## AGRICULTURAL CO-OPERATION (II)

	<u>Percentage of peasant households in mutual-aid and co-operative organizations to total no. of peasant households.</u>	<u>Agricultural producers' co-operatives</u>			
		<u>Total</u>	<u>Advanced</u>	<u>Elementary</u>	<u>Mutual-aid teams</u>
1950	10.7	-	-	-	10.7
1951	19.2	-	-	-	19.2
1952	40.0	0.1	-	0.1	39.9
1953	39.5	0.2	-	0.2	39.3
1954	60.3	2.0	-	2.0	58.3
1955	64.9	14.2	-	14.2	50.7
1956	96.3	96.3	87.8	8.5	-

## HANDICRAFT CO-OPERATION

<u>Number of persons engaged in:</u> (thousands)			<u>Percentage distribution</u>		
<u>Total</u>	<u>Co-operative handicrafts</u>	<u>Individual handicrafts</u>	<u>Co-operative handicrafts</u>	<u>Individual handicrafts</u>	
1952 7,364	228	7,136	3.1	96.9	
1953 7,789	301	7,488	3.9	96.1	
1954 8,910	1,213	7,697	13.6	86.4	
1955 8,202	2,206	5,996	26.9	73.1	
1956 6,583	6,039	544	91.7	8.3	

Notes: 1. In 1955 and 1956 the number of handicraftsmen decreased because in the course of forming co-operatives some of the handicraftsmen in the cities were absorbed by the industrial enterprises, while in the countryside some of the handicraftsmen joined the agricultural producers' co-operatives.

2. The figures for co-op handicraftsmen in 1956 cover more than 1,000,000 handicraftsmen belonging to fishing and salt co-ops.



## RAPID GROWTH OF SOCIALIST INDUSTRY

	<u>Gross output value</u> (million yuan)	<u>Index numbers</u> (1949=100)
At 1952 prices		
1949	3,730	100.0
1950	6,360	170.4
1951	9,290	248.8
1952	15,120	405.1
1953	20,450	548.0
1954	26,090	698.8
1955	30,290	811.6
1956	39,520	1,060.0
1957	44,350	1,190.0
At 1957 prices		
1957	39,470	-
1958	81,290	2,450.0

## SOCIALIST TRANSFORMATION OF CAPITALIST INDUSTRY

(percentage distribution of gross output value of industry, excluding handicrafts)

	<u>Socialist industry</u>	<u>State-capitalist industry</u>	<u>Joint state-private enterprises</u>	<u>Privately-owned enterprises excluding orders and processing goods for the state</u>	<u>Capitalist industry (that part produced and marketed by itself)</u>
1949	34.7	9.5	2.0	7.5	55.8
1950	45.3	17.8	2.9	14.9	36.9
1951	45.9	25.4	4.0	21.4	28.7
1952	56.0	26.9	5.0	21.9	17.1
1953	57.5	28.5	5.7	22.8	14.0
1954	62.8	31.9	12.3	19.6	5.3
1955	67.7	29.3	16.1	13.2	3.0
1956	67.5	32.5	32.5	-	-

Notes: In 1956 the capitalist enterprises came under joint state-private operation by whole trades. These enterprises actually were not very different from socialist enterprises except that the capitalists still drew a fixed rate of interest.

In 1956 the gross output value of capitalist industry was less than 0.1 per cent of the gross output value of industry. It was virtually impossible to show this decimal fraction on the above table.

## RAPID GROWTH OF SOCIALIST COMMERCE

	Retail sales handled by socialist commerce (million yuan)	Index numbers (1950=100)
1950	1,780	100.0
1951	4,150	233.2
1952	9,000	505.6
1953	13,790	774.7
1954	21,750	1,220.0
1955	21,840	1,230.0
1956	26,260	1,480.0
1957	26,220	1,470.0
1958	36,000	2,020.0

SOCIALIST TRANSFORMATION OF PRIVATE COMMERCE  
(percentage distribution of retail sales)

	<u>Socialist commerce</u>	<u>State-capitalist and co-operative commerce</u>	<u>Private commerce</u>
1950	14.9	0.1	85.0
1951	24.4	0.1	75.5
1952	42.6	0.2	57.2
1953	49.7	0.4	49.9
1954	69.0	5.4	25.6
1955	67.6	14.6	17.8
1956	68.3	27.5	4.2
1957	65.7	31.6	2.7



SOCIALIST TRANSFORMATION OF PRIVATE TRANSPORT ENTERPRISES  
(percentage distribution of freight turnover)

	<u>State enterprises</u>	<u>Joint state-private enterprises</u>	<u>Private enterprises</u>
1949	88.5	-	11.5
1950	95.3	-	4.7
1951	94.7	-	5.3
1952	95.8	0.7	3.5
1953	95.8	1.3	2.9
1954	95.3	3.1	1.6
1955	94.8	4.6	0.6
1956	99.3	0.7	-
1957	99.7	0.3	-

Note: This table does not include the freight turnover of wooden junks, animal-drawn carts, wheelbarrows and other vehicles that are not mechanically operated.

PREDOMINANT POSITION OF THE SOCIALIST SECTOR IN  
THE NATIONAL ECONOMY  
(percentage distribution of national income)

	<u>State-owned economy</u>	<u>Co-operative economy</u>	<u>Joint-state private economy</u>	<u>Capitalist economy</u>	<u>Individual economy</u>
1952	19.1	1.5	0.7	6.9	71.8
1953	23.9	2.5	0.9	7.9	64.8
1954	26.8	4.8	2.1	5.3	61.0
1955	28.0	14.1	2.8	3.5	51.6
1956	32.2	53.4	7.3	-	7.1
1957	33.2	56.4	7.6	-	2.8

THE GREAT VICTORY OF THE PEOPLE'S COMMUNES IN THE  
COUNTRYSIDE (1958)

	<u>End of</u> <u>August</u>	<u>Early</u> <u>September</u>	<u>Mid</u> <u>September</u>	<u>Late</u> <u>September</u>	<u>End of</u> <u>December</u>
No. of people's communes	8,730	12,824	16,989	26,425	26,578
No. of peasant households in people's com- munes (thousands)	37,780	59,790	81,220	121,940	123,250
Percentage of peasant house- holds in peo- ple's communes to total no. of peasant households	30.4	48.1	65.3	98.0	99.1
Average no. of households in each commune	4,328	4,662	4,781	4,614	4,637



## THE GREAT ACHIEVEMENTS OF THE PEOPLE'S COMMUNES IN THE COUNTRYSIDE

### 1. Bumper harvests

The grain output in 1958 increased 130,000 million catties over 1957. The total increase of grain output during the First Five-Year Plan period was 61,200 million catties.

In 1958 the cotton output increased 9,200,000 tan over 1957. The total increase of cotton output during the First Five-Year Plan period was 6,730,000 tan.

### 2. Establishment of industrial enterprises

By the end of June 1959 the people's communes had established about 700,000 industrial production units. In the first half of 1959 the gross output value of industry of the people's communes reached 7,100 million yuan, representing about 10 per cent of the nation's gross output value of industry.

### 3. Expansion of welfare services

Number of welfare facilities existing as of end of 1958:

Community dining-rooms	3,400,000
Nurseries and kindergartens	over 3,400,000
Homes of respect for the aged	150,000
Cultural halls and stations approximately	60,000
Clubs	500,000
Amateur dramatic groups	over 180,000