

PEKING REVIEW

14

April 5, 1960

Special Enlarged Issue

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報

N.P.C. DISCUSSES CONTINUED LEAP FORWARD IN 1960

1.—Report on the draft 1960 national
economic plan

by Vice-Premier Li Fu-chun (p. 5).

2.—Report on the final state accounts for
1959 and the draft state budget for 1960

by Vice-Premier Li Hsien-nien (p. 21).

South African People Rise In Action

Chinese Press Opinion and Other Features

A WEEKLY MAGAZINE OF CHINESE NEWS AND VIEWS

DOCUMENTS ON THE SINO - INDIAN BOUNDARY QUESTION

This is a booklet of documents issued by the Chinese Government on the Sino-Indian boundary question. Included are Premier Chou En-lai's letters to Prime Minister Nehru and the note of the Foreign Ministry of the Chinese People's Republic to the Indian Embassy in China. Giving the views and attitude of the Chinese Government and people on the Sino-Indian boundary issue, these documents throw great light on the question.

Containing 63,000 words, it also provides a sketch map of the Sino-Indian boundary.

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PEKING REVIEW

北京周报

(BEIJING ZHOUBAO)

A WEEKLY MAGAZINE OF CHINESE
NEWS AND VIEWS

April 5, 1960 Vol. III No. 14

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April 5, 1960

Round the Week

National People's Congress In Session

At 3 p.m. March 30, the National People's Congress opened in the Great Hall of the People in Peking. This is the second annual session of the Second National People's Congress. One thousand and sixty-three people's deputies attended this first day's meeting of the N.P.C., supreme organ of state power and law-making body of the country. Main items on the agenda include Vice-Premier Li Fu-chun's report on the draft 1960 national economic plan; Vice-Premier Li Hsien-nien's report on the final state accounts for 1959 and the draft state budget for 1960; Vice-Premier Tan Chen-lin's report on the effort to fulfil ahead of schedule the draft national programme for agricultural development. The deputies are now discussing these reports after which decisions will be taken.

As Chairman Mao Tse-tung, Chairman Liu Shao-chi, Vice-Chairmen Soong Ching Ling and Tung Pi-wu, Chairman of the N.P.C. Standing Committee Chu Teh, Premier Chou En-lai and other Communist Party and government leaders ascended the rostrum, a tremendous ovation came from the body of the hall. Present at the opening ceremony were leading members of government departments, high-ranking officers of the Chinese People's Liberation Army and members of the diplomatic corps. Members of the National Committee of the Chinese People's Political Consultative Conference, now holding its second session in Peking, also attended the meeting as observers.

Chairman Chu Teh declared the session open, then the deputies heard Vice-Premier Li Fu-chun report on the draft 1960 national economic plan and Vice-Premier Li Hsien-nien report on the final accounts for 1959 and the draft state budget for 1960 (full texts of these two reports appear elsewhere in this issue). Their reports, warmly applauded by all present, were an impressive recital of China's achievements during 1959 and its programme for a continued leap forward in all branches of the national economy in 1960. During the meeting, the Stand-

ing Committee of the N.P.C. distributed a written report on its work in the past year. The session then adjourned for group discussions of the two reports.

While hundred of thousands of people in the capital watched the proceedings of the session on television, millions in other parts of the country listened in to the special broadcast of the session from the Central People's Broadcasting Station.

"Renmin Ribao" Comments

On March 31 *Renmin Ribao*, carrying the texts of the two reports, editorially described them as unfolding a magnificent picture of a continued leap forward by 600 million people. "In this first year of the 1960s," said the editorial, "we shall realize a continued leap forward in our national economy; there is no doubt that we shall do so... The draft 1960 national economic plan submitted to the Congress by the State Council is a continued leap forward plan, and the draft state budget for 1960 is one that guarantees a continued leap in our national economy."

With the great successes and experience gained in the last two years, conditions for achieving a leap forward this year are much better than before. On this point *Renmin Ribao's* editorial comments: "In this new year, conditions for realizing a continued leap forward are vastly different from those during the First Five-Year Plan and those in the leap forward years of 1958 and 1959. Two years ago, we had only begun to explore the possibilities of developing our national economy at a faster speed than during the First Five-Year Plan. Now, with the great practical experience of two successive great leap forward years, the three 'wondrous master keys'—the general line for building socialism, the great leap forward and the people's commune—have become weapons with which the people of all nationalities in our country can be assured of winning victories in the economic,

political, ideological, technical and cultural revolutions. We have accumulated a relatively rich store of experience in building socialism, while our material resources for building socialism are markedly greater than before. Our socialist construction has entered a new stage; a foundation has been laid for a continued, high-speed and proportionate leap forward in our national economy. Our continued leap forward is as inevitable as the eastward flow of the roaring Yangtse River. Friendly help from the Soviet Union and other fraternal countries are also favourable conditions enabling us to realize a continued leap forward. Now, the movement launched by the whole nation for increasing production and practising economy, centring around technical innovations and technical revolution, is surging forward. The rural people's communes, developing on a sound basis, are working energetically for an all-round leap forward in agriculture. Every city in the country is pressing ahead vigorously with the establishment of people's communes. These are the new victories our people have won in the first few months of this new year under the banner of Mao Tse-tung's thinking. This good situation in our continued leap forward provides even more favourable conditions for us to fulfil the 1960 national economic plan. With a concerted effort by all the people, of all the country's nationalities and of all the democratic parties and groups, by continuously strengthening economic co-operation with other countries in the socialist camp headed by the Soviet Union, the 1960 national economic plan can surely be fulfilled, and it is even possible to overfulfil it."

Confident that they will fulfil and overfulfil the 1960 economic plan, the whole Chinese people are marching forward with great strides on the road of socialism. This broad road, as *Renmin Ribao's* editorial pointed out, "is one illumined by Mao Tse-tung's thinking which integrates the universal truth of Marxism-Leninism with the concrete practice of China's revolution and construction. Marching forward along this bright road, we shall surely overcome all obstacles and difficulties in striving for the realization of a continued leap forward in our national economy in 1960 with

greater, faster, better and more economical results."

C.P.P.C.C. Convenes

The Second Session of the Third National Committee of the Chinese People's Political Consultative Conference opened in Peking on March 29. Chou En-lai, Chairman of the National Committee, presided at the meeting attended by 851 members: The C.P.P.C.C. is the leading organization of the people's democratic united front, made up of representatives of the nation's various nationalities, democratic parties and groups, people's organizations and people in all walks of life and representatives of overseas Chinese. It gathers to discuss state affairs and make suggestions to the Government.

The present session of the C.P.P.C.C. is being held concurrently with that of the Second National People's Congress. Members of its National Committee are attending the Congress as observers to hear reports given by leading government officials.

At the first day's meeting, its Vice-Chairman Chen Shu-tung gave a report on the work done by the Standing Committee of the C.P.P.C.C. He noted that the Standing Committee and local organizations of the C.P.P.C.C. have played an active role in consolidating and expanding the people's democratic united front. In order that the National Committee of the C.P.P.C.C. may play a still greater role, Chen Shu-tung outlined its future tasks as follows:

"Continue to carry out the policy of 'long-term coexistence and mutual supervision,' and encourage the democratic parties and groups and democrats of all circles, under the leadership of the Chinese Communist Party, to participate actively in the political life of the country, serving the cause of socialist transformation and construction in a better way.

"Continue to encourage people in all walks of life to take an active part in the mass movements for technical revolution and cultural revolution



Chairman Mao Tse-tung and Wang Kuo-fan, Chairman of the Jianming People's Commune, at the National People's Congress

and for increasing production and practising economy. In this respect, attention should be paid to strengthening unity with the intellectuals and their ideological remoulding.

"Strengthen political and theoretical study and launch a movement to study the works of Chairman Mao Tse-tung.

"Make planned arrangements for members of the C.P.P.C.C., members of the central committees of various democratic parties and groups and democrats of all circles to take part, on a voluntary basis, in manual labour.

"Carry on persistently the struggle against enemies both within and outside our country, and make every effort for the liberation of Taiwan; expose and oppose the schemes of the imperialist bloc, headed by the United States, now actively carrying on war preparations under the mask of peace; consolidate and develop the close unity of the socialist camp headed by the Soviet Union and friendship with all peace-loving countries and people; support the liberation movements of all oppressed nations in the world; oppose the expansion of arms and war preparations by the imperialists; support the Soviet Union's proposal for general arms reduction and the banning of nuclear tests and safeguard world peace."

The C.P.P.C.C. session then adjourned for its members to attend the N.P.C. as observers, and to discuss the various reports. The session continues.

Report on the Draft 1960 National Economic Plan

by LI FU-CHUN

*Vice-Premier of the State Council and Chairman
of the State Planning Commission*

Following is the full text of the report delivered by Vice-Premier Li Fu-chun on March 30, 1960, at the Second Session of the Second National People's Congress. — Ed.

Fellow Deputies,

On behalf of the State Council, I submit the report on the draft 1960 national economic plan to the Congress for deliberation.

I

IN 1959, our people of various nationalities, under the leadership of the Chinese Communist Party and Comrade Mao Tse-tung, persisted in the general line for building socialism, the big-leap speed of development and the people's communes; unfolded a mass movement against right deviation and for going all out, increasing production and practising economy; and overfulfilled the adjusted targets of the 1959 plan as adopted by the Standing Committee of the National People's Congress in August 1959. Thus, on the basis of the 1958 big leap forward, we continued to achieve a big leap forward in the national economy in 1959 and reached, three years ahead of schedule, the major targets of the Second Five-Year Plan. This is a great victory for the Chinese people and for Mao Tse-tung's thinking, which combines the universal truths of Marxism-Leninism with the concrete practice of revolution and construction in China.

According to State Statistical Bureau figures, the gross value of the 1959 output of industry and agriculture amounted to 241,300 million yuan, an increase of 31.1 per cent over the 184,100 million yuan of 1958. Of this, the value of industrial output totalled 163,000 million yuan, 39.3 per cent more than the 117,000 million yuan of 1958; agricultural output totalled 78,300 million yuan, 16.7 per cent more than the 67,100 million yuan of 1958. State budgetary outlays for investment in capital construction totalled 26,700 million yuan (excluding investment made by the local authorities and enterprises themselves worth about 5,000 million yuan), an increase of 24.5 per cent over the 21,400 million yuan of 1958. 1,341 above-norm* capital construction projects were undertaken, of which 671, wholly or partially completed, were put into operation during the year. Below-norm projects undertaken by government at or above the county level numbered 75,000,

of which 54,000 were completed during the year. The gross volume of freight handled by various means of transport amounted to 2,212 million tons, an increase of 67 per cent over the 1,324 million tons of 1958. Of this, railway freight reached 542 million tons, 42 per cent more than the 381 million tons of 1958. The gross value of retail sales amounted to 63,800 million yuan, an increase of 16.4 per cent over the 54,800 million yuan of 1958. The national income in 1959 increased by 21.6 per cent over that of 1958. These figures show that all the economic departments continued to develop at the big-leap speed in 1959. Simultaneously with the great economic development, a big advance was also made in the spheres of science, education, culture, physical culture and public health.

In 1959, our great ally, the Soviet Union, and the other fraternal countries continued to render our country immense assistance, which played an important role in the continued big leap forward of our national economy.

AS a result of the continuous big leap of the national economy in 1958 and 1959, we fulfilled, three years ahead of schedule, the major targets of the Second Five-Year Plan for the Development of the National Economy (1958-1962). The control figures for our Second Five-Year Plan were proposed by the Eighth National Congress of the Chinese Communist Party at its First Session in September 1956 and were adopted by the State Council at its plenary session in February 1957. According to these control figures, the gross output value of industry and agriculture in 1962 were to increase by about 75 per cent, that of industry by about 100 per cent, that of agriculture by about 35 per cent, and the national income by some

* To facilitate management of capital construction units at different levels and according to different categories, the state has set "investment norms" for different categories of capital construction units. For example, the investment norm for integrated iron and steel works is 20 million yuan; for motor vehicle and tractor manufacturing and coal-mining industries, 10 million yuan; for textile, paper-making, salt and sugar refining industries, 5 million yuan; for reservoirs, 20 million yuan, etc. Any construction unit whose total invested capital is above the "normal" figure is classified as "above-norm"; if below the "normal" figure, as "below-norm."

50 per cent, compared with 1957. Actually, by 1959, the gross output value of industry and agriculture had already risen by 94.4 per cent, that of industry by 131.5 per cent, that of agriculture by 45.8 per cent, and the national income by 62.86 per cent, over the 1957 figures.

IN 1959, the output of most of the major industrial and agricultural products reached or exceeded the targets set for 1962 by the Second Five-Year Plan. The Second Five-Year Plan stipulated control figures for 24 industrial and farm products. By 1959, 13 of these products had already reached or exceeded the original targets, while another two approached them. Following is a comparison of the planned targets for 1962 and the actual 1959 output of these 15 products:

Steel (excluding steel made by indigenous methods) — planned target between 10.5 million and 12 million tons; actual output 13.35 million tons;

Coal — planned target between 190 million and 210 million tons; actual output 347.8 million tons;

Electricity — planned target between 40,000 million and 43,000 million kwh.; actual output 41,500 million kwh.;

Metallurgical equipment — planned target between 30,000 and 40,000 tons; actual output 205,000 tons;

Power-generating equipment — planned target between 1.4 million and 1.5 million kilowatts; actual output 2.15 million kilowatts;

Metal-cutting machine tools — planned target between 60,000 and 65,000 units; actual output 70,000 units;

Timber — planned target between 31 million and 34 million cubic metres; actual output 41.2 million cubic metres;

Cement — planned target between 12.5 million and 14.5 million tons; actual output 12.27 million tons;

Cotton yarn — planned target between 8 million and 9 million bales; actual output 8.25 million bales;

Cotton cloth — planned target between 7,290 million and 8,060 million metres; actual output 7,500 million metres;

Salt — planned target between 10 million and 11 million tons; actual output 11.04 million tons;

Machine-made paper — planned target between 1.5 million and 1.6 million tons; actual output 1.7 million tons;

Grain — planned target around 500,000 million *jin*; actual output 540,100 million *jin*;

Cotton — planned target around 48 million *dan*; actual output 48.2 million *dan*; and

Soya beans — planned target around 25,000 million *jin*; actual output 23,000 million *jin*.

The 1962 output targets for nine products in the Second Five-Year Plan were not reached in 1959. They were: crude oil, aluminium ingots, chemical fertilizer, edible vegetable oils, sugar, pigs, cattle, horses and sheep. But, except for sugar and the livestock, their average

annual rate of growth all exceeded that envisaged in the Plan.

By fulfilling the principal targets originally set in the Second Five-Year Plan in two years, we have gained three years' time in which we can develop the national economy to a much higher level than was originally envisaged for the Second Five-Year Plan period. A draft supplementary plan for the last three years of the Second Five-Year Plan period is now being worked out by the State Planning Commission in co-operation with the various ministries and local authorities on the basis of the practical experience gained during the big leap of the past two years.

THE continuous big leap forward in the past two years has testified to the fact that the general line of going all out, aiming high and achieving greater, faster, better and more economical results in building socialism, laid down by the Central Committee of the Communist Party and Comrade Mao Tse-tung, is a great creation. It is the concentrated expression of the fervent aspiration of the 650 million Chinese people to rapidly change the "poor and culturally blank" circumstances and build China up into a powerful socialist country; it also accurately reflects the superiority of the socialist economy and the inevitability of its rapid development. This general line has set all positive factors in motion and led to the big leap forward in our country's socialist construction.

Our country's general line for building socialism is extremely rich in content. Its starting point is that the masses of the people are the creators of history and are the most active element of the productive forces. Once they are liberated from the old society and become masters under the socialist system they are able to give full scope to their initiative and creativeness and bring about a high-speed development of production and construction.

In order to bring the initiative of the masses into play continuously, we are constantly bringing about rational solutions to contradictions between the production relations and the productive forces and between the superstructure and the economic base, according to the Marxist-Leninist principle of integrating the theory of uninterrupted revolution with the theory of the development of the revolution by stages as elaborated by Comrade Mao Tse-tung. Uninterrupted reforms in the relations of production and in the superstructure, in keeping with the demands of the rapid development of the productive forces, open up broad avenues for the uninterrupted development of the productive forces. On the other hand, the continuous development of the productive forces necessitates constant reforms in the relations of production and the superstructure. Immediately after the socialist revolution won a decisive victory in the sphere of ownership of the means of production in 1956, we launched in 1957 the socialist revolution on the political and ideological fronts, smashing the frenzied attack of the bourgeois rightists against socialism, carrying out a nationwide rectification campaign and unfolding large-scale communist education, thus arousing the initiative and creativeness of the whole nation for the building of socialism. The resolute carrying out of an all-round social-

ist revolution in the economic, political and ideological spheres, the resolute, constant eradication of the various influences left over from the old society and the breaking down of all kinds of fetishes and superstitions, emancipating man in every aspect—those were important causes leading to the opening up in 1958 of the new situation of big leaps forward, unprecedented in history. The rise in the political consciousness of the masses of people and the unfolding of the big leaps forward led to the setting up of people's communes throughout our vast countryside. The people's communes, with their bigger size, higher degree of public ownership, combination of industry, agriculture, trade, education and defence and integration of government administration with commune management, are the best form of basic social organization for accelerating the building of socialism in our country. In the future, they will also be 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. The people's communes have further aroused and organized the forces of our peasant masses, over 500 million strong. The fact that in 1959, in the teeth of serious natural calamities affecting 30 per cent of the sown area, China's agricultural production continued to develop at big-leap speed testifies to the great vitality and unmatched superiority of the people's communes. **Now, all the cities are setting up people's communes in a big way, energetically running neighbourhood industry, suburban farming, public welfare services and community dining-rooms, extensively organizing the economic life of the residents, further organizing the city dwellers and emancipating millions of housewives from household chores so that they can take part in social labour. All this not only helps the development of production and construction, but also helps the thorough transformation of social life in the cities.**

IN 1958 and 1959, in enterprises owned by the whole people and in government organizations, we carried out a series of reforms in the administrative structure, rules and regulations, working relations and methods of leadership. With the exception of some major enterprises of national significance, we turned over enterprises originally under the central authorities to the charge of the provinces, municipalities and autonomous regions and turned over many of the enterprises originally under the provinces, municipalities and autonomous regions to the charge of the special administrative regions or counties, carrying out a system which combines unified leadership with management at different levels. In the use of funds and materials, the management powers of enterprises have been enlarged. Throughout the enterprises, we have been carrying through democratic centralism; the system of the director assuming responsibility for the factory and the system of holding conferences of workers' representatives, with both the director and the conferences working under the leadership of the Party committee; the reform of irrational rules and regulations; the system of functionaries taking part in labour and workers taking part in administration; and the method of close collaboration between functionaries, workers and technical personnel in productive activities. In government organizations, we have also carried out the system of functionaries taking part in physical labour and going down to the basic levels

to get training and tempering, and also demand that all leading personnel conduct themselves as ordinary labourers and treat others as equals. In wage system and welfare, we have carried out the principle of combining political and ideological education with material incentive, with the main emphasis on political and ideological education; the principle of increasing collective welfare combined with increasing personal income, while gradually raising the proportion of collective welfare; and the principle of placing primary emphasis on wages on the time-rates basis, with piece-rates wages and awards being secondary. All this has further improved mutual relations in labour and other social activities between the central and local authorities, between those who lead and those who are led and between individuals. In this way, personnel working at higher and lower levels are at one, a fully equal fraternal relationship is established, and so the enthusiasm and consciousness of the broad masses of workers in building socialism has been further inspired. We must thoroughly do away with the bossy, bureaucratic and domineering style of work among the leading personnel. This cannot be accomplished within a short period but will take a long-term process. A rectification campaign each year is necessary to thoroughly criticize those who have a bossy, bureaucratic and domineering style and help them overcome their defects.

IN the course of building socialism, we have been carrying through a whole set of policies known as "walking on two legs." They are: the simultaneous development of industry and agriculture and the simultaneous development of heavy and light industries, while giving priority to heavy industry; the simultaneous development of national and local industries and of large, medium-sized and small enterprises and the simultaneous employment of modern and indigenous methods of production, all done under centralized leadership, with overall planning, proper division of labour and co-operation. This set of policies has not only mobilized the initiative of the broad masses of city people, but has also mobilized that of the over 500 million peasants for the development of both agriculture and industry; they have mobilized the initiative not only of the broad masses of workers, but also of the broad masses of their family dependents; they have not only mobilized the initiative of the various central departments, but also the initiative of local authorities at different levels and of the people's communes for setting up industries, other enterprises and undertakings; they have not only mobilized the initiative of people with a higher technical level, but also that of those with a lower technical level or with no technical training at all. That is to say, this set of policies can bring about a full and all-round mobilization of the initiative of the masses of our people, making well co-ordinated and planned efforts on every hand, all centring around the cause of building socialism.

By carrying out this set of policies of "simultaneous development," it is possible to develop the socialist planned economy rapidly and proportionately. The ratio between industry and agriculture is the most basic in the national economy. Agriculture is the foundation and industry the dominant factor of the national economy. On the condition of giving priority to heavy industry, the simultaneous development of industry and agriculture and

of the heavy and light industries can ensure both priority for increasing the means of production and a rapid growth of consumer goods; thus it can ensure both the quick expansion of national construction and the constant rise of the people's living standards. During the big leap forward of the past two years, our industrial production has increased by 131.5 per cent and agricultural production by 45.8 per cent; in the sphere of industry, production in heavy industry increased by 190.9 per cent and in light industry by 79.1 per cent. This shows that simultaneously with the big leap of heavy industry, agriculture and light industry have also made a big leap forward, and they, as well as the means of production and consumer goods, have become more in keeping with each other in proportion.

Our industries have become more rationally deployed, the utilization of resources has been further expanded, and a number of weak links in production have been able to catch up, because of the implementation of this set of policies of "simultaneous development" in industry. In two short years, we set up over 1,300 small, mass iron-smelting enterprises working by modern methods, of which about 200 can be developed into medium-sized or small iron and steel complexes. The deployment of the iron and steel industry is greatly different from before. Except for the Tibet Region, every province, municipality and autonomous region in the whole country has iron and steel-making enterprises of varying sizes. The growth of the iron and steel industry motivated the development of other industries. Various areas set up various industries according to their resources and other conditions. In this way, it is possible to closely combine industry with agriculture step by step, bring industrial enterprises nearer to the sources of raw materials and market areas, and enable our industries to spread and blossom out everywhere throughout the country. During the big leap forward in the past two years the large enterprises using modern methods played the key role, but a big part was also played by the medium-sized and small enterprises using modern or indigenous methods, or combining indigenous and modern methods. Of the 20.5 million tons of pig iron (excluding iron made by indigenous methods) produced in 1959, 11.05 million tons, or over 50 per cent, came from medium-sized and small enterprises. Of the 13.35 million tons of steel (excluding steel made by indigenous methods) produced in 1959, 4.72 million tons, or more than one-third of the total, came from medium-sized and small converters. It should be pointed out that the great majority of the small enterprises set up by the masses since 1958 and using indigenous methods, especially the iron, steel and coal mining enterprises, have, after check-ups and improvements, expanded their production and raised their technical level, becoming enterprises which use modern production methods or combine modern and indigenous methods. They will play an ever-growing part in production.

IN all economic work, we have continuously strengthened the leadership of the Party, put politics in command and developed large-scale mass movements, so that the socialist cause advances with great fervour and vitality. Our undeviating principle is that victory in any undertaking depends on the masses, and the mass line must be followed in all our work. On various economic fronts

one movement has followed another ever since 1958. They broke down the old set-ups which hampered the growth of production, and introduced new ones which helped the growth of production. They steeled the ranks of our cadres and the still broader masses of the people; they called forth the spirit of working hard and practically as well as the talent to work ingeniously. Socialist emulation campaigns of learning from the advanced, emulating and catching up with the advanced, helping those coming along behind and carrying on large-scale co-operation have opened up and become an upsurge in different kinds of enterprises in various places. This upsurge has raised labour productivity, improved quality, lowered production costs and effectively carried out technical innovations and the technical revolution, enabling the national economy to develop greater, faster, better and more economically.

All our economic work is subordinate to politics. Our mass movements are conducted under the centralized leadership of the Party. The Party and the Government call upon the masses of people to break down fetishes and superstition, emancipate their minds and carry forward the spirit of daring to think and act. With regard to the system of distributing goods for individual consumption, the Party and the Government carry out the principle of "to each according to his work," while at the same time teaching the masses of people to struggle hard for the great future objectives without being particular about personal remuneration. Criticism and self-criticism through large-scale airing of views and opinions, big debates and putting up *dazibao* (posters in large characters) are carried out in government and people's organizations, schools, enterprises and undertakings, as well as in the people's communes, for self-education of the masses of the people. This guarantees that every working man can constantly keep up plenty of enthusiasm and drive, stoutly surmount all difficulties and be boldly creative.

In 1959 a handful of right opportunists within our Party opposed the Party's general line, the big leap forward in production and the people's commune movement. They organized factions and engaged in activities to split the Party, and made frantic attacks from within against the majority of the Party. This was a reflection in the Party of the social struggle between the proletarian and the bourgeois classes and that between the socialist and the capitalist roads. Great victories had already been won on all the fronts of the socialist revolution in our country, but there would always be a handful of people in society who were dissatisfied with or opposed to the socialist system, and attempted to restore the capitalist system. These right opportunists within the Party were spokesmen of the anti-socialist elements in society. In opposing the Party's general line for building socialism, the big leap forward and the people's commune, they in substance wanted to restore the capitalist system. The Eighth Session of the Party's Eighth Central Committee held at Lushan in August 1959 thoroughly smashed the frantic attacks of the right opportunists within the Party. Following that, a mass movement to combat right deviations, summon up revolutionary energy, increase production and practise economy was launched throughout the country, and the continued big leap forward of 1959 was realized.

The great practice of 1958 and 1959 has given us rich experience, proving that under the socialist system it is

entirely possible and objectively inevitable for the national economy to develop at big-leap speed. The course of development of the national economy is always from imbalance to balance, and then again to imbalance; every time this repeats itself it raises production to a higher level and the national economy advances uninterruptedly in these wave-like movements. In the past two years, because we have gradually learnt and mastered this law through practice, we not only firmly grasped the key departments of production so that they made the first leaps forward, but at the same time we constantly saw to it that the backward departments caught up with the advanced, so that an all-round leap forward emerged in all the departments of the national economy. This all-round leap forward not only guaranteed the appropriate basic proportions in the national economy, but also ensured that certain partial disproportions were quickly overcome. Because of this, the leap forward of our national economy is certain to go on developing, and in a better and better way.

The general line, the big leap forward and the people's commune are "three wondrous master keys" for the entire period of our socialist construction. They are the products of Mao Tse-tung's thinking. Just as he did during the democratic and socialist revolutions, Comrade Mao Tse-tung during socialist construction has made creative use of the universal truths of Marxism-Leninism to formulate the Party's general line and the set of related policies, thus enriching the treasure house of Marxism-Leninism. The general line and the set of related policies give full, all-round play to the subjective initiative of the mass of people, continually reforming the relations of production and the superstructure so as to meet the demands of the growth of the productive forces, and making it possible to combine in one big leap, high-speed development with planned, proportionate development of the national economy. In this way, the cause of our socialist construction swiftly forges ahead along the correct path. The banner of Mao Tse-tung's thinking is the banner of victory. Serious study and mastery of Mao Tse-tung's thinking is the basic guarantee for us to win ever greater victories in the future.

II

THE year 1960 is an extremely important year in the development of our socialist construction. The continued leap forward in the national economy this year, which the people of the entire country are striving for, will lay a foundation for continued leaps throughout the period of the Second Five-Year Plan as well as the whole decade of the 60s.

Generally speaking, the task of the national economic development in 1960 is to carry out better the Party's general line for building socialism and to strive for a continued, all-round and better leap forward in the national economy on the basis of the last two years' continuous leap forward. **To realize this task, the arrangement of the 1960 national economic plan must further confirm agriculture as the foundation and industry as the dominant factor, combine priority development of heavy industry with rapid development of agriculture; continue the policy of making overall arrangements, with steel**

as the key lever in industry and grain as the key lever in agriculture, and further strengthen transport and the motive power, extracting and mining industries as well as other departments; so as to handle more appropriately the relations between heavy industry, light industry and agriculture as well as those between different trades and branches within these departments, and achieve a better leap forward in the national economy.

Agriculture plays an extremely important role in developing the national economy, of which it is the basis. When agriculture develops at a greater speed, not only can the more rapid development of light industry be ensured, but the priority development of heavy industry as well. To speed up agricultural development and seriously implement the forty articles of the National Programme for Agricultural Development is the central link in developing China's socialist planned economy at high speed and in a proportionate way. The policy of further affirming agriculture as the basis of the national economy fully conforms to the objective demands of socialist economic development. Carrying through this policy will certainly conduce to the continued leap forward in the national economy.

In 1960, to develop agriculture at a greater speed, the technical transformation of agriculture must be actively pushed forward to raise agricultural labour productivity, at the same time that we further bring into play the advantages of the people's communes. The establishment of people's communes throughout the countryside both makes a pressing demand upon, and creates a favourable condition for, the technical transformation of agriculture. With the construction in the period of the First Five-Year Plan and the continuous big leap forward in the subsequent two years, China's industry has set up the necessary material and technical foundation for the technical transformation of agriculture. At the time of organizing the agricultural co-operatives, we criticized and refuted the viewpoint that it was impossible to carry out agricultural co-operation without mechanization; that was entirely necessary. At that time, if we had waited idly for mechanization and put off the organizing of agricultural co-operatives, it would have been impossible to ensure increases in agricultural production, the development of industry and the consolidation of the worker-peasant alliance. Now when the various conditions for technical transformation of agriculture already exist, we would make a mistake if we failed to actively push forward this transformation so that agricultural development failed to meet the needs of rapid industrial development and the ever-increasing demands of the whole national economy and the people's livelihood. In the past ten years, the worker-peasant alliance in China passed through two stages, namely, land reform and agricultural co-operation. Under the conditions when the people's communes have already been established throughout the countryside, we should push forward the worker-peasant alliance to a new stage, enabling industry to give active aid to agriculture and gradually putting agriculture on a modernized basis.

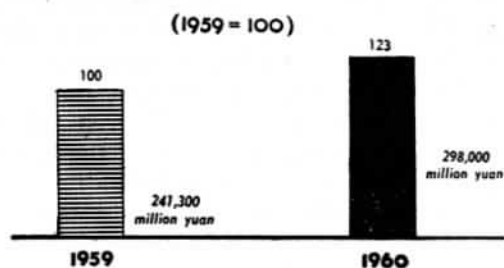
In the light of present conditions in our country, technical transformation of agriculture must be carried out in a planned way and step by step. **In the field of agricultural mechanization, the target we are striving**

for is to achieve a minor solution in four years beginning from 1959, an intermediate solution in seven years and a major solution in ten years. We must strive for the basic realization of agricultural mechanization and extensive building of water conservancy works throughout the farmland in around ten years, and for a considerable extent of electrification by that time too. Our policy is to simultaneously introduce mechanization and semi-mechanization, simultaneously use the modern and the indigenous methods and, in the next three years, to put the main emphasis on improved and semi-mechanized farm implements. This requires a great effort on the part of state-run industry to increase the output of agricultural machines and other means of production needed in agriculture; at the same time it requires that the peasant masses throughout the country launch a vigorous technical innovation campaign to improve farm implements and other tools. By adopting this policy, we will be able to utilize all positive factors and quicken the pace of technical transformation of China's agriculture. In the course of this transformation, the principle of adaptation to local conditions must be adhered to; at the same time the technical transformation must be closely co-ordinated with the various measures of the Eight-Point Charter for Agriculture and our country's fine tradition of intensive and meticulous farming, so that the new technique will produce the greatest possible results in agricultural production.

To promote the rapid development of agriculture, the industrial, transport, trade, finance, science, education, culture and public health departments must all take supporting agriculture as their own important task and, in accordance with the requirements of this task, make concrete arrangements in their own work.

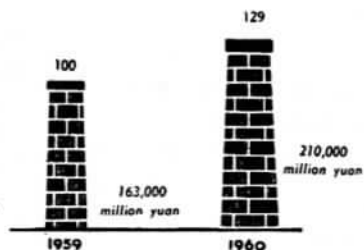
IN 1960's agricultural production, we must continue to take grain as the key lever, and, while ensuring an increase in grain production, make comprehensive arrangement for the production of grain, cotton, oil-bearing crops, hemp, silk, tea, sugar-bearing crops, vegetables, tobacco, fruits, medicinal plants and other miscellaneous farm crops, and simultaneously develop farming, forestry, animal husbandry, side-occupations and fishery, thus striving for a big, all-round development of agriculture. In developing animal husbandry, we must give the first importance to pig-raising, and launch a big, mass pig-raising movement and a new upsurge in the all-round development of animal husbandry. The three departments—farming, forestry and animal husbandry—must be co-ordinated with one another, stimulate one another, and develop together. To ensure increased agricultural production, in addition to actively carrying out the technical transformation of agriculture, all places should continue to develop the movement to build water conservancy works, combining big, medium-sized and small projects to expand and improve the irrigated area, and to strengthen our ability to prevent drought, waterlogging and floods.

PLANNED INCREASE IN GROSS INDUSTRIAL AND AGRICULTURAL OUTPUT FOR 1960



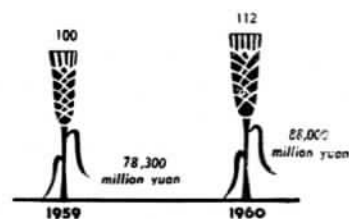
PLANNED INCREASE IN GROSS INDUSTRIAL OUTPUT 1960

(1959 = 100)



PLANNED INCREASE IN GROSS AGRICULTURAL OUTPUT 1960

(1959 = 100)



"Peking Review" chart

On the basis of striving for the all-round and rapid development of agriculture, efforts of all kinds should be made in 1960 to expand the sources of raw materials for light industry, improve the full, multiple utilization of resources and speed up the development of light industry, thus ensuring greater supplies of various light industrial products.

In its priority development in 1960, heavy industry should strive to increase its aid to agriculture. This is a glorious task on the industrial front. To strengthen industrial aid to agriculture means to speed up agricultural development and speed up the development of industry itself. All our departments of heavy industry must establish the viewpoint of serving agriculture, regarding it as their responsibility to support the technical transformation of agriculture. The large and modern industrial enterprises concerned under the central authorities should strive to produce more of the means of production which agriculture needs; even more should the industrial enterprises run by the local governments at all levels and those run by the people's communes give full rein to their strength and step up the technical transformation of agriculture by all possible means through integrating modern and indigenous methods.

IN the development of heavy industry, the policy of all-round leap forward with steel as the key lever should continue. During the continuous big leap forward of the last two years, there have been considerably great advances in all departments of heavy industry and more harmonious relations among them, with certain formerly weak departments rapidly catching up with the others. But there are still some weak departments which we should keep making efforts to strengthen. In the con-

struction of heavy industry in 1960, we should continue our firm hold on the building up of the iron and steel industry. At the same time, we should strive to step up construction in the motive power, extracting and mining, non-ferrous, petroleum and synthetic rubber industries, so that they may better suit the needs of the continued leap forward throughout industry and the whole national economy. In 1960 the departments of heavy industry must all improve their full, multiple utilization of material resources.

An important task in national economic development for 1960 is making great efforts to develop transport and communications, so as to meet the demands of the growth of industrial and agricultural production. While bringing out the potentialities of the existing transport and communications facilities, we should strive to strengthen capital construction in this field, with railways still the point of emphasis, raising production of locomotives and wagons, building new trunk and branch lines and at the same time stepping up the construction of highways and harbours, striving to realize the mechanization or semi-mechanization of loading and unloading, develop and reform the local means of transport.

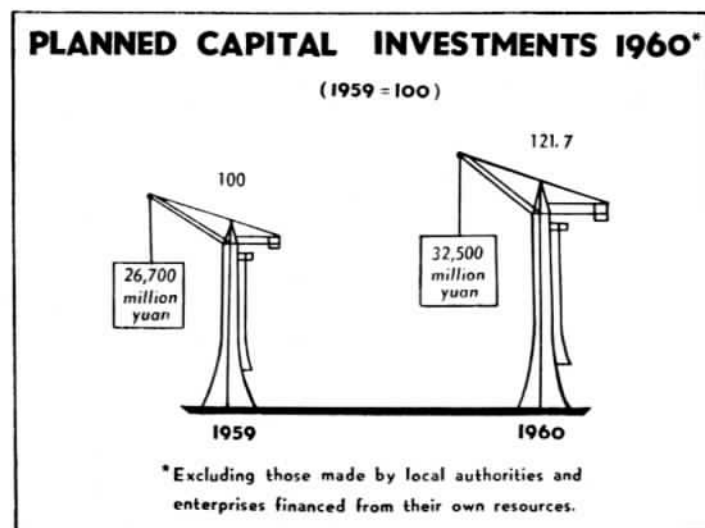
Large-scale capital construction will continue to be carried out in 1960. In planning the construction programme, a better embodiment of the policies of "simultaneous development" must be achieved. While paying attention to the proportion of industrial investments, there should be an appropriate rise in the proportion of investments in water conservancy, agriculture and forestry, and a rise in transport. In construction, special attention should be paid to setting up more small and medium-sized projects, aside from the continued attention to building the necessary large projects. In 1960, all departments of industry, transport and communications, all localities and people's communes should continue the active setting up of a number of small, mass enterprises using modern methods and a number of small, mass enterprises using indigenous methods, while raising the production level of existing small enterprises of both types. Wherever there are coal and iron mines, a new batch of small, mass-run enterprises for extracting coal, making coke and smelting iron and steel, using modern or indigenous methods, should be actively set up, so as to propel the development of such enterprises in other trades. A necessary number of local modern or indigenous railways of minor scale should also be built in various localities in accordance with local capabilities so as to meet the needs of development of production and construction. In order to bring out the energies and initiative of the localities and individual enterprises, the investment plan should give the localities the necessary manoeuvrability, and the system of placing full responsibility for the management of capital construction investments on the unit receiving the investments should be popularized. In laying out the different projects, attention should be paid to bringing about a growth and blossoming out all over the country, to a rational deployment and to better implementation of the policy of combining rational utilization of old industrial bases with active construction of new ones. In 1960, there should be an appropriate increase in construction of

school buildings and workers' living quarters and an increase in urban public utilities.

In 1960, all departments without exception must further develop the campaign to raise production and practise economy, which is centred on technical innovations and technical revolution, actively develop the mass campaign for mechanization, semi-mechanization, automation and semi-automation, encourage and support the creative initiative of the masses of working people and scientific and technical personnel, continue to popularize effective advanced experience, strive to save raw materials, raise labour productivity, improve the quality of the products, add new varieties, reduce costs and reform the management and work organization of the enterprises.

ON the basis of the above-mentioned tasks, policies and possibilities, the major targets of the draft plan for 1960 are put as follows: **The gross value of industrial and agricultural production will be 298,000 million yuan, an increase of 23 per cent over 1959. Of this, the gross value of industrial production will be 210,000 million yuan, an increase of 29 per cent; the gross value of agricultural production will be 88,000 million yuan, an increase of 12 per cent.** The 1960 state budgetary investment in capital construction will be 32,500 million yuan (excluding the investment funds raised by the localities and enterprises worth about 6,000 million yuan), an increase of 21.7 per cent over 1959. Of the total investment, the proportion used on industry will make up 58.3 per cent, that on agriculture, water conservancy, forestry and meteorological service 12 per cent, on transport, posts and telecommunications 20.9 per cent, on scientific research, culture, education and health services 3.5 per cent, on commerce 1.3 per cent, on municipal construction 2.8 per cent, and for other purposes 1.2 per cent. 50.3 per cent of the total investment funds, or 16,350 million yuan, is allocated for national enterprises and 49.7 per cent, or 16,150 million yuan, for local enterprises.

The 1960 national economic plan is a plan for continued leap forward, and a plan which, with appropriate effort, can be fulfilled or overfulfilled. The successful fulfilment of the plan will make it possible for us to



"Peking Review" chart

strive to catch up with and overtake Britain in the output of major industrial products in less than ten years, and realize ahead of time the National Programme for Agricultural Development, 1956-1967.

III

NOW, I would like to deal separately with the 1960 planned targets in the fields of heavy industry, assistance of heavy industry to agriculture, agriculture, light industry, industry run by rural and urban people's communes and urban neighbourhoods, communications and transport, commerce, wages and labour, scientific research, culture, education and public health.

(1) Heavy industry

The gross output value of heavy industry in 1960 will be 127,000 million yuan, an increase of 32 per cent over 1959.

In order to further expand the base of heavy industry and render more powerful support to construction in agriculture, transport and light industry, such raw material industries as iron and steel, non-ferrous metals, acids, alkalis, cement, timber, synthetic rubber, etc. should continue to be developed this year. The plan provides that the pig iron output (excluding iron made by indigenous methods) will reach 27.5 million tons, an increase of 34 per cent over 1959; steel (excluding steel made by indigenous methods) 18.4 million tons, an increase of 38 per cent; sulphuric acid 1.5 million tons, an increase of 42 per cent; cement 16 million tons, an increase of 30 per cent; and timber 47 million cubic metres, an increase of 14 per cent. At the same time, production should be further developed in such fuel and motive power industries as electric power, coal and petroleum. The plan provides that the power generated will be 55,500 million to 58,000 million kilowatt-hours, an increase of 34 to 40 per cent; coal output 425 million tons, an increase of 22 per cent; and crude oil 5.2 million tons, an increase of 41 per cent. In the machine-building industry, the plan provides that power-generating equipment produced will have a capacity of 3.3 million kilowatts, an increase of 53 per cent; 90,000 metal-cutting machine tools will be produced, an increase of 29 per cent; by speeding up the increase of agricultural machinery as much as possible, the output of tractors will be more than trebled, the output of machine-drawn farm implements and power-operated threshing machines raised by about 150 per cent this year. We are making great efforts to speed up the increase of transport equipment, and the output of locomotives, freight wagons and lorries will all increase by more than 50 per cent, while ships and barges increase by 37 per cent. Equipment for the light industries has also been planned in the light of the actual needs.

In 1960, the departments of heavy industry should tap production potentialities in the technical innovation and technical revolution campaign, increase the variety and quality of products, and strive for continuous leap forward in quantity, variety and quality. The iron and steel industry should strive to raise the utilization coefficient of the blast furnaces and converters, reduce the consumption of iron ore, pig iron and coal, increase the proportion of high-quality steels and alloy steels, and

increase the output and new varieties of steel rails, steel plates, steel tubing and high-grade rolled steel. The coal industry should increase the output of coking coal, and dressed coal, and reduce the ash content of coal. The machine-building industry should increase big and precision products, etc.

THE plan for capital construction in the various branches of heavy industry in 1960 is as follows:

In the iron and steel industry, there will be 73 above-norm projects under construction including the projects now being built at the Anshan, Wuhan and Paotow iron and steel bases, and the big and medium-sized integrated iron and steel works distributed throughout various provinces, municipalities and autonomous regions. The localities, while building up in a planned way a new batch of small, mass iron and steel enterprises using modern methods, should actively strengthen the mining, coking and transport links so that they may keep pace with the smelting capacity.

The non-ferrous metal industry should actively set up local small and medium-sized non-ferrous metal enterprises, aside from ensuring the construction of the necessary large projects, and make great efforts to develop the small, mass, non-ferrous metal enterprises, both modern and indigenous.

In the power industry, there will be 192 above-norm construction projects, of which 115 are thermal-electric stations, 49 are hydro-electric stations and the other 28 are projects for transmitting and transforming power. New power-generating equipment to be installed in 1960 is planned at 4.2 million kilowatts.

In the coal industry, there will be 81 above-norm construction projects. Stress is laid in the plan on the construction of new coal bases in East China as well as Southwest, Northwest and South Central China, and attention paid to the development of small collieries, so that a rational deployment in coal production can gradually be realized, and the quantity of coal transported from North to South can be reduced.

In the petroleum industry, there are 17 above-norm construction projects scheduled. The stress is to carry on the construction and prospecting of natural oilfields in various parts of the country and to continue to step up construction in the artificial oil industry. In order to rapidly increase the output of crude oil, small and medium-sized artificial oil factories are to be actively built in 1960. Localities and people's communes should, according to their resources and other possibilities also set up simple oil refineries to extract oil from coal by indigenous methods.

In the machine-building industry, there will be 203 above-norm construction projects. Among them, 55 are for agricultural machinery, major projects being the second stage of construction at the Loyang Tractor Works, the Tientsin Tractor Works and the Peking Agricultural Machinery Works. 48 per cent of the investment for agricultural machinery is allocated for below-norm construction projects, which are managed by the local authorities, so that the products can meet the concrete needs of the localities. Attention is also paid in the plans to construction of plants making supplementary items and repair

shops. Aside from stepping up agricultural machine production, construction in the machine-building industry is mainly designed to increase the casting and forging capacity, increase the capacity to turn out large and precision machines and the capacity to produce such supplementary equipment as machines for general use, electrical appliances, metres and instruments.

In the chemical industry, there are 67 above-norm construction projects scheduled. The key concentration projects are those making chemical fertilizers, acids, alkalis and synthetic rubber. The construction of 17 large chemical fertilizer plants is to be continued, and over 140 small and medium-sized chemical fertilizer plants will be built in various parts of the country. Synthetic rubber should be actively developed.

In the building materials industry and the forestry and lumber industry, there are 129 above-norm construction projects. The building materials industry will step up construction in the cement, glass, and ceramics industries and actively carry on the construction of non-metal mines. The forestry and lumber industry, while continuing to develop the forest regions in the Northeast and Inner Mongolia, will also develop new forest regions in Szechuan and Fukien Provinces. At the same time, it should increase the productive capacity of the lumber industry and actively develop the full, multiple utilization of timber, concentrating on making composition boards.

In order to achieve greater, faster, better and more economical results in fulfilling the plan for capital construction in heavy industry, the various departments should first firmly grasp the projects now under construction, so that they can go into operation at an early date. The various departments should strengthen their leadership over designing work, raise the political and technical level of the designing personnel and encourage them to further emancipate their minds, so that advanced experience is absorbed in designing of all kinds and greater, faster, better and more economical results are attained. High-speed building methods should be actively adopted at all capital construction units.

(2) Assistance of heavy industry to agriculture

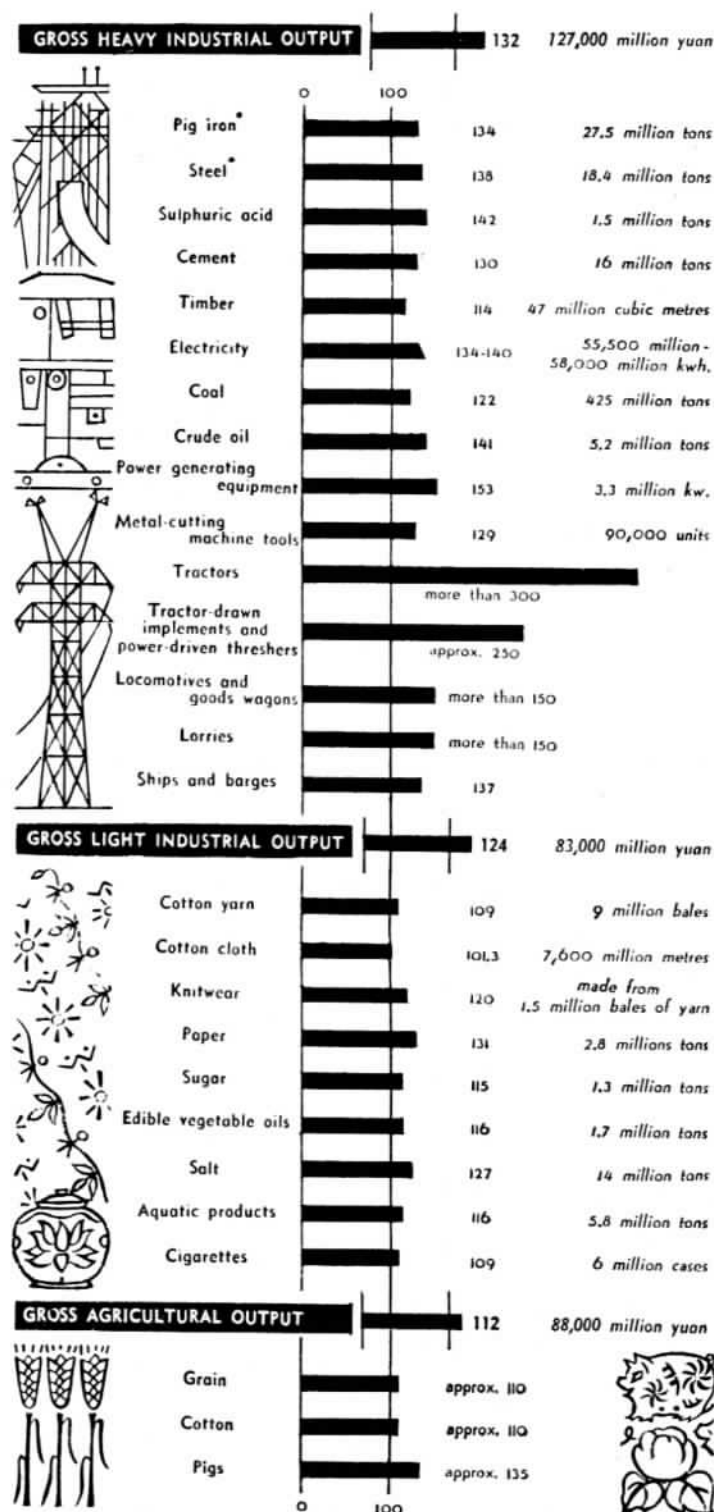
Among all the departments giving assistance to agriculture, heavy industry has an especially important task.

In order to accelerate the technical transformation of agriculture, the draft plan provides that the amount of rolled steel allocated by the state for the manufacture of agricultural machinery and farm implements in 1960 will be 1.1 million tons, about double the amount in 1959. Domestically manufactured products directly for the use of agriculture will be as follows: 22,000 tractors, 2,000 harvester combines, drainage and irrigation equipment with 2.5 million horsepower, 8,500 lorries, 2.8 million tons of chemical fertilizers, 180,000 tons of other farm chemicals, 10 million rubber-tyred hand carts and small hydro-power generating equipment of 200,000 to 300,000 kw. In addition, there will be a greater increase in the supply of semi-mechanized and simple farm tools.

In 1960, mechanical power employed in agriculture will be increased by over 5 million horsepower. During this year, the area cultivated by machinery will reach over

Planned Increase in OUTPUT OF MAJOR INDUSTRIAL AND AGRICULTURAL PRODUCTS FOR 1960

(1959 = 100)



*Not including iron and steel made by indigenous methods

"Peking Review" chart

100 million *mu*, an increase of around 40 per cent over 1959; while the area irrigated by machinery will be over 200 million *mu*, double the size of 1959.

With the speeding up of the technical transformation in agriculture, the timely solution of a series of questions

becomes necessary, such as the establishment of agricultural machine repair stations, the training of technical personnel and experimentation and research of new-type agricultural machinery. At present, the various localities are already making concrete plans and starting to solve these questions.

Apart from increasing the output of the means of production for agriculture, industrial enterprises should also organize service teams to disseminate technical know-how, to help the communes train technical personnel and set up factories, and to give many-sided support to agriculture. In order to do the work of aiding agriculture well, it is necessary to advocate the establishing of direct contact between factories and communes, the running of "experimental plots" and the method of each factory's assuming sole responsibility for helping an assigned rural area.

(3) Agriculture

According to the plan, the gross value of agricultural output in 1960 will be increased by 12 per cent, the output of grain and cotton increased by about 10 per cent respectively and the number of pigs by about 35 per cent.

The various localities, in making arrangements for agricultural production, should, in accordance with the need to take grain as the key lever while seeing to the overall development of farming, forestry, animal husbandry, rural side-lines and fisheries, pay serious attention to the following points: (i) Guarantee first of all the rise in grain output while at the same time setting an appropriate proportion of the main crops, the subsidiary crops and fodder. (ii) While guaranteeing the increase of grain output, simultaneously develop industrial crops at a comparatively rapid pace, ensuring a relatively big increase in the output of the five main industrial crops, namely, cotton, oil-bearing crops, hemp, tobacco and sugar-bearing crops. Continue to pay great attention to vegetable raising, and also vigorously develop the production of tea, silkworm cocoons, medicinal plants, fruits and other farm products. (iii) Vigorously develop animal husbandry, centring on pig raising, make big efforts to solve the problem of fodder and grass, set up and strengthen the system of fixed responsibility and awards for animal breeding, feeding and working, while strengthening the work of preventing and curing animal diseases. (iv) Vigorously organize labour power and fully utilize the slack season in farming to develop all side-lines and local special products. (v) Raise the proportion of marketable farm produce, strengthen the building up of bases for marketable farm produce and strive for an earlier technical transformation in these areas. (vi) Bring into full play the advantages of the state farms so as to supply the state with more farm and animal products.

An important step in stimulating the overall growth of agriculture consists in attaching the same importance to animal husbandry as to cultivation and putting pig raising in the first place in animal husbandry. Every pig is comparable to a small organic chemical fertilizer plant. In grasping pig raising, we are grasping the key to bringing about a greater, faster, better and more economical increase in fertilizer output. When there is a great rise in the number of pigs and a great development in animal husbandry, the problem of the meat supply will be solved,

and the sources of raw materials for the light industries expanded. While unfolding a large-scale pig-raising campaign in 1960, the raising of cattle, sheep, donkeys, mules, horses, chickens, ducks, geese and rabbits should be vigorously expanded, and attention should also be paid to developing bee-keeping.

To ensure the successful realization of the 1960 plan for agricultural production, it is necessary to further bring out the advantages of the people's communes and to continue to consolidate and develop the communes. While laying stress on agricultural technical transformation, we should continue to carry out the Eight-Point Charter, namely: deep ploughing and soil amelioration, rational application of fertilizer, water conservancy, popularization of good strains of seed, rational close planting, plant protection, field management and tool reforms. The continued development of the people's communes, the better application of the Eight-Point Charter and the gradual realization of technical transformation of agriculture—these three integrated together will effect a steady, rapid growth in the agricultural production of our country.

All localities and rural people's communes, while paying close attention to agricultural production and construction, should make satisfactory arrangement of the livelihood of the rural people, and make great efforts to run well the community dining-rooms.

The investments allocated for capital construction in agriculture, water conservancy, forestry and meteorological service in 1960 are set at 3,910 million yuan, an increase of 62.9 per cent over 1959. In 1960, the aims are to improve irrigation on 200 million *mu* of land, to extend the irrigated area by 60 million *mu*, to extend the area freed from the threat of waterlogging by 60 million *mu*, to afforest 200 million *mu* of land, to extend the area of preliminary water and soil conservation by 100,000 to 150,000 square kilometres. In order to attain these aims, water conservancy work in 1960, adhering to the policies of placing chief emphasis on "mass building of small reservoirs for storage purposes" and integrating the building of big, medium-sized and small projects, will, besides building big reservoirs, also build large numbers of medium-sized and small multi-purpose projects for flood prevention, irrigation and hydraulic power generation. Large-scale construction work will be carried out on giant water conservancy projects such as the Sanmen Gorge project in Honan, the Tankiangkou project in Hupeh and the Yuehchengchen project in Hopei. In agricultural capital construction, the reclaimed area of state farms will be enlarged, and the building of rubber plantations strengthened.

(4) Light industry

The planned gross output value of light industry for 1960 is 83,000 million yuan, an increase of 24 per cent over 1959.

Based on the estimated supply of raw materials, targets for the major light industrial products are as follows:

Cotton yarn: 9 million bales, an increase of 9 per cent.

Cotton cloth: 7,600 million metres, an increase of 1.3 per cent.

Knitwear: to consume 1.5 million bales of cotton yarn, an increase of 20 per cent.

Paper: 2.8 million tons, an increase of 31 per cent.

Sugar: 1.3 million tons, an increase of 15 per cent.

Edible vegetable oils: 1.7 million tons, an increase of 16 per cent.

Salt: 14 million tons, an increase of 27 per cent.

Aquatic products: 5.8 million tons, an increase of 16 per cent.

Cigarette: 6 million crates, an increase of 9 per cent.

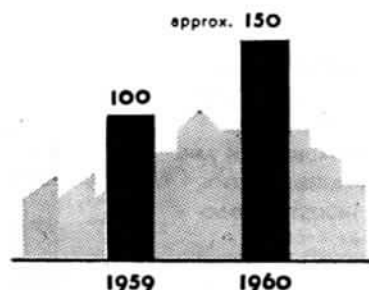
The key to an increase in light industrial products still lies in increasing the supply of raw materials and this calls for the many-sided efforts to be made simultaneously in agriculture, heavy industry and commerce. In 1960, in order to produce more agricultural raw materials for light industry we must ensure that the area which we plan to sow to industrial crops is actually sown, that a relatively large quantity of chemical fertilizer and other farm chemicals are allocated for industrial crops; and that the collection of wild plants and other useful raw materials for light industry is organized on a vast mass basis and on a large scale. In heavy industry we must increase the output of basic chemical products and do our best to achieve the full, multiple utilization of coal and timber to get more of the necessary raw materials for light industry; we should make a certain number of small processing machines to suit the needs of the people's communes. Every possible consideration must be given to light industry in the supply of raw and other materials, fuel and motive power. In commerce, more attention must be paid to the purchasing of farm and subsidiary products and the collection of useful scrap materials.

In addition to improving the quality and increasing the number of designs and variety of products, all light industrial departments should try by every means to economize on raw and other materials, and raise the rate of utilization, especially that of edible vegetable oils and sugar; to make fuller and multiple use of agricultural raw material, popularize the methods of making paper out of bagasse, stripping fibril from cotton seeds, extracting oil from rice bran and making sugar out of multi-eared *gaoliang* stalks.

In 1960, the amount allotted to capital investment in the textile and other light industries and aquatic products is 1,470 million yuan, 90 per cent of this will be invested by local enterprises. There will be 227 above-norm construction projects, among which 105 are for the textile industry, 40 for the paper industry, 23 for the sugar industry, 20 for the salt industry and 10 for the aquatic products industry. The entire magnitude of the construction will mean an increase of 2.4 million new cotton spindles; an increased annual capacity of 1.1 million tons of paper and 940,000 tons of sugar.

In the construction of light industrial enterprises attention must be given to those areas with relatively few light industrial plants but favourable conditions for development. To suit the scattered distribution of agricultural raw materials we should set up more small and medium-

**PLANNED INCREASE
IN OUTPUT VALUE
OF RURAL
COMMUNE-RUN
INDUSTRY 1960**



"Peking Review" chart

sized processing factories so that they can all be sited near sources of raw materials.

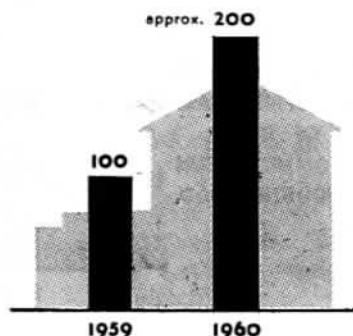
(5) Industry run by rural and urban people's communes and urban neighbourhoods

Two years of the great leap forward has brought about a tremendous growth of industries run by rural and urban people's communes and urban neighbourhoods; these constitute a new force on the industrial front. The 1959 output value of industry belonging to the rural people's communes was about 10,000 million yuan, an increase of 70 per cent over 1958; that belonging to urban people's communes and neighbourhoods produced about 2,000 million yuan worth of products, which is about 5 times as much as in 1958. In 1960 the output value of industry run by the rural people's communes is expected to increase by approximately 50 per cent compared to last year and that of the industrial enterprises run by urban people's communes and neighbourhoods is to be approximately twice as much as last year. In 1960 we should make an effort to raise the technical level of the industrial enterprises run by the rural and urban communes and neighbourhoods, extend the scope of production of these enterprises and energetically develop a number of new, small, mass enterprises using indigenous or modern methods, or those integrating modern and indigenous methods.

The industries run by the rural and urban communes and neighbourhoods must, guided by the state plan, continue to observe the principles of producing those products best suited to their localities, of using local materials, depending on their own efforts in production and of being thrifty in everything. Rural commune-run industry must make full use of local raw and other materials, step up the manufacture and repair of small farm tools, improved farm tools and semi-mechanized farm tools, develop the processing of farm and subsidiary products and the production of building materials to serve agricultural production, large industrial enterprises, the market and the livelihood of the commune members. The industries run by urban people's communes and neighbourhoods must make good use of the scrap materials from big factories and the waste materials and discarded articles which are collected in cities to produce industrial goods for daily consumption for the people; and at the same time work for big factories by processing materials for them.

State enterprises run by the central or local authorities should actively assist the reasonable development of

**PLANNED INCREASE
IN OUTPUT VALUE
OF URBAN
COMMUNE-RUN AND
NEIGHBOURHOOD
INDUSTRY 1960**



"Peking Review" chart

these industrial enterprises run by the rural and urban people's communes and neighbourhoods by passing on technical knowledge, training technical personnel and providing them with equipment.

To accelerate their growth local authorities should give still better leadership to these types of industrial enterprises, work out overall plans, make proper arrangements for them and give due consideration to every aspect of their work so that they can include these enterprises in the local plans at respective levels and step by step into the state plan.

(6) Communications and transport

The volume of freight carried by various modern means of transport in 1960 is set at 1,430 million tons, an increase of 42 per cent compared with 1959. Of this, railway freight accounts for 720 million tons, an increase of 33 per cent; motor transport accounts for 540 million tons, an increase of 57 per cent; freight carried by ships and barges amounts to 170 million tons, an increase of 38 per cent. There will also be a considerable increase in the volume of freight handled by local means of transport.

Over the past two years, communications and transport have made a continuous big leap forward but they still cannot keep pace with the growth of industrial and agricultural production and the circulation of commodities. In order to improve this situation, we must do all we can to tap all the potentialities in every branch and every link of communications and transport and at the same time speed up construction in communications and transport.

As regards tapping the potentialities of existing transport facilities we must further improve organizational work in transport, plan further and organize big scale chain-like co-ordination between railways, highways, waterways, and industrial and mining enterprises, improve loading and unloading, speed up the turn around of freight vehicles and ships and improve transport inside factories and mines. We must energetically organize the use of vehicles belonging to government offices and enterprises to join this transport pool. We must make full use of local means of transport, appropriately strengthen the regular transport corps of the people's communes and take advantage of the slack farming season to continue to expand the mass movement for short-distance transport in conjunction with agricultural production. At the same time, efforts should be made to strengthen the organization of

the postal and telecommunication services, raise the efficiency of transmission and delivery, and the whole-length efficiency in postal and telecommunication work.

The investment in capital construction for the transport, posts and telecommunications departments in 1960 is set at 6,810 million yuan, an increase of 37.6 per cent compared to the 1959 figure. Of this, 5,000 million yuan is for railway departments, 1,570 million yuan for communications departments, and 240 million yuan for posts and telecommunications departments.

Railway construction. In making our plans, we have adopted the policy of simultaneously building new railways and increasing rolling-stock, and the policies of simultaneously building new lines and improving old ones, simultaneously building trunk lines, branch lines and special lines, simultaneously building heavy gauge railway lines and light lines and simultaneously developing modern lines and lines using indigenous equipment.

The plan envisages building 2,068 kilometres of main lines and 2,053 kilometres of branch lines, double-tracking 1,223 kilometres of existing lines, building 2,000 kilometres of special lines and 1,045 kilometres of light gauge railway lines. All this totals 8,389 kilometres, an increase of 82 per cent over 1959. In addition, 421 kilometres of railway will be reconstructed and a considerable length of cast-iron tracked railways will be built in various localities according to their specific needs and conditions. The trunk lines, the construction of which will be continued this year according to the plan, are the Lanchow-Sinkiang Railway, the Neikiang-Kunming Railway, the Chengtu-Kunming Railway, the Szechuan-Kweichow Railway, the Yunnan-Kweichow Railway, the Hunan-Kweichow Railway, the Lanchow-Chinghai Railway, the Houma-Sian Railway and others.

There will be an increase this year of 800 locomotives, 32,000 goods wagons and 1,000 passenger cars.

Highway construction. We plan to build 6,500 kilometres of main highways and rebuild 19,000 kilometres, to increase the number of freight lorries by 9,000, and trailers by 20,000. To meet the demands of the growth of agricultural production, simple roads will be built by local authorities and people's communes.

Construction of inland waterways. In combination with water conservancy construction, there will be an increase of over 8,000 kilometres of main navigable inland waterways. Construction will go ahead at 16 chief ports including Shanghai, Tientsin, Canton, Chingwangtao and

**PLANNED INCREASE IN VOLUME OF FREIGHT
MOVED BY MODERN MEANS OF TRANSPORT 1960**



"Peking Review" chart

Hankow, and loading and unloading facilities will be increased. An additional 200,000 tons of steamships and barges will be made available and engines with an aggregate 100,000 horsepower will be used to improve our sail boats.

Civil airline construction. We will open up 11,000 kilometres of new domestic air routes, acquire more passenger planes of various new types and obtain 100 special planes to serve agriculture.

Posts and telecommunications construction. In 1960, we will continue to improve and expand telecommunications along the trunk lines, centring on improving long-distance telephone lines in 8 provinces including Shansi and Shantung. This year we will set up over 13,000 kilometres of two-way copper cables.

(7) Commerce

Total retail sales of commodities in 1960 are set at 72,500 million yuan, an increase of 14 per cent compared to the 1959 figure.

In 1960, the supply of major non-staple foods will increase in value by more than 20 per cent, the variety and quantity of knitted goods will be increased, and there will be a bigger increase in the supply of industrial goods for daily consumption, with an increase in value of more than 40 per cent.

In 1960, the gross value of means of production supplied to agriculture will amount to 11,000 million yuan, an increase of 35 per cent compared to 1959.

Trading organizations should take a further step in serving production and the daily needs of the people. They should make active efforts to organize a supply of means of production and daily consumer goods that meets the needs of the rural areas, and make suitable arrangements for the supply of commodities in cities in vigorous support of the work of organizing urban people's communes. They must fulfil purchase plans for various kinds of commodities, the agricultural products in particular, and strive to overfulfil them.

In view of the fact that the growth in social purchasing power in 1960 will take place mainly in the rural areas, local industrial enterprises and industries run by the people's communes should see to it that in planning production, they make more products to meet the needs of agricultural production and the everyday needs of the peasants.

With the continued leap forward in the national economy, the volume of foreign trade in 1960 will also continue to increase. In foreign trade, we should strive for a more thorough implementation of the general policy of relying mainly on our own efforts and supplementing these with foreign aid, and of giving active support to the leap forward in industrial and agricultural production. Under this general policy, and in the spirit of internationalism, we will further strengthen trade relations and economic co-operation with the fraternal socialist countries so as to facilitate a common economic upsurge in our respective countries; we will develop economic and trade relations with the countries in Asia, Africa and Latin America in accordance with the principles of equality,



"Peking Review" chart

mutual benefit and of supplementing each other's needs. As to the Western capitalist countries, we are also willing to develop trade relations with them on the basis of equality and mutual benefit, but, measures of discrimination against China in trade imposed by certain Western countries must be firmly opposed.

In 1960, capital investment in the trade departments is set at 433 million yuan, an increase of 13.9 per cent compared to the 1959 figure. This will chiefly go to the building of warehouses, oil-storage facilities and processing factories.

(8) Wages and labour

In 1960, we must make great efforts to raise labour productivity, strive to increase production in existing factories without increasing personnel and even releasing some of them to help newly-built factories. Newly-built factories may get as many industrial workers as they actually need, but the proportion of workers doing subsidiary work and personnel not directly participating in production should be reduced as far as possible.

The plan aims to raise labour productivity in the industrial departments by 25 per cent or so, by about 20 per cent in railway transportation departments, and by about 20 per cent in building and installation.

As many enterprises have greatly raised labour productivity with the advance of the movement for technical innovations and technical revolution, part of their personnel can be spared to help the newly-built enterprises. Hence, the plan envisages an increase of only 1.8 million workers and other employees in 1960. To meet the needs of the continued leap forward in production and construction we must do more to train and bring up new workers.

In 1960, the average wage of workers and other employees will be increased by 6 per cent, involving an increase of 2,600 million yuan in the total amount of wages; this will go chiefly for promotions of workers and other employees and necessary awards; wage rates will remain basically unchanged. In 1960, state expenditure on labour insurance, medical care, welfare and other collective amenities for workers and other employees will increase by about 10 per cent. As a result of increase in the number of people employed and in collective amenities, the real standards of living of the families of workers and other employees will register a relatively bigger increase.

All enterprises must improve their work in labour protection and fully observe the principles of safety in production.

(9) Scientific research, culture, education and public health

In the field of education, the number of new students enrolled in schools of various types in 1960 will be as follows: institutions of higher learning, 280,000; specialized secondary schools, 600,000; senior secondary schools, 800,000; junior secondary schools, 4 million; agricultural and other vocational secondary schools, 2.8 million. To meet the demands of the great development of agriculture, the plan envisages a new enrolment of 24,000 students in agricultural colleges and 80,000 students in secondary agricultural technical schools.

The new enrolment in primary schools in 1960 will be 21 million.

Parallel with the development of full-time and half-day schools, spare-time schools will be vigorously developed in 1960 by the localities, departments, enterprises and people's communes.

In order to fulfil the above-mentioned tasks, we must, with a strengthened leadership and under an overall plan, establish various types of schools, making full use of every positive factor in every section of society for this purpose. In educational work, we must continue to strengthen the Party's leadership and steadfastly maintain the principle that education should serve the proletarian politics, that education should be combined with productive labour, and the principle of combining "popularization with elevation." Under the guidance of the state plan, the provinces, municipalities, autonomous regions, special administrative regions and counties should actively set up and develop secondary schools and institutions of higher learning serving local production and construction.

In the field of scientific research, we must actively increase the number of research workers, establish more research institutions and provide them with necessary additional equipment and instruments. Scientific research, education and production must be linked together still more closely, that is, scientific research institutions, while putting the main emphasis on scientific research will also carry on the training of cadres and small-scale production; institutions of higher learning and specialized secondary schools, while putting the main emphasis on the training of cadres will also carry on scientific research and small-scale production; and productive enterprises, while putting the main emphasis on production will also carry on scientific research and the training of cadres. All forces should be mobilized to learn, study and master the world's latest scientific and technological achievements, sum up the rich experience of practice of the masses, and strive for the realization within a comparatively short period of the twelve-year plan for development of science and technology.

In cultural undertakings, the principles of "overall planning, energetic development, concentration on key projects and improving quality" must be implemented so as to ensure that such undertakings are better co-ordi-

nated with and promote the big leap forward of industrial and agricultural production, serve the technical and cultural revolutions, and promote an upsurge in socialist cultural construction. In film work, 80 feature films will be produced in 1960, the number of film projecting units (mainly mobile projecting teams touring the rural areas) will be increased by about 4,000, and attention should be paid to strengthening the making and showing of scientific educational films. In publication work, special attention must be given to the publication and distribution of the classical works of Marxism-Leninism and the works of Mao Tse-tung, and improving the work of publishing textbooks, literacy readers and books on science and technique. A continued effort must be made to promote mass cultural activities, particularly in the rural areas. We must improve our work in training cadres, in the ideological remoulding of our cultural and artistic forces and in raising their cultural and artistic levels. Cultural work among the national minorities and in the remote and border areas must be developed energetically.

In public health, we must continue to carry on vigorously the mass health campaign of wiping out the four pests, universal observance of the rules of hygiene and elimination of major diseases. The experience of the health campaign in Chishan County, Shansi Province, and Foshan City, Kwangtung Province, should be popularized. The masses should be fully mobilized and propaganda carried out on a large scale, so that everybody knows the content of the campaign and acts on it. The health campaign should be integrated with the big leap forward in production and the cultural and technical revolutions. With the county hospital as centre, we should improve medical and health work to prevent and cure diseases in the rural areas and give active support to agricultural production. The 1960 plan provides for an increase of 45,000 beds in hospitals and a big effort should be made to provide simple, temporary hospital accommodation on a large scale.

Both urban and rural areas must continue to make a vigorous effort to develop mass physical culture and sports activities. Physical exercises, ball games, racing, mountaineering, swimming, marksmanship, Chinese boxing and other forms of sports activities should be promoted. The standard in sports should be raised on the basis of popularization.

The investment for capital construction in the spheres of scientific research, culture, education and public health in 1960 is set at 1,127 million yuan, an increase of 65.7 per cent compared with the 1959 figure. The share for education is almost doubled.

IV

IN order to successfully realize the plan for the leap forward in 1960 and speed up the development of socialist construction, the broad masses of workers, peasants and intellectuals in China are carrying forward, with a grand sweep, the surging movement for technical innovations and technical revolution. Many people of a new type and new things have emerged in this movement; reports of innovations and new creations are coming in from every side and there has been a further

spread of the communist spirit. With the movement becoming more widespread and sinking deeper roots, the situation today throughout the urban and rural areas of China is becoming as animated as it was at the height of the campaign for making iron and steel on a mass scale in 1958.

At the present stage, the main content of this movement for technical innovations and technical revolution on the various fronts is to realize, step by step, mechanization, semi-mechanization, automation and semi-automation, in close integration with production. This is a great movement characterized by broad participation of the masses. More than 80 per cent of the workers and other employees in industrial, communications and transport departments have joined the movement and are enthusiastically putting forward and implementing proposals for technical innovations. In the rural areas, in commerce, finance and banking as well as in the fields of science, culture, education and public health, the broad mass of the people have joined the struggle for tools reform and improved working methods. They are not only working hard, but resourcefully and in a down-to-earth way. In many places and enterprises individual technical innovations proposed have grown into a whole series. Innovations made in a single enterprise or trade have grown into a chain-like series which on a big scale co-ordinates the activities of the related enterprises or trades. These characteristics of the movement serve to show that the Chinese people have already begun on a nationwide scale their great march to overcome technical backwardness. This, of course, is just a beginning, but it is a very good beginning.

The movement for technical innovations and technical revolution characterized by broad participation of the masses is an inevitable result of the continuous advance of the revolution on the economic, political, ideological and cultural fronts; it is an inevitable result of the general line, the great leap forward and the people's communes. Wherever this movement has been developed conscientiously, it is possible to raise labour productivity rapidly, achieve greater, faster, better and more economical results in fulfilment of state plan and continually raise the ideological consciousness of the masses. In many places the communist spirit of big-scale co-ordination has been further developed and the attitudes of individualism and departmentalism are rapidly waning. The ranks of the advanced are greatly increasing, while the ranks of the backward and those in the middle are being rapidly reduced. Learning from the advanced, emulating and catching up with them, helping those who lag behind and hastening to do the difficult jobs and leaving conveniences to others—this is becoming the custom in our new society and its accepted moral standard. This movement will certainly speed up the process of modernization of China's industry, agriculture, science and culture; it will quicken still more the speed of her socialist construction, carry the communist awakening of the masses to a still higher point and raise their scientific, technological and cultural level. We should extend this movement still more, carry it deeper among the masses, constantly consolidate, develop and elevate it, so that it will advance along a correct and scientific road on a nationwide scale.

IN this movement we must continue for a long time yet to pursue the following objective: Working on a broad basis, we must expand individual technical innovations into whole series of technical innovations and co-ordinate the innovations advanced by enterprises, trades and departments so as to turn them into a complete system. Within a single enterprise, technical innovations which have been introduced in a single working process or workshop should be extended to the whole working process and to the entire enterprise. Co-ordination should be achieved between various links, such as the supply of raw and other materials, production, transport, etc. So far as a whole trade or department is concerned, experience in technical innovations gained by similar enterprises should be brought together to form a set or system of experience, thus systematizing the technical innovations introduced. Chain-like co-ordination should be organized between related enterprises, trades and departments; mutual aid should be maintained between industrial and agricultural departments, between productive, transport and distributing departments, and between the various departments of enterprises and scientific research institutions. In this way we will make technical innovations and technical revolution a comprehensive, systematic and well co-ordinated activity in the national economy. At the present time, the industrial departments in the fields of mining and extraction, producing raw and other materials and motive power and the department of transport should pay particular attention to strengthening their leadership in the movement, introduce and popularize advanced techniques and experiences capable of greatly increasing production and achieving economy so as to meet the needs of the processing industries as well as the national economy as a whole.

The development of technical innovations and technical revolution will inevitably require the reform of certain aspects of the superstructure and the relations of production so as to meet the needs of the growth of the productive forces. Therefore, all localities, departments and enterprises, having achieved certain important successes in technical innovations and technical revolution, should immediately start to improve the organization of production and labour, reform out-dated regulations and systems and suitably readjust systems of wages and awards, etc. Leading organs and personnel should strengthen their work in time so as to suit the various links of the superstructure and the relations of production to the rapid development of technical innovations and technical revolution and thus spur the continued development of the movement.

The various localities, departments, enterprises and people's communes should make both short-term arrangements and long-term plans for technical innovations and technical revolution. They should settle on a definite objective in each period and concrete tasks should be worked out in a practical way, so that the movement for technical innovations and technical revolution will closely integrate with the demands of increasing production and practising economy. Efforts should be concentrated to deal with crucial issues and solve key problems so that the movement can proceed from one upsurge to another.

The many advanced production techniques and experiences which have emerged in the course of the move-

ment should be widely popularized. Leading personnel of localities, departments, enterprises, undertakings, people's communes, and neighbourhood enterprises in the cities should give wholehearted support to the advanced production techniques and experiences achieved in their respective units and all the rational proposals put forward by the masses. They should experiment with, summarize and make use of these techniques and experiences. They should also study and popularize the advanced production techniques and experiences achieved by other localities, departments and units. Popularization may be carried out by various methods. The on-the-spot conference which has been adopted in many places, the demonstration contest of technique initiated by the Anshan Iron and Steel Works, and the "sports meet" to demonstrate production skills developed in Heilungkiang Province are good methods that can be adopted on a broad basis.

DURING the movement we must pursue the policy of simultaneously carrying out technical innovations and technical revolution in large as well as medium-sized and small enterprises and co-ordinating their activities. Many new technical innovations have been introduced by small, mass enterprises using indigenous or modern methods which sprang up during the big leap forward, and by medium-sized and small enterprises which are technically backward. We can safely predict that such creative activities will not only enable these enterprises to raise their technical level in a short time but enable us to find a way of developing techniques with greater, faster, better and more economical results. This has been proved by many vivid examples in various parts of the country. For instance, the provinces of Hopei, Anhwei, Shantung, Shansi and others have each built a group of small blast furnaces with capacities of 3, 8 and 13 cubic metres, which for quite some time now have continued to turn out more than two tons of iron per cubic metre every 24 hours, and some are even exceeding three tons. We should continue our efforts to mobilize the masses of workers and other employees in these small, mass enterprises using indigenous or modern methods as well as those medium-sized and small enterprises which suffer from technical backwardness to push forward the movement without pause from one upsurge to another. The mass movement for technical innovations and technical revolution has also grown in a big way in our large, modern enterprises and many outstanding achievements have been made. But the movement is not advancing in a balanced way; some enterprises have not yet made sufficient efforts to get it going. We should criticize the erroneous idea that it is not necessary or possible for large, modern enterprises to go in for technical innovations and technical revolution. We must strengthen our leadership

and to the fullest extent mobilize the workers and other employees in these enterprises to "topple the idols," free themselves from taboos and conventions, reform equipment and tools, improve the design and processing of products, and methods of operation so that their equipment and methods will play a bigger role in the movement for technical innovations and technical revolution.

During the movement we should also carry out the policy of working with both indigenous and modern methods. At the present time, many outstanding production units in the fields of agriculture, industry and transport using indigenous methods have effected the mechanization and semi-mechanization of manual processes. Among the new techniques adopted many have been worked out by the use of indigenous methods. The facts prove that the policy of adopting and combining indigenous and modern methods can and must be applied in technical reform just as in production. Use modern or indigenous methods as it is possible in each case; or use semi-modern, semi-indigenous methods. In this way an enterprise will be able to carry out effectively the policy of "relying mainly on its own efforts" to overcome shortages of raw and other materials, equipment and technical personnel.

THE movement for technical innovations and technical revolution should be integrated with the campaign to study Marxism-Leninism and the works of Mao Tse-tung which is now in progress throughout the country, so that it will go ahead under correct ideological guidance. For an uninterrupted healthy advance of the movement, we should adhere to the principle of placing politics in command, resolutely follow the mass line, continue to boldly set the masses in motion, and give the broad masses of the people political and ideological education so that they will understand the situation of high-speed development of our socialist construction and the momentous significance of the movement, will be inspired with boundless enthusiasm and lofty aspirations, and will continue to free themselves from fetishes and superstition, emancipate themselves ideologically, set their brains to work, and foster the spirit of boldness in thought and action, of helping each other and dauntlessly facing difficulties. From innumerable historical facts we may see that while experts and technical personnel can reform out-dated techniques and create new techniques, ordinary working people with practical production experience are also able or even better able to reform out-dated techniques and create new techniques. If the leading personnel, the mass of workers and technical personnel come together to work in close co-operation and with concerted energies searching out ways and means, they will surely be able to achieve miracles in technique. We should set great store by what our predecessors have achieved in science and technology and study hard the experiences of the Soviet Union and other fraternal countries, so as to raise our scientific, technological and cultural levels. We should combine the spirit of boldness in thought and action with scientific analysis, and should not let our outlook be limited by the achievements already made. As all technical innovations prove successful only after many tests, we should have no fear of difficulties or failure, and should not be dismayed by temporary difficulties or failures.

CHINESE WEIGHTS and MEASURES at a GLANCE

1 *mu* = 0.06 hectare or 0.1647 acre

1 *dan* (picul) = 0.05 ton or 0.984 hundredweight

1 *jin* = 0.5 kilogramme or 1.1023 pounds

We have already attained a big-leap speed in socialist construction, and should work for a big-leap speed in technical reform as well. The big leap forward in production will inevitably bring about a profound technical revolution which, in turn, will inevitably raise production to a new, higher level.

Fellow Deputies! The first quarter of 1960 will soon be over. During this period we have won the victory of a continued leap forward in the various spheres of our work. The estimated gross output value of industry for the first quarter will increase 80 per cent over the corresponding period of last year. The situation on the agricultural front is also very good. Great successes have already been scored in the campaigns for constructing irrigation projects and gathering manure. In capital construction it is expected that about 20 per cent of the annual plan will be fulfilled in this first quarter. This victorious situation has inspired the broad masses with an ever greater labour enthusiasm and creative initiative.

Of course, difficulties are inevitable in the advance to victory. At present, signs of spring drought have appeared in some provinces, and transport is rather strained in some districts. We must work hard to overcome these difficulties. We must also maintain high vigilance at all times against imperialist elements and enemy special agents who are constantly resorting to scheming activities designed to sabotage our socialist construction work. We are confident that under the brilliant guidance of Mao Tse-tung's thinking, holding high the great banners of the general line, the big leap forward and the people's commune, relying on the concerted efforts of our people of various nationalities and the democratic parties, and continuing to strengthen economic co-operation with the countries of the socialist camp headed by the Soviet Union, we will certainly be able to overcome all difficulties, overfulfil the 1960 national economic plan, and continue to make a big leap forward with even greater, faster, better and more economical results.

Report on the Final State Accounts for 1959 And the Draft State Budget for 1960

by LI HSIEN-NIEN

*Vice-Premier of the State Council and
Minister of Finance*

Following is the full text of the report delivered by Vice-Premier Li Hsien-nien on March 30, 1960, at the Second Session of the Second National People's Congress. —Ed.

Fellow Deputies,

On behalf of the State Council, I now submit for your examination a report on the final state accounts for 1959 and the draft state budget for 1960.

I. The final state accounts for 1959

The state budget for 1959 was carried out successfully. As a result of its implementation, both revenue and expenditure exceeded the figures laid down in the budget as adopted at the First Session of the Second National People's Congress in April 1959, with revenue larger than expenditure, yielding a small surplus. The continued great leap forward in the national economy in 1959 provided the foundation for the successful execution of the state budget; and the smooth implementation of the state budget in turn facilitated the overfulfilment of the national economic plan and the fulfilment ahead

of schedule of the major targets of the Second Five-Year Plan. The final accounts are the concentrated expression in finance of the state's economic activities. Facts are most convincing. The great victories achieved in 1959 on the economic and financial fronts further testify to the truths that the Chinese Communist Party's general line for building socialism is entirely correct, that the leap-forward speed can certainly be sustained over long periods, and that the people's commune system has a great vitality. All this has enabled us to see more clearly how great and correct is Mao Tse-tung's thinking—the thinking that links Marxism-Leninism with practice in China—which is guiding us like a beacon light from victory to greater victory.

THE figures of the final accounts of the state's financial revenue and expenditure for 1959 are as follows:

The state revenue in 1959 was 54,160 million yuan, or 104.1 per cent of the original budgeted figure of 52,010 million yuan. This was an increase of 12,300 million yuan, or 29.4 per cent over the 1958 revenue of 41,860 million yuan. In the final revenue accounts for 1959, revenue from enterprises and undertakings accounted for

33,360 million yuan, 104.9 per cent of the original budgeted figure; taxation for 20,470 million yuan, or 102.9 per cent of the budgeted figure; and revenue from other sources for 330 million yuan, or 105.7 per cent of the budgeted figure.

The state expenditure in 1959 was 52,770 million yuan, or 101.5 per cent of the original budgeted figure of 52,010 million yuan. Compared with the 1958 expenditure of 40,960 million yuan, the 1959 expenditure showed an increase of 11,810 million yuan, or 28.8 per cent. In the final expenditure accounts for 1959, 32,170 million yuan, or 101.5 per cent of the budgeted figure, was spent on economic construction; 5,860 million yuan, or 102.3 per cent of the budgeted figure, on social services, culture and education; 5,800 million yuan, the same as budgeted, on national defence; and 2,900 million yuan, or 107.7 per cent of the budgeted figure, on administration. In addition, 970 million yuan was spent on the repayment of national debts, 350 million yuan on aid to foreign countries, 290 million yuan on other expenditures, and 4,430 million yuan on additional allocations of credit funds to the banks.

Of the above-mentioned 1959 expenditures on economic construction, social services, culture and education and other items, investment in capital construction accounted for 26,700 million yuan, or 50.6 per cent of the total expenditure of the final accounts, an increase of 24.5 per cent over the 1958 figure of 21,400 million yuan. This figure does not include the capital investments, totalling about 5,000 million yuan made by the local authorities and various departments from their own funds. 1,341 above-norm construction projects* were undertaken in 1959, of which 671, wholly or partially completed, went into operation during the year. That is to say, almost two big enterprises were put into operation every day. Below-norm projects undertaken by the authorities at and above the county level totalled 75,000, of which 54,000 were completed and put into operation during the year, i.e., an average of 150 medium-sized and small enterprises started production every day. Moreover, the large numbers of small construction projects undertaken by the people's communes were not included here.

The state's revenue showed a surplus of 1,390 million yuan over expenditure in 1959. This surplus comes from the favourable balance of the local budgets. This plus the 1958 surplus from the local budgets—1,770 million yuan—totals 3,160 million yuan, which will be carried over to 1960 for further use by the local authorities and will not be included in the state budget.

In 1959, bank credit receipts and payments showed a fairly big increase in keeping with the needs of the continued big leap forward of industrial and agricultural production and the expansion of commodity turnover. Credit receipts rose by 35 per cent and credit payments by 33 per cent over the preceding year. In these circumstances of the great economic development, the amount of currency in circulation increased by only 10 per cent compared with 1958. This conformed to the needs of commodity turnover. The total value of purchases made by the commercial departments in 1959 increased by more

than 36 per cent and retail sales by 16.4 per cent compared with the preceding year. The total value of commodity stocks of the commercial departments at the end of 1959 was 26 per cent more than in the same period of the preceding year; stocks of materials and equipment of the industrial departments also registered a fair increase. The strain in the supply of certain commodities, which had occurred for a time in the first half of 1959, was soon alleviated. Commodity prices remained stable throughout the country and trade became increasingly brisk.

In a word, 1959 was a year of economic prosperity, with increased financial resources, stable commodity prices and growing stockpiling. This was a result of the big leap forward of the national economy in 1959, and in turn prepared material conditions for the continued leap forward of the national economy in 1960.

THE vigorous campaign to increase production and practise economy, which was unfolded in response to the Party's call of opposing right deviation and making all-out efforts issued by the Eighth Plenary Session of its Eighth Central Committee, played a decisive role in the big leap of the national economy and the carrying out of the state budget in 1959. It should be noted here that no adjustment was made in the 1959 state budget when the State Council, in August 1959, recommended to the Standing Committee of the National People's Congress some adjustments in the targets set in the 1959 national economic plan. This was because it was considered possible to reach the original target of state budgetary revenue when the masses were thoroughly brought into action and relied upon and when a vigorous campaign to increase production and practise economy was launched to raise labour productivity, reduce costs and increase accumulation. The Eighth Plenary Session of the Party's Eighth Central Committee soon led to even more brisk development of industry, marked by the steady monthly rise in production, the conspicuous improvements in the quality of products and the continuous drop in costs. In agriculture, a relatively good harvest was garnered, thanks to the efforts of the hundreds of millions of people under the firm leadership of the Communist Party and the great superiority of the new form of social organization, i.e., the people's commune, despite the biggest drought since the founding of the People's Republic and the other natural calamities which affected 650 million *mu* of farmland, or 30 per cent of the total sown area in China. The militant task set by the Eighth Plenary Session of the Party's Eighth Central Committee for the fulfilment of the principal targets of the Second Five-Year Plan in 1959 ahead of schedule was successfully carried out. On this basis, the targets of the state budget were also overfulfilled. All this testifies to the vital importance of opposing right deviation, making all-out efforts and firmly putting politics in command, and also to the great favourable effect of a thoroughgoing campaign to increase production and practise economy in the various branches of the national economy and in finance. The continued big leap forward of the national economy and the overfulfilment of the state budget in 1959 was a victory won by the Chinese people through a year's vigorous efforts. At the same time, this victory was inseparably connected with the assistance of the Soviet Union and the other fraternal countries. In August

*See footnote on p. 5.

1959, when we adjusted the targets of the national economic plan, the mouthpieces of imperialism issued all sorts of slanders and clamours. But smoke cannot blot out the sun. Before long, the predictions of these propagandists completely fell through and their clamours were shattered to pieces. At that time, there were a handful of right opportunists in the ranks of our Party who, taking advantage of some inevitable shortcomings in our work, attacked the Party and opposed its general line, the big leap forward and the people's communes. They were, in reality, the spokesmen in the Party for the anti-socialist elements in society. Besides, there were also a small number of people, both inside and outside the Party, who failed to see the general trend of development and, in view of the readjustment of targets, had doubts about the big leap forward. Facts soon added up to the positive conclusion, as shown by the results of the implementation of the 1959 national economic plan and state budget, that their opposition was entirely wrong and their doubts unwarranted.

AS a result of the continued big leap forward in 1959, the situation of the leap forward which emerged in 1958 and in which our national economy develops both at high speed and in a proportionate manner has become established. Along with the leap forward in production, our financial work has also entered upon a new situation, which is characterized by more income, more expenditure, and more construction work; still more income, still more expenditure, and still more construction work; rational and economical use of funds so as to ensure the high-speed development of the national economy and keep a balance between revenue and expenditure. Like the national economy as a whole, state finance already advanced at a great speed during the First Five-Year Plan period. Since 1958 it has entered a new stage of continued leap forward at a greater speed. This can be seen from the following facts: First, state revenue has increased more rapidly. For 1958 and 1959, the average annual increase of state revenue came up to 11,500 million yuan against the 2,700 million yuan during the First Five-Year Plan period, i.e., an increase of 330 per cent. For 1958 and 1959, the average annual rate of increase of state revenue was 32 per cent against the 12 per cent during the First Five-Year Plan period, i.e., an increase of 170 per cent. Secondly, expenditure on capital construction increased on an even larger scale. A capital investment of 48,100 million yuan was allocated by the budgets of 1958 and 1959, a sum approximating the total investments of 49,270 million yuan allocated by the budgets for the entire First Five-Year Plan period. If extrabudgetary capital investments are included, the investments in 1958 and 1959 would amount to 58,400 million yuan, or 3,400 million yuan more than the total investments of 55,000 million yuan made in the entire First Five-Year Plan period. Thirdly, construction funds have been put to more rational and economical use. Take the construction of steel, coal and railway enterprises for example. Formerly the building of large blast furnaces called for an average investment of 25,000 yuan per cubic metre of volume, but it now needs only about 16,000 yuan, a cut of about 36 per cent. Formerly the building of large collieries required an average investment of 33 yuan for the capacity for producing one ton

of coal, but it now needs only 22 yuan, a 33 per cent cut. Formerly the building of railways required 544,000 yuan per kilometre, but it now needs only 380,000 yuan, a 30.1 per cent cut. That is to say, from the numerous facts which took place in 1958 and 1959, we can see that what was done with three yuan in the past can now be done roughly with two yuan only, the quality of the engineering work guaranteed. Moreover, the construction work now takes less time and proceeds at a greater speed. Fourthly, there has been a further change in the composition of the expenditure. The proportion of expenditures on economic construction and cultural development in the whole state expenditure represented an average of 79.6 per cent for 1958 and 1959, compared to 63.9 per cent for the First Five-Year Plan period. The proportion of expenditures on national defence and administration in the whole state expenditure represented an average of 17 per cent for 1958 and 1959, compared to 30.9 per cent for the First Five-Year Plan period. The proposals of the First Session of the Eighth National Congress of the Communist Party of China for the Second Five-Year Plan suggested that expenditures on economic and cultural development must be raised to between 60 and 70 per cent in the Second Five-Year Plan period, while expenditures on national defence and administration must be reduced to about 20 per cent. This suggestion has been realized three years ahead of schedule and in a more satisfactory way. So far as financial work itself is concerned, since the great leap forward of 1958, our financial workers have become more conscious of politics, production and rely more on the masses, and the mass campaign on the financial front has spread out on an ever wider scale. After these two years we have found a better way for conducting the people's financial work during the period of socialist construction, i.e., to resolutely carry through the Party's general line for building socialism, promote economic development, guarantee the supply of funds, and give support to the high-speed and proportionate development of the national economy.

The great victory we have achieved on the economic and financial fronts is a victory for the general line of going all out, aiming high, and achieving greater, faster, better and more economical results in building socialism and the people's commune system, a victory in strengthening the Party's leadership, adhering to the principle of placing politics in command, and waging mass movements on a large scale. In the last analysis, it is a victory of Mao Tse-tung's thinking. Mao Tse-tung's thinking is a model of integrating the universal truths of Marxism-Leninism with the concrete practice of Chinese revolution and construction, and an important development of Marxism-Leninism. The following ideas expounded by Comrade Mao Tse-tung on the basis of Marxism-Leninism—integration of the theory of uninterrupted revolution with that of development of the revolution by stages; continuous reform of relations of production and the superstructure so as to develop productive forces at high speed; correct handling of contradictions among the people and mobilizing all positive factors; combining priority development of heavy industry and rapid development of agriculture, and the necessity of "walking on two legs" in developing socialist construction; promoting economic development and guaranteeing supplies while devoting 90 per cent of our

efforts to promoting production and 10 per cent to bringing in state revenue; making politics the soul or commander of all work, reposing firm trust in the masses and following the mass line in all work; and other ideas concerning socialist revolution and socialist construction—have opened up a broad path for our economic, financial and other work. So long as we hold high the banner of Mao Tse-tung's thinking, we will be ever-victorious. This has been borne out by our practice in the revolution over several decades and by our practice in the socialist construction and the big leap forward over the past few years; it will certainly be borne out by our further practice in the future.

II. Provisions of the 1960 state budget

IN 1960, on the basis of the pre-schedule fulfilment of the major targets of the Second Five-Year Plan for the Development of the National Economy, the Chinese people will carry through even better the Party's general line for building socialism, realize an all-round and better leap forward in the national economy and create conditions for a continued leap forward in the coming years. Therefore, in 1960, we should further affirm agriculture as the foundation and industry as the leading force of the national economy, combine the priority development of heavy industry with the rapid development of agriculture and correctly handle the relations between agriculture, light industry and heavy industry; we should continue to carry out the policy of making all-round arrangements with steel as the key lever in industry and grain as the key lever in agriculture, and further strengthen transport, motive power industry and extracting and mining industry; we should mobilize without exception the forces of the industrial, communications, commercial, cultural and educational departments, to give vigorous support to agricultural production; we should energetically speed up the progress of technical revolution and cultural revolution,

and go all out for mechanization or semi-mechanization and automation or semi-automation of all trades and strive for higher labour productivity; we should carry through the policies of simultaneous employment of modern and indigenous methods and simultaneous development of big, medium-sized and small enterprises; we should further consolidate and develop the rural people's communes, take active steps to set up people's communes in the cities, organize in a comprehensive way the production and people's livelihood in both urban and rural areas and consolidate and develop community dining-rooms; we should make vigorous efforts to increase production and practise economy, mobilize the broad masses against corruption, waste and bureaucracy, conscientiously rectify the style of work of the cadres and raise the level of their political understanding and the ideological consciousness of the masses. In this way, it will be possible for us to catch up with and outstrip Britain in the output of major industrial products in less than ten years and to fulfil ahead of schedule the tasks set in the National Programme for Agricultural Development (1956-1967).

The 1960 draft state budget is compiled in accordance with the above-mentioned requirements. The state's budgeted revenue and expenditure for 1960 are balanced at 70,020 million yuan. Compared with the final accounts for 1959, revenue increases by 15,860 million yuan or 29.3 per cent; and expenditure by 17,250 million yuan, or 32.7 per cent. The increase in the revenue and expenditure of the 1960 state budget is, in the main, compatible with the targets for the growth of industrial and agricultural production set in the draft national economic plan. Although the ranges of increase are big, they are well-founded and, given efforts, can be fulfilled or overfulfilled.

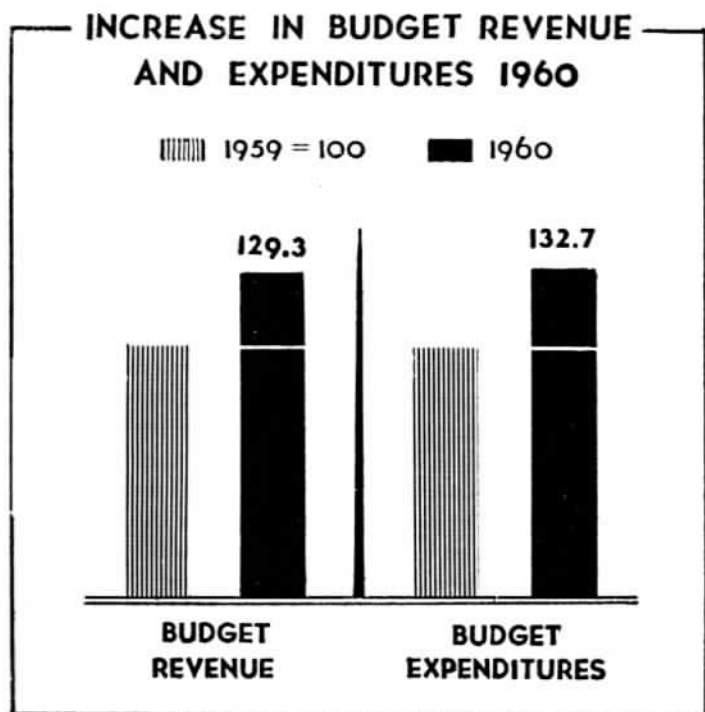
ON the revenue side of the 1960 state budget, the figures are as follows:

1. Revenue from enterprises and undertakings amounts to 45,300 million yuan, 35.8 per cent more than last year, or 64.7 per cent of all budgeted revenue this year.

2. Taxes of various kinds provide 24,360 million yuan, 19 per cent more than last year, or 34.8 per cent of all budgeted revenue this year. Of this sum, industrial and commercial taxes account for 19,450 million yuan, or 23.9 per cent more than last year; and the agricultural tax for 3,300 million yuan, that is, still kept at the 1958 level without any increase.

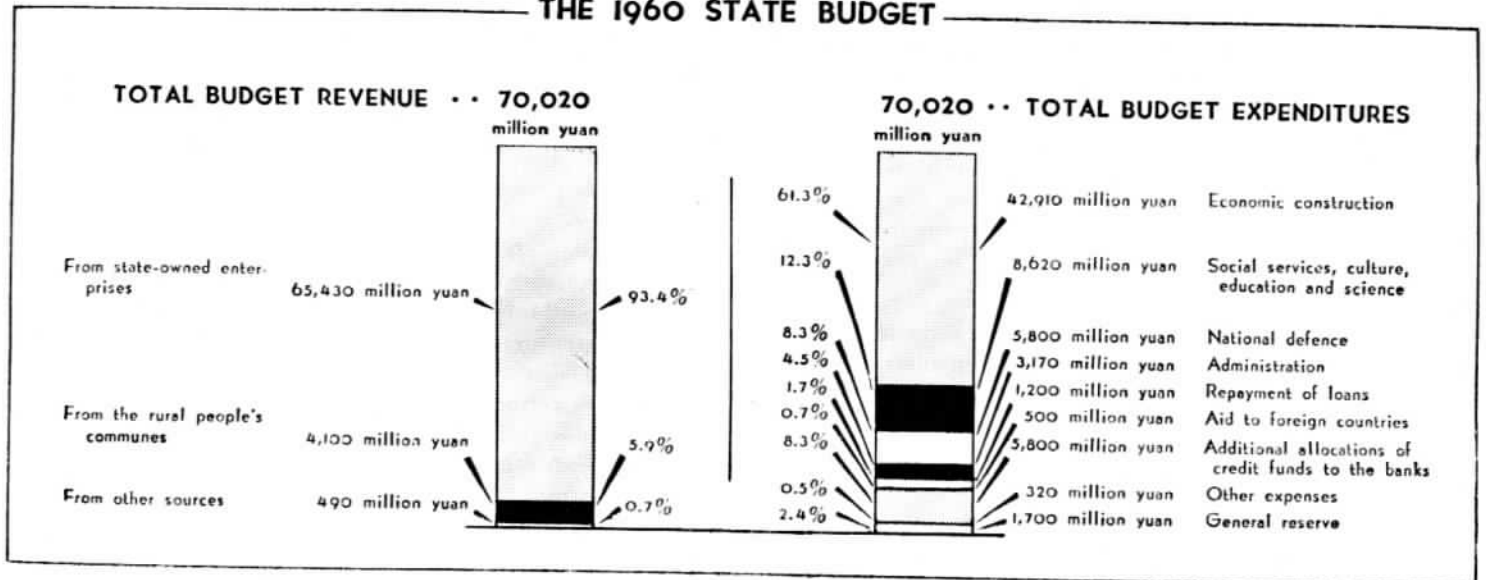
3. Revenue from other sources amounts to 360 million yuan, 8.9 per cent more than last year, or 0.5 per cent of all budgeted revenue this year.

The preponderant portion of the increase in the estimated revenue of the 1960 state budget will come from the increase in the payments from state-owned enterprises. Classified according to the various economic sectors, the state budget revenue for 1960 comprises: payments from state-owned enterprises, which are owned by the whole people, including profits and taxes, amounting to 65,430 million yuan, constituting 93.4 per cent of all budget revenue, or 15,700 million yuan more than last year; payments from rural people's communes which include agricultural tax and taxes on rural industry and commerce,



"Peking Review" chart

THE 1960 STATE BUDGET



"Peking Review" chart

amounting to 4,100 million yuan, or 5.9 per cent of all budget revenue and approximately the same as last year; payments from other sources amounting to 490 million yuan, or 0.7 per cent of all budget revenue and also approximating that of last year. Of the 15,860 million yuan increase in the estimated revenue of the 1960 state budget over that of last year, 15,700 million yuan, or nearly all, comes from the increase of the payments from state-owned enterprises. This is an important sign of the solidity of the foundation of the finance of our country. The burden of the rural people's communes will remain the same, although agricultural production made successive leaps forward in the past two years. The proportion taken up by the burden of the rural people's communes, including agricultural tax, taxes on rural industry and commerce and agricultural sur-tax, in the gross output value of agriculture and side-occupations will come down from 5.8 per cent in 1959 to 5.3 per cent in 1960. This is a policy very favourable for the development of China's agricultural economy.

On the expenditure side of the 1960 state budget, the figures are as follows:

1. Economic construction: 42,910 million yuan, 33.4 per cent more than last year or 61.3 per cent of all budget expenditure.
2. Social services, culture, education and science: 8,620 million yuan, 47.1 per cent more than last year or 12.3 per cent of all budget expenditure.
3. National defence: 5,800 million yuan, the same as last year, forming 8.3 per cent of all budget expenditure.
4. Administration: 3,170 million yuan, 9.4 per cent more than last year, or 4.5 per cent of all budget expenditure.
5. Repayment of loans: 1,200 million yuan, 23.8 per cent more than last year, or 1.7 per cent of all budget expenditure.
6. Aid to foreign countries: 500 million yuan, 40.5 per cent more than last year, or 0.7 per cent of all budget expenditure.

7. Additional allocations of credit funds to the banks: 5,800 million yuan, 31 per cent more than last year, or 8.3 per cent of all budget expenditure.

8. Other expenses: 320 million yuan, 0.5 per cent of all budget expenditure; and general reserve: 1,700 million yuan, 2.4 per cent of all budget expenditure.

Dividing the above-mentioned state budget expenditure for 1960 between the Central Government and local authorities, Central Government allocations make up 48.4 per cent of all state budget expenditure for 1960, or 33,880 million yuan. Allocations of the local authorities make up the remaining 51.6 per cent, or 36,140 million yuan.

A FEW points should be made clear about these provisions of the 1960 state budget expenditure.

(1) Allocations for economic construction and social services, culture, education and science account for 73.6 per cent of the 1960 state budget expenditure, or 81.9 per cent if additional allocations of credit funds to the banks (as circulating capital, also devoted to economic construction) are included. Over 80 per cent of the expenditure devoted to economic and cultural development—that is an important feature of the budget of our country. Everybody knows that in the U.S. Government's budgetary expenditure for 1960-61 military expenses amount to 57.1 per cent. Radically contrary to this condition, the national defence expenses of our country amount to only 8.3 per cent of all budget expenditure, and their proportion has been decreasing from year to year in the past several years. What does this fact signify? It fully shows the fervent desire of the Chinese people to engage in peaceful pursuits and their firm determination to economize national defence expenses and speed up socialist construction. At the same time, it fully exposes the true face of the U.S. imperialists in actually preparing for war under the cloak of peace. In fact, the expenditure of the United States on arms expansion and war preparations is larger than what they made public in their budget. In one case, over 80 per cent of all budget expenditure is devoted to construction; in the other, more than half of

all budget expenditure is used for military purposes. Is it not clear enough who is devoted to the cause of peace and benefiting the people, and who zealously pursues the policy of arms expansion and war preparations and aggression? The Chinese people who had long suffered from imperialist aggression cannot but keep high vigilance against U.S. imperialism which still occupies our territory Taiwan. The trick of U.S. imperialism to prepare actually for war under the cloak of peace can in no way deceive anyone.

(2) The 1960 state budget allocations for investments in capital construction total 32,500 million yuan, 21.7 per cent more than the 1959 figure of 26,700 million yuan. They do not include investments in capital construction, approximately 6,000 million yuan, raised by various localities and departments outside the budget from the surplus of the preceding year or their own funds. In the distribution of investments for capital construction, further attention is paid to bringing into play the initiative of the localities under the unified leadership of the central authorities, and to the rational arrangement of large, medium-sized and small enterprises. We should not only build, with choice, large modern enterprises, but also develop great numbers of small, mass enterprises employing modern or indigenous methods. In the total investment for capital construction, that for enterprises directly under the central authorities takes up 50.3 per cent, while that for enterprises under local authorities, 49.7 per cent. In the investment in industry, communications and transport, further attention is paid to strengthening the weak links of railways, power and non-ferrous metals industries. Compared with the amount of investment for the previous year, that for railways will increase by 40.8 per cent; power industry, 26.4 per cent; and non-ferrous metals, 40 per cent. The scale of capital construction in 1960 is tremendous. In continuing to carry out the system of sole responsibility for management of investments in capital construction, further mobilizing the masses and bringing into play the initiative and creativeness of the broad masses, the results of investment will be further expanded, and actual construction will exceed the scale indicated by the investment figures mentioned above.

(3) While accelerating the industrial construction in 1960, the state will further strengthen its support and assistance to agricultural production and the people's communes. Agriculture is the foundation of the national economy. Accelerated development of agriculture has an extremely important bearing on the high-speed and proportionate development of the national economy, on further strengthening the worker-peasant alliance, and on further consolidating and developing the people's commune system. Chairman Mao has long instructed us that we should endeavour to develop the cultivation of the following 12 products—grain, cotton, oil-bearing crops, hemp, silk, tea, sugar-bearing crops, vegetables, tobacco, fruits, medicinal plants and sundry crops—and to carry out the policy of the simultaneous development of agriculture, forestry, animal husbandry, side-occupations and fishery. In accordance with Chairman Mao's instruction and in the light of the local conditions, the various localities should make energetic efforts to ensure this development with rational deployment and overall planning. In 1960 the state will allocate invest-

ments in people's communes amounting to 1,500 million yuan, 50 per cent more than last year; investments in capital construction for agriculture, forestry, water conservancy and meteorological service, 3,910 million yuan, 62.9 per cent more than last year; operating funds for various purposes (popularization of agricultural technique and quality seeds, training of cadres, development of animal husbandry and veterinary service, etc.) in the fields of agriculture, forestry, water conservancy and meteorological service, 1,940 million yuan, 56 per cent more than last year; and additional allocations of circulating funds to state reclamation farms, 540 million yuan, 80.2 per cent more than last year. Apart from these, funds allocated by localities for use in agricultural production will amount to some 1,500 million yuan. The People's Bank besides continuing to circulate the agricultural loans amounting to 4,190 million yuan over the past few years, will this year make available an additional of 500 million yuan for such loans. The continued execution of the state policy of stabilizing the burden of the rural areas in 1960 is also favourable to the growth of agricultural production. Of course, funds allotted by the state are limited; funds needed for the promotion of agricultural production and for the technical transformation of agriculture depend principally on the accumulation of the people's communes and on self-exertion, selfless labour and running the communes industriously and thriftily. In 1960 the people's communes will have a greater accumulation, and, with the active support by the state, funds needed for the speedy development of agricultural production can be solved.

(4) While supporting the high-speed development of production and construction, we must give active support to the high-speed development of culture, education, public health and science. The continuous leap forward in the socialist economic construction urgently calls for more technical personnel, politically advanced and professionally proficient, and for the rapid development of culture, education, public health, science and technology. Chairman Mao said: "Following the upsurge in economic construction, an upsurge in cultural construction will inevitably arise." In 1960 a greater upsurge in cultural construction will be brought about, and a more extensive movement to eliminate the "four pests," observe sanitary habits, reform out-moded customs and habits and transform the world we live in will be started throughout the country. To prepare for this upsurge, the state allocates a sum of 8,620 million yuan for culture, education, public health and science, a 47.1 per cent increase over the previous year; of this sum, the investment in capital construction increases by 65.7 per cent as compared with last year. This is entirely necessary for the high-speed development of culture and education, which will enable us to scale the heights of world scientific and technological achievements in not too long a period. It must be pointed out that while the state budget allocations for the development of culture, education, public health and science is an important aspect, it is necessary, on the other hand, for the localities, departments, offices, enterprises and people's communes to join their efforts in making use of all forces for the development of culture, education, public health and science. Only by adopting the method of "walking on two legs," by integrating unity with variety, populari-

zation with elevation, and overall planning with adaptation to local conditions, and by bringing into full play the initiative of all circles of the society, can the development of more undertakings in culture, education, public health and science at the greatest speed and with the minimum of funds be promoted and the requirements of continuous leap forward in our socialist construction be satisfied all the time.

Furthermore, it must be explained that apart from the state budget the various localities and departments have some funds of their own, amounting to some 12,000 million yuan. They include the funds raised by the localities themselves and their subsidiary revenue, the portion of the profits kept by the enterprises for their own use and funds for major overhaul. In accordance with specified extent and uses, the receipt and expenditure of these funds will be managed by the various localities and departments themselves. It is a good thing that along with the growth of economic undertakings in various fields there is an ever-increasing amount of these funds in the hands of the various localities and departments themselves. In order to make a more rational use of these funds and improve the co-ordination and balance between budgetary and extra-budgetary funds, the State Council has adopted a decision on strengthening comprehensive financial planning, to include the use of extra-budgetary funds not only in the local plans but also in the unified state plan, further strengthen the management of extra-budgetary funds and enable the use of funds throughout the country to conform to the needs of the national economic plan.

From the above-mentioned facts, it can be concluded that the draft 1960 state budget is a budget giving all-round support to the sustained leap forward of the national economy, and speeding up industrial development, vigorously supporting agriculture and actively developing culture, education and science. It is also a forward-looking and reliable budget which takes account of past experience and future prospects.

III. Strive for the implementation of the 1960 state budget

Fellow deputies,

The carrying out of the state budget is not only a major item of economic work, but also a major item of political work and mass work. It can only be successfully fulfilled under the leadership of the Communist Party, by persistently placing politics in command, waging big mass movements and striving to increase production and practise economy. It is a consistent Party policy to organize big mass movements on the economic and financial fronts. Chairman Mao gave us the following instruction long ago, in his article *Get Organized!* written during the War of Resistance to Japanese Aggression: "To organize the forces of the masses is one kind of policy. But, is there a policy contrary to this? Yes, there is. It consists in rejecting the stand-point of the masses and refusing to rely on them or to organize them; in paying attention only to organizing a handful of persons in the financial, supplies or trading organizations, and neglecting the broad masses in the villages, the armed forces, offices, schools and factories and in thinking that economic work is not a broad movement or a struggle on a broad

front, but merely an expedient for meeting fiscal deficits. This is the other kind of policy, and a wrong policy." This instruction of Chairman Mao has been further implemented and developed in practice since the great leap forward. Earnestly carrying out this instruction of Chairman Mao, bringing into full play the initiative of the broad masses of people, and developing the campaign to increase production and practise economy in a thorough-going way are the essential guarantees for the smooth fulfilment and overfulfilment of the national economic plan and the state budget.

THE present situation on our economic front is very good. After the struggle against right deviation and the continued big leap forward of the national economy last year, the enthusiasm of the broad masses for building socialism is unprecedentedly high, communist thinking is vigorously growing, and a new upsurge in the campaign to increase production and practise economy, centring on technical innovations and technical revolution, has taken shape on every front of the national economy. The broad masses of people have demonstrated their high resolve and lofty aspirations and their communist spirit of boldness in thought and action. They have further broken down fetishes and superstitions, emancipated their minds, and further developed the lofty spirit of keeping difficulties for themselves and letting others have the conveniences. All-round co-operation has become the common fashion among the masses. They take pleasure in delivering right to the doorstep what other people need and take joy in helping others. The flood tide of the movement is day by day changing people's spiritual make-up and the aspect of their production work. The present campaign to increase production and practise economy has exceeded any previous year, whether in organization or planning, in breadth, depth or actual results. Not only are a great number of hand operations and much strenuous manual labour being mechanized or semi-mechanized, but in many modern enterprises, automation of machine operations and streamlining of production processes are being carried further; not only have the industrial departments made further improvements and elevations in production techniques, technological processes, organization of labour and designing of products, but in the fields of farm production, water conservancy, animal husbandry, processing and transport, great numbers of tools are being improved, and semi-mechanization or mechanization carried out gradually in the vast countryside; not only are the production departments and transport and communications departments doing everything possible to carry out technical innovations, but the commercial departments and public service units are all going in for technical innovations in a big way, like in storage of goods, retailing, cooking and laundering, etc. The further expansion of the mass campaign for technical innovations and technical revolution will greatly raise our labour productivity, greatly reduce costs and expenditures for management and administration, increase production without, or with less, additional working personnel, and expand operations without, or with less, additional expenditure. This is an important part of the content of speeding up socialist construction. The draft 1960 national economic plan provides that labour productivity

should be raised by about 25 per cent in industry, about 20 per cent in construction and about 20 per cent in railway transport. Production costs should be reduced by 8 per cent in industry, 6.9 per cent in transport and communications, and 5.5 per cent in commerce. But what is the practical significance to the national economy and state finances of raising labour productivity and reducing production costs? Figuring on the basis of the 1960 plan targets, every 1 per cent rise in labour productivity in industry is equivalent to an increase of 1,500 million yuan in output value. And every 1 per cent reduction of production costs in industry is equivalent to an increase of over 600 million yuan in the national income; every 1 per cent reduction in the turnover expenses in commerce is equivalent to an increase in income of over 100 million yuan; every 1 per cent reduction of transport and communications costs is equivalent to an increase in income of more than 20 million yuan. The task of the whole people and the foremost task of workers in finance and economics is to push forward with all-out efforts the further development of the campaign to increase production and practise economy, promote the all-round leap forward of industry in high output, high quality, variety, low costs and safety in production, promote the all-round leap forward of agriculture in the production of grain, cotton and other industrial crops, and in forestry, animal husbandry, side-lines and fishery.

ECONOMICS determines finances, while in turn, finances influence the economy. The launching of an intensive campaign to increase production and practise economy is the basis for the successful implementation of the budget. And the thoroughgoing unfolding of mass movements by the finance departments is an important link in pushing forward the campaign to increase production and practise economy. The finance departments must support production in an active and positive way, take part in and organize production, and play their full role in promoting production, guaranteeing the needs, adjusting distribution, increasing accumulation and supporting the work of construction.

In industrial and commercial enterprises, and in capital construction units, a mass campaign for business accounting should be vigorously launched, inviting the masses to take part in business accounting and integrating accounting done by the masses with that done by the professional staff. This helps to better mobilize the workers to take a hand in the management of the enterprises and to achieve greater, faster, better and more economical results in production in a more comprehensive sense. As the workers themselves put it: "The master of the house must keep the house in order. And for this he must do accounting. One who keeps house without keeping accounts is a foolish master." The active participation in business accounting by the masses of the workers, who are masters of the country, is a sign of the further heightening of the consciousness of the working class. The workers more than anyone else treasure the fruits of their own labour, and are most concerned with increasing production and practising economy in all aspects. The integration of workers' participation in the management of enterprises with their taking part in business accounting,

thus keeping them informed of the results of their daily labour, of whether there is an increase in production or whether economy is being practised, greatly inspires the workers' labour enthusiasm and heightens their sense of responsibility as masters of the country. The integration of the mass business accounting campaign with the labour emulation campaign to increase production and practise economy, and also its integration with the movement for technical innovations and technical revolution, so that every person has his specific responsibility, each piece of work is attended to, every process is subject to examination, every proposal is given an answer, and accounting is done in every link of work, resulting in the gradual emergence of networks of mass management, mass business accounting and mass inspection — this is of extreme significance for raising the level of management of enterprises, the quality of economic work and carrying out economic work in an increasingly thoroughgoing and meticulous way.

As to the rural people's communes, the financial and monetary departments must, through state investments, agricultural loans and financial administration work, actively support the communes in advancing production, developing a diversified economy and increasing income and accumulations. They should give active guidance to the people's communes in improving business accounting, in the maximum rational utilization of manpower, material and financial resources, in taking economic results into consideration, and doing their economic work well. They should actively help the people's communes to improve finance administration, strengthen their financial system, oppose extravagance, strictly abide by discipline in financial matters and run their communes thriftily. They should give active help in arranging the life of commune members, in developing rural savings and enlarging the sources of funds for the technical transformation of agriculture. They should also actively coordinate their efforts with the departments concerned to help the poorer production brigades and communes to catch up with the more well-to-do brigades and communes and make big efforts to strengthen the economies of the communes. Some localities have set good examples in these respects. To learn from and propagate these experiences will make possible greater results in financial and monetary work in promoting the continued leap forward in agricultural production and the consolidation and development of the people's communes.

In all economic undertakings, all cultural, educational, scientific, technical, health and social welfare units and in all government organizations and administrative departments, the principle of practising economy should be further carried out, labour productivity raised with the utmost effort, and expenses economized wherever possible.

IN the past two years, our national economy has undergone a great development. However, for a big country with a population of 650 million, our level of production is still very low. We must practise industry and thrift, make careful calculations and oppose corruption and extravagance so as to put more funds and material into national construction. Practising economy is not only the duty of government functionaries and personnel in economic work, it is also the duty of the entire

people. We must further implement, on a nationwide scale, the policy of building the country and running communes and all enterprises and undertakings in a spirit of industry and thrift and advocate the spirit of industry and thrift in house-keeping. To be industrious and thrifty in house-keeping and to practise economy conforms with the proper desire for reasonable consumption and for the gradual improvement of living standards on the basis of the development of production. Its significance is evident not only in the accumulation of funds and acceleration of construction but also in doing away with old customs and nurturing in the entire people good habits and fine moral qualities.

Organizing the economic life of the people, further developing collective welfare and service undertakings, and socializing household labour is one of the urgent demands of socialist construction. Better organization of the life of the people will enable them to show even greater drive, to concentrate on productive labour, and will free more women from household drudgery to join in construction work. Financial and monetary departments should give active support to and take part in this work through their own activities.

THE financial and monetary departments should further develop the spirit of co-operation and maintain good co-operation with industry, agriculture, trade, communications and other fields. As finances and banking are closely related to all these fields, they cannot do their jobs well without co-operation. Their tasks can only be accomplished through joint endeavour by the departments concerned. Finances and banking have wide ties and hook-ups with various other fields. They should co-operate with the departments concerned, make suggestions and give advice to them, help them solve difficulties, and render them many valuable services. Whether in regional production co-operation and commodity circulation or in the big-scale co-operation among the various departments or within one trade, the financial and banking departments, under the unified leadership of the local Party committees and the people's councils, can play their role without much trouble. Under this leadership, they should do their jobs well, regard aid to the fulfilment of the production plans as an integral part of their duty, treat the difficulties encountered by other departments as their own and make a joint effort with the others for economic development. The forces of the financial and banking departments should be combined with those of related departments, and such a combination of forces on both sides will lead to co-operation on a large scale. Economically, this is an important method for the overall fulfilment of the plans and for the promotion of the high-speed development of production; politically, this is an expression of the communist spirit and an embodiment of the socialist relations of production. The development of such a comradely spirit of sharing joys and difficulties, mutual help and co-operation is an important part of the content of the big mass movement and the promotion of production undertaken by the financial and banking departments; it is also an important condition for the smooth implementation of the state budget.

Fellow deputies! The present situation is very favourable for the realization of the 1960 national eco-

nomie plan and the state budget. On the industrial front, we have achieved a very successful beginning of the year, and it is estimated that the industrial production plan for the first quarter can be overfulfilled. On the agricultural front, new victories have been scored in water conservancy work, pig raising and the accumulation of manure. Now, a struggle is underway to combat spring drought in certain parts of the country and strive for bigger successes in spring ploughing and sowing and in the summer harvest. The work in capital construction, communications, finances, commerce, culture and education and on other fronts is expanding vigorously in an ever-mounting wave. The communist consciousness of the broad masses of the people is higher than ever before; their spirits are high and their determination firm. The great march towards replacing backward techniques, introducing technical innovations and technical revolution has already started on a vast front. The situation is wonderful. Let all government functionaries, all personnel in economic work and all other people of the country, as they greet the first year of the sixth decade of the 20th century, act in unison and exert still more their revolutionary drive to further develop the campaign to increase production and practise economy on the basis of the successes already achieved and to successfully carry out the continued leap forward in 1960. Our task is great and arduous and difficulties definitely exist. But, by relying on the inspiring leadership of the Communist Party and the joint efforts of the people of all our nationalities, by holding high the ever-victorious banner of Mao Tse-tung's thinking and by persisting in the general line, the great leap forward and the people's commune, we are sure to overcome any difficulties that may crop up in our path and fulfil and overfulfil the 1960 state budget, which serves the continued leap forward of the national economy.

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South African People Rise in Action

by "RENMIN RIBAO" COMMENTATOR

Following is a slightly abridged translation of a commentary published in "Renmin Ribao" on April 2. —Ed.

FOLLOWING mass demonstrations in the port of Durban last June, the South African people have now brought their fight against racial discrimination to a new climax. Centring around opposition to the "pass laws," this struggle has in a matter of days risen like a storm to envelop the whole of South Africa. It is unprecedented both in its dynamic spirit and scope. During the past few days, the people in all parts of the country have joined the demonstrations and strikes, burning their "pass" cards and standing up heroically with stones and clubs to the armed repression by the South African authorities. It is clear that the South African people have risen determinedly in action against racial discrimination and for fundamental human rights.

The most barbarous and brutal system of racial discrimination exists in the Union of South Africa. The white ruling class, constituting only a handful of the population, practises inhuman racial oppression against the nearly ten million Negro people. South Africa is, in fact, a vast prison. That its people have risen to fight back is an indication that they can no longer tolerate this chain-gang existence. They have every right to live like real human beings and tear down the bars of racial discrimination.

Like all reactionary rulers, past and present, the South African authorities imagine that by intensified repression and persecution they can easily strangle the just aspirations of the people and suppress their righteous struggle. But, contrary to these reactionary subjective hopes, the South African people's fight against racial discrimination has not been weakened or quelled as a result of bloody suppression; it has grown with increasing vigour. As things stand, the bloody massacre of Africans by the white authorities in Vereeniging and Capetown has not brought the South African people to their knees, nor can it do so. Neither bullets, nor armoured cars or even jet planes have succeeded in slaking the burning wrath of the South African people against racial discrimination, nor can they ever succeed. The South African people have already demonstrated the tremendous strength of their unity and struggle. In the face of the continuing surge of this struggle, the white rulers of South Africa are seized with panic. Nevertheless in the stubborn hope of preserving their evil system of racial discrimination, they still cherish the illusion that they can wipe out the militant strength of the South African people by armed repression.

The South African authorities have now proclaimed a "state of emergency" in 80 of the 300 magisterial districts in the country. Frenzied and widespread arrests and repression are taking place. New and more frequent murders and persecution of Africans are occurring daily. Yet this does not reflect the strength of the reactionary

China Stands with the Africans

Sharing the worldwide sense of outrage at the massacre of defenceless Africans by the racist South African authorities, the Chinese people made known their sympathy and support for the South African people.

"The authorities of the Union of South Africa, persistently following a policy of racial discrimination, are barbarously slaughtering Africans who oppose the 'pass laws,'" said Kuo Mo-jo, Chairman of the China Peace Committee, in a statement issued on March 30. "This fresh crime, committed by the colonialists in their effort to continue the enslavement, suppression and exploitation of the Africans, has aroused even greater opposition by the people in South Africa and sharper protests from world public opinion.

"The peoples of Africa who refuse to be ruled by colonialism and enslaved by imperialism any longer have risen to their feet. The undaunted struggle against racial discrimination and persecu-

tion and for basic human rights and freedom long waged by the people in South Africa is an absolutely just one.

"The Chinese people consistently support this just struggle. We are convinced that whatever the means of repression the colonialists adopt, whatever their deceptive plots, the African peoples' will to independence and freedom will never be shaken.

"We are convinced too that the united people of South Africa, supported by all the world's people who love peace and uphold justice, will continue to struggle until they abolish the 'pass laws' completely and bury racial discrimination and the colonial system! The final victory of the heroic people in South Africa and in all Africa is sure!"

Earlier, other messages of sympathy and support were sent to the South African people by the Chinese Committee for Afro-Asian Solidarity, and by the national organizations of workers, women, youth and students.

forces in South Africa; quite the contrary, it shows that theirs is a hopeless struggle to preserve the moribund system of *apartheid* and the privileges and interests of the colonial exploiters. Beyond doubt, the intensified repression of the Africans by the South African authorities will in the end serve only to enhance their political consciousness, rouse them to broader and more vigorous struggle, thereby hastening the ruin and collapse of the system of racial discrimination and the rule of the white colonialists in South Africa.

Racial discrimination is the child of evil colonialism. This inevitably makes the struggle of the South African people an important component part of the national independence movement of the peoples of Africa. At the same time it will naturally exert an enormous influence on their struggle against the colonialist system. It will also be a source of inspiration to the Negro people who today face similar discrimination in the United States. It is precisely for this reason that imperialists and colonialists everywhere feel the same disquiet in the face of this volcanic force erupting at the southern tip of the vast continent. The stand taken by the U.S. Government with regard to the South African situation makes it obvious that U.S. ruling circles are in a very awkward position indeed. As U.S. Assistant Secretary of State Wilcox

frankly admitted, the U.S. Government has been reluctant to single out South Africa for criticism "when so many other nations in the world, including our own, have not been beyond reproach."

The South African people's struggle is just, therefore, they have the sympathy and support of the peoples of Africa, Asia and all the rest of the world who love justice. The atrocities perpetrated by the South African authorities have aroused an angry wave of protest from public opinion in the Afro-Asian countries and throughout the world. The governments and peoples of the socialist countries and many Afro-Asian countries actively support the struggle of the South African people. The Chinese people have consistently given their deep sympathy and warm support to the South African people in their struggle against racial discrimination and for fundamental human rights. We are confident that the South African people who today are burning the "pass" cards—"the symbol of slavery"—will tomorrow destroy the whole vast prison of racial discrimination and oppression and speed the birth of a new, free South Africa. As long as the South African people continue to strengthen their unity and persist in the struggle, no force can deprive them of final victory in the fight against racial discrimination.

Pen Probes

Verwoerd's Sympathizers

A PEACEFUL demonstration by Africans against the notorious "pass laws" near Johannesburg was shot down by the white racist South African authorities, killing and wounding hundreds of defenceless demonstrators. "Mangled bodies of men, women and children lay sprawled on the roadway which had the appearance of a battlefield. . . . The smell of blood and death was everywhere," reports Reuter. "Sabre jets swooping low over the heads of thousands of demonstrators in several townships seemed to anger rather than cow them," continues the agency's reporter.

The policy of *apartheid*, of racial oppression carried on by the South African Government, has now developed into mass slaughter of the African people.

Christian. . .

Last week, South African Prime Minister Verwoerd had the gall to say that "South Africa would continue to do its duty as a Christian nation. . . . If we whites had

not been here, the Bantu would have murdered each other off. The white men have been the guardian of the black men."

Guardian. . .

Sergeant Nick Arlow of the South African police force, says a recent news report, was fined £75 for the murder of an African. Sergeant Arlow has killed 13 Africans himself and made 10,000 arrests in Pretoria, capital of the Union of South Africa.

Public Safety. . .

"The entire structure of the South African police, and even the army, has been reorganized for the specific purpose of dealing with large-scale riots," writes the *New Statesman*. Even the design of the new African townships, of which Sharpeville is a typical example, has been planned for this purpose.

Sympathizers. . .

The U.S. State Department has expressed "regret" over these bloody events in South Africa.

Even this statement, commented Washington diplomats quoted by U.P.I., was made "to gain the goodwill of the rising number of independent African governments." U.S. officials added: "Silence in the face of the killing and wounding of men, women and children would have severely damaged the moral position of the U.S. throughout the world."

Finally, after an embarrassing pause, the British Government got around to issuing a statement expressing the wish "to record its deep sympathy with all the people of South Africa"—"sympathy" with "all," including Verwoerd and his racists, and other "guardians of the black men" with their police who did the killing.



Verwoerd's rearguard action

—SU MIN

CHINA AND THE WORLD

Premier Chou to Visit Burma

Premier Chou En-lai will pay a 3-day visit to Rangoon starting April 16. In accepting the cordial invitation extended by Prime Minister Ne Win, on behalf of the Burmese Government, Premier Chou En-lai replied on March 21: "I fully agree with Your Excellency that such a visit will certainly further deepen the close friendship between China and Burma, strengthened by the recent conclusion of the treaty of friendship and mutual non-aggression and the agreement on the boundary question."

Sino-Hungarian Friendship

The 15th anniversary of the liberation of Hungary on April 4 is being widely celebrated in China as we go to press. In a Sino-Hungarian Friendship Week characterized by meetings, film shows, reports, special get-togethers with Hungarian friends and a host of varied activities, the citizens of Peking, Tientsin, Wuhan, Canton and other major cities express their joy in the prosperity and growth of still another fraternal socialist state.

Peking's celebration includes a mass rally attended by representatives of all circles, an Hungarian film week, an exhibition of charts and photos of socialist Hungary's achievements and a formal ceremony conferring the honoured name of China-Hungary Friendship to a people's commune on the outskirts of the city.

Trade with the Soviet Union

A protocol on the exchange of goods between China and the Soviet Union was concluded on March 29 in Peking following cordial talks. The signing of this protocol marks a further development and strengthening of trade, economic and friendly co-operative relations between the two countries. The protocol provides that the volume of trade between the two countries in 1960 will be 10 per cent above 1959. Among items supplied by the Soviet Union will be metal-cutting machine tools, forging and pressing equipment, motor vehicles, tractors, ferrous and non-ferrous metals, cables,

petroleum and its products and chemical products. China will furnish the Soviet Union with tin, molybdenum and tungsten ores, woollen and silk textiles, raw silk, wool, carpets, knitwear, tobacco leaf, soya beans, rice, tea, fruits and many other items.

The Soviet trade delegation led by Minister of Foreign Trade N.S. Patolichev was received by Premier Chou En-lai in Peking.

Sino-Nepalese Amity Hailed

The people of Nepal gave an enthusiastic welcome to the Sino-Nepalese joint communique and agreements on the boundary question and economic aid. In Kathmandu, the documents became the main subject of conversation as soon as they were broadcast by Radio Nepal.

The Kathmandu press published the documents prominently under headlines running right across the page and widely commented on them. *Nepal Samachar*, for example, editorially citing the joint communique as further proof of the possibility of peaceful coexistence between countries with differing social systems and of friendship and peace between neighbouring countries, declared it had also dealt a heavy blow against those who try to sow discord between Nepal and China. It pointed out that the lasting lesson of the agreements is that the apprehension and prejudice about China which have been spread among the Asian countries are shown to be groundless, and so will disappear.

The Five Principles of Peaceful Coexistence have been accepted as the basis of strengthening normal relations between the two countries, the paper stressed, and this testifies that China will neither invade Nepal nor interfere in its internal affairs.

The press also reported how Nepal's Government and public leaders welcomed the signing of the agreements.

"The Nepalese people consider that the communique and agreements are proof of the boundless friendship of the Chinese people," said Kashinath Gautam, Nepal's Minister of Health, at a reception given in Kathmandu in connection with a gift of Chinese medical instruments and medicines. He expressed gratitude to the Chinese Government and people for their economic aid. The development of Sino-Nepalese friendship, he declared, is in the interests of world peace.

Poorna Bahadur, Chairman of the Nepal-China Friendship Society, said

at a meeting called by that organization that the recent agreements would further strengthen the bonds of friendship between the two countries. Ten years ago, he added, the Chinese people liberated themselves from imperialism and feudalism, and China's rapid economic development since then had greatly encouraged the underdeveloped countries of Asia and Africa, and Nepal in particular.

The new agreements were acclaimed by the press in many Asian lands and by progressive world opinion.

"Algeria Day"

The Chinese Committee for Afro-Asian Solidarity issued a special statement, and organizations of workers, women and youth sent messages of support, on "Algeria Day," March 30. In these they paid high respect to their Algerian brothers, who are in the forefront of the struggle against imperialism and colonialism.

The statement pointed out that the heroic struggle of the Algerian people has set a brilliant example to all African peoples, and has greatly inspired them in their struggle for independence and freedom. It recalled that the meeting held in China's capital on March 24 to support the Second Afro-Asian People's Solidarity Conference, once again proclaimed that the Chinese people will always stand united in close and mutual support with the Algerian and African peoples in the struggle against imperialism and colonialism and in defence of national independence.

For Peace and Disarmament

Burhan Shahidi, Vice-Chairman of the China Peace Committee and deputy to the National People's Congress, attended the Indian Conference for Peace and Disarmament held in New Delhi from March 27 to 29.

Speaking at the conference, he recalled how the Chinese people have always devoted themselves to the cause of world peace and that the Chinese Government, on its own initiative, has repeatedly reduced its armed forces. The struggle waged by Afro-Asian countries to win and safeguard their national independence has become an increasingly important factor in the defence of peace, he declared. He called for a further strengthening of the solidarity of the Afro-Asian countries on the basis of the Five Principles of Peaceful Coexistence and Bandung spirit.

CHINESE PRESS OPINION

West Obstructs Disarmament

Commenting on current disarmament talks in Geneva, *Renmin Ribao's* Commentator (March 31) notes that despite great efforts by the Soviet Union and other socialist countries, the West headed by the U.S. has given no evidence of sincerity on disarmament but is creating obstacles to prevent it. That is why no marked progress has been made since the conference opened half a month ago.

The Soviet plan for general and complete disarmament is so reasonable and practicable that it has won wide support from impartial public opinion in all countries, Commentator stresses.

But Western proposals say nothing of the aims, measures or a time limit for general and complete disarmament. They do not even mention prohibition of the production, use and testing of nuclear weapons, nor the liquidation of military bases on foreign territory. The proposals are almost entirely devoted to the question of "control." The "control" they advocate is designed to enable the Western countries to openly collect military information from the socialist countries, Commentator continues. Moreover, they place special emphasis on obtaining information on missile bases and space plans. Since the U.S. is making desperate efforts to develop missiles and space weapons to narrow the "gap" between the Soviet Union and itself in this field, it is not difficult to fathom the real intention of the Western powers. Though the Western plan proposes a limit to the numerical strength of U.S. and Soviet armed forces, it is reduced to absurdity by the fact that in order to "realize" this first stage of its "disarmament" proposal the U.S. would have to increase its armed forces by 9,965 men, Commentator points out.

The disarmament talks now centre on the question of disarmament and control. The Soviet Union and other socialist countries want disarmament with control but the U.S. and other Western countries want control without disarmament, Commentator emphasizes.

The latest Soviet proposal submitted to the three-power Geneva conference on discontinuing nuclear weapons tests provides for the termination of all tests, including underground tests producing seismic effects of a magnitude of 4.75 or above. This important Soviet proposal represents a major effort to break the deadlock of the conference since it has accommodated the original U.S. position on this question. However, no sooner does the Soviet Union agree to the original U.S. proposition than the latter immediately backs down from its own position, Commentator points out.

The U.S., while indulging in empty talk about disarmament at the Geneva conference, continues to intensify its efforts to expand armaments in preparation for war. Britain and France are following the U.S. lead in increasing military expenditures, expanding armaments for war and stepping up development of nuclear weapons. As for West Germany, it openly asserts its claim to military bases abroad. Some Western papers

have already made it clear that their delegates intend to string out the disarmament talks endlessly. There are reasons to suspect that the U.S. and some other Western countries are seeking to use the conference as a smokescreen behind which to expand armaments, Commentator warns.

The Chinese people consistently advocate universal disarmament and give positive support to the Soviet proposal for general and complete disarmament. As Vice-Premier and Foreign Minister Chen Yi said: "Our Government and people will, along with our great ally the Soviet Union and all other peace-loving countries and peoples, spare no effort in their unswerving struggle for universal disarmament and the safeguarding of world peace." The Chinese people, like the people of all other countries, are watching the developments of the disarmament conference closely and demand that the Western countries show sincerity in the negotiations for a settlement of this question, concludes Commentator.

Adenauer, Kishi Collaboration

West German Chancellor Adenauer's recent visit to Japan, featured by

THE PASSING SHOW

Clink of the Iron Heel

Tobacco accounts for a third of Greek exports and when West Germany became its biggest importer, Bonn, writes the *London Economist*, "did not hesitate to pull these strings to obtain quick political returns. German war criminals were released from Greek prisons, and the prosecution of 840 Nazis wanted for war crimes was suspended." This done, Bonn promptly cut Greek tobacco imports from 25,000 tons in 1957 to 16,000 tons in 1959.

Now with Herr Strauss, Bonn's Defence Minister, eager for military bases, visiting Greece last month, Greek factories are already making £5 million worth of arms for the *Bundeswehr*.

There are various kinds of heels. Some come marching in with a flourish of dive bombers—as the Nazis did in Greece in 1941. Others come covered in diplomatic spats.

Making Themselves at Home

Quite apart from occupying 14 million square metres of floor space and 330,000 hectares of Japanese farmland for military bases, the U.S. army is making itself quite at home on the rest of Japan. In the last 7 years its troops have chalked up 66,000 registered crimes of murder, banditry, rape and robbery, etc., averaging 26 a day.

Short of getting them out, the next best thing for Tokyo seems to be to set up another "Defence Agency"—against its ally's army of occupation.



New view of Fuji: the morning after

CINEMA

underhanded dealings with Kishi to revive the old German-Japanese axis, is a provocation against the Asian people and peace in Asia and the world, warns a *Da Gong Bao* commentary (March 28).

The relationships of Adenauer and Kishi to U.S. imperialism are those between servants and master. Revival of the German-Japanese axis is, in fact, part of the U.S. imperialist policy of aggression and war. The U.S. seeks to use West Germany and Japan as principal accomplices in creating tension and preparing for war in Europe and Asia, the commentary points out. It quotes the West German paper, *Die Welt*, as saying that Adenauer's visit to Japan "can be regarded as an attempt to strengthen the axis which originates in Washington but extends to Tokyo and Bonn." The Japanese weekly, *Sekai Shuho*, described the Adenauer-Kishi talks as "an attempt to pave the way for the conclusion of a new Japanese-German anti-Communist Pact."

West German and Japanese militarists are actively promoting expansion abroad. Their close partnership poses a threat to Asian and African nations. Adenauer disclosed that he discussed with Kishi a plan for the two countries "to co-operate in the development of Southeast Asia." West Germany and Japan will thus work hand in glove for further incursions into that area, the commentary points out. It recalls that after formation of the old German-Japanese axis, Japan launched attacks on China and later started the Pacific war, while Hitlerite Germany kindled flames in Europe. Now the German-Japanese axis is being revived, and, with the blessings of U.S. imperialism, it is pressing ahead with economic expansion and war threats. This is intolerable to the people of Asia and the world, the commentary stresses.

Adenauer's visit to Japan has provoked widespread protests from the people of Japan and Asia as well as world public opinion. Adenauer and Kishi should realize that this is no longer the era of Hitler and Tojo. If they dare to take the old path of Hitler and Tojo by relying on U.S. imperialism, they are doomed to an even more ignominious and tragic failure, the commentary concludes.

"Five Golden Flowers"

If you liked *Everywhere Is Spring* — and it's certain you did — then you'll like *Five Golden Flowers* as much, if not more. In the former, the comedy came naturally out of the actual situations of real life; *Golden Flowers* is artfully contrived with a nice sense of humour and its lovable human characters have the same appeal as those in *Spring*. A Changchun Studio production, it won two Silver Eagle Awards — one for the best director and the other for the best actress — at the recent Second Afro-Asian Film Festival held in Cairo. The Peking press acclaims it as "a new comedy of our times."

This is the first film on the life of the Pai people, a minority people famous for their folk songs and dances and living in an enchanting place: marble-producing Tali in the southwestern province of Yunnan.

Ah Peng, the hero, on his way to the fair, stops to help a bevy of girls mend their cart. He almost misses the race he has entered for but rides triumphantly into first place and also wins the heart of Golden Flower, one of the girls. In the old tradition they exchange songs over the Butterfly Brook and make a date to meet a year later at Tsangshan Mountain.

Soon it is spring again and Ah Peng goes to meet his sweetheart. But it turns out that there are over a hundred girls by the name of Golden

Flower living around Tsangshan where golden camellias blossom in profusion. And we follow Ah Peng in a search for his beloved, meeting many of the Pai people and seeing many facets of their life in the big leap forward: Ah Peng himself, scion of a line of good blacksmiths and now an expert hand at iron smelting; charming Golden Flower, who is at the same time the capable vice-chairman of a big people's commune; four other Golden Flowers — a tractor driver, a model livestock raiser, a tireless prospector for iron ore and an expert hand at making fertilizer. We hear local songs, see Pai dances. Beautiful Erhai Lake is a scene of lively girls at their farm work; serene Tsangshan is alive with people soaking iron ore or gathering medicinal herbs.

Ah Peng finds a Golden Flower working at a livestock farm. But she is busy washing a new born calf and the cowshed door is locked. Ah Peng outside sings his impassioned love songs to a puzzled girl inside — not his Golden Flower. He finds out his mistake, only to be led astray again and again. He is wrongly told that his Golden Flower is already married to someone else. Uncle "Mind-Other-People's Business" is full of sympathy, and insists on going to "reason" with the girl. But when he persuades the bride to come out, Ah Peng is gone and Uncle is admonished: "Don't you dare put your nose into none of your business again!" Yet it is a significant little incident. To criticize someone for "lack of faith," the old man does not hesitate to pound at the door of the newly-weds. Unwilling to cloud another's happiness, the young man runs away from the girl he is dying to see.

Golden Flower awaits him anxiously. But this does not prevent her from doing her work well. Her granddad suggests that she forget about her work for a while and try to find him lest he changes his mind. She answers: "If he changes his mind so easily, he's not worth my love."

The reviews have praised *Five Golden Flowers* especially for its lyrical treatment of new people and their new social spirit.

Yang Li-kun, who takes the lead as Golden Flower, is an 18-year-old member of the Yunnan Song and Dance Troupe, making an excellent first appearance on the screen. Director Wang Chia-yi is a veteran with more than



Yang Li-kun as Golden Flower

20 years' experience as actor and film director. Among his films are *Kite*, a joint Sino-French production, and *Butterfly Cup*.

SHORT NOTES

Moscow Spartak. The Moscow Spartak football team returned home last week after an extensive tour in China. Their fine play, however, is still the talk of the town. They played ten matches against Chinese teams in Shanghai, Hangchow, Canton, Tientsin and Peking, with six victories to their credit, two draws and two defeats. Their perfect ball control, team work, powerful shooting and, in particular, their lightning attacks, won praise from football fans all over the country and are examples for Chinese football players to follow. Their last match, a 2:1 victory over the Chinese

Youth Team, was played before 80,000 enthusiastic spectators who packed the Peking Workers' Stadium.

Popularizing Museums. The museums are going out to the people. Since the big leap began, metropolitan museums have been more active than ever in sending mobile exhibitions out to the villages, the factories and mines and the more remote parts of the country. Peking museums alone, for instance, organized 58 such exhibitions which were visited by more than 2,500,000 people.

At the same time a new network of local museums and exhibition centres is being set up. These spread the advantages of museums more evenly through the country. Many exhibitions on such subjects as "The Present and the Past," "Technical Innovation" and "Great Achievements

of the Last Ten Years" are organized by them, bringing general and specialized cultural knowledge to the people, helping to educate millions in communist ideas, publicize the policies of the Party and spread the teachings of Chairman Mao Tse-tung.

There are now more than 600 museums of various descriptions in China's big cities and county towns. This is eight times as many as in 1957.

The widespread interest in museum work that this policy of popularization has engendered greatly facilitates the work of discovering, collecting and preserving cultural relics. Large-scale economic construction has also helped archaeological work. Incomplete data shows that construction work turned up 316 ancient cultural sites and 23,102 ancient tombs during the last ten years.

WHAT'S ON IN PEKING

— Highlights of Current Entertainment, Exhibitions, etc. —

Programmes are subject to change. Where times are not listed consult theatre or daily press.

PINGJU OPERA

▲ **BITTER HERBS** A play about the Shantung peasants who rose against oppressive traitors and landlords during the War of Resistance to Japanese Aggression. Produced by the China Pingju Opera Theatre. April 6, 7:00 p.m. *Da Zhong Theatre*

▲ **CHIN HSIANG LIEN** A dramatization of the well-known Sung Dynasty story of an ambitious scholar, who after gaining wealth and position, tries to murder his wife and two children, obstacles to a new advantageous marriage, and how he is brought to justice by Pao Cheng, a just magistrate. Produced by the China Pingju Opera Theatre. April 8, 7:00 p.m. *Da Zhong Theatre*

▲ **TAMING DRAGONS AND TIGERS** A new opera produced by the China Pingju Opera Theatre about the big leap forward in China's countryside. It describes how villagers brave dangers to get raw materials for their furnaces in the 1958 steel drive. April 9, 7:00 p.m. *Da Zhong Theatre*

CHINESE BALLET

▲ **MAID OF THE SEA** An ancient Chinese fairy tale about the love between a sea maiden and a huntsman and how they defeat the machinations of a jealous demon. Produced by the Experimental Ballet Troupe of the Peking School of Dancing. (Watch for the dates and places.)

SONG AND DANCE

The Central Art Troupe of the Hungarian Communist Youth League will give performances of dances, songs and instrumental music in Peking.

April 7, 7:30 p.m. *Renmin Theatre*

THEATRE

▲ **NEW FLOWERS OF SPRING IN SHANGHAI** This new play, produced by the Shanghai People's Art Theatre, has its origin in a true life story from the Lian Hua Strife Works in Shanghai. Inspired by the general line for building socialism the workers there put their heads together and within seven days come up with a plan for mechanization. Their high spirits and enthusiasm catches on and technical innovations, like the flowers of spring blossom everywhere in Shanghai. (Watch for the dates and places.)

▲ **COMRADES, YOUR ROAD IS WRONG** A new play based on recent history. It describes the staunch final struggle waged during the War of Resistance to Japanese Aggression by the Communist Party against the capitulationists, who, because of their wrong policies, cause the Party to suffer heavy losses. Produced by the Peking People's Art Theatre.

April 5-11, 7:15 p.m. *Shoudu Theatre*

▲ **DETAINED BY FLOOD** Flood has destroyed a section of railway roadbed and a train is marooned on high ground. The Communist Party group on it organizes the passengers and staff to overcome their difficulties. Produced by the Experimental Theatre of the Central Drama School.

April 9-11, 7:15 p.m. *Shiyan Theatre*

▲ **FOR SIXTY-ONE CLASS BROTHERS** A new play based on the true story from Pinglu County, Shansi Province. Sixty-one road-builders accidentally eat tainted food. A dramatic rescue operation saves their lives. Produced by the Experimental Theatre of the Central Drama School.

April 7-10, 7:15 p.m. *Shiyan Theatre*

▲ **HEROES OF TODAY** Based on a moving story of real life. A fire is accidentally caused at the Ma Kou Paper Mill in Kwangtung Province. Forty-seven cadres and people's policemen rush to save it. Peking, Shanghai and other large cities mobilize their forces to cure and care for the wounded. Produced by the Experimental Theatre of the Central Drama School.

April 8 & 9, 7:00 p.m. *China Youth Art Theatre*

FILMS

▲ **A HUNDRED-YEAR-OLD LADY TAKES COMMAND** A historical story of the Sung Dynasty, produced by the Haiyen Film Studio. It tells of the patriotism of the Yang family headed by She Tai-chun, mother-in-law of Mu Kuei-ying. On hearing news of her son's death in battle against the invaders, She Tai-chun overcoming her sorrow, takes command of the army and defeats the enemy. April 12, *Shoudu Theatre, Xin Jie Kou, Peking Exhibition Centre Cinema*

▲ **FOR SIXTY-ONE CLASS BROTHERS** Produced by the Peking Film Studio. April 6-12, *Shoudu Theatre, Xin Jie Kou, Peking Exhibition Centre Cinema, Da Hua, Jiao Dao Kou, Ertong, Guang An Men*

▲ **THE DESTROYER "CHIH FENG"** A feature produced by the August First Film Studio. It describes the defeat of the Chiang Kai-shek reactionaries in the coastal

islands of Chekiang Province by brave and persevering P.L.A. fighters.

April 8-11, *Da Hua, Ertong, Jiao Dao Kou, Xin Jie Kou, Peking Exhibition Centre Cinema*

▲ **A CHUANG TAPESTRY** A full length animated cartoon in colour. Produced by the Shanghai Fine Arts Film Studio. This is the story of how a woman and her son in the Chuang Autonomous Region lived through many adventures and difficulties which they recorded in the intricate patterns and designs of myriad colours that they embroidered in satin.

April 6-9, *Da Hua, Ertong, Jiao Dao Kou*

▲ **EUGENE ONYEGIN** A Soviet feature based on the famous opera of the same title adapted by Tchaikovsky from a poem by Pushkin.

April 12, *Zhongyang, Guang An Men, Peking Workers' Club*

▲ **FATIMA** A Soviet feature dubbed in Chinese. A beautiful girl is reared in a duke's family. She and the duke's son are deeply in love. A servant in the family cherishes a secret love for the girl, though he believes it impossible ever to marry her. When the duke's son is sent to the front, the girl, exchanging vows with him, promises never to marry another. Years pass and others return but not her beloved. She marries the poor servant and they live happily together. The duke's son eventually comes home, and in his rage shoots the servant. Watching her husband die, the girl goes mad.

April 12, *Da Hua, Ertong, Jiao Dao Kou*

EXHIBITIONS

▲ **HANDICRAFT EXHIBITION** On display are pottery, items in silver, embroideries, knitting, etc. from Han and various national minorities in Kweichow Province. Open daily from 9:00 a.m.-4:00 p.m.

At the *Gallery of the Artists' Union*
▲ **HUNGARIAN PICTURE AND HANDICRAFT EXHIBITION** Showing the growth of the Hungarian People's Republic in every field since its founding in 1945. Open daily from 9:00 a.m.-5:00 p.m.

At the *Jingshan Park*
▲ **NATIONAL AGRICULTURAL EXHIBITION** Open daily (except Mon.) 8:30 a.m.-4:30 p.m.

At *Agricultural Exhibition Centre*

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