

CHEAP EDITION

CHANGING CHINA

MICHAEL SHAPIRO

What is happening in China?

Is it true that the Chinese are evolving a new form of Communism?

How has it come about that capitalists are willing to co-operate with a system of government which, one would have imagined, is in direct opposition to their interests?

How does the much publicised theory of "let a hundred flowers bloom and a hundred schools of thought contend" work out in practice?

Eight crowded years have passed since one quarter of the world's population started on the Herculean task of reconstructing their system of society. During that time a number of descriptive impressions have appeared by writers who have sought to record, with varying degrees of goodwill, something of the Chinese people's immense effort to overcome their legacy of poverty, illiteracy and backwardness.

This book, by an Englishman who has lived and worked in China for the larger part of those eight exciting years, is unique in that it sets out to explain the purpose behind the seeming contradictions in the expanding and fast-moving life of the new society.

CHANGING CHINA

by

MICHAEL SHAPIRO

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PREFACE

“WHEN millions sigh, there is a great wind.” This old Chinese saying has a quality of wisdom that helps to explain much of China’s transformation and the events since. For China is a land of hundreds of millions, and only by winning conviction in the minds of the people and responding to their hearts’ desire can lasting changes be made.

“To serve the people”—*wei jenmin fuwu*—became the watchword in the bitter, heroic years before the liberation of the country in 1949. Many books have been written of those days and all, friendly or hostile, have borne witness to the closeness of the new leaders to the lives of the peasants and workers from whom they stemmed. How has this principle, and the methods of work built up in those days, been carried forward since the victory of the revolution?

Victory found the country facing great problems. “I wouldn’t be surprised if they make some mistakes. Look at the size of the job,” was the very natural reaction of a British trade unionist on visiting China in the early years after 1949.

In the eight crowded years that have passed since the liberation, descriptive impressions by writers of various political colouring have recorded that China’s millions are working with a will to erase their legacy of poverty, illiteracy and backwardness. Their sighs are now few and smiles are frequent. But so far little has been written to explain the changes.

In attempting to explain rather than describe, this book has selected just a few aspects of the expanding, fast-moving life of the new society.

M. S.

Peking, October 1957.

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Part One

INTRODUCTORY

CHAPTER I

POPULATION PARADOXES

TODAY in China, Rev. Thomas Malthus is as unpopular as he was in Britain when, over a century and a half ago, he preached low wages and the need to keep down the population.

William Cobbett, that champion of the oppressed, showed him up as a fraud and, later, Karl Marx described his ideas as a "libel on the human race." Yet his doctrines are constantly revived and, in this generation, are being refuted afresh, both in theory and in practice.

All the same, though he did it in the wrong way, Malthus did draw attention to the problem of population growth in relation to food supplies. And in China today, this is a matter that is claiming consideration.

Malthus' "law" that population, if unchecked, automatically runs ahead of food production, and his conclusion that this is behind all poverty, vice and war, is not only nonsense. It has been and still is used cynically by apologists for war and brutal and deliberate acts of colonialism. It has already been disproved in China, even though the country is only just at the threshold of exploiting all its resources scientifically.

Food output has kept comfortably ahead of the increase of population—5% as against 2% a year—and industrial output has averaged a 17.4% increase a year.

China's population problem, then, is not just a worry about keeping the people alive and fed. It is a problem of how to raise living standards steadily at a time of unusually rapid increase of population, when the country has only just begun to straighten out the results of centuries of backwardness.

China is full of paradoxes. It has a quarter of the world's population crowded into a fifteenth of the earth's surface; yet it contains

great provinces, double and treble the size of France, with large fertile stretches where you may travel for days without meeting a single habitation.

Industry is going ahead rapidly, yet the present trend of population in many places is to the countryside rather than the cities. One part of Chekiang Province alone has asked for 100,000 able-bodied workers from Shanghai, and Kiangsi Province as a whole is ready to take half a million workers from the cities.

Population is rising at the rate of over 12 million a year mainly in the countryside, yet concern about the rapid growth is as yet confined to small circles in the major cities.

In a village in Shantung, one of the most overcrowded provinces in China, where the average density is well over 400 people to the square mile, I raised the population question as I sat and discussed things with a group of peasants. Forty-five babies had been born there in 1956, they told me, and in all 21 people had died. This gave a net increase of 24 in a population of 1,300. But no one seemed in the least worried. On the contrary, they were very happy about it.

There had been not a single case of maternal mortality in the year, they told me proudly. Most of the eligible young men had found wives, where in the old days many would have had to wait till middle age before they could afford to marry.

"How will you manage with so many more mouths to feed?" I asked.

"We are organised in co-operatives now," they answered. Carefully, they explained to me the higher yields they were getting. They brought over the co-op secretary who quoted the detailed figures from his books, showing that output of wheat, maize and peanuts had in most cases more than doubled over the years since liberation. They gave me examples to show that they had nowhere near reached the maximum of what they could get from the land. They were also organising other work to add to their income.

I came away with the feeling that the campaign to keep down the birth rate, which doctors and other leading people in the cities are keen on, will take a long time before it reaches and makes any noticeable impact in the villages.

Besides, in a country of China's size, birth control raises questions of raw materials and production, quite apart from the spread of knowledge and readiness to change deep-rooted, traditional ways.

Perhaps the Confucian tradition is stronger in Shantung, the birthplace of the great sage, than elsewhere, yet most other provinces show a similar trend.

First among the eight precepts laid down about 2,000 years ago was a son's duty to his parents. And the highest token of this duty was to have children, especially sons, who would in time show their duty to their parents by having children, and so on *ad infinitum*. . . . "No offspring is the greatest offence against filial duty," said Confucius. It is neither a difficult nor particularly unpleasant duty to fulfil and it is not surprising that it became popular.

If anyone doubts the continued influence of Confucianism, particularly among the peasants, a trip across country should be convincing. In the middle of fertile fields, even on collective farms, are mound after mound of family graves, occupying a sizeable part of crowded arable land. Experts vary in their estimates, but all agree that a considerable crop area would be added if the graves could be removed.¹

In Shansi, the people are gradually cutting down the space occupied by their ancestors to give more room for the present and coming generations. They have agreed to level the mounds going back earlier than their great grandfathers. A leading member of the Chinese Communist Party, a Shansi man, confessed to me the pang of regret he felt when the big grave devoted to his first forebear who settled in that province 700 years ago was recently levelled. "There must be some Confucianism in me, too," he joked.

Yet poverty drove many people to kill their children at birth in the old days, especially in the countryside, and particularly baby girls. The new Marriage Law, passed soon after the liberation, in May 1950, included a special clause prohibiting "infanticide by drowning and similar criminal acts." The mother of Chu Teh, famous commander of the people's liberation forces, could keep alive only the first eight of her fifteen children.

Partly in reaction to the bitter past, partly because of peaceful and settled conditions of life such as China has not had for several generations, babies are welcomed and coddled in China today as perhaps nowhere else in the world.

Babies are now arriving at the rate of 50,000 a day, 20 million a year. Since the census four years ago startled the world with the figure of

¹ Professor J. L. Buck's pre-war estimate was 2,552,000 acres in China's major agricultural areas, enough to support 400,000 farm families. *Land Utilisation in China*, p. 179.

over 600 million, another 50 million have been added to the population (the net increase of births over deaths), the equivalent of the whole population of the United Kingdom.¹

When the public debate on birth control took place early in 1957 in the National Consultative Conference, many very young people rushed to the marriage registry offices in the mistaken belief that the debate might be followed by legislation raising the minimum legal age for marriage.

Yet the biggest factor in the rapid growth of population is not a rise in the birth rate. On the contrary, there are signs that the birth rate is falling. But fewer people are dying. They are living longer. The following table shows the position in general for the whole country.²

	1955	1954	1952-3	Pre-liberation
Births, per 1,000 population	32.79	38	37	35
Deaths, per 1,000 population	12.36	13	17	25
Natural increase (balance of births over deaths) per 1,000 population	20.43	25	20	10

Above all, fewer babies are dying. Infant mortality in Peking—deaths of babies under one year calculated per 1,000 live births—dropped from 117.6 in 1949 to 44.5 in 1955, and 35.1 in 1956. Even more dramatic is the fall in the rural areas with the spread of modern midwifery.

This drop reflects the same degree of progress as took place in

¹ Since China's first accurate census in 1953, someone has been made responsible in every village to register all births and deaths. These figures are collected annually for the whole country. Over 2 million census-takers, with the help of a large number of volunteer assistants, visited almost every home during the 1953 count, including the tents of many nomadic tribes. Careful checking showed a remarkably small margin of statistical error. There were and still are, however, fringe areas where estimate has to replace accurate counting. There is still no precise figure, for example, of Tibet's population.

² The 1955 figures are for the whole country, less one province, though this is not expected to make an appreciable difference to the totals.

The 1954 figures are for the whole country.

The 1952-3 figures, worked out before countrywide returns were organised, are estimates based on sample counties and provinces.

The pre-liberation figures are estimates, put together from all available data, most of it going back before the anti-Japanese war. There was no national system of registration at that time. Different ministries, organisations and sometimes private individuals made more or less accurate counts of particular areas; though taken all together and over a number of years, these cover a considerable part of the country.

Britain over a much longer period, roughly from 1905 to 1945. At the beginning of the century, 142 babies died in the United Kingdom out of every 1,000 born alive, though Britain by then had 150 years of industrial civilisation behind it. In 1945, the number had fallen to 49.8 per 1,000, and by 1949 to 34.1 per 1,000, just above Peking's present level.

As medical services are extended and health standards rise, there is reason to believe that China's infant mortality will gradually fall to the level of Britain's, which at 23.8 per 1,000 is now one of the lowest in the world. For, taking the death rate as a whole, China has already almost overtaken Britain (12.36 deaths per 1,000 population compared with 11.0 per 1,000 for Britain in 1955). In fact, Liaoning Province, in North-east China, which is more industrialised and probably has a younger age composition, has already reached a death rate of only 9.38 per thousand.

It is a youthful population, too, as the census revealed. As many as 61 out of every 100 people are under 30, compared with 42 out of every 100 in Britain.

Taken as a whole, and adding in the rising marriage rate, the figures reflect not only improved health but confidence in the future. At the same time, it means that millions are being added to the population annually before the country has built up its industrial potential.

Size, growth and distribution of the population all present problems—of education and employment, feeding and clothing, though they are healthy problems of expansion and rising living and cultural standards.

There are 30 million school-age children for whom places cannot yet be found at school. Yet the number of children attending school has reached the record total of over 63 million. Peking alone has provided 953 new schools since 1949, but this is far from enough.

All the way up the education scale, there are now more students than available teachers or schools, partly because of the large numbers in the lower age groups. About 4 out of the 5 million children of those who have just finished primary school have no middle school places ready for them. Of course, it is not reasonable to expect secondary education to be provided for all primary school students; but China would like to provide it for many more than as yet it is able to do. Senior middle schools are short of 800,000 places to receive all those coming up from the junior middle schools. And despite the enormous

need for university graduates, between 80,000 and 90,000 of those ready to enter university from the senior middle schools must be diverted to industry or other occupations. Yet universities have been greatly expanded and have already quadrupled their intake.

The very nature of the problems indicates a régime capable of, and concerned with, solving them. But they cannot be solved overnight.

Part of the whole difficulty is the pattern of population distribution. In the broad lowlands to the east where most people are concentrated, high density often slows down the introduction of machinery in agriculture. Yet millions cannot be suddenly transferred to the sparser outlying regions.

In these regions live many of the national minorities. Until liberation, their numbers were declining. They were victims of endemic diseases, including venereal disease, which the People's Government is now steadily eradicating. Though they number in all about 6% of China's population, they inhabit 60% of the total area of the country, including parts containing great mineral wealth and forest lands.

If great size of population and area of territory present problems, they also provide opportunities. Even a small surplus multiplied by vast numbers comes to very considerable accumulation. As funds speed the growth of industry, the means are provided to increase that surplus and also to open up the underpopulated areas to the north and west.

Strangely enough, as already indicated, a shortage of labour is being felt in the countryside. Socialist co-operation is changing the pattern of village life and, while mechanisation is still simple, there is room for more people in agriculture, forestry, livestock breeding, fishing and the expanding village industries and there is a great demand, too, for more teachers, doctors, nurses and specialists in all forms of cultural work.

Though 165,000 people went back to the villages during land reform, there was a strong drift to the cities later, especially during 1954, the year of heavy floods. Now the trend is the other way. Nearly one million people turned to farming in the nine months ending March 1956, in the height of the co-operative movement.

In time, no doubt, the trend will once again be reversed, as industry grows and as bigger-scale machinery replaces labour on the farms. But it is unlikely to come in a sudden, spectacular rush. Rather will

it come in steady, step-by-step expansion of not only national, but also local, industry in thousands of centres all over the country.

A beginning has already been made, too, to build up Sinkiang, Chinghai, Kansu and Heilungkiang and other under-populated areas, where the density is now often no more than two or three people to the square mile. Tractors, industrial machinery, and of course, people have begun to move there. Even now, without any great publicity, tens of thousands of families are making their way there every year from Shantung and other coastal provinces. No less than 200,000 people moved to Heilungkiang Province alone during 1956. China's wide, open spaces are attracting the young and adventurous.

China's great size, its contrasting climate, its diversified conditions yield not only remarkably varied products but also opportunities for experiment, for testing out methods of work and new techniques on a large scale, before popularising and spreading the results nationally. A good part of North-east China, for example, was six months to a year ahead of the rest of the country in the movement for agricultural co-operation and provided lessons and experience which were indispensable when it came to spreading the movement universally.

Only now are the Chinese people finding out what their country contains. Already more commercially exploitable oil has been discovered in the North-west than the known oil resources of Iran. Coal deposits are enough for 1,000 years at the rate of 400 million tons a year, and the water-power potential is second only to the Soviet Union's.¹ There is manganese, antimony, tungsten, vanadium, molybdenum, tin, copper and also many other metals that are today eagerly sought for. Each year sees new discoveries. Bauxite mines have been found larger than any in the world. And most mineral deposits are located conveniently for industrial exploitation.

China's big population and its immense resources, though as yet largely untapped, are among its greatest assets. It has plenty of room for all the new arrivals that are likely to come for any number of years ahead. Plenty of work and opportunity await its millions of young men and women.

The present effort to slow down the growth of population, which will undoubtedly gain ground year by year (so far, production of

¹ The latest figures, based on a survey of 1,500 rivers, shows a hydro-electrical power potential estimated at 540 million kW, greater than that of the U.S., Britain, France, Japan, Italy and Canada combined.

birth control appliances is on a rather small scale), has nothing Malthusian about it. It is a recognition that the present rate of growth for the time being affects the pace of industrialisation by turning resources to what is often technically described as unproductive investment. It is also a recognition that family planning is better for women's health and gives young people more time for training. It arises not from any gloomy helplessness in face of big natural or social forces but a healthy confidence in tackling them and helping forward the pace of China's progress.

CHAPTER II

A MONOPOLY GIVES UP

From Virginia to Shantung

UNEXPECTEDLY, the express from Peking breaks its journey at a tiny hamlet in the middle of the pleasant plains of the riviera-like Shantung Peninsula.

Though it is not a railway junction, a big station serves Ehr-shih-li-pu, whose name means Twenty Mile Halt. It has freight facilities and shunting yards. It is an important tobacco leaf collecting centre.

Tobacco-growing peasants hereabouts clearly recall the foreigners of the British-American Tobacco Company. As English names are not easily rendered into Chinese, they distinguished the company's British representatives or American tobacco leaf experts, in talking to me, by descriptive terms such as "Mr. Big Belly" or "Mr. Flat Feet." Perhaps there were other reasons, too.

Starting from practically nothing, using Chinese raw materials and Chinese labour and selling their products to the Chinese people, the B.A.T., as it was called, established leaf collecting centres in three provinces, cigarette factories in several cities and a distribution network that reached into thousands of towns and villages. By the thirties, they had built up a near-monopoly whose capital was valued at £34,182,000 in 1936.

What brought me to Ehr-shih-li-pu was a desire to compare the past with the present. For I had come across a pre-war report published by the Institute of Pacific Relations that provided a rare opportunity to contrast colonialism and socialism in their detailed impact on the lives of a particular section of peasants and workers.

This informative body, one of the national councils of which is the Royal Institute of International Affairs, provided a graphic first-hand study of China's cigarette-making industry and, in particular, the lives of tobacco growing peasants in areas in which the British-American Tobacco Company used to operate.¹ And Ehr-shih-li-pu was one of their main centres of operation.

¹ *Industrial Capital and Chinese Peasants, a study of the livelihood of Chinese tobacco cultivators*, by Professor Chen Han-seng, Kelly & Walsh, Ltd., Shanghai, 1939.

Even in those days, there was concern at the impact of this modern industry in semi-colonial China on the livelihood of the peasantry; hence this report.

Let me quote first from the Institute's study of pre-war conditions.

After making field investigations covering 127 villages representing all the American seed tobacco regions in China before the war, the report concluded:

"... at the B.A.T. collection establishments the classification of tobacco grades and the fixing of prices are entirely in the hands of a single person, the foreign leaf expert, who, by merely uttering one or two syllables, can make or break a peasant family for the whole year. Once the tobacco peasants have gained an entrance to the collection establishment, they wait their turn and dump their leaves on a long bamboo mat spread on a low wooden counter. . . . As the foreign leaf expert walks from one end of the counter to the other, he may stop at any pile of leaves and take up one or two bundles to examine, after which he throws them back on the pile. In the meantime he calls out the grade and price in code figures like 'AX' or 'H' or 'D,' etc.

"Needless to say, such symbols are not intelligible to the peasants. If any of them shows any sign of hesitation, however, his pile of leaves will not be accepted, no grade will be given, and even his other piles on the same counter will be completely ignored by the expert."

Admission to the collecting centres was by certificate, issued only to peasant families who possessed a leaf-curing barn or at least a leaf-baking stove. The Chinese middlemen made a good thing out of the distribution of these certificates.

To continue with the report: "After a journey of ten to forty miles to the door of the B.A.T. collection establishment, the peasants still had to wait their turn for admission, which was not according to the order of their arrival but according to the number on their certificate. Usually only 400 to 500 were admitted each day, and on Sundays and Saturday afternoons the collection was entirely suspended . . . they often had to wait four or five days, and sometimes even as long as eight days.

"The collecting season is from early winter to mid-winter . . . the tobacco peasants, anxious to sell their leaves, often slept in the open even on the severely cold nights and watched over their leaves outside the B.A.T. establishment. They often endured the bitter cold,

using their quilts and clothes to cover up the tobacco leaves to prevent them from becoming too dry, or too brittle, or unfit for sale. It goes without saying that they were all very eager to sell their leaves as early as possible in order to return home. Sometimes, though, when a peasant simply could not accept the low price offered him he chose to return home and wait for a second chance to sell, probably twenty to thirty days later."

Ehr-shih-li-pu emerged from the sleepy obscurity of a thousand years and more when it was selected as a tobacco leaf collecting centre for the B.A.T. In 1919 the Company erected great curing ovens just a few yards from the station.

A new population of workers gradually outnumbered the original 400 local people. Sheds, storehouses and other buildings were erected.

They are still there—repaired and added to since the damage done to them in the wars that raged across the area. So also is the sturdily built brick house which the Company put up for its Shantung supervisor where he lived when he came up from Tsingtao on the coast, not many miles away, for the short tobacco buying season. I know the house well because the local people put me up in it. It was a mark of consideration, as it is still the best house for miles around.

"The Company was concerned only with making money and nothing else. It just didn't care about the peasants." This remark summed up a general feeling among the peasants here. It was made with authority by Liu Pin-san who worked for the B.A.T. from the time he was a boy till the last Englishman packed his bags and left for coastal Tsingtao just before the Japanese moved in, "in the year of Pearl Harbour," as he put it.

At 68, Liu Pin-san is a lively, grizzled old man of great presence whose smiling, twinkling eyes belie his years. His life spans six régimes from the Manchu Emperors to the People's Government, and his anecdotes about each, with rich descriptive detail, could themselves fill a volume.

Though he worked for the Company as doorkeeper for many years, the peasants like him or he could not continue to work there, for the peasants and the factory workers now run the place. He is today in charge of the reception room where peasants who come in with their tobacco from long distances can rest and have a wash and a drink. I have no doubt at all he regales them with his stories just as he did me.

I learned a great deal from him and Wang, the ailing, intelligent Shantung lad who was a leader of the guerrillas that harried the

Japanese and drove away the Kuomintang. He is one of the heads of the Supply and Marketing Co-operative that now handles all the tobacco collecting and curing in this area. Actually, conditions were a good deal worse than the Institute's report showed. Beating up of peasants outside the Company's collecting centre during the short, congested buying season was "too common to mention," to use Liu Pin-san's words.¹ Anyone trying to find out prices in advance was roughly handled. There were also a whole variety of devices used by the B.A.T. to make sure that no Chinese company could compete with them for the peasants' tobacco leaves.

Ehr-shih-li-pu is still a tobacco collecting centre for a large area of Shantung, which is one of the major tobacco-growing provinces of China. The cigarette factories in different parts of the country that formerly belonged to the B.A.T. are still working and many of their products go abroad. But their profits stay at home now.

The B.A.T. Company is not the worst example of colonialism. Unlike opium, cigarettes were not forced on China at the point of the gun but introduced by the gentler persuasion of up-to-date salesmanship. The managers and technicians did not beat the peasants as far as I could discover. They left that to the Kuomintang police whom they paid. Their factory workers were not the worst paid or the most ill-treated. And they left some tangible assets which can be used.

Yet for these very reasons it provides a useful starting point from which to examine China's problems and progress.

Perhaps the reader who regards smoking as harmful should stop here and turn to the next chapter. It may disturb him to learn that the weed brought to England from Virginia by Sir Walter Raleigh, and to China from Virginia by the B.A.T., is flourishing in China today as never before. Output of cured tobacco has gone up tenfold since 1949, cutting out the need to import any tobacco leaf. No less than 72,000 workers are employed in this industry, which turns out roughly 4 million crates of cigarettes a year, with 50,000 cigarettes to a crate.

¹ Confirmation of these facts is provided, too, in "Tobacco Marketing in Eastern Shantung," to be found in *Agrarian China*, published by the University of Chicago Press, 1938, with an introduction by R. H. Tawney. The eyewitness author of this article writes (p. 173): "Arriving at the leaf collection ground, the peasants have to line up in one of the many queues, some of which are as long as two-thirds of a mile. Confusion seems unavoidable and the police beat them into line with thonged whips . . . some get trampled down by the crowd, some are fatally injured, being rammed by the shafts of the carts, and occasionally boys who are too young to hold their own in the crowd get smothered."

There may be a special quality in the Chinese soil, in the methods now used in cigarette manufacture or in the social life of the people, or perhaps medical research into the harmful effects of smoking is as yet inadequate in China. The fact is that more people are smoking, and this in itself is an index of greater well-being.

Tobacco Growers—Then and Now

The story of the B.A.T.'s operations in China is worth filling out.

Even before six cigarette companies in England and the United States combined to form the British-American Tobacco Company in 1902 to exploit the China market, a leading British import-export firm began pushing cigarette sales in China.

Till that time, cigarettes were hardly known in the country. For a good many centuries peasants smoked roughly prepared coarse tobacco in dry pipes. Landlords, gentry and rich merchants smoked finely shredded tobacco in water pipes.

To popularise cigarette smoking, this British firm distributed packets free in Shanghai. They also threw hundreds on the streets for passers-by to pick up. Even so, they made little headway at first.

Rumour was current in many parts of the country that the foreign cigarettes contained opium. To break down "sales resistance", the firm left packets at people's doors, placed along with the vegetables and other household groceries that were delivered. At first the cigarettes were ignored except by the children, but some braver spirits tried them, found them not bad and soon picked up the habit. As the habit spread, so deliveries fell and gradually people began buying them.

Linked with international finance, the B.A.T. Company found it more profitable to make the cigarettes in China than to import them. This saved the cost of ocean transport and customs duties. Cheap raw material could be used on the spot, and some of the lowest paid human labour in the world was available without limit.

China had already lost its political defences. Foreign capitalists had special privileges. They had ample freedom of action in the so-called treaty ports and the B.A.T. Company had no difficulty in setting itself up in Shanghai, Tsingtao, Tientsin and the North-east.

Chinese tobacco at that time was not suitable for cigarette manufacture, and so the B.A.T. Company imported seed from Virginia. Through Chinese middlemen, known as compradors, it at first distributed the seed and also fertiliser without charge and loaned the peasants both the thermometers and pipes for flue curing. It promised

them the best price for their whole crop, irrespective of its quality, and payment in cash.

Gradually the peasants were tempted away from grain crops to tobacco growing and, as the natural economy of the Chinese village disintegrated, thousands of peasants became dependent on the cash paid by the B.A.T. Company. Gradually, too, they fell into the hands of the local usurer and merchant.

For the peasants had to borrow to buy bean-cake for fertiliser and coal to heat the flues. The local gentry and wealthy families controlled both the lending of money and the shops where the peasants bought. They did well. Interest for bean-cake loans in Shantung worked out at 5% per month and for coal from 6% to 8% per month.

The Company grew in power in eastern Shantung and two other provinces—Anhwei and Honan—and, in time, came to dominate the life of thousands of villages.

The saying arose in the villages around Ehr-shih-li-pu: "Their boats brought us tobacco seed and carried off cargoes of silver."

The report of the Institute of Pacific Relations shows that, through its foreign managers and Chinese compradors, the Company was careful to be on cordial and even intimate terms with the families of the local influential gentry. "All along the Tsingtao-Tsinan Railway the company's officials have cultivated the goodwill of the bureaucrats, the gentry and the local leaders," it said. "It is not merely by accident that the militia chief in Ehr-shih-li-pu, where the B.A.T. leaf factory is located, is the leader of the local gentry and involved financially with the foreign trust. Not only do the B.A.T. officials spend 400 Chinese dollars per month for the maintenance of this militia, and during the leaf-collection season increase this amount to 600 Chinese dollars, but they have also extended loans to this militia chief to aid the finances of his coal mine."

There is a familiar pattern about all this—the monopolistic concern operating in an undeveloped area, the breaking into the traditional economic life of the people who become increasingly dependent on a single crop, the rapid profits, the use of local hangers-on to do some of the dirty work. If this system was not carried as far as, for example, the U.S. monopolies have carried it in some Central American countries, this was largely due to the jealousies and rivalries between the imperialist powers.

Before long Japan cast covetous eyes on the profitable tobacco industry in China. For a time, the B.A.T. did well in the puppet

state of Manchukuo while the Japanese militarists swallowed up the smaller Chinese concerns. It was the first foreign company to recognise and incorporate in Manchukuo. But after the full-blown invasion of the country, the B.A.T. had to share part of the spoils.

Finally, the Chinese people threw out all the imperialist powers that had preyed on them for over a century, and also the domestic associates of these powers. They began managing their affairs in their own way. Here are a few of the changes in the tobacco growing regions.

Tobacco leaves are graded scientifically. Samples of sixteen grades are on show at the collecting station and peasants come there to examine them. Prices are settled in advance and remain steady all through the year. There is no fixed collecting season, though most leaves come in during autumn and early winter. The collecting centre also sends out staff to the villages to save the peasants making the journey in. When a peasant brings his leaves to the station, there is the system of "democratic consultation" between him and the station's leaf experts to determine exact grading. The peasant can appeal and demand a re-examination of his leaves and further consultation. Now that most peasants have joined together in producer co-operatives, there is consultation at all stages between these local co-operatives and the Tobacco Supply and Marketing Co-operatives which operate on a national scale.

Prices range from just under 15 cents per catty (about 5*d.* a pound) for the lowest to over 93 cents per catty (about 2*s.* 6*d.* a pound) for the highest quality. (Comparison with the prices paid before liberation in Kuomintang currency is very difficult if not meaningless, partly on account of the unstable currency then.)

For anyone who would like to try his hand at tobacco growing, let me pass on the information that the leaves around the middle of the plant fetch the best price. The top leaves get too much sun and become rather thick, the bottom leaves are rather earthy. Quality depends, too, on how well the leaves are cured after picking.

The term "American seed tobacco" has long lost any meaning. Farmers have done a great deal of cross-breeding with local strains. Government research stations have evolved species of seed, some of which the farmers in the Ehr-shih-li-pu area find better than the original best American seed, with higher yields and greater resistance to disease.

This is not the only help given by the Government. Through the banks and the Supply and Marketing Co-operative, coal and fertiliser are loaned free of interest. Water-wheels are provided for irrigation,

also sprayers and insecticide. More important, the Co-operative now makes advance contracts for the whole crop, paying cash in advance. This has caught on, and now most of the output is bought up this way. Nearly £2 million was paid out in advance in 1956 in the main tobacco area of East Shantung alone.

Yields have shot up, from an average of 752 pounds of tobacco leaves to the acre in 1949 to 1,307 pounds to the acre in 1956, and a good deal more in the best places.

No one can say the peasants have suddenly attained a life of ease or luxury. A visit to one of these Shantung villages shows houses smaller than the average and miniature courtyards, as though the people grudged every bit of earth for any use other than farming. There are problems of land shortage, population and output. Life is still very hard.

But everyone eats and is comfortably dressed—the girls quite elegantly. Children wear shoes even in spring and autumn.

Neighbours crowded into the tiny courtyard when I called on a family in one village and I noticed that several had fountain pens. There are village schools for the children and spare-time classes for the adults. Several peasants proudly showed me their exercise and text books and, I must confess, some were ahead of me in literacy though I have been learning to read and write Chinese for seven years.

Market day in Ehr-shih-li-pu—they have them twice a week—is a lively, busy affair. Thermos flasks, torches, crockery, wicker-work, furniture, rubber shoes, quilts, sweaters and other things formerly beyond the reach of the ordinary peasant are sold in quantity. The local co-op shop complained they had run out of fountain pens, sugar and stationery. The restaurant had tasty food with several meat dishes and succulent local fish, and was crowded with customers.

An unusual encounter was my meeting a member of one of the wealthier families that used to live off the peasants. He has been “re-forming himself through labour”. In other words, he has been working for the past few years as an ordinary peasant. Last year, he was admitted to his village agricultural co-operative. He told me he was satisfied and even boasted a bit that by the end of the season last year he had 200 yuan (nearly £30) in the bank. Whether or not at the back of his mind he still hankered for his easy past life, I did not discover.

Even in the tobacco belt, peasants grow other crops too. A ratio is worked out between the price of tobacco and grain crops, in careful consultation with the peasants. Though, broadly speaking, there is

planning each year of the relative acreage to be sown to each crop, each agricultural co-operative planning its work carefully in advance, correct pricing remains of vital political and economic importance. It was impressive, going through the books of the Supply and Marketing Co-operative, to see with what thoroughness the comparative prices of crops are fixed in relation to each other to several decimal points.

Two complaints were mentioned. One was the need for more chemical fertiliser. They wanted much more if they were to raise yields further, they said—and here they touched on a problem common throughout China. The other was bureaucracy. When I asked what they meant by this, the answer was frank. There was a bit too much pushing of new types of seed and new farming methods without enough consultation with farmers who knew from experience what was best. Not all the new seeds introduced were good and some experiments had turned out to be failures.

As for the thousand workers of the leaf-curing factory, they have a regular eight-hour day, wages fixed according to national standards in consultation with their trade union, overalls, face masks, gloves, rubber shoes and other protective clothing issued free, health insurance and sports facilities. The trade union has so far constructed housing for 380 families and another sizeable housing estate was going up when I was there last, early in 1957.

No More Gang-masters

Surprisingly enough, though "Mr. Big Belly" did not show up again in Ehr-shih-li-pu after the war, the B.A.T. factories in Tientsin, Shanghai and other cities were not taken over till as late as 1952. Even so, they were not confiscated but transferred by agreement, on the application of the Company, to be balanced against taxes and other debts owing by the Company.

The Tientsin factory, for example, ran into difficulties. For some time, no doubt owing to the disturbed state of the Chinese countryside, it had reverted to importing raw tobacco. Then, in 1950, came the embargo on trade with China, imposed by the United States Government and meekly accepted by Mr. (now Lord) Attlee. Production fell, but costs remained high. In 1949, the Tientsin factory was producing over 35% of all the cigarette output of North China, but by early 1952, it was down to only 1,643 crates of cigarettes a month.

As tobacco growing was restored in the Chinese countryside, supplies of Chinese leaf began to arrive. All the same, the factory found it necessary to put its workers on short time. But it had to pay the minimum five and a half days' wages a week, and the trade union would not allow dismissals. According to the present factory manager, the Company's representative, Mr. W. H. E. Coates, who ran the factory at the time (it operated under a Chinese name, the Yee Tsoong Tobacco Co., Ltd., no doubt for good business reasons) claimed to be losing as much as £15,000 a month.

Personally, I like the picture of the local government trying to help out, which I built up from the facts I collected when I carried forward my investigations from Ehr-shih-li-pu to Tientsin and elsewhere. The local authorities made suggestions to the Company how it could effect economies, for example, by reducing the number of its selling agencies and marketing directly. It helped the Company to let out its spare warehouse and office space and hire out its surplus trucks. It even asked the workers to consider a wage-cut.

But the difficulties could not be overcome, and in August 1951 the factory applied to the People's Government to take over all its assets, with the condition that the Government at the same time accept all its liabilities, such as tax arrears, wages and discharge fees.

To preserve the plant as a working asset and keep the workers in employment, the Government agreed, and on May 6th, 1952, an agreement was signed voluntarily transferring both the factory and all its sales agencies. There was a similar procedure for the Company's factories in other cities.

Immediately, production leaped ahead. The workers went at it with a will, as though a millstone round their necks had been removed, and average output per month for the rest of 1952 reached 6,113 crates. The following year, production averaged 10,509 crates a month, and in 1956 it was 13,648 crates a month.

The factory was reorganised on democratic lines, the gang-master system was abolished, wages were overhauled, committees elected for factory management and factory safety and a regular conference of workers' representatives established.

Beyond question, the increased production was due to the new spirit among the workers, as to this day there has been hardly any increase in the number of workers. It stood at around 1,800 at the time of the transfer and is now 1,805.

These figures prompt the question of how workers using the same

factory and equipment can suddenly become so much more productive? Here are some facts which may answer the point.

Labour used to be recruited by gang-masters who held privileged positions in the factory, under the management. They sold the right to work and had great powers over the workers who were expected to make them gifts at certain times of the year. They imposed penalties for what they regarded as offences and struck workers when they felt like it. One of the chief gang-masters, Chang Huai-ching, a favourite of the Company, maintained a kind of cell in which he occasionally shut workers up.

It was forbidden to visit the lavatory during working hours except by presenting a special card and four such cards were issued among 500 workers during each shift. In the thirsty conditions of high-temperature operations, the workers were not provided with drinking water in the workshops.

Every worker was searched on leaving the factory. And woe betide anyone to whom a gang-master took a real dislike, for word would be passed to the police with whom the gang-masters collaborated, and the worker would be arrested.

Gang-masters were highly paid. The ordinary workers, though their rates of pay were higher than in many other factories, often had to do additional work outside to make ends meet. Some even became rickshaw pullers.

Women workers, who make up roughly half the total, were paid less than half the men's wages. They were not allowed to marry, and to this day there are a good many old maids who missed their chance of married life.

There were a number of strikes, the last one at Christmas 1947. But they were suppressed by armed force by the Kuomintang police and soldiers.

One of the first changes made after the transfer, apart from finally rooting out the gang-master system, of course, was to overhaul wages and establish a regular eight-hour day. The worst gang-masters were dismissed, and Chang Huai-ching was sentenced to "reform himself by labour". He is still at it. Others who had some skill have been retained and are now working usefully, one in the office, one in the generating station of the factory, one has become a section head in the blending department and another the deputy head of the accounting section.

But they no longer receive their former exceptional pay. Wages

have been graded according to skill, after considerable discussions among the workers. Some highly paid clerks, too, who were getting more than ten times the wages of a worker, have been down-graded. But skilled workers who were underpaid have been up-graded. Anomalies due to favouritism have been wiped out. Equal pay for women has been established. Administrative staff not engaged in production has been reduced from over 500 to 230.

The factory's total wage and salary bill is much the same as at the time of the transfer, but the changes within that total are profound and stimulating. In addition to changes in the wages structure, welfare and other amenities have been added.

Dust extractors—which are of the utmost importance in a cigarette factory—have been installed for the first time. Protective devices have been fitted to machinery. Workshop temperatures have been reduced. Over £16,000 has been spent on such things as these. In addition, 425 other items have been added for the workers' protection, including gloves, shoes, overalls and face-masks. Every worker is given a thorough health check-up every two years.

New housing has been put up at extremely low rentals. A bath-house has been erected in the factory grounds, with 60 showers. A barber's shop has been provided, and workers are given a hair-cutting allowance (roughly two shillings a month per worker). Crèches have been established, with accommodation for 420 babies. A kitchen serves specially prepared meals, under the supervision of a dietician, for workers who need them. Mr. Coates' house with its big garden in a quiet part of the city, within the former British concession, has been turned into a rest house. There were 18 workers there when I visited it and they stay for periods of one to three months. It has a full-time doctor, cook and housekeeper-gardener.

There is a library with 5,700 volumes, and 1,257 workers attend the spare-time schools organised by the factory. A number of workers have now advanced enough to attend the spare-time university in another part of Tientsin. Women have been given technical training so that many have left the ranks of the unskilled. An old building has been turned into a club house and equipped with games of various kinds. The workers have their amateur dramatic, opera and choral societies and also their athletic association. Their football team came second last year in the Tientsin light industry division. The latest addition in sports is a Motor Cycle Racing Club, though, so far, this has only acquired two machines.

Incidentally, a good number of the former "old maids" have now married, mostly through the very popular Saturday evening dances run by the factory, often in the neighbouring big workers' club centre, in co-operation with other factories in the district.

It is not surprising that the morale of the workers is good. A whole variety of inventions and innovations have been introduced, based on workers' proposals and ideas. Their net effect has been to make the work less intense and less tiring, while increasing output and saving raw materials.

An old, disused machine has been adapted as a very effective packing machine, cutting out a great deal of hand labour. One of the "old maids" (she is only 36 even now) has invented a simple device for inserting the raw tobacco into the machine to separate the leaf from the stem. This saves two pounds of tobacco in every hundred. It was so highly thought of that workers from other factories all over the country were invited to come and examine it. The inventor has been written up and honoured. Another worker has invented a device that causes certain machines to stop automatically when touched, in order to eliminate accidents.

Apart from being honoured, workers receive monetary awards for their ideas and innovations and also bonuses for extra output. Every three months, too, there are special awards for the best work. In 1956, bonuses amounted to £5,000, taking the factory as a whole.

As for quality, cigarette blending was formerly a closely guarded secret. The blends were decided by the central office in Shanghai and only three foreigners in Tientsin were supposed to handle anything to do with them. None of the Chinese staff was let into the secret.

But it is hard to keep such knowledge entirely away from the workers in a big factory. There was some drop in quality soon after liberation, with the first consignments of Chinese tobacco leaf. But cultivation gradually improved. Blends were developed after the transfer, with the aid of the most skilled workers, making the cigarettes every bit as good as the best in any part of the world, as anyone who has tried a good Chinese brand will testify.

In one respect they are better. A new method of artificial fermentation has been adopted after considerable research which not only cuts down the time for this process, but reduces the amount of nicotine and other impurities in the tobacco.

Adding up the improvements made since the transfer, it is not strange that the B.A.T. foresaw it could not carry on in a country

moving towards socialism. Its application to be taken over may indeed be the first instance in history of voluntary abdication by big business, the term "voluntary" here meaning, of course, bowing to the inevitable. It is significant that China had the honour and capacity to create the necessary circumstances, but the existence of such an example must surely provide universal encouragement.

Cigarettes are Profitable

As at Ehr-shih-li-pu, there is plenty of British and American machinery at the former B.A.T. factories. It creates an odd and not unpleasing sensation to see the English name Howe on a weighing stand in an out-of-the-way part of Shantung or, in the Tientsin factory, to notice the stamp of Robert Legg, London, on a cutting machine, or Brecknell, Munro and Rogers, Ltd., Bristol, on an autoseed machine, or American equipment with the stamp of firms in Ohio and Connecticut, all operated by Chinese men and women.

No doubt the British and American workers who made these and similar machines are pleased to know that the products of their skill, paid for by the labour of the Chinese workers and peasants, are no longer working to line the pockets of private British and American directors and shareholders, but are contributing directly to China's well-being and its industrialisation.

An apologist for the B.A.T. could well argue that wages and conditions in their factories were better than in other tobacco factories in China, which were often short-lived, unhealthy, fly-by-night affairs. How many other concerns in China, he might ask, introduced a kind of workers' insurance scheme as early as the twenties? True, the workers went on strike against their having to contribute to it from their wages, believing it to be a weapon of the Company to get a better grip on them; but surely such a scheme was bold and advanced for a capitalist firm? On paper, at any rate, the arrangement was that if a worker was injured or killed while at work his family received a month's pay in compensation for every year he had worked with the Company, up to a maximum of twelve months' pay. If he fell sick (usually it was T.B.), he received 70% of his wages in the first three months, 50% in the second three months, nothing in the next six months, and then he was regarded as having ended his connection with the Company.

The fact is it was not difficult to step somewhat ahead of the general mass of underpaid, over-exploited conditions that prevailed before

liberation and still be far removed from any standards that could be regarded as civilised. A British investigator in the thirties concluded that labour in China was "pitched into industry at the age of eight or nine, worked eleven to fourteen hours a day except when it is unemployed, decimated by preventable disease, unable to read or write, paid a wage insufficient to maintain it in physical health and sunk in a condition of mental apathy, broken by occasional fits of exasperation."¹

Leaving aside his "sunk in a condition of mental apathy," on which events have proved him wrong, Professor Tawney's conclusions vividly summed up the situation. A big firm could do just slightly better than this at very little cost and with distinct advantages to itself. The profits, in any case, came from the Chinese workers—and cigarette manufacture is very profitable.

Though China's socialist industrialisation is still in its infancy, workers' conditions have already improved out of recognition. The tobacco workers are covered by health insurance and pension schemes which are not only an enormous advance on what the B.A.T. provided, but challenge comparison with those of the oldest industrial countries under capitalism. For example, men can retire at 60 and women at 50 with pensions equal to 70% of their wages at the time of their retirement, provided they have worked for ten years or more in industry. If they prefer to work on, they receive extra pay amounting to between 10% and 20% of their wages. Their families are covered for injury or death, with generous allowances on which the only time limit is until the family can stand on its own feet, that is, until the young children grow up and become independent earners.

These are just a few of the provisions under the present national insurance scheme that covers not only the workers of the former B.A.T. factories but a large proportion of all the workers in China. Other provisions include, for example, 56 days off with full pay for women at the time of childbirth.²

Today, the British and American machines are busier than ever before. Cigarette production has more than doubled since 1950. No new factories have been built, but a number of the smaller ones run by Chinese capitalists have been enlarged or reconstructed.

Grading has been worked out carefully, and you can buy a packet

¹ R. H. Tawney, *Land and Labour in China*, Ch. V.

² In 1956, 7,410,000 workers were covered by full state Social Insurance benefits. This figure excludes office workers and others who are covered by special arrangements providing comparable benefits.

of 20 passable cigarettes within China for as low as 5*d.* and excellent, top-quality cigarettes for 1*s.* 8*d.*, with many grades in between. But the export market is taking an increasing part of the total output. And cigarette exports are now being supplemented by several good brands of pipe tobacco.

In 1950 China exported only 40 crates of cigarettes, yet in 1956, Shanghai alone exported 4,290 crates. They are meeting a growing demand not only in South-east Asia, but in Czechoslovakia, Hungary, the Soviet Union and other European countries.

In a good year, the net profit of a cigarette factory roughly equals its total capital value. In all, the cigarette industry handed over £11 million to the national treasury in 1955 as net profit. The Tientsin factory was valued at around 5 million yuan (about three-quarters of a million pounds), and this is equal to its net profits in 1955 alone. Of course, this valuation was based on the machinery and other assets and not on the kind of calculations made on the Stock Exchange of a capitalist country. I leave it to the former B.A.T. directors to work out, on the basis of the facts and figures I have given, what would be the Stock Exchange valuation of the factories they previously owned, at their present rate of productivity.

Meanwhile, foreigners of a different kind may be seen alighting from the Peking express when it breaks its journey at Ehr-shih-li-pu on the Shantung Peninsula. They are warmly welcomed, for mostly they are buyers from friendly countries coming to discuss tobacco qualities and grades with the officials of the Supply and Marketing Co-operative, to talk over prices and delivery dates. In tobacco growing and cigarette making, at any rate, China does not need to lean for aid on the Soviet Union but, on the contrary, can fill a gap not fully supplied by its own light industry; and similarly with other countries in Europe and Asia. In turn, this helps to pay for China's imports of machinery.

But, occasionally, too, there may be an inquisitive Britisher like myself, interested to learn about the past life of the Chinese people—which, through no fault of the majority of British people, was so strangely linked with Britain's own history—and to compare it with the present life of freedom under a socialist system.

Part Two

THE TRANSFORMATION TO SOCIALISM

CHAPTER III

HOW THE LANDLORDS WERE DISPOSSESSED

Notice to Quit

WHY China's feudal system lasted so long is a subject of keen debate among historians. But there is no room for doubt that the peasants were able to win land and freedom only when they were given leadership by the new and growing working class.

Long before the English peasants rose in revolt six centuries ago, there were peasant insurrections in China against the landlords and nobility. Most changes in dynasty followed uprisings by the peasants. Some of these movements gained great success for a time.

Britain helped to suppress the biggest peasant uprising in China before the present generation, the Taiping revolutionary peasant war of the last century that for a time established "The Heavenly Kingdom of Great Peace." The British Government of that day, too, sent gunboats along the Yangtze River.

To the honour of the British people there were protests; demonstrations were held in Trafalgar Square against this intervention; and an Englishman, Augustus Lindley, who fought with the Taipings, has left his warm-hearted, first-hand description of this peasant movement which desired that "there should be no person who is not well fed and well clad."

It cost enough lives and misery before the Chinese people built up a leadership that not only expressed the people's desires, not only found the way to unite and guide them to victory, but was ready to carry out a programme to meet their needs. And land reform was the first big step in that programme.

By now China's land reform, too, has passed into history, except in a few national minority areas such as Tibet and, of course, Taiwan. What Lenin once described as "the task which the nineteenth century

bequeathed to the twentieth century, one of completing the process of clearing out the medieval forms of land ownership," has been fulfilled. China has stepped ahead several stages beyond the "land to the tiller" goal for which the millions of peasants fought with revolutionary ardour.

In fact, by now, many of the landlords that remained in China at the time of liberation have worked their way back to at least formal citizenship in the new society. Most of them have been accepted into the new agricultural co-operatives.

But the fact remains that land reform, the destruction of the feudal landlord-peasant social relationship, was the essential change that made all further advance possible. Not only so, but the way the land reform was carried out helps to explain the stability of New China and why the country's leadership is so well rooted among the mass of the people, five out of six of whom are peasants. And that has implications far wider than China.

A visit to a Chinese village at that time left an indelible impression of purposeful bustle, of men and women "recalled to life," yet working to orderly, thought-out principles. Meetings and discussions were held, at first often in secret. Peasant associations were set up. Landlords were arraigned for crimes. There was methodical tabulation of the "class status" of every family, and skilful sharing out of tiny plots of land to those who needed it most.

Very striking against the background of stark, empty poverty were the primitive farm tools and the fewness even of these. After the sharing out of the landlords' property, there were families that still did not possess a simple hoe, let alone an iron-tipped plough. In the North China village of Tawanching, I saw a group of peasants guarding a few dozen crude wooden pitchforks and a few other tools collected from the landlords as though they were precious machinery.

In Ten Mile Inn Village in the Taihang Mountains, David and Isobel Crook report that the number of draught animals averaged one to every 10 people in the village or two for every five families. Before the distribution, the 20 richest families had two each, some of the remainder only "one leg each," that is, four families sharing the use of a donkey, but most owned "not even one hair of a donkey." (They spent six months in this village during the land reform, recording all its processes in fascinating detail.)

The peasants' confidence in themselves, and their political understanding, grew as they moved into action. In one place a peasant,

who had lived at near starvation level all his life, commiserated with me when he heard I came from a country where landlords still held sway. Generously he offered to come and help get rid of them.

In each village the peasants had to find their own inner strength to break through the bonds of the past and take the land for themselves. It could not be done by just passing decrees in Peking. Many instances could be given showing the powerful hold of ingrained ideas of servitude and fear of the landlords.

In a Chekiang village in 1950, for example, peasants did not dare bear witness publicly in the presence of a particularly notorious landlord, even though their own local militiamen were present. Only after he had been bound and stood there obviously helpless did they begin to speak up about his crimes and the sufferings he had inflicted on them, which till then they had only whispered in private.

Every one of the million and more villages was a world of its own. It had its own special features and balance of class forces. A wrong step could lay up trouble for years ahead. Not only could the land reform not be carried out effectively by administrative decree from on top; it could not be left to spontaneous action by the peasants. Once their anger was roused they were liable to hit out wildly. There was the danger not only of indiscriminate beating or killing of landlords, but of frightening off the more timid middle sections of the peasants and playing into the hands of the richer peasants and the landlords.

The big land reform movement of 1950 to 1952 took place in the middle of the Korean War. There were enough enemies, too, still roaming around within the country. Chiang Kai-shek and his American backers, though driven off the mainland, were still working for a come-back. Land reform was a delicate operation. It could not be allowed to get out of hand. Yet without stirring up the political and social understanding of the peasants, the whole operation would be meaningless. The peasants themselves had to swing into action. The job could not be done for them.

Long experience and closeness to the peasants taught the leadership both how to rouse them to action and to direct this action along the most fruitful channels.

"Apart from Marx," a veteran of the peasant movement said to me with dry humour, "the Japanese and the Kuomintang were our teachers."

He explained that in the early days before liberation some of those

who went to the villages to work among the peasants did not understand that the poor peasants were "semi-proletarian" and the most revolutionary section of the village population. They looked on the poor peasants as backward, uneducated, busy just keeping alive, with no time to attend meetings. Instead, they relied on the middle peasants.

"Wherever this kind of error took place during the anti-Japanese war," he said, "we were unable to withstand the Japanese attacks, because of the rather wavering character of the middle peasants.

"The poor peasants and farmhands in such places were passive, but this passivity in itself was an expression of opinion and we learned from it. Sometimes they told us more openly and bluntly, 'A man with a full belly doesn't understand hunger.'"

It was the peasants, too, who taught the leadership: "If you want to kill a snake, you first beat it on the head."

China's land reform was remarkable for its careful application of the maximum, overwhelming force to the smallest and most vital part of the target, the head of the snake. Once the attack was concentrated on the worst tyrants, this united the widest sections, including many small landlords and rich peasants.

It was remarkable too for the incredible amount of detailed planning that went into each step at every level, from the central government down to the smallest village.

Strategy and Tactics

By 1952, about 700 million mou of land (over 116 million acres) was shared out among 300 million peasants. In addition, other landlords' property was distributed, amounting to just under 40 million farm tools, 3 million oxen and other draught animals, 50 million tons of grain and several million houses.

Naturally, the landlords did not give up all this property without a struggle. From the people's side, though they had won power, they took no chances when it came to carrying out the notice to quit they had thus served on the landlords.

Strange as it may seem, when it came to the point, there was some hesitation, obstruction and even opposition, though previously everyone had been united and agreed on overthrowing the Kuomintang.

The Kuomintang had been a political clique and the crimes of the four big families at its head widely known. But the landlords and their families amounted to over 20 million people. The number was still greater if their associates, the rich peasants, were added. They

were not like the landlords of Europe, relatively small in number, with large concentrated holdings.

The whole population was linked more or less with the land. Members of the Communist Party had relatives—parents, uncles, cousins—who had property in the land. The intellectuals came not from the workers or peasants but mostly, excluding the capitalist class, from the landlord class, often from middle and small landlord families, and were influenced by them. Land reform was a serious test, even for some who had firmly supported the revolution.

Some said: if land is taken, will this not discourage many peasants who also regard themselves as owners; why pick on the landlords and leave out the capitalists; why not allow the landlords to give up the land voluntarily and peacefully?

Full explanations were made. In the main, the land had been acquired by robbery and tricks; unlike the landlords, the capitalists were still useful in building up the country's economy; past experience of "leaving it to the landlord" had proved that he made a show of things by giving up some of his worst land, damped down the peasants' struggle and so preserved control.

For generations, Chinese landlords had drawn in rent and usury half to over three-quarters of the harvest of the peasants, formed the core of political power within the country, in some places run their own local armies and wielded powers of life and death apart from other feudal privileges. Worst of all, not only were they utterly useless; they made it impossible to develop the productive forces of the land so that others might live. And they left their country a prey to foreign marauders and adventurers.

In a memorable phrase R. H. Tawney, the authority on Britain's transition from feudalism to capitalism, reported after a visit to China in the thirties that: "There are districts in which the position of the rural population is that of a man standing permanently up to the neck in water so that even a ripple is sufficient to drown him."

The landlord system did not allow the peasants to use machines, or to organise against flood and drought. It hardly permitted them to maintain the humblest life or keep up the simplest cycle of sowing and harvest, much less increase yields by investing in the land or applying modern techniques. Few landlords even invested in trade, finding the greatest profits in usury, and most peasants were deeply in debt, paying fantastic interest rates.

But if land reform was essential, it had to be done well. Better slow

and sure, it was decided, than rush and have to do it all over again and with a mess to clear up later.

There was a wealth of past experience to draw on. Land reform had already been carried out more or less thoroughly in the areas liberated earlier. Now, to extend it to most of the country, over a population of another 310 million (as it was estimated then) "... will take about three years or a little longer," said Mao Tse-tung in June 1950.

As usual, the leadership left itself a reasonable margin, and the work was finished well within the time.

The purpose of the land reform was made crystal clear in the very first clause of the Agrarian Reform Law of 1950:

"The land ownership system of feudal exploitation by the landlord class shall be abolished and the system of peasant land ownership shall be introduced in order to set free the rural productive forces, develop agricultural production and thus pave the way for New China's industrialisation."

Landlords and rich peasants made up less than 10% of the rural population, but they owned roughly 70% to 80% of the land.

Poor peasants, farm labourers, middle peasants and others made up 90% of the rural population, but they owned in all only 20% to 30% of the land.

The poor peasants and farm labourers, nearly three-quarters of the rural population, were seen as the backbone of the operation. Their womenfolk were included, of course, as staunch allies. These were the most exploited, and, if it did nothing else, the land reform had to satisfy their need for land.

But the "middle peasants" were needed, too, or the poor peasants would find themselves isolated. They formed up to 20% of the population and were an important component of the peasantry. They were oppressed. They had been exploited by the Kuomintang. They were reliable allies. With them, the forces would make up 90% of the rural population. The alliance with them would be economic and political. Economically their interests would not be encroached upon. Some of their immediate needs could be satisfied by giving them some land and farm tools. If their holdings were above the average after the land distribution, they would be allowed to keep them. Their tax burden would be kept within reasonable limits. Politically, they

should have one in three of the seats in the local government, the peasant associations and other local bodies.

As for the rich peasants, who made up the rural capitalist class, employing labour on the land they owned or rented and engaging in trade, these were to be neutralised.

It is true they had been on the side of the Kuomintang and the landlords. They did not, of course, support land reform. They were an exploiting class and were still connected with the landlords. But since the people's victory they were changing. If they were allowed to remain as a section of society, if the "rich peasant economy" were preserved, they could be drawn away from the landlords and neutralised; though of course the leadership of the village could not be left in their hands.

More attention was given to the question of how to handle the rich peasants than to any other single aspect in working out the land reform policy. This was because the landlords and rich peasants, lumped together, made up something like 50 million people, the population of a big European country. They had to be divided or the opposition would be too big.

Besides, the Chinese rich peasants were not like those in Europe, where, as in Yugoslavia, they farmed about half the total arable land, or in the Soviet Union, before the collectivising of farming, they controlled roughly half the output of grain.

In China, 90% of the grain was grown by peasants farming individually. Most rich peasants hired less than three labourers on the average. They had in all only about 10% of the total arable land.

There were other reasons, too, for handling the rich peasants with care. They had links with the middle peasants and were greatly admired by them as the image of what a middle peasant might become. They formed a kind of shield for the middle peasants who would gain heart if the property of the rich peasants were not confiscated. Land reform would be very difficult indeed if the middle peasants, the allies of the poor peasants, felt insecure and wavered. In addition, the capitalists in the cities would take any attack on the rich peasants as a blow at themselves, for there was some similarity in the forms of exploitation practised by the two.

More important still was the estimated effect on farming, for production was the touchstone. It was reckoned that the rich peasants had more land and better land, more labour power, more animals and farm tools; if their surplus land were taken, production would

suffer, and with the middle peasants worried, their farming output, too, would be affected.

It was agreed that only in those parts of the country where rich peasants' holdings were big and the poor peasants' need for land could not be solved otherwise should the rich peasants' surplus land be taken, and even then, only in part and with special permission from the provincial government.

As for the main target of attack, the landlords, could not even their number be narrowed down? It was thought it could. There was to be discrimination and as many as possible won over by concentrating hard on the worst, the most hated, despots in each area. And where landlords submitted, they were to be drawn into the united front, given places on the local people's consultative conferences, the local land reform committees and other advisory bodies (though not, of course, in the Peasants Associations).

In this way, it was estimated, the opposition could be reduced to around 10 million or rather more, that is about 2% of the rural population. The land and property of the landlords was to be confiscated, but there was to be no physical violence or killing. Everything had to go according to law. Indeed, they would be given a share in the land distribution and a chance to change themselves. They would not be driven out, for this could create chaos, with bands of them roaming around doing mischief. It was forbidden to take their commercial enterprises or even to waste time from agricultural work hunting for their hidden gold and other valuables. They were to be allowed to invest in industry or commerce. If they worked their new share of the land, they could rise to the rank of peasant within five years, provided they behaved themselves, and then they would regain their political rights as citizens.

What is touched on here is only a fraction of all the detailed considerations based on a study of the local situation and the overall needs of the country, and finally embodied in the Agrarian Reform Law.

This law was followed up by regulations governing "the differentiation of class status in the countryside" in which a landlord was defined as a person "who owns land, but does not engage in labour, or only engages in supplementary labour, and depends on exploitation for his means of livelihood."

Rich peasants, "generally speaking, own better means of production and some floating capital . . . are constantly dependent on exploitation for a part or the major part of their means of livelihood."

The middle peasants "usually own a certain number of farm implements . . . depend wholly or mainly on their own labour for their living . . . do not generally exploit others."

Poor peasants "in general have to rent land for cultivation and are exploited by others in the form of land rent, loan interest and hired labour in a limited degree."

Labourers were defined as those who "depend wholly or mainly on the sale of their labour power for their living."

But a glance at the headings of the regulations shows that not only were the major categories defined, but almost every other possible form of village life, with rich variations in between—the well-to-do middle peasant, the reactionary rich peasant, the bankrupt landlord, the poor odd-jobs man, the village intellectual, the idler, the religious practitioner, the liberation army man of landlord origin, the worker in a rich peasant or landlord family. . . . For each there is guidance on how he is to be treated. The right way to deal with a landlord or rich peasant who is also a merchant is described, what is the class status of a landlord, rich peasant or capitalist after marriage with a worker or a peasant, and vice versa. . . .

The Peasants Associations were made the legal instrument for carrying out the land reform and the poor peasants and farm labourers were the main strength in these associations. The tempo of the work depended on the consciousness and organisation of the peasants and the number and quality of the "cadres"¹ available.

How the whole movement to uproot feudal land-ownership was intended to be kept within bounds can be seen from a remark by Liu Shao-chi, now chairman of the Standing Committee of China's Parliament, the National People's Congress. In introducing the Agrarian Reform Law in 1950, he said that in areas where land reform was not yet planned for, "if the peasants spontaneously go ahead to carry out agrarian reform, they should be persuaded to stop." If things got into a mess, even where the land reform was planned for, and could not be straightened out at once, the whole reform "should be held up in these places . . . and preparations made to do it the following year."

No less than 180,000 cadres were trained in 1950 alone for the first stage of the land reform after the autumn harvest of that year, in an

¹ There is no adequate word in English to convey the Chinese term *Kanbu*. It covers civil servants, i.e. workers in central government organisations, but also includes full-time workers in local government, Party, trade union and other organisations. It is now commonly translated as "cadre."

area containing a rural population of 100 million. The training was intensive and lasted at least two months. They made up working teams and went to the villages to help. Forces were usually concentrated in strength in the most favourable places and then the work was extended from there.

By the time the land reform was finished almost every member of the Communist Party had taken part in this field work, from the highest to the lowest. Many others, too—factory workers, university professors, government ministers, film directors, doctors, merchants. It became a practical, living university from which a great many learned at least as much, from the life, hardships and skill of the peasants, as they were able to contribute.

All of them had to observe the "Three Withs"—work with, live with, eat with the most oppressed in the villages, the poor peasants and farmhands; and at the level of poverty of the Chinese village at the time, this was no joke for city-bred people.

They worked with them in the fields, lived with them in their homes and ate of the same meagre food. They were not allowed to dress well, for good clothes were a reminder of the rich and the oppressors.

Even so, it often took time to win confidence, break down barriers and reach the stage when the peasants would talk freely.

Sincere cadres who made eloquent speeches on general lines simply exhausted themselves and achieved nothing, as they spoke of things outside the experience of the people. But when the peasants reached the point where they spoke up themselves and began to learn the lessons of their own experience, as each told of his or her past life, they all saw more clearly how their poverty came not from a blind fate or because the tombs of their ancestors were in an unlucky place, but from the nature of landlord exploitation. From the stories of each others' lives they gained confidence in themselves as the creators of wealth, understood better "who feeds whom", lost any belief that the landlord had done them a favour by renting them land, and built up the class feeling that all peasants are brothers, all working people must stand together.

Each village usually went through three stages. Building up class consciousness and organisation was the first. It was followed by the tabulation of class status, and finally came the sharing out of the land and other property. But the first was the vital stage. How long the whole process took varied from one place to another, in some as

little as two months. But where special factors existed, as in parts of Kwangtung, for example, where there was strong gangster influence, interference from outside because of the proximity to Hong Kong and Macao, and the added complexities of clan holdings, the process was very slow, taking as long as twelve months in some villages.

To the outside eye, and by European standards, poverty seemed general. Yet to those concerned, differences in ownership often had a life and death quality. The utmost care was taken over class differentiation. As many as possible were drawn into the discussions, so that no one should be aggrieved by being placed in the wrong class.

Classification alone was usually divided into three main parts. And just the first part had its own three steps—discussion of the standards for each class and draft decisions, the public posting of the decisions, further discussion of opinions. Only then came the second part, making the actual classification, followed by a third, the ratifying of the classification.

Care had to be taken that deeply ingrained peasant tendencies to absolute equalitarianism did not damage the main purpose of the land reform, which was the improvement of agriculture and the capacity to raise living standards.

The guiding principle underlying all the work was the famous "mass line" which was built up in the fighting years before liberation. This principle was emphasised with all the cadres who went to the villages and it is this principle that has since become the most vital guide in every sphere of Chinese political life. It has been elaborated with organisational detail and methods of work.

According to the "mass line," the people must liberate themselves by their own efforts. History is made by the people. The task of a working-class party or leadership is to serve the people; not act as their master or a philanthropist, but help them to fight for and build their own future by their own efforts.

Correct guidance and leadership, the "mass line" stresses, depends on the ability to learn from the people—"from the masses and back to the masses" is the Chinese phrase for this principle.

My favourite land reform story is a simple one. It comes from Szechuan, told by an assistant editor in a government publications office when he returned to Peking, after joining a volunteer working team. At a village meeting in 1951 at which the class status of the local population was being discussed, a farmhand stepped forward and confronted his former master. The farmhand was now an elected

representative on the Peasants Associations' committee, and he exposed an attempt to bribe him in these words.

"You offered me a fur coat," he said. "You addressed me politely for the first time in my life. You called me 'Mr. Representative.' Can't you see that Chairman Mao has given us peasants a whole new world? That's what I think of your fur coat!" And he spat contemptuously on the ground.

This landlord did not escape the confiscation of his property as he had hoped. His "five big properties" were taken—his surplus grain, his tools, animals, houses and furniture—but he was left with enough grain to see him through to the next harvest, an average holding of land and the means to work it.

His surplus houses were assigned for the village offices, the library and clinic. The only wall clock in the village, which he had owned, was earmarked for the village primary school which had yet to be built and for which a third of an acre of precious village land was set aside.

Looking Back

Looking back over the years—how many learned men failed to acknowledge that the power of the landlords had to be broken, politically and economically, if China was to enter the world of progress! There is food for thought here. They included some Chinese who regarded themselves as Marxists and many foreign experts on China.

Laughable, indeed, is the American professor who traced the cause of China's troubles to the use of human "nightsoil" as fertiliser for the land. Soon after the liberation of China he published the results of his lifetime, first-hand researches into the subject and, with elaborate calculations, proved to his own satisfaction that unless this widespread practice were ended, disease would spread and the population drastically decline. It is not quite clear what practical solution he offered.

But the fairly sympathetic Professor Tawney, too, who surveyed the backward, turbulent Chinese scene in the early thirties with all his background of knowledge of European feudalism, concluded that "the hackneyed reference to the Middle Ages is sadly overworked" and what China needed most of all was better roads.

Yet when the people were on the point of victory, some "experts" showed they understood the class aspect of the problem better than they sometimes pretended. In November 1948, as the people's forces

approached the gates of Peking, the London *Economist* recommended the "announcement and where possible enforcement of drastic changes in the relations between landlord and tenant," because it saw that their "sweeping advances are in large part due to the support they have gained as the champion of the peasant at a time when in Kuomintang China the grip of the landlord and moneylender has grown more grievous with the combination of food shortages and inflation."

From the very earliest days, Mao Tse-tung made a personal study of the land problem. He had been the secretary of the Peasants' Committee of the Kuomintang in 1926, before the break with the Communist Party, and supervised the collection of land statistics for areas in 21 provinces. He went down to Hunan, the storm centre of the peasant movement, in 1927, and drew conclusions from his investigations which today have almost a prophetic ring.

"Several hundred million peasants," he wrote, "will rise like a tornado, a tempest, with so swift and violent a force that no power whatever will be able to suppress it." The question for every Chinese was: "To march at their head and lead them? Or to follow in their rear, gesticulating at them and criticising them? Or to face them as opponents?"

He explained that a man in old China was dominated by three systems of authority—the political power of the state; the clan, from the ancestral temples to the head of the household; and the gods, ranging from the King of Hell and the Emperor of Heaven to the lesser city gods, local deities and other spirits. A woman was dominated in addition by man, in the shape of her husband.

But the backbone of all the systems of authority was the political power of the landlord.

It was the peasants who formed the main force in the revolution which, led by the Communist Party, swept to victory in 1949. It was mostly peasant lads, organised in the People's Liberation Army, that drove from the mainland the American trained and equipped forces of Chiang Kai-shek, the protector of the landlords and the "running dog" of the imperialists, as they called him.

For all its restraint, the land reform, which finally broke the political and economic power of the landlords, was class struggle of earth-shaking dimensions, probably the largest scale operation in detailed, full-bodied democracy in world history. It was not the democracy of the debating chamber nor, in every case, the reasoned rule of law, for the masses were stirred up and some violence was inevitable.

Yet surprisingly few landlords were killed. On the average about one in ten was publicly accused and tried. Where he showed real readiness to bow to the changes in society, a landlord was usually dealt with lightly even where he had a list of crimes to his name that would make a Chicago gangster blush.

As far as I can estimate, of those tried the number condemned to death averaged, at the most, one to every two or three hsiang.¹ And landlords and their agents, in the course of the land reform, killed at least that many cadres. But detailed figures are not available. It is not easy, from the records, to separate out the landlords from the local armed gangsters and Kuomintang groups that were mopped up at that time. In some places, in parts of Szechuan, for example, landlords had their own armed forces to back up their political power and controlled an elaborate organisation of secret societies.

More than nine out of ten of all the landlords that remained in China at the time of liberation were given land, like the peasants, where they had no commercial or other means of livelihood. By now some have already regained their political rights after five years of work as peasants.

Out of the struggle came a new stage in Chinese and world history. The peasants now had the land, but they soon discovered that this was not enough. Still bigger changes had to be made before China could hope to lay the spectre of poverty.

¹ A hsiang is a rural administrative unit, usually including several villages. Over the whole country the population of a hsiang now averages roughly 5,000 people. At the time of land reform, it averaged about half that figure.

CHAPTER IV

HOW THE PEASANTS CHANGED

The Rich Peasant's Road

Five acres of land,
An ox,
Wife, children
And a warm kang.¹

So ran a peasant jingle. It summed up an outlook on life that was widespread after the land reform. Land was what the peasants had fought for. Now they had it. Many of them dreamed of a richer future in the only terms they knew.

Drawing up a "five year plan" for themselves after the land reform, a peasant family of Kiangsu Province decided: 1st Year—increase output; 2nd Year—pay off debts and lend to others; 3rd Year—build a new house; 4th Year—buy more land and hire labour; 5th Year—take up buying and selling and become merchants.

This outlook was shared, too, by not a few members of the Communist Party and ardent revolutionaries. It was the rich peasant's road to prosperity and no other road had yet been carved out in the villages of China.

What was there to guide the leadership and all those who had united to make a success of the new democratic revolution and now wanted to build China strong and prosperous?

In the future lay socialism. What did it consist of, especially as far as the peasantry was concerned? How to reach it? The classical Marxist writings, from Marx himself onward, foresaw a transition period in which society for a time was bound to have characteristics of both capitalism and socialism. How long would such a period last? There was the experience of the Soviet Union and other countries in Europe. But what did it all mean in the particular conditions of China?

By the time Mao Tse-tung summed up the situation in the countryside in his notable speech of July 1955 that astonished many even

¹ Built-in brick bed in North China peasant homes.

inside China, radical, vital changes had matured. So much so that he described many of the officials as lagging behind the desires of the peasants in the advance to socialism. "Some of our comrades are tottering along like a woman with bound feet, always complaining that others are going too fast," he said.

As if to prove his words true, the tide of social change swept through the rural areas and by the end of that year more than 70 million out of the 110 million peasant households were organised. The "individualist" peasants rushed to pool their land in co-operatives of one form or another at a rate that made even Mao Tse-tung's own estimates—thought wildly ambitious at the time they were made—seem staid and conservative.

Behind this speech is a story of three years of trial and error, failure and success, on a scale rarely known, until the dream of becoming a merchant-rich peasant began to fade and millions of hands gradually swung open the gates to a new stage in China's history.

This leap forward in the pace of China's rural progress that took place in the second half of 1955 had an immediate impact on every other aspect of life in the country. It was the signal to speed up the change in a socialist direction of private industry and commerce and handicrafts. It forced an overhaul in the whole scale and tempo of industrialisation and made new demands on science, culture, education, public health and other departments that served the needs of the millions. It made the nine months following Mao Tse-tung's speech the crucial turning point in China's post-liberation history.

It set going such changes that when the Communist Party's eighth congress met in the following autumn, it concluded that "the history of the system of class exploitation, which lasted for several thousand years in our country, has on the whole been brought to an end and the social system of socialism has, in the main, been established in China." Now what remained as the "major contradiction" was that "between the people's need for rapid economic and cultural development and the inability of our present economy and culture to meet that need."

From that time onward, the problem in the villages changed from *whether* to work co-operatively to *how* to make socialist forms of co-operation work really well.

What happened in the three years before 1955 is the more striking because the change from individual to co-operative farming was initiated from above.

If the agrarian reform soon after liberation responded to the deep, age-old land hunger of the peasants, this next step ran counter to some of their long-held habits and traditions. To get peasants to share their newly acquired land and depend primarily or even entirely on the earnings of their labour, to have farming done jointly among people accustomed to work individually, to wrest higher yields from land already regarded as intensively cultivated—these were indeed unexpected achievements in three short years. How were the peasants induced to embark on such a radical course? Did they make the change willingly and really with a good heart? How was Mao Tse-tung able to discern, over the heads of some of his closest advisers, that the peasants were ready to go forward?

Pocket-handkerchief Farming and Socialism

From the beginning, it was clear that socialism could not be built on the basis of pocket-handkerchief farming, more like gardening than farming; tiny holdings cultivated with a minimum of tools and an intensity equalled in few other places in the world. The structure of farming inherited from feudalism would have to go the way of the feudal landlord-peasant social relations, which had been ended in the land reform.

To raise output and improve living standards required better and larger-scale agriculture.

But it was equally clear that this change could not be forced. The peasants were many and the workers few. Even if there was half a capitalist in every peasant, the other half was worker. He was both a worker and an owner of means of production. As owners, there were dangers of the peasants moving towards capitalism, but even so, they could not be expropriated. It was impossible to think in such terms. In any case there were several hundred million of them.

At first, some people argued: why bother? The revolution had been accomplished, land reform was successful, the peasants were keen on their farming. Give them freedom and leave them alone. In time, steps could be taken to introduce better farming, but there was no hurry.

It was a seductive illusion and for a time partly fostered by a curious miscalculation that arose in many parts of the country: the belief that China had not only enough but too much grain; and the real problem was how to dispose of surpluses.

This idea stemmed from the good harvest of 1950, following on

the serious floods of 1949, and the success of the great grain redistribution programme that was set in motion. In some places there was actually a surplus.

As land reform released energy and enthusiasm, as war-devastated farmlands were restored, output rose. Between 1950 and 1952 it went up yearly by an average of 15%. By the harvest of 1952, China was producing a tenth more grain than in the peak year before the war, with hardly any better tools or modern methods of farming. It even helped India out in time of famine by exporting over half a million tons of grain in 1951.¹

The government mobilised the railways, shipping, trucks, horse transport and even the humble wheelbarrow and carrying pole to shift massive quantities of grain from surplus to deficient areas. At the height of this operation an average of 1 million tons was on the move across country every minute of the day and night.

All previous notions of quantity and speed of movement in backward China were blown to smithereens as the peasants responded to their government's appeal: "Don't let a single person starve." In 1952 alone, the amount of redistributed grain had reached a total of over 16 million tons. It saved the lives of millions and created a bond between the people and the leadership, between the peasants and the workers, that stimulated energies for future tasks.

Yet the situation was serious. Eating was still at an appallingly low level, many peasants still mixing grain with grass and leaves. The most the redistribution programme could do was to even out regional inequalities. It could not touch the root of the real problem, how to raise food output and raise it considerably. It was a gross fallacy to think China had enough.

¹ Though an agricultural country, China had imported grain ever since 1721, at the rate of about one million tons a year.

Grain jumped to second place on the list of imports under the Kuomintang and, after the terrible floods of 1931, to first place. Chiang Kai-shek negotiated wheat loans in the United States to fight the "Reds," exhausting China's foreign currency and contributing to her dependence as a nation.

The U.S. transported its stocks of surplus grain to the coastal cities, while inland the peasants repeated the bitter saying "a good harvest spells disaster" as they found no outlet for their produce. Landlords and merchants forced down prices and the peasants often lost even more than in years of bad harvest.

Transport was primitive. Grain-rich Szechuan and parts of Sikang near Tibet burned the surplus, while Hopei peasants starved to death.

The People's Government ended both the wasteful spending on imported grain and the wasteful use of grain at home.

The only good the maldistribution brought was that Yunnan and some other places developed fine quality bacon by having plenty of grain for pigs' fodder, and the fiery drink *maotai* was evolved in the distilleries of Kweichow.

Output per head a year or two after liberation was only around 450 pounds of food crops a year compared with more than four times that amount in North America. When the Soviet Union was embarking on its first five year plan, it was estimated it was producing about double this Chinese output of food crops per head and yet regarded it as totally inadequate.

Cities and industrial centres were attracting population as industry was restored and new plants began to be built. Stocks of grain had to be built up nationally—the Korean War was raging and Taiwan had yet to be liberated—and locally, to ensure against flood and drought. Grain was also one of the chief weapons used by the government to create price stability.

The peasant held the key to China's future, but he stood at a cross-roads, uncertain which way to go. There were already signs of a new division of classes, the more unfortunate going to the wall and the richer profiting. Within a year or two of the land reform, a proportion of the peasants who had received land, some 3% to 4%, had become bankrupt and began hiring themselves out, for there was a market for labour.

In one Kiangsu village, a rich peasant paid only five pecks of rice to get back half an acre of land that had been requisitioned during the land reform. It is reported that when he concluded the deal, he added, as if forgetting himself: "Anyone who needs money may come round and borrow from me." A well-to-do middle peasant bought an acre and a half of land from some poorer villagers less than a year after the land reform.

Eleven families in this village had newly become rich peasant households, while at the other end of the scale 39 households had sold their land and 57 households were once more in the hands of moneylenders. Of the nine Communist Party members in the village, four bought land.

It might be that a peasant's wife died and he had to raise money for the funeral. By old custom, such an event could be a calamity, as the practice of inviting the innumerable members of the clan to a feast, paying the priests and buying a good coffin, could beggar a small peasant. It might be that he fell ill or lacked people in his household to do the work. The germs of new class divisions were beginning to sprout.

It was unthinkable just to let things take their course and leave the future to the conflict of economic forces; and not only because

industrialisation would take much longer that way. Those who argued not to be afraid of these capitalist tendencies—as the richer peasants could be taxed—and, giving a farming analogy, said: “When the pigs grow fat, they are all the better to eat,” were told they were wrong. It was not a question of fear of capitalism, but they had their eyes only on the fat pigs. These were few and, to fatten them, the many would remain lean.

Another factor added to the need for radical changes in farming that would result in more grain. The peasants tended to market less grain, eat more and put more away for fodder or stock. Most of the marketed grain had formerly come from the landlords and rich peasants.

It all added up to a serious contradiction, with the danger of the workers pulling in one direction, towards socialism and industrialisation, and the peasants pulling in the other, towards capitalism and speculation. It was necessary to persuade the peasants to travel along with the workers. This was a form of class struggle but one that differed entirely from the struggle against either the capitalists or the landlords. The methods had to be different. It was a matter of changing people who had many of the characteristics of workers.

A great discussion was set going, drawing in opinions from all over the country. What should be the way forward? How should industry be built up? Why must agriculture be transformed? What were the alternatives facing the people? It yielded valuable views, even if some were faulty.

To answer questions and doubts, the Communist Party drew up a far-reaching analysis showing how the different branches of the national economy depended and interacted on each other, how China's resources could be harnessed, where the funds must come from, how to increase the means of production and yet gradually raise living standards at the same time; and showing, too, the international background against which all questions had to be decided.

It argued the case for building up industry and showed the immense quantities of, above all, grain and raw materials required by a growing urban, industrial population. It showed, too, that a major purpose of the building up of industry was to provide the peasant with the machinery, chemical fertiliser, pumps and other agricultural equipment for him to lift himself up from primitive, grinding toil.

This analysis became known far and wide as the general line and

tasks of the transition to socialism. It is doubtful if a single adult Chinese failed to be drawn into the debate on this penetrating statement, either before it was formulated or after it was drafted.

On the eve of China's first five year plan, in the autumn and winter of 1952, at least as many cadres as took part in the land reform went to the villages to help explain all this.

At the same time, a policy of centralised purchase and distribution of grain, cotton and some other major agricultural products was introduced. This cut out the private merchant and placed the handling of these commodities entirely in the control of the state. The peasant could sell his grain only to the state. The private merchant, if he came into the picture at all, operated strictly as an agent of the state distribution apparatus.

It was drastic but necessary. Some peasants, especially the richer ones, did not like it and, where the purchasing was done carelessly or clumsily, there were evasions and black-market trading occurred between peasants and merchants. But generally it worked satisfactorily, the government taking care to settle prices near or even slightly above market value as far as could be ascertained.

The explanations helped, especially with those who were politically more awakened. But for the great majority, this was not enough. Most peasants went by their direct, personal experience. For some the very word socialism conjured up horrors, partly as a result of stories put around by Kuomintang and other anti-socialist sources, partly because of the strangeness of something unknown and the uncertainties in their own minds. They imagined that organised farming went along with collective eating or even sharing of wives. "Our children won't recognise us," said one peasant when he heard about putting children into crèches. If socialist farming meant machinery, would not the old tombs and coffins of the ancestors be dug up and destroyed? Old folk were worried they would get nothing to eat—did not socialism mean no eating without labour? "We'll be buried alive at sixty," said one old peasant.

Careful consideration was given to all these expressions of opinion, and also to their ways of working. The peasants' greatest desire was to raise output and improve their living conditions. Though they farmed individually, there was also a very strong tradition of various forms of mutual help in difficulty, and the conclusion was drawn that in their own elementary kinds of co-operation lay an idea which could lead to socialism.

As it turned out, simple mutual aid became the next link in the process of change. It had already become known in the liberated areas during the war. After 1953 it was made popular all over the country. It was an idea that originated with the peasants and was carried back to them enriched with fuller content. But it was still a long way from what China needed.

Pioneering Problems

In the end, it was practical pioneering work that made all the difference. Thousands of peasants, a step ahead of the others, inspired by the vision of what they could make of the future, proved the superiority of socialist organisation in a down-to-earth way that made it acceptable to all but the most hidebound. What it amounted to was that co-operative farming had to win the allegiance of the majority of peasants competitively, by proving its superiority to individual farming in a kind of race with the rich, and better-off middle peasants.

Each step in that direction led on to the next and proved the possibilities of higher yields. Occasional mutual aid led on to permanent mutual aid teams; from there to simple co-operation, pooling of land and better division of labour; and finally, to what was called the "higher form" of co-operation when dividends for land were dropped and the product of the co-operative was shared entirely according to the work done by the members.

Each step gave rise to its own special problems and contradictions. In mutual aid, the problem was that, in busy times, everyone was afraid of neglecting his own land and wanted it to be worked first. In the simpler forms of co-operation, where rent was paid for the shares of land contributed, it was very hard to arrive at agreement when it came to building irrigation ditches or flood control works. Whose land would be sacrificed for the common good? And payment of rent discouraged those with less land whose labour did not fetch its full fruits.

There was no rushing from one step to the next in spreading co-operative farming, as the record shows.

In December 1951, there were only just over 300 agricultural producer co-operatives of a simple kind in the whole of China. It was decided to try them out experimentally in various places, and this was done unobtrusively. Even the decision was not published till eighteen months later.

In December 1953, the number had grown to 14,000. Cautiously, it was decided to extend the experiment and a target of 35,800 was set for the following year, but the number actually reached was 100,000. In fact, this still only included about 1% of all the peasant households.

The target of 600,000 adopted in October 1954 was bolder. It meant a jump from 1% to 14% in the number of peasant households. This too was exceeded, but snags arose and in the first half of 1955 many officials at all levels, including the highest, believed the movement was running ahead too fast, beyond the willingness and capacity of the peasants and the ability of the local cadres to cope with it. There was confusion and a pulling in different directions for a time which, if it had not been resolved, could have seriously set back China's advance to industrialisation.

The year 1954 had seen the biggest floods in the century along the Yangtze River. True they had been held, but the strain had been considerable. The peasants had responded splendidly to the nation's appeal to sell extra grain to the state for distribution to the flood victims. But there was grumbling in the winter when many peasants found their stocks low. The policy of centralised purchase came under fire. Peasants said however much extra they produced, there was no knowing that the state would not want to buy it all up, leaving them no margin for their own expanding needs. It was a clumsy policy, too, for time and energy were wasted in meetings to decide how much it was possible to set aside for state purchase.

When provincial leaders of agricultural work came together in Peking in April 1955, they were worried. They had arranged the meeting months before to compare notes on progress in the co-operative movement. Now some reported difficulties. There were instances of peasants slaughtering animals before joining the co-operatives or selling their tools, because no proper purchase or hiring arrangements had been made about such things. Arguments had arisen when peasants wanted to buy back more grain than was available locally.

Some officials argued that co-operative farming should be held up because China, unlike the Soviet Union, could not yet turn out machinery for large-scale farming. A longer period was needed for the socialist transformation.

Though no decision was taken at this meeting, the officials dispersed in a mood that led them to frown on the setting up of new

co-operatives and concentrate on consolidating those already established. In some places they even started cutting down the numbers, to the great delight of the richer peasants who had been standing aside or were more actively opposing. In Chekiang Province, which had been one of the biggest experimental areas, the drastic, indefensible order was given to slash the number of co-operatives by 15,000 out of a total of 53,000 in the province and dissolve the membership of the 400,000 peasant households that comprised them.¹

Yet the need for better agriculture had become still more acute. Food production had been maintained and even increased in 1954 despite the floods, but the increase was much too slow for the rate of industrial expansion. Besides, this increase was achieved sometimes at the expense of other crops—hemp, tobacco, soya, rapeseed—and light industry suffered a shortage of raw materials. In 1954, it could not reach its aims. Light industry and agriculture provided major sources of funds for the building of heavy industry, so that all industrial plans for 1955 were affected.

What is more, over 70% of China's exports were agricultural produce. A healthy expanding agriculture was essential if machinery was to be bought from abroad. And, of course, unless agriculture flourished, living standards for any section of the population could not be improved.

China very obviously still rested heavily on its agricultural base.

It fell to Mao Tse-tung to solve the dilemma, and he did it with the patience and thoroughness that had marked his investigations into the peasant movement nearly 30 years back. Talks earlier in the year with people from the provinces worst affected by the floods led him to doubt the view that co-operatives were being built too fast. Precisely where the peasants were having greatest difficulties, there seemed to be greatest keenness to co-operate. He set out on a tour of the rural areas, to his own province of Hunan along the Yangtze, and to Shantung, Chekiang, Kiangsu, Kwangtung, and almost every other major area that had railway routes. He probed deeply. He collected all possible reports from villages, co-operatives and local newspapers. He even asked some of the people employed around the place where he lives in Peking to visit their home villages and form their own first-hand ideas of the situation.

¹ As it turned out the people would not stand for this and comparatively few co-operatives were actually disbanded—about 20,000 in the whole country. In some places, the peasants removed the name "co-operative" but carried on.

His first impressions were confirmed and strengthened. Several things were being mixed up. Dissatisfaction with the policy of centralised purchase and distribution had been confused with quite natural difficulties involved in forming co-operatives and running them well. This policy had been greatly modified in the spring. A new and much more careful method of assessing how much grain and other major agricultural produce the state needed to buy was adopted. It became known as the "three exacts," being based on exact assessment of output, peasant needs, and the needs of the population in the cities and those rural areas that grew other crops than grain. It was so designed as to reduce state purchase to a minimum and give the peasants the guarantee that beyond a definite, fixed amount, they were free to keep their crops or sell them on the state grain market as they chose. The new arrangement removed the biggest source of irritation.

More serious than this confusion was the error made by some cadres engaged in rural work of discouraging the poorer peasants from forming co-operatives and ignoring their difficulties, while wooing or even at times forcing well-to-do middle peasants to join. Their idea was that these were now the majority (many former poor peasants and farmhands became middle peasants as a result of the land reform), and the ones with the tools, equipment and farming knowledge that could make the co-operatives successful.

Mao Tse-tung came back from his tour convinced that the overwhelming mass of peasants, especially the poorer ones, were ready and enthusiastic on the basis of their own experience to move forward if given the right kind of help. The idea that their life could be bettered only through co-operative effort had taken root among them.

On July 31st, 1955, he summed up the discussion at a great national meeting of secretaries of provincial, municipal and area committees of the Chinese Communist Party in his famous speech which might well be called "Stunned by Success."¹

In a full analysis, he showed that the enthusiasts came mainly from the poor peasants, and the poorer sections of the middle peasants and

¹ This speech invites comparison with Stalin's "Dizzy with Success" speech in 1930. The two are worth comparing for an insight into the different conditions in the two countries and the methods used in each at two different points of time. Stalin warned against "the method of threatening" as a means for getting collective farms set up in some places. Mao Tse-tung's emphasis was on the cadres lagging behind the peasants.

these were the ones to rely on primarily for building socialism in the villages.¹

Leadership in the co-operatives was to be firmly in the hands of the poor and lower middle peasants. Loans were to be made to the poor peasants to provide them with funds to invest and so start them off on a better footing. There was to be no begging or forcing anyone reluctant to join, whether he was poor, middling or rich. Unity was to be built with the better-off middle peasants, while criticising their capitalist tendencies. No rich peasants or former landlords were to be allowed to join until a co-operative was well established and standing firmly on its feet.

He answered with a strong affirmative the question which had troubled many cadres—whether co-operatives could be run successfully without the better-off middle peasants.

He held up as an example to the whole country a farming co-operative in Hopei originally with only six peasant families, three of them poor peasants and three middle peasants. The three middle peasant families pulled out with all their land and other property when difficulties arose. The three poor peasant families carried on and after great hardship made good and built up a thriving co-operative. Mao Tse-tung forecast that: "The road taken by these three poor peasant households is the one which will be taken by 500 million peasants throughout the country."

Mao Tse-tung's conclusions were confirmed and soon adopted as the basis for future policy.

At the big agricultural exhibition in Peking that opened in March 1957, an immense photograph near the entrance to the first hall of exhibits showed the three Hopei pioneers with Wang Yu-kuen, the chairman of the co-operative, happily clinking glasses in a toast with Chairman Mao. In the background are photographs, charts and sketches giving details of the progress to date of what is aptly named "The Heroes' Co-operative".

Mao Tse-tung himself posed the question, writing some time after

¹ This was a development of Lenin's theme after the Russian Revolution when he advised reliance solely on the poor peasants, unity with the middle peasants and struggle against the rich peasants. After the land reform in China, middle peasants grew to 70% to 80% of the rural population and the proportion of poor peasants fell to about 15%. Mao Tse-tung showed the need to differentiate between the richer and poorer middle peasants. Among the latter, too, a distinction was drawn between the "new middle peasants", i.e. those that had newly come into that class, and the "old middle peasants", i.e. those that were middle peasants from before the land reform.

This class differentiation was based not on degrees of exploitation but on political tendency and economic position.

his speech: "Since the masses have this great enthusiasm for socialism, why were many of the leading organisations completely unaware of it or only slightly aware of it just a few months ago? Why was there a difference between what the leaders thought and what the great mass of the people thought?"

He offered the advice: "There's only one answer. Don't lose touch with the masses; be adept at discovering their enthusiasm by understanding them to the very essence."

Revolutionary Peasants

By now, the main battle in agriculture has been won even though China is still only on the eve of mechanisation. "This revolution, socialist in character, is much more profound than the overthrow of the feudal land system," said Chen Po-ta, one of China's greatest contemporary theorists, summing it all up. The policy of restricting the rich peasants moved forward to one of squeezing them out as a social class. The road to capitalism in the rural areas was barred and the peasants are now going ahead along the socialist road that has been opened up.

Chen Po-ta warned against fixed ideas about peasant "conservatism." "If in certain conditions the peasants of certain countries have become comparatively conservative," he said, "why cannot the peasants in the revolutionary conditions of China become extremely revolutionary? Nothing remains static—why should not the peasants, with their dual character, be subject to change?"

This does not mean that the co-operatives are all working well yet, or that everyone who has joined is as yet fully convinced of their advantages over individual farming. It takes from three to five years, it is estimated, for peasants to learn the ropes of how to make a success of farming together. Not only willingness and initiative are involved, but a great deal of technical knowledge from agronomy to book-keeping, as the examples in the next chapter will show.

In the midst of broad, co-operatively worked fields, with none of the old private boundaries that used to clutter them up almost every few yards, you can still find an occasional enclave of an acre or two with the old markings, on which a peasant continues to farm on his own, stubbornly resisting the change around him. About 4% of the total arable land, at a rough estimate, is still farmed individually, though most of this is land in the national minority areas, where the

agricultural co-operative movement has proceeded much more slowly and farming is much less intensive.

But the overwhelming majority are learning how to make two ears of corn grow where one grew before. Taking the whole country there has been a 40.7% increase in the average yield of food crops per acre between 1949 and 1956, some of the biggest increases being reaped by the fully socialist co-operatives.

The competitive race in which the co-operatives had to prove themselves better by the hard facts of crop yields has been won. After the autumn harvest of 1955, an investigation was made into the yields of 634,000 co-operatives (including 14.2% of all peasant households in the country), and these were compared with the yields of peasants in the same neighbourhoods farming individually. The investigation covered the growing of rice, wheat, soya, cotton, hemp, sugar-cane and other crops. With the exception of hemp, they all showed a substantial margin in favour of the co-operatives—rice 10.2%, wheat 7.4%, soya 19%, cotton 26%, and so on. Hemp was 4% less in yield on co-operative than individual land.

It should be remembered that this test was made while the co-operatives were still in their infancy and the individual farmers who stood aside were usually the richer peasants with good land, tools and farming technique.

There was a tougher test still in 1956 when the total output of agriculture went up 10% over the previous year despite calamities that in total exceeded even 1954's. The big Yangtze River floods of 1954 had world publicity, and it was rightly regarded as a marvel of human effort when the harvest of that year proved to be 5% up on the 1953 results, though 1953 was not a very good year. But, less spectacularly in any one place, nature seemed to throw everything it had at China in 1956: typhoons, floods and drought. Floods alone inundated no less than 30 million acres of land. It is estimated that 70 million people suffered the direct effects of these natural disasters. The co-operatives passed the test with honours.

The Chinese sometimes speak of Marxism-Leninism as the arrow and the practical realities of China as the target. Certainly in the transformation of agriculture from individual to co-operative farming they have aimed the arrow truly. The application of Marxism to China's rural conditions has demanded a thorough understanding of the peculiarities of the countryside and a refusal to apply a set of fixed rules or slogans in place of analysis and the testing out of conclusions.

Two factors stand out in this. Once the idea of socialist farming gripped the minds of 70% of the rural population—the poor peasants and the bulk of the lower middle peasants—they made up, together with the working class and their allies among the intellectuals, an invincible force for socialism. No other class or combination of social groupings could possibly counterbalance this force. The other point is that no time was allowed for a new class of rich peasants to emerge and consolidate itself. If the change had been delayed for, say, ten years, the struggle would have had to be much sharper and carried out on a highly organised nationwide scale. The speed of change, taking place within three or four years of land reform, gave the capitalist tendencies in the countryside no real chance.

The non-doctrinaire application of Marxism is seen, too, with particular clarity in the whole question of tools and mechanisation, and in the long-term perspective for agriculture, now that co-operatives have been established.

Without machines, some said, you cannot have socialism in the countryside. It was one of those big ideas containing great truth that can yet blind people to simple realities.

For a while, it caused muddled thinking. Yet there was no reason why relations of exploiters and exploited could not be replaced by relations of co-operation and mutual aid before any big technical revolution took place in farming. Historically speaking, capitalism also came before the industrial revolution, in Britain and other countries. Socialist change in the rural areas of China could similarly precede and pave the way for bigger technical change.

No one has made a full survey yet of the technical level of agriculture at the time of liberation, but it seems to have changed very little from the days when iron smelting was first discovered. The underfed peasant exerting his own bodily labour power with only the simplest of tools was the main motive force in production. Animal-drawn tools were few.

Bigger tools consisted of a wooden plough with a cast-iron head, scratching into the earth to a depth of 5 inches; an occasional ox-drawn harrow; a wooden seeder; a hand-worked rice husker; a waterwheel powered by a blindfolded donkey; an ox or horse-drawn cart—these were the heights of machine farming up to that time, taking China as a whole. Even so, only landlords and rich peasants usually owned such tools.

A few tractors were introduced by the United States after the war.

For the ordinary peasant a small sickle, a mattock, an iron-tipped hoe, a flail, had to suffice and he was lucky if he had one of these. There were parts of South-west China, in some of the border areas, where people did not plough at all but set fire to the bushes on some land. The ashes served as fertiliser and then, with the daggers they used as weapons, they made holes to plant seed. In the next season they moved to another stretch of scrubland.

Among the Uighurs of Sinkiang, in the Tarim Basin, farmers used sticks for ploughing. Only after 10 years' work would a tenant receive an iron tool from the landlord. Some peasants had a single mattock for ploughing, house building and cutting wood.

Even in the rice provinces of South China, peasants in places had to loosen the soil with their feet after transplanting the rice shoots. Stone tools were still used in places in North China.

Primitive though they were, many tools were destroyed by the Japanese during the war. At liberation there was a shortage of everything that could help agriculture. The tools taken over by the peasants in the land reform were far from enough. The state stepped in with loans.

Steel began to replace iron. The blade of the plough was made bigger. A double-bladed wheeled plough was introduced. Horse-drawn tools were carefully designed and adapted to the peasants' needs and popularised. Simple and ingenious mechanical tools suiting local resources were invented. Trucks began to be used. Local power was harnessed to operate rice huskers.

If advance has been spectacular, it is the cumulative result of relying on no single spectacular talisman but on step by step, small improvements and keeping in line with the peasants' growing readiness and ability to apply them.

Four million ploughs of various kinds have been produced in China since liberation, including a double-bladed plough specially for work in paddy fields, jointly devised by seven agricultural research institutions.

This is apart from the millions of other tools produced by handicraft workshops all over the country.

At the big Peking Farm Tools Factory, which was once a Kuomintang weapons repair plant, I have examined production year by year since soon after liberation. It has acted as a kind of pilot plant, trying out new tools, putting them into mass production when found

suitable, passing on the blue-prints to other factories as these have grown up in various parts of the country and then moving forward to better, more advanced tools.

It started off with simple walking ploughs to help the early mutual aid teams, went on to 10-inch double-bladed ploughs for the early co-operatives and in 1955 began trial production of a few combine harvesters.

Since 1953, it has designed 34 new tools of which 26 have proved successful. They include horse-drawn self-raking harvesters, seeders, cultivators, threshers for maize, and grass cutters.

As for tractors, these are still few and so far are all imported. In terms of 15 horse-power, the number has grown from 1,252 in 1950 to 9,603 in 1956. Nearly two-thirds of them are on state farms. The rest are distributed over 325 machine and tractor stations and each year they are used on more land. Every province now has several such stations, but the first priority for tractors is the big underpopulated fertile areas in Sinkiang, Heilungkiang and parts of North China which are gradually being reclaimed.

For in the densely populated areas there are problems. For one thing, tractors cannot easily be used on the terraced fields in the hilly regions, of which there are many. Then, tractors replace manpower, but as yet, in many places, there is no manpower shortage. In the eastern plains people are plentiful; it is land that is short. Experiments made in the south, where some areas harvest as many as three crops a year, show that only one crop could be gathered a year if ordinary tractors were used. How to use tractors effectively in paddy fields has yet to be solved. Some Japanese smaller tractors and other farm machines come nearest to being suitable for many parts of China at present. The industrial country that helps China with some of its agricultural machinery problems will have an immense and expanding market for as long as anyone can foresee.

I have long been intrigued by the tiny unit of land measurement in China, the mou, which is one-sixth of an acre (with some variation in parts of the country). No reference book that I have consulted has provided a clue to the reason for so small a unit. My own guess is that it must have something to do with how much land a man can cultivate on the average by his own labour in a given time. This seems to be confirmed by the notice attached to a remarkable new rice-planting machine displayed at the Peking Agricultural Exhibition. It says: "In one day, one man can cover only one mou by hand labour.

With this new rice planter he can easily cover 30 mou (five acres) in a day."

This machine is still in its experimental stage (interestingly enough, the main problem to be solved here is transportation—the village roads are as yet too narrow to permit its easy transit); but anyone who has seen the back-breaking toil of a rice-growing peasant will appreciate the revolutionary character of this machine.

The Soviet Union provided agriculture with 154,000 tractors (in terms of 15 horse-power units) during its first five year plan. China's change to socialist farming has preceded the ability of its industry to provide large-scale equipment for farming. Nor is it trying to force the pace, though it is at the end of its first five year plan. Only 2% of all the arable land is ploughed by tractors so far. The country is vast and in the years to come hundreds of thousands of tractors will gradually come into use. But China is not waiting. It is convinced that great increases in output can be obtained by steady, smaller improvements. Despite intensive cultivation, yields are still a long way from the world's highest. In cotton, it lags behind Egypt, Syria and the Soviet Union. In rice, it cannot yet match Japan or Italy. Within China, too, there is a very wide gap between the average yield per acre in rice, wheat, maize, cotton and other crops and the yields obtained on the best run farms.

So at present, emphasis is on water control, fertiliser, seed improvement, double cropping, better division of labour in the co-operatives and only gradual extension of mechanisation. Flood prevention work is steadily saving more crops. Yields are being raised with more irrigation. Many more chemical fertiliser plants are being set up. Japan uses 132 lb. of chemical fertiliser to the acre to China's 13, and it will take many years to come anywhere near Japan's level. Higher quality seeds are being spread more widely. Methods which yield two and three crops a year are being extended over a bigger area. These are the main methods which China's industrious peasants are now employing in their socialist battle against poverty and backwardness.

Some years will pass yet before China is out of the woods. But considerable progress has been made. Output of all food crops went up from 113 million tons in 1949 to 194 million tons in 1956. It is expected to exceed 200 million tons in 1957. The highest pre-liberation level of 150 million tons was comfortably surpassed as early as 1952. Cotton shot ahead from under 450,000 tons in 1949 to over 1,500,000

tons by 1955, though there was a drop in the following year. The highest cotton crop output before liberation was 835,000 tons. Sugar output has quadrupled, groundnuts trebled, and cured tobacco, which had fallen to 43,000 tons in 1949, was well over 400,000 tons in 1956.

However, food crops still average under 700 lb. per head a year. Much more is still required to meet all the country's growing needs.

Naturally, peasant living standards have risen. They have gone up steadily year by year, with only a slight break in the difficult years 1953 and 1954. There was a rise even in 1956. Since 1949, as an overall average for the whole country, the increase amounted to 51·6% by the end of 1956, with a much fairer distribution, of course, than prevailed in 1949 when landlords and rich peasants still took a large slice of the output. This is a net increase, apart from personal cultivation of vegetables, poultry breeding and other cottage industry for family requirements, which have expanded a great deal.

Yet the peasants of China have some way to go before they are all "well fed, well clad." Despite all improvements, and though the income of many peasant households is already well above the average earnings of a worker, as a whole they are still far from the level of reasonable comfort. The majority—at least 55%—have a margin above bare necessities in food, clothing and other immediate requirements. Another 25% to 30% have just about enough to eat and wear. But even today, a proportion of the agrarian population, estimated between 10% and 15%, is below the margin of minimum needs.

There are wide divergencies between different parts of the country. A peasant family in coastal Kiangsu or Fukien earns about three times as much on the average as a similar family in the bare, hilly regions of North Shansi or Kansu. The highest incomes of all are earned in the Pearl River delta, the Yangtze River delta and in the Chengtu Plain, in some of the underpopulated but fertile districts of the North-east and Inner Mongolia and in the neighbourhood of some of the bigger cities.

China has by no means solved all its agricultural problems yet. But it is creating the means to do so and there is no lack of determination to use those means.

To round off his handling of the agricultural question in 1955, Mao Tse-tung made another tour of the countryside towards the end of the year. This time he came back with proposals which have since been included in a twelve year plan for agriculture. The plan covers all aspects of rural life and work, including re-afforestation and the

use of water power, with variations according to the major agricultural divisions of the country—the drier areas north of the Yellow River, the rich, fertile lands south of the Huai River and the country in between the two rivers. It is an exciting plan that has captured the people's imagination. It should lead to a grain harvest of well over double the present total, apart from great increases in other products.

Even then China's agriculture will still not be fully mechanised. But the vision of how the country's rural resources can be used, how the rich possibilities can be harnessed to end poverty for ever, has gripped the minds of the people. It shows that China has travelled a long distance from the rich peasant's road since the days, just a few years back, when many peasants stood uncertain, half inclined to follow the murky, speculative path to capitalism at the expense of their fellows. It means that China has carved out for itself a road to socialism suited to its own conditions.

CHAPTER V

VILLAGE LIFE AND STRUGGLES

An Interesting Book

THERE is as yet no adequate descriptive literature to convey the full flavour of the great transformation in agriculture.

Indeed, it would take a mountain of labour and the combined pen of a Sholokhov and the author of the great saga *All Men Are Brothers* to convey the complexity, drama, struggle, disappointed hopes and successes that made up the immense turmoil of experiment in the three years from the completion of land reform to the final wave of enthusiasm that swept through China in the second half of 1955—"the raging tidal wave that swept away all demons and spectres," as Mao Tse-tung described it.

In the Spring Festival of 1954, I travelled by truck with a group of workers from the Agricultural Machinery Factory in Peking to a co-operative farm in a village where earlier I had witnessed the land reform. Progress was visible not only in the figures of output and earnings which the peasants gave us, but in their clothes, their new houses, their school and clubhouse, and above all in their attitude. They had a confidence about them, perhaps less exuberant than in the land reform period, but more settled. They seemed more like workers than peasants.

But it was a model example. Occasional visits to villages in various other parts of the country, and making friends with some peasant families not too far from the capital, provided an insight into the kind of battle that went on in the peasants' minds before they flung aside long-held habits. Yet no one person, however widely he travelled in this country, greater in area than the whole of Europe, could more than glimpse below the surface.

Fortunately, a book was published early in 1956 that goes some way to filling the gap. It is a remarkable compilation of reports by village leaders, bulletins of co-operative brigades, local eyewitness accounts and newspaper stories and other first-hand material running to 176 items and 900,000 words in the original

full edition, and drawn from almost every corner of the land.¹

It tells a part of the story, for those prepared to sift through great detail and many purely local and technical facts, of the arduous effort put in by the pioneers, the fears of the peasants in embarking on new ways, the sabotage by embittered ex-landlords and gangsters and the obstruction from short-sighted officials who "fearing the dragon ahead and the tiger behind" often had to be elbowed out of the way. It tells something, too, of the patient, thoughtful methods used in guiding the peasants to take their first steps towards the only road that could lead them out of the morass of age-old poverty, and in spreading the knowledge of successful work as it was accomplished.

The preface to the book is written by Mao Tse-tung and many of the items have pungent short comments, in his style, drawing attention to points of particular value in them. All in all, they provide lively, documentary evidence of the soundness of the advice he offered in his "Stunned by Success" speech of July 1955.

Most, though not all, of the examples in this chapter are drawn from this book. They are intended to serve as case histories of what has been described in China as "the last revolution to root out poverty among the peasants."

A Paupers' Co-operative

About 100 miles from the capital, tucked away in a cluster of trees on the northern slopes of Mount Changyu, in the village of Szeshih-lipu, Tsunhua County, Hopei Province, there is an organisation of peasants that goes by the somewhat grandiose name of the Chienming Agricultural, Forestry and Livestock-Breeding Co-operative. This district was so poor after liberation that for several years the government had to distribute relief in the form of grain and winter clothing for a good many families.

After the autumn harvest of 1952, 23 of the very poorest of the 154 households in the village decided to "co-operate." They had not a single cart or farm tool between them. All they had was the land they had gained in the land reform and a three-quarter share in the ownership of a donkey. Some of the better-off peasants jeered at what they called the Paupers' Co-op. But within two years, the "paupers" were, by Chinese peasant standards, well off. Their own

¹ An English translation of the abridged Chinese edition, containing 44 out of the 176 items in the original book, has now been published by the Foreign Languages Press, Peking, under the title *Socialist Upsurge in China's Countryside*.

explanation of how they did it was "we got it all from the hills."

To set their co-op going, many of them laboriously cut brushwood 10 miles away, sold it for fuel and so raised an initial capital of 480 yuan (about £70). In 1953 they bought an ox, 30 sheep, a cart with iron-bound wheels, an assortment of small tools, fertiliser—and of course the remaining quarter share in the donkey. In 1954 they added more sheep, began breeding pigs, bought another cart and an insecticide sprayer. By 1955, one old lady was able to say proudly: "When I'd been in the co-op a year I bought a quilt. When I'd been in two, I moved into a house. If we had not joined, we would still be living in a shed."

This sounds simple, but there was real drama in the efforts of the most downtrodden in the country to lift themselves up by their own sandal strings. Time and again they met difficulties enough to dishearten the boldest. In 1953, for example, they had some sheep but no sheepfold, a cart but no harness, animals but no fodder, and in two households food had run right out. One wrong step and they could easily have been back to where they had started, dependent on government relief. And the eyes of the whole village and beyond were on them to see if this strange, new-fangled notion of peasants pooling their property had a remote chance of working out.

On that occasion all the members took out another share each. Every man contributed two large nails, two sticks and two bundles of straw. For the rest there were plenty of stones in the river bed and they managed to put up their sheepfold. The menfolk once again went out to the hills to cut brushwood while the women carted manure to the fields and prepared the land. With the money they raised, they bought equipment and even started a bean-curd workshop. But it was many a long day before they found themselves a real step ahead of the spectre of starvation. Frequently they went without a meal to ensure that the co-op had what it needed.

It speaks volumes for the Chinese character that, as they got on their feet, the members did not boast or show off before the middle peasants who had held back. On the contrary, there was one occasion when it poured for days on end and the weeds grew higher than the crops on the land of the middle peasants. The members of the co-op volunteered and saved their crops for them.

Then there was the case of the middle-peasant family that worked five acres of land, had their own oxen, pigs and donkey, in addition to fairly good farm tools. They took the view: "Let the co-op work

their heads off. They will never produce as much as we do." Quite deliberately they planted an adjoining strip of land with maize, the same crop as the co-op was growing, to show how much better they could do things. But at the time of the second muck-spreading in the summer, the co-op with plenty of labour finished its work quickly. It took the middle peasant all day to cart manure to his field and he had to leave it piled up on the edge of the field overnight; it rained heavily and the manure was all washed away. That autumn the co-op's crops were good. The middle peasant's were poor. It opened his eyes.

Not only his. It dawned on the middle peasants that the reason why the "paupers"—those fellows who started out with nothing but a shoulder pole and an axe—were making headway against natural difficulties formerly regarded as insurmountable, was their working together and pulling the same way. Two other peasants began helping. They drove carts for the co-op during the day and chopped straw for the animals in the evening. The village shrew even promised to stop abusing the neighbours if they let her join. The co-op grew steadily until by 1955 there were 148 households in it, including every single person in the village qualified to join.

Problems grew rather than diminished as the organisation grew, problems that would tax the ingenuity of experienced politicians, qualified accountants and agronomists combined—how to arrange work points for different kinds of work that were really fair both to the membership as a whole and to the individual; how to keep down the tendency among some members to go in for seemingly attractive "cushier" lines of work or more or less questionable trade, i.e. chasing after get-rich-quick schemes with the danger of losing their hard-won capital; how to improve the soil; whether the co-op should buy or rent the animals owned by the members; if to buy, how to ensure that they were properly looked after as though they were the peasants' own, and if to rent, what would be a fair rent; what happens when tools privately owned but co-operatively used are damaged; how to maintain initiative when peasants are working on land not their own; how to share the harvest and yet leave enough common funds.

Many were the discussions and arguments that went on before each of these and many more questions were settled to the satisfaction of all. But settled they were, with common sense and little if any bitterness, because hard facts were proving to even the most doubting that

not only their common funds but also their individual incomes were growing.

By 1955 the co-op had accumulated more than 6,000 yuan (nearly £900) worth of common property, including 12 head of cattle (seven of these out of their own beasts), two donkeys, three mules, five carts (three with iron-bound wheels and two rubber-tyred), and 103 sheep of various breeds. Its land was several times the 48 acres it had started with as each new member household added its share, and in addition, it had planted 100 acres of terraced land with fruit trees and had afforested over 160 acres of barren land. Along the river bank north of the village stood 270,000 newly planted poplar trees already 10 to 20 feet high.

As to the future, Tu Kuei the co-op vice-chairman said: "In five years we'll turn Szeshihlipu into a fine flourishing mountain village. By then everyone will be better fed and better clothed, and we'll all be able to really enjoy the songs of the birds and the scent of flowers when the day's work's over."

Commenting on this co-operative effort, Mao Tse-tung wrote: "Our entire nation, we feel, should pattern itself on this co-op. Why in a few decades cannot 600 million 'paupers' by their own efforts create a socialist country, rich and strong? The wealth of society is created by the workers, the peasants, the working intellectuals. . . ."

Li Shun-ta—Pioneer

One of the earliest pioneering efforts is Li Shun-ta's co-operative in Pingshun County, Shansi, where nature is pretty grim.

Tiny, scattered plots of land with a mere sprinkling of earth are set among the bleak ridges of the bare Taihang Mountains, some 4,000 feet above sea level. The 80 acres of arable land of Hsikou Township in which this co-operative was built up were carved into more than 2,700 separate strips. Heavy rain constantly washed away the banks of the terraced fields. It was a nightmare to retain water or soil at all.

This was an "old liberated" district and in the nine years between 1943 and 1951, using mutual aid, the peasants banked the slopes of the terraced fields high up on the ridges so as to retain water and soil. They extended the area under cultivation by cutting new terraces out of the hills, keeping the terracing in good repair, and bringing under cultivation land which had been formed by the settling of river silt. Bit by bit they built up their yields to well above what they had been before the anti-Japanese war.

Then in 1952 they formed their co-operative and faced the problem of exploiting their meagre natural resources. Some thought the prospects were hopeless and the best thing was to move down to the already crowded plains. "How can we talk of marching to socialism when you can't find a plot of land big enough for a tractor to turn round on?" said one peasant. But they persisted.

They conquered the water shortage by building small dams and reservoirs at seven points and storing every possible drop of spring and rain water. They cultivated land that had been covered with silt, planted fodder grass on wild slopes to develop animal husbandry, began planting fruit and timber trees on the bare hillsides and reclaimed shoals and mud-banks in the river. They worked out a careful division of labour, using every ounce of effort and every possible device. At one time all manure for distant upland plots had to be carried up by hand, so they built byres for the cattle and accumulated the manure on the spot, saving what they reckoned as 2,400 work-days a year.

What sustained them in all this effort? Apart from some practical guidance given by government experts, there was a vision of the future brought back from the Soviet Union by their own local leader, Li Shun-ta. He had gone there with a delegation of Chinese peasants, toured similarly unfavourable natural conditions in Siberia and brought back pictures of dense forests, big lumber mills up in the hills, fine buildings, roads climbing to the mountain tops and the possibilities of using machinery and power to develop a combination of agriculture, forestry and animal husbandry.

By the time the co-operative drew up detailed, long-term plans, the peasants were saying: "After all, what are a few mountains?"

By 1955, their common property which was only 120 yuan (about £17) when they started in 1952 had risen to 11,911 yuan (over £1,700). Hsikou already looked quite different. From the top of the highest point in the area you could see the lush green of newly planted trees blending with the crops in securely terraced fields. Thriving crops of maize and millet covered new terraces and uplands. Canadian poplars were growing tall. There were apple trees from the North-east and grape vines from Tsingtao. Horses, cattle and sheep grazed on newly extended pastures.

The villages of Hsikou became centres of a thriving social and cultural life. Four primary schools were set up. Several hundred members of the co-operative began attending the five spare-time schools to

learn to read and write, some being trained as book-keepers, tally-men, readers for newspaper groups of those who still could not read for themselves, and technicians for the co-op. The co-op installed a library, several wireless sets and a telephone. It arranged for bags of books to be taken to those working in the fields. It organised a musical group, a drama circle and other entertainments; and also public health and midwifery centres. The peasants began buying rubber shoes, flashlights, thermos flasks, umbrellas, blankets and other goods that were beyond the reach of most of them before. Their housing improved.

One peasant summed up the changes in their lives in this fashion. He said: "Before liberation we had two lots of blood-suckers—the landlords by day, and bugs and fleas by night. Some nights you had to move out into the open because you could not sleep a wink indoors. Now we sleep in peace at night and work with joy in our hearts in the daytime."

A More Favoured District

It is not surprising that the name of Li Shun-ta is known throughout the country and honoured as personifying successful battling against great odds.

By contrast there is Yitao Township in a relatively more favoured district of Kiangsu Province. Another "old liberated" area, it is made up of 18 villages of 829 families and a total population of 3,948, with just over an acre of arable land a head, which is very large by Chinese standards. Yet it had other problems just as complex in their own way as those of Li Shun-ta's district.

For this township is situated on a plain with many lakes. It is low-lying and easily flooded. The soil is silt, mostly soft earth. Its composition is poor because it is porous and easily waterlogged or arid. If no rain falls for about 40 days, drought results. And in the 10 years from 1945 to 1955, there were floods every year except 1952.

A better understanding of the realities of Chinese life and the reason why it is possible, by practical illustration, to convince the Chinese peasants of the advantages of pooling their efforts, whatever their "innate conservatism", is provided in the list of farming property owned by the families in these villages. As late as 1955, although the mutual aid and co-operation movement had started in 1951, the 829 families had between them 384 ploughs (one plough to about three households and most of these of the old-fashioned type, only 25 being

walking ploughs of an improved type and double-share ploughs), 195 rakes and 103 seeders; 90 bigger (only relatively bigger, not really big) farm carts and 148 tiny farm carts; 362 oxen and 67 donkeys.

The evolutionary process from mutual aid to co-operative organisation is seen clearly in this township. The movement began here in the spring of 1951, with the setting up of four temporary mutual aid teams. That autumn, one co-operative was started.

By autumn 1954, the co-ops had grown to eight, with 202 families in them, more than a quarter of all the peasant households. In addition there were 53 mutual aid teams embracing over half the households. These proportions were roughly reversed by spring 1955—with over 60% in co-operatives and less than 25% in mutual aid teams; and by the autumn planting that year there were 13 larger co-operatives with 716 families, that is, including 93.7% of all those that could be organised. None of them at that stage were yet collective in the fuller sense of sharing the results entirely by labour.

Outstanding in this example are two other things. One is the thoughtful two year plan drawn up by the co-operatives to conquer the natural disabilities of the soil, to improve farming practice, end water-logging, extend irrigation, and train people.

The other is a most detailed kind of "Gallup survey" analysis which was made in this township of the attitudes of various strata of the peasantry towards co-operation, with statistical tables grading households into "enthusiastic elements", "middle", "passive" and "inclined to oppose". It showed how each section of the village population fell into these grades.

It must have been invaluable in showing where the most "enthusiastic elements" could rely for support, and where and to what extent they might find allies.

Learning from Experience

In the three years of experiment, all over the country millions of peasants were learning by the evidence of their own eyes that with the removal of landlord exploitation there were undreamt of possibilities in the land, if only they could organise their labour effectively and harness their enthusiasm and knowledge.

What convinced them most were the yields. The records of the Chengling district, Chekiang Province, show clearly how the average yield of rice grew to the degree that they organised themselves.

	<i>Form of organisation</i>	<i>Yield per acre</i>
1949	individual farming	17·7 cwt.
1950	simple work-exchange teams	19·4 cwt.
1951	seasonal mutual aid teams	22·4 cwt.
1952	permanent mutual aid teams	24·8 cwt.
1955	co-operatives	29·5-32·4 cwt.

Gradually, too, all sorts of auxiliary occupations began to flourish, as labour was organised better. In this particular district, more vegetables, tea and other commercial crops were planted, silk-worm breeding and the handicraft paper-making industry were built up.

With the pooling of land and labour, by saving and investing in their land, the peasants began to diversify their farming, use better seed and more fertiliser, improve irrigation and drainage, rotate their crops, plant closer and plough deeper, practise vernalisation, attack plant diseases and pests and do the hundred and one other productive things which it was impossible for them to do in the old days. They disproved the hoary belief that Chinese farming had reached the limit of "maximum returns" and many other pet theories which had been current among Western students of Chinese economic conditions.

This kind of lesson was being learned in one, two, or more places in every province from 1952 onwards. Of course, mistakes were made. In many places things were by no means plain sailing. In the Chengling district just described, there was a rush to form co-operatives after the first successes of 1952, leading to an over-hasty growth. They got into a mess and the local authorities finally stepped in to bring down the number. The number of co-operatives dropped from 105 to 48 by 1953. Their impetuosity was widely publicised as "adventurism." It took them two years to get back again to the 1952 position.

This and other examples of clumsy work were among the arguments later used by conservative-minded officials to hold back the enthusiasm to build co-operatives at a time when the preliminary spadework had already been done and there was no longer any reason for excessive caution.

All sorts of deep-rooted fears were overcome one by one in every province. Would everything be in common? "What is mine is really mine. The co-op's property belongs to a thousand people," said some. Would one's animal get proper care at another's hands? "The co-op

is a quagmire," said rich peasant opponents of the new experiment. "Once in, you can never get out." Others thought there was no freedom, production was too uniform, there was no room for a man with special skills, there would be a shortage of work with the new division of labour. Single men used to moving around were afraid they would be tied down. Some better-off peasants did not want to be mixed up with families they had always looked down on.

In many cases, all that many peasants noticed at first was that everyone got in each other's way in the co-ops. Overworked officials tried to solve every problem at once. There were endless meetings and arguments over work-points and who should do what. Members often scrambled for the easy work and left the hard work undone. Book-keeping was frequently in an utter mess and no one knew what he had earned.

The fears were strongest among the better-off middle peasants who had enough animals and tools, those who used the labour of others and believed their yields were satisfactory. Among the poorer, the fears were fewer. Some thought they might not get enough work and so would go hungry. Widows or widowers who depended on their relatives to help them out, or petty traders who were afraid they would not be able to carry on with their trade, had obvious hesitation about joining.

Some of the fears were artificially fostered. But many were real and had to be answered; and not just with talk and vague promises. Step by step, experience was gained and problems were solved. There was progress from "not understanding to understanding, from the minority knowing how to handle problems to the majority knowing how, from the district officials having to come in to run the co-ops to the people themselves running the co-ops," as one local writer put it. Incompetents who oversimplified problems with such talk as: "Either you follow the road of the Communist Party or you follow the road of Chiang Kai-shek," were brushed aside. Nor was there any use harping on the peasants' gratitude for the land they had been given in the land reform or trying to push them into compliance. It was necessary to take the peasants' own experience, analyse it in detail and come forward with something positive and convincing in order to stir enthusiasm.

An endless variety of methods grew up in the struggle between old and new, according to the local situation. Many of these bore the same hallmark of ingenuity and closeness to the people as became

famous during the days of guerrilla warfare. The principle was evolved of studying problems in one place with great thoroughness and then applying the experience gained elsewhere, of solving key problems first, of teaching on the basis of proven facts, exchanging experience, organising visits to see how difficulties were dealt with in other places, getting successful co-ops to look after newer ones, setting up training courses, popularising typical examples, building up "typical people" to show the way to others and developing the spirit of "learn what is not known, teach what you've learned, and teach and learn from each other."

From the central leadership came the advice "be active in leadership, steady in going forward," and at each step detailed guidance was given until progress was made "from low to high, from small to large, from the few to the many, from point to area."

An insight into the character of the movement is provided in the following extract from an article in the local *Tien Nan Daily* of October 16th, 1955: "In one village a really serious mistake was made. Peasants were actually lined up to sign for membership," thus breaking the principle of absolute voluntariness. "To put this right," the article continues, "the Communist Party branch buttonholed every one of the local officials singly, clearly explained the policy and let them correct their own mistake. In that way the Party branch not only righted a wrong, but preserved their confidence and initiative."

There is also the instance of a young chairman of a new co-op, keen on trying out a new method of farming which he was confident would give better results, but restricting his experiment in deference to the fears of older peasants, and actually taking a season longer to spread results he was sure about until the older peasants were really convinced by what they saw for themselves.

In fact, young people, least conservative in outlook, seem to have been in the forefront of the struggle for co-operation from the outset. Typical were the members of the youth brigade in the Kwangtung co-operative who decided they would no longer put up with the fatalistic, passive acceptance of the damage done to the crops every year by insects. "Dragons in the sky, insects in the paddies," said superstitious older peasants. "It's only natural." But the youngsters got together and studied the life cycle of the rice borer that attacked the seed beds and damaged the seedlings. They showed that it was possible to wipe out the larvae of the insects in the seed beds and proved that the insects did not die off by themselves as was the common

local belief. They also introduced new methods in planting, weeding and organisation of work.

Bureaucracy, Sabotage and Other Problems

By no means all the opposition came from slower-thinking or over-cautious peasants. Much latent enthusiasm and ability were stifled or restricted by clumsiness or by self-centred bureaucrats among local and higher officials, especially in the early days. This complaint from Yunnan tells a story in itself:

"Chairman Mao tells us to set up co-ops and we know a co-op is a good thing. But when we set one up, nobody bothered about us . . . perhaps because they don't think much of our small, poor village where they cannot get good food or accommodation. . . . Our co-op chairman is irresponsible. He rarely says anything and does not seem to care. Our book-keeper makes speeches that sound wonderful but he does not follow up his words with any action. Our co-operative has run into trouble not because the members do not want to do our job well, but because the cadres do not give us a lead."

Still more striking was the experience of Hungnan Township outside Shanghai which waged a long drawn out struggle with the district authorities for the right to form their co-operatives. The instance is worth citing more fully.

In the winter of 1954, groups of peasants in the villages sent detailed reports to the township officials of their discussions favouring the setting up of co-ops. They brimmed over with enthusiasm and confidence. Three poor peasants of Yachanglang village, for example, wrote: "After the township people's congress, we went back to our village and called a meeting to tell the people all about it. Everybody was in high spirits. We discussed the advantages of having a co-op and everyone voted for starting one and joining."

But the district leadership would not agree. It got to hear that a few richer middle peasants were opposed and it wrote back that "the situation was tense." It demanded that energies should rather be put into consolidating the existing co-ops, "waiting till things are better before going forward." Four or five times in succession they cut down the number of co-ops the peasants were trying to set up in this district. The richer peasants were very pleased and employed various devices to break up already established co-ops, with the result that several collapsed.

But the overwhelming majority of the poor and middle peasants

kept on at the township officials. "If you cannot lead us, just help," they said. "If you can't help, we'll ask others to give us a hand." The officials fell back on the excuse that the district authorities had not given the O.K., but the peasants answered: "Let them do the O.K.ing, we'll get on with the organising. If they don't approve, let it be an illegitimate co-op. We'll get on with the job. We do not have to call it a co-op among outsiders." They held their discussions privately and went ahead without letting the authorities know.

The idea that the growth of co-operatives was running ahead of the understanding of the masses and the ability of the officials to lead them became an obsession among middle and higher officials in some parts of the country during the winter of 1954 and the first half of 1955. Giving a narrow interpretation to the general policy of not forcing people, of going carefully, these officials favoured "drastic compression" in the number of co-ops. There were some incidents that provided grounds for their worries. But they did not have their ears close enough to the ground. Their wooden attitude did a great deal of damage in places. Sometimes they went to fantastic lengths to break up new co-ops or keep people from joining.

Apart from this kind of bureaucracy, there was also downright sabotage. In Tuyun County in Kweichow Province, twenty-six cases occurred in eighteen co-operatives during the formative period before 1955, including the murder of a co-op official, the poisoning of draught animals, destruction of water conservancy works, corruption of several key people, theft and deliberate messing up of accounts. Most of the crimes were found to be the work of a group of rogues, some of whom had worked their way into positions of authority.

Among them were four ex-Kuomintang officers and seven former Japanese puppet officials. They made up only a small proportion of all the co-op officials, but they nearly succeeded in wrecking a promising co-op movement in the district. It is worth noting that when these people were weeded out, care was taken to discourage indiscriminate antagonism to just anyone who opposed the co-op movement. The watchword was: "No good person, or someone who only has certain shortcomings, may be labelled rascal or counter-revolutionary."

Interestingly enough, among the problems that arose as the co-ops grew was one of shortage of labour, especially in the larger ones

which went in for a number of sidelines.¹ Usually where this happened the womenfolk were drawn in to help, as in the Chekiang co-operative where the men built the irrigation works, did the tilling and other heavier forms of labour, while the women prepared ash compost, grew early crops and did the other lighter work. Even in the northern parts of China where there was no tradition of women helping with farming, they were not long in mastering such jobs as seed selection, artificial pollination of corn, pruning of cotton plants, poultry raising, beekeeping, silk-worm breeding, composting and many of the other innumerable kinds of work necessary in a big farm. It was not long, too, before women held leading positions in the co-operatives.

In these varied ways, the co-operative movement grew in agriculture, on a trial basis in 1951 to 1952, on a more extensive scale in 1953 and 1954, until it swept the country from the second half of 1955.

As a guide to the problem of building the agricultural co-operatives Mao Tse-tung strongly emphasised the importance of political work.

"Political work is the lifeblood of all economic work," he said. "This is particularly true at a time when the economic system of a society is in process of fundamental change. . . old ideas reflecting the old system invariably remain in people's minds a long time. They do not give way easily. . . ."

And he referred to "spreading the very essence of socialism, that is, making the principle of linking the collective interest with the individual interest the touchstone by which all words and deeds are judged."

¹ This is worth contrasting with the widespread rural unemployment that existed in old China. Professor J. L. Buck (formerly at Nanking University) concluded from a survey of 15,316 farms in 22 provinces that only 35% of all rural males capable of working were engaged full-time. The rest were partially or wholly unemployed. See his *Land Utilization in China*, Shanghai, 1937, p. 294.

CHAPTER VI

WHY CHINESE CAPITALISTS ACCEPT SOCIALISM¹

Peaceful Struggle

WITH modesty, the Chinese leaders disclaim originality for the idea of buying out private enterprise and transforming it peacefully.

It is a fact that Marx thought of this as a possibility for Britain in the seventies of the nineteenth century. In a letter to Engels, he remarked that "in certain circumstances" it might be better for the British working class "to buy off that gang," meaning to buy out from the British landlords and capitalists the land, factories, mills and other means of production.

It is also true that in 1918 Lenin referred to what Marx had said and considered the possibility of buying out, rather than confiscating, capitalism in the Soviet Union. He wrote that "certain conditions have arisen similar to those that might have arisen in England half a century ago had it then begun peacefully to go over to socialism."

But if the idea had already been conceived, it remained for China to be the first country to carry it through fully in practice and with a skill and smoothness that has astonished both Communists and capitalists in other parts of the world. It has done so not on the basis of preconceived dogma, but by thoughtful, step by step analysis of the hard facts and actual conditions in China, within the general context of its advance to socialism.

A more extended theoretical study could profitably compare the "certain conditions" which Lenin detailed in 1918, with both Britain in the seventies of the nineteenth century and China at the time of liberation.

The process of buying out the Chinese "national capitalists" took place in the main in the autumn of 1955 and the winter of 1955-6. By now they have been separated from control over the means of production they formerly owned and receive fixed interest payments, amounting generally to 5% annually (or in some cases rather more) of the agreed valuation of their assets and investments.

¹ This chapter appeared in an abridged form in *The Marxist Quarterly* for January 1957.

This is costing the country about 160 million yuan (roughly £23 million) a year for a period of not less than seven years. "Of course the price is high," said one speaker at the Eighth Congress of the Chinese Communist Party in 1956. "But at this price we eliminate capitalist ownership. We are able to take over the capitalist enterprises intact and use them fully to meet the needs of the people and the state."

But what is being done in China is more than this. A conscious effort has been and is being made to absorb the capitalists into the general stream of the country's productive, creative life and change them into people living by their own labour. And they for the most part join in and accept the change with enthusiasm.

A few words first on the nature of capitalism in China. Chinese capitalism was capitalism that grew late in a semi-feudal, semi-colonial country. China's first textile mill was not established till 1851 and its first "modern" shipyard was built in 1865. There was never an "industrial revolution" before the liberation of the country in 1949. Capitalism never reached a predominant position in the country's economic life and the capitalist class never fully superseded the feudal ruling class to control state power. Capitalism received an impetus during the first world war when the imperialists were busy elsewhere. It advanced slowly after that and reached a peak during the thirties.

The bigger capitalists were "comprador," that is, they served the foreign capitalists who, in turn, fostered and supported them, and they were closely related to the landlord class.

But there was also the "national bourgeoisie"—medium capitalists who tried to build up industry and commerce and suffered difficulties from the domination of the country by the imperialists and the "compradors."

By the time of China's liberation, the four big families, Chiang, Soong, Kung and Chen, with their close American ties, had monopolised the economic life of the country and, during their years in power, amassed capital estimated at up to 20 billion American dollars (a good deal of which, incidentally, is now invested in the U.S. and used to finance the big China Lobby). They never built up any industry but, through the state apparatus, and particularly through their extensive financial network, appropriated the wealth of the country, in collaboration with the foreign imperialists. After the Japanese surrender, they pocketed all the assets they could lay hands on, in the name of "taking over" the property of the Japanese and their puppets.

This monopoly capital, merged with state power, interlocked with foreign imperialism and the domestic landlords and rich peasants, made up the economic foundations of Chiang Kai-shek's régime. The state-monopoly capitalist class, commonly known in China as the bureaucrat-capitalists as distinct from the national capitalists, had all their property confiscated outright at the time of liberation.

The national capitalists, forming a sort of middle bourgeoisie that was also ruthlessly oppressed by the imperialists and bureaucrat-capitalists, had a dual character. It was in conflict with foreign imperialism and bureaucrat-capitalism and this, at times when the revolutionary movement was strong, led it to support or at least remain neutral in the revolution; but it also feared and was in conflict with the working class and peasantry, and this caused it to vacillate in its support of the democratic revolution. While the bureaucrat-capitalists fled at the time of liberation, the national capitalists on the whole remained, or returned later.

Writing in July 1949, Mao Tse-tung said:

"As for the national bourgeoisie, a great deal of suitable educational work can be done among them at the present stage. When the time comes to realise socialism, that is, to nationalise private enterprise, we will go a step further in our work of educating and reforming them. The people have a strong state apparatus in their hands and they do not fear rebellion on the part of the national bourgeoisie."

The "educational work" began even before the whole mainland was liberated. When the People's Liberation Army took its first big city, the industrial town of Shenyang (Mukden) in 1948, merchants had cornered the market in rice, the staple food, and prices soared. Expecting difficulties, Chen Yun (now Vice-Premier) had prepared several trainloads of rice at convenient places outside the city. He called on the merchants to unload their hoarded stocks and bring prices down, but they would not. He thereupon opened up food stores and the ordinary people were allowed to buy daily quotas each at fixed prices. At the same time, the first state representatives appeared in the wholesale market offering rice for sale.

To maintain their artificially inflated prices the merchants at first bought all on offer, the government selling at an official market price. It was the first time the new people's power had fixed a market price in a major commodity.

Prices continued to rise as merchants kept buying. After a few days of this, Chen Yun began bringing in his reserves, his trainloads,

offering unlimited supplies at the official price. When the merchants reached their limit and could not go on buying, the unofficial price began tumbling.

When it had fallen half-way towards the official price and looked like dropping further, the merchants' representatives came to Chen Yun and begged for mercy.

They got it. Chen Yun agreed to buy back from them all they had bought from him at the original price; and all other hoarded rice at the official price.

It was a very generous offer, for he could have driven them to complete bankruptcy, but the policy all the way through has been to fight them, but also to unite with them. Official prices won respect and precedence over privately, speculatively determined prices.

Jokingly, Chen Yun remarked later: "They were very helpful. We did not have warehouses to store the stuff in anyway, and they took it off our hands."

A far bigger tussle took place later in Shanghai, where, it was estimated, about 300,000 people lived on speculation. All banks and money exchanges were up to their eyes in it and even ordinary shops were involved, making normal industry and commerce very difficult.

It was a trial of economic strength that lasted through the latter half of 1949 in a fight with the merchant speculators for control over the market. Though the People's Government had confiscated bureaucrat-capitalist property, the market was still in the hands of the capitalist class—the national bourgeoisie. By a combination of skilful, far-sighted measures, the fantastic runaway inflation that had gone on so long that it had become almost normal and accepted was brought under control. New efforts to corner the market in various goods were broken up and at least three new inflationary storms were countered.

Money changing was outlawed and those who went on practising it illegally had their stocks, including gold, confiscated. Speculation in stocks and shares was made illegal. Hoarding of rice was forbidden.

But more important were the economic, not the administrative measures. Currency in circulation was cut down by stopping bank credit, calling in bank loans, tightening up tax collection and launching an issue of state bonds.

In each major commodity the state built up stocks to do battle with the private merchants on the market. In this they were helped by an inventory of the warehouses and other stores taken over from the

fleeing Kuomintang and their henchmen. In spite of all the looting that had preceded their flight, an amazingly rich haul was found, including buildings filled with bales of cotton, silk and rice, brand-new machines, gold bars, U.S. banknotes, locomotive engines, cars and even aeroplanes.

There were unopened crates of "U.S. aid" and stores hidden by the Kuomintang as far back as 1936, found and sealed by the Japanese when they took over, sealed again when the Kuomintang came back and only opened up and put to use when the People's Liberation Army took over. As an example of the chaos that prevailed till all stocks were inventoried, the Ministry of Water Conservancy found 30,000 boxes of screws of all sizes in its warehouses, while other ministries found machine parts of all kinds stored away all over the country without any screws. Shanghai alone yielded £35 million worth of goods from its warehouses.

It all helped in the fight to stabilise the market. The state stopped buying from private firms and instead began selling from stock.

By the spring of 1950 the extraordinary phenomenon of falling prices appeared. The People's Government and working class had gained leadership over prices and given confidence in the currency.

This victory marked the first stage in the peaceful transformation of capitalism. Among the measures brought in to control the situation was the offer of processing contracts to private industry. As the avenues for speculation narrowed, the private firms flocked to sign these contracts and avail themselves of the stable market they provided.

The "lesson" administered to private capitalism was limited to this, for it was not the government's intention to take over private industry and commerce at that time. On the contrary, the first serious task of the new government was to restore economic life, to restore production and, at least as far as consumer goods were concerned, that meant largely private industry and commerce.

Hard facts determined this policy, for agriculture was down by a quarter compared with 1936, the year before the anti-Japanese war, light industry was down by 30% and heavy industry by 70%. Imperialist intervention was still at hand, the enemy blockade operated and the mainland was still being bombarded. There were 9 million Kuomintang ex-soldiers and civil servants and other officials who had somehow to be fed. The people were still not sure of the Communist Party's ability to manage the economic affairs of the country.

Ending inflation and establishing a stable market was an essential

step in restoring production. But by no means the least effect of the victory over the merchant-speculators was the demonstration that the Communists could handle complex, urban financial problems as well as military tactics. And the method of processing contracts that began linking up the individual firms with the economic machine of the state was the first knock at the gate of private enterprise.

At the time, it was not clearly recognised as state capitalism, but six years later a big capitalist remarked: "We were dreaming. We did not realise that once we asked for state help we started on the road to state capitalism and socialism."

There were other skirmishes later in the fight to control the market, though never so great as in 1949-50, and in 1953 the vital link between private capitalism and the peasants was virtually cut when grain, edible oils and other basic products were brought into the system of planned purchasing by the state.

Looking back, it is clear that the *wu fan* movement of 1952 was the second stage in the transformation and "education" of private capitalism, without which the final change-over at the end of 1955 would have been impossible.

By 1952, with government help, private industry had recovered and expanded. Its output in that year had grown from 6,830 million yuan in value in 1949 (almost £1,000 million) to 10,530 million yuan (over £1,500 million); though with the concurrent growth of state and co-operative enterprise, this larger figure represented only 39% of the country's total output compared with 68.3% in 1949. In commerce, the private sector still handled 65.6% of all retail sales.

As it grew, private industry and commerce spread many practices and habits which are taken for granted in the capitalist world. In the *wu fan* movement, the government mobilised the whole country to recognise and fight back against them, for they threatened to undermine economic stability and hold back the advance to socialism.

It was found that hardly a single government department concerned with buying supplies and hardly a single private undertaking was not involved in one or another of what were pinned down as five rampant malpractices (*wu fan* means five "againsts"). These were bribery of government personnel to get orders or other advantages, tax evasion, often with the connivance of officials, theft of public property, cheating on government contracts, stealing of financial and other economic information for purposes of private profit.

Neither economic measures nor the application of the laws of the

country to punish offenders were enough to deal with this problem, for its roots lay in the capitalist way of thinking. And so, alongside the most painstaking investigation of thousands and thousands of account books, the checking and cross-checking of facts to discover the offenders—in which the workers in private enterprise, particularly the clerks, joined with great relish—there took place nationwide discussion and study of the nature of capitalist and socialist thinking, why the one was narrow, selfish and damaging to China and the other opened the way to prosperity for all.

It was not directed just at the capitalists. Even before the *wu fan* an attack had been launched on corruption, waste and bureaucracy (the *san fan* or three “againsts”) in government and other official organisations, and everyone from the minister or director to the office boy played a part in it. In fact, the *wu fan* grew out of the earlier movement when it was found that these evils of the old society were closely interlocked with the whole world of private business.

The assistant chief of the big state company dealing with hides, skins and other animal products was revealed to be a merchant who still retained directorships in 18 private concerns after worming his way into the government service. From his inside position he instructed agents of his to buy up in advance products which he knew the government was about to purchase in large quantities. He netted over £1,000,000 in less than a year in this way, at the same time corrupting many others.

Another official with a long and distinguished record in the People's Liberation Army had fallen in with a group of business men. When he became head of a supply department, he shunted to his friends goods not generally available and pocketed a commission for his services. He had fallen victim to the “sugar-coated bullets” against which Mao Tse-tung had warned in 1949 when the revolutionary forces switched their operations from the austere countryside to the more sophisticated cities.

While big cases were high-lighted, the two movements which went on through most of 1952 were the occasion for the most thorough-going general overhaul of codes of conduct in every government and other public organisation. It was impossible to allow the spread of corrosive influences that could cripple the programme of industrialisation on which the country was about to embark.

Though these movements concentrated primarily on clearing up the civil service and ending corruption in government administration,

at the same time they taught the capitalists that the working people and not they were the leading force in the country, that there was close supervision over them and the limits to their operations were strictly defined. They dashed any hopes for a restoration of capitalism.

But there was no attempt even then to abolish private enterprise. As from the outset, a clear line of division was drawn between the useful and harmful sides of capitalism. The policy was to destroy the harmful but to use what was positive.

Article 10 of the Constitution which was adopted in September 1954 declared:

"The state protects the right of capitalists to own means of production and other capital according to law.

"The policy of the state towards capitalist industry and commerce is to use, restrict and transform them. The state makes use of the positive sides of capitalist industry and commerce which are beneficial to the national welfare and the people's livelihood, restricts their negative sides which are not beneficial to the national welfare and people's livelihood, encourages and guides their transformation into various forms of state-capitalist economy, gradually replacing capitalist ownership with ownership by the whole people; and this it does by means of control exercised by the administrative organs of the state, the leadership given by the state sector of the economy and the supervision by the workers.

"The state forbids capitalists to engage in unlawful activities which injure the public interest, disrupt the social-economic order, or undermine the economic plan of the state."

The capitalists and their various organisations had taken full part in the formulation of this article and agreed to it.

Speeding It Up

By the third quarter of 1955, many factors combined to make necessary a faster change in private industry and commerce. Other parts of the national economy were growing rapidly. State-owned industry was moving ahead, the agricultural co-operation movement was sweeping through the country, the socialist-owned transport network was expanding.

The Soviet Union and people's democracies were sending in heavy machinery, but China had to make a good deal of its own supplementary equipment. To do this, it had to rely on private industry,

too. But most of the private factories and workshops were poorly equipped, working to old American or British patterns. The state did not need what many of them were adapted to produce, and they could not produce what the state needed.

With agricultural co-operation came a rising demand from the peasants for flashlights, thermos flasks, bicycles and other goods, most of which were in the hands of private industry working under government contract. But costs of production were high and both quality and quantity were not enough. A change to a higher, more efficient form of production capable of turning out bigger quantities at lower prices while maintaining or improving quality, was essential.

Till then there had been three forms of "state capitalism": the simple form in which all the output was bought by the state, the capitalist getting his own raw materials and managing his factory himself; the more advanced form in which the state provided the materials and bought the output, that is, processing to state orders, with the management of production in private hands; and the joint ownership form under which the state invested in the private concern and shared in or controlled decisions on production and management.

By the summer of 1955, four-fifths of private industry had come under the second form. This meant that the anarchy of private capitalism was greatly restricted, but there was still exploitation, private ownership and control which acted as a brake on the forces of production.

In commerce, about a quarter of the country's total retail trade was private; another quarter was private enterprise serving as agent of the state, that is, selling goods supplied by the state-trading network at determined prices; and the rest was run directly by the state or the supply and marketing co-operatives. Difficulties arose in adjusting the distribution network to meet the changing needs of the people. Private shops would not move to growing new areas, away from their old customers, especially if the new areas were away from the cities. Some parts of the bigger cities had too many shops of the same kind within a few yards of each other, while great new working-class areas could not get enough shops for their minimum needs.

The change-over to joint state-private ownership by individual concerns was a slow, costly and laborious procedure. It worked this way. If part of the share capital in the concern had belonged to the bureaucrat-capitalists, this became the state share and the government generally did not have to invest any more, unless equipment

had to be renewed or additions made. It simply sent in personnel to share in the management.

In enterprises with no bureaucrat-capital, the state usually invested 5% to 10% of the existing capital as the state share. This was costly in both money and personnel at a time when efforts needed to be concentrated on building up the more important state sector, especially in heavy industry. At the rate of change-over to joint state-private operation that prevailed till then, it would take at least 60 years to transform private capitalism.

A new device was therefore tried out, first in Shanghai and Peking, in September-October 1955—the change of whole trades to joint ownership. Invariably one or more units already had some state capital, and this allowed state participation without the problem of further investment, except where this was desirable for production reasons.

But a new contradiction arose, whether the change came by individual units or whole trades. The moment a private firm became joint state-private, the production relations changed. The workers came into the sphere of management, welfare amenities improved, production expanded and there was greater attention to quality.

But this meant greater private profits, calculated on the old basis. In joint undertakings, net profits were divided generally into four parts, as follows: 35% for taxation, 15% workers' welfare, 25% to the shareholders, 25% to reserve.

If the state owned only 5-10% of the shares—and it could not own more without additional investment—this meant the private shareholders were getting an extra benefit from the effort by the workers and the state. If this continued over all trades, it would mean the state working for the capitalists over a considerable range of industry and commerce.

How to solve this problem cost many a discussion, for the decisive stage in the change-over of private industry and commerce had been reached.

At the end of October 1955, Mao Tse-tung had two talks with the Federation of Industry and Commerce, which represented private interests all over the country; and Chen Yun made two reports on policy regarding the transformation to socialism. These discussions proved a turning point.

At the time there was despondency among the capitalists. Everywhere the watchword was "forward to socialism." There was the tendency to look down on anything to do with capitalism. They

feared for their standing as part of the united front and for their political and social position in the country.

Mao Tse-tung opened up the future for them very frankly. He told them they must help to shape their own destiny and now, with the working class in power, they had the possibility of doing so, provided they grasped the laws of development of society.

The cause of communism was very broad and it required as many as possible on its side—even the former landlords had a place in China. In future, the capitalists would become part of the working class. There were an increasing number of progressive elements among them and their task was to help the others understand the trend to communism. There was nothing frightening about this, as the past few years had shown. Chinese society was changing away from private ownership, so naturally all those connected with private enterprise were affected; but the pace and form of change was open to discussion in which everyone could take part. The new system could not be imposed but had to show itself better than the old.

They would be given reasonable profits over a transition period. This was better for society and better for the capitalists.

As for their place in society, the united front would continue, as this was useful to China. They had their right to elect and be elected (unlike the landlords). By the time they were bought out China would be more prosperous. Their efforts and skill were necessary to build prosperity in China and help the country gradually to overtake the industrial levels of the most advanced capitalist countries.

It was natural for them to hesitate and vacillate but if they went forward progressively they would have the support of the people.

The upshot of the meeting was a remarkable outburst of enthusiasm and energy behind the transformation, and it went forward by whole trades throughout the country.

On the question of profit, it was finally agreed to substitute a fixed rate of interest, to be paid on the agreed valuation of the private assets and capital in the firm, whether the undertaking made a profit or loss. At first the rate was left open and, after considerable further discussion, was finally settled in the middle of 1956 at 5% (though where previous arrangements had been made guaranteeing more, these were not to be altered).

This was roughly the average profit made by all private enterprise in the years since liberation, a little more than was made in 1955 and rather less than in 1953.

Changing whole trades to joint ownership and introducing the principle of fixed interest was more than just a new technical device. It involved a qualitative difference in that it separated the capitalist from control over the means of production. While it honoured his financial interest, even if his particular firm was found unproductive and disappeared as a separate unit, it made him a kind of preference holder of gilt-edged bonds with no control over management.

Once the principle was agreed, plans were made at provincial and municipal level to complete the change over the whole range of private enterprise.

A statistical summary showed a total of around seven million capitalists, including their families, of whom less than 500,000 were actually engaged in business.

In industry there were just under 90,000 concerns employing four or more people, with a total labour force of about 1,000,000.

A breakdown of these figures shows that it was mostly small-scale industry, while the comparable figures for 1953 show that a considerable number of concerns had already changed to joint state-private ownership before 1955. Most mines, railways, banks and other large-scale industry had been confiscated in 1949 from the bureaucrat-capitalists.

<i>Units employing</i>	<i>Number</i>	<i>Comparable figures for 1953</i>
Less than 10	53,237	104,776
10-50	31,676	39,881
50-99	2,735	3,570
100-499	1,125	1,884
500 and over	36	164

Seven out of ten of all the industrial units were concentrated in the major cities.

In commerce there were nearly 3 million units, the great majority of which were tiny one-man concerns. Only 4,638 units employed nine or more people.

Roughly half the private capital in China was concentrated in Shanghai.

It was generally reckoned that with hard work the whole change-over could be completed in about two years, that is by the end of 1957.

But, as in agriculture, the tide of change to socialism moved faster than any plans. By January 1956, it had become a mass movement.

Not only the workers and clerks, but the capitalists themselves were caught up in the wave of enthusiasm. Shanghai that had initiated the change by whole trades was left behind by Peking, which went over to joint state-private operation on a city-wide basis on January 10th. After meetings and discussions in the previous fortnight, the vast majority of owners pooled their applications and handed them all in on the same day. Peking became China's first socialist city.

In the three months to January 1956, twice as many firms changed to joint state-private operation as in the whole of the previous six years. The rate of change was particularly striking in commerce where previously there were comparatively few joint enterprises.

As the movement spread, capitalists in Peking, Shanghai, Tientsin, Harbin and other cities even drew out hidden stocks of gold and other property and invested it in the enterprises or, for the first time, recorded its existence. Many paid up arrears of taxes. Wives and children of capitalists showed up particularly well in the movement.

Alongside the workers, capitalists and their families marched in procession and joyfully celebrated the great change-over in public demonstrations throughout the country.

Over the Pass

So the third "great pass" was crossed successfully. It was feared beforehand that this task might prove in many ways harder and more drawn-out than crossing the other two "passes"—the liberation of the country and the land reform. "Heads would roll," said some, and there were voices that counselled caution.

Some people find this capitalist acceptance of the inevitable with a good grace difficult to understand, and perhaps it is, judged only by the experience of countries where capitalism has ruled supreme for generations. They are inclined to attribute it to special qualities in the culture or character of the Chinese people, their profound respect for reason stretching back thousands of years. Without arguing this point, I think the more obvious, hard facts are enough to explain the process.

Politically, there was the people's democratic dictatorship with the working class in the lead and with a high level of political understanding. Economically, the powerful state sector controlled all major materials and markets.

Previously the national bourgeoisie had depended to a considerable extent on the imperialist and bureaucrat-capitalist economic structure,

though it bore down on them heavily. Now it depended on the economic structure built up by the new people's state. There was no vertical cartelisation of industry at the time of liberation. Even fountain-pen manufacture was separated into many parts under different ownership and the state had simply to acquire control of one important link in the process to be able gradually to bring the whole under control.

China's capitalist class had its links with foreign capitalists cut after liberation, partly as a result of the embargo imposed by the United States. Foreign trade was in the hands of the state. After the Korean War began, all U.S. investments in China were seized when China's assets in the U.S. were frozen. Two British shipping plants were similarly taken over after Britain requisitioned Chinese tankers. The Chinese bourgeoisie was virtually isolated. True, there had been great "worship" of the United States, but much of this had evaporated by the end of the Korean War.

Nor could they easily build up links with the peasantry who traditionally had good relations with the Communist Party and People's Government and not such good relations with the capitalists. From the start, most villagers gave preference to the government representatives over the private merchants when it came to selling their cotton, soya beans, grain and other products, even before the planned purchase system was adopted. And at the end, the immense change to agricultural co-operation all over the country once and for all blocked the road to capitalism in the countryside.

At the same time, the socialist part of the national economy, going ahead by leaps and bounds, was competing with them and proving its superiority in vigour, quality, lower costs of production and higher productivity of labour. It provided, too, welfare arrangements and cultural amenities for its workers that were the envy of those employed by private capitalism. Towards the end, state manufactured goods had won the confidence of the millions and state stores were favoured for their wider range of goods and their fair dealing. In one and the same street, by 1955, it was a common sight to see the new state-owned store crowded with customers and the privately-owned store almost deserted. It would not have been too difficult for the state steadily to squeeze out private enterprise and drive it to bankruptcy. But then it would have had a big social problem on its hands.

At home, the capitalists were not unaffected by the distaste among their children for entering the family business. Many even renounced their right of inheritance, caught up in the new life that was opening

up for them, with work an honour and limitless opportunities to give one's best to build up the country. "My teacher says the workers are best," coming from a school child expressed the new outlook—and sometimes the direct question: "Daddy, why aren't you a worker?" Wives in many cases felt that the people's régime had made their husbands into better men. One said: "In the old days, if a man did well, he took a new concubine. If he went downhill, all that was left for him was to jump into the river."

In speaking to some prominent capitalists at the time of the change-over, I was struck by the emphasis they placed on this aspect. A big cement manufacturer of North China, whose uncle was one of the pioneer industrialists in China, founder of the Kailan Mines, enumerated to me what his seven sons and three daughters were doing. They were mostly engineers, teachers or scientists, several of them educated in the U.S. "They do not want shares in my concerns," he said. "They laugh at the idea."

"We have the government above us, the workers below, and we are surrounded on all sides by state industry and commerce," is the way another capitalist described the situation.

Had there been two paths open to China's capitalists—capitalism or socialism—there is no doubt they would have chosen capitalism. But only one path was available, and they saw there was no point in being unhappy about it.

In most cities, a minority of anything from 2% to 5% of the capitalists were progressive with close friendship with the Party and government for a long time. These understood things more clearly and were in no way afraid of going to socialism. They included some big industrialists who had considerable influence with others. They were very helpful in the days of decision. As in the war of liberation, great efforts were made to win over generals and troops and use these among the remainder.

When it came to the point, there was even a competitive scramble to be in first, partly with the idea of gaining prestige and standing, or that the keenest might get the best positions as managers and directors of the transformed enterprises. But there was also some genuine conviction that socialism was the only way forward, not only for China but all over the world.

But one point must be stressed, and that is the patient work of the Communist Party and the government over the years. Strict limits were set to the struggles against the capitalists, attacking only their

actions that broke the law and were harmful to the people. Indiscriminate struggle was avoided and the impatience of some sections of the workers restrained. Efforts were made to avoid interruptions of production and business. They were helped over difficulties, provided with raw materials and loans, markets were opened to them.

They were given credit for their skill in management and many of them were respected for their technical abilities in engineering and other spheres. In fact, the national bourgeoisie was seen as a relatively more educated section of society and their services were acknowledged useful.

Liu Shao-chi said at the Eighth Congress of the Chinese Communist Party in September 1956: "The policy of using, restricting and transforming capitalist industry and commerce by the state and every single measure taken on the basis of it are not wishful thinking and arbitrary decision, but proceed from a study of actual conditions and situations and a consideration of what the national welfare and people's livelihood demand."

He described the aim of the policy of uniting with the national bourgeoisie while struggling against them as being to win over the majority, to re-educate them, to raise the level of the progressives among them, gradually lead the middle and backward elements to change their attitude and to disintegrate the die-hards.

Events have proved this policy successful.

Since January 1956, the process of assimilating the great acquisition has been going on. All private industry employing four or more people, all trading businesses employing one or more, and all service establishments employing two or more, almost without exception, are now under joint state-private operation.

Trusts have been set up for each trade. There are now over 100 local trusts in Shanghai alone, including furniture-making, flour-milling, clothing and machine-making, and there is also a restaurants trust, and so on for other trades.

The first practical step, even before the forming of trusts, was the taking of inventories and valuing assets. This was done with remarkably few serious disputes, though with some humorous incidents, the various owners in the same trade exercising a kind of mutual check on each other, with the active assistance and supervision of the workers.

More complex has been the merging of small, scattered enterprises, the organising of production tasks in each trade and the rearrangement of jobs among the owners.

A basic principle adopted is that a former owner who was actively engaged in the business shall not receive less in salary than he was getting formerly, whether he is worth it or not. In addition, all owners with less than 2,000 yuan capital (roughly £300) now come within the free medical benefits scheme.

Decisions on the placing of these owners as directors, managers, heads of amalgamated groups of small workshops, branch managers and so on are made after discussion among the capitalists themselves and after considering the suggestions of the workers. On October 29th, 1956, the Shanghai Municipal People's Council approved the appointment of 189 former capitalist owners as managers and vice-managers of 107 corporations or trusts in local industry, commerce, communications and transport.

The new scope for promotion for those with ability, technical knowledge and experience is seen in the elevation of Li Chu-chen to the position of Minister of the Food Industry. He is the former owner and manager of a sizeable Tientsin salt and chemicals manufacturing concern.

At the other end of the scale, a former elderly "owner" is working as the doorkeeper in a small Peking state-private factory making water pumps. He is very cheerful about it. He explained to me that the other partners were technicians, but he was quite unskilled. The new Democratic Management Committee which now runs the factory, including representatives of the shareholders as well as the trade union, had been good enough to find him that job. His shareholdings in the firm were not enough for him to live on the interest.

What was planned to take two years was crowded into a few months by the pace of events, and some errors were inevitable. In some trading concerns, the customer lost something by a too rapid merging of scattered individual concerns. In others, former owners were elbowed aside without recognising their abilities and experience.

These are now gradually being put right. The good sides of capitalist management are being studied—in commerce, its careful eye to the customers' needs, knowing what to stock and at what time, building up good relations with suppliers, building up variety, selling in small quantities, taking individual orders, arranging for shops to keep open to customers' convenience, and so on.

The bad sides are eliminated—exploitation of the workers, disregard of the workers' suggestions and stifling their initiative, skimping on material and using inferior material, other devices for cheating

or deceiving the customers, overcharging of customers and underpaying the workers, and so on.

A "free market" is gradually being introduced without the anarchy of the capitalist free market, but in which the element of competition is being used to encourage initiative in the production of consumer goods and to curb bureaucracy through freer activity in buying and selling and fixing prices in a wide range of goods other than basic essentials.

And educational work is continuing among the capitalists. In fact, this is the main stress now. One million of them, counting also members of their families, have already attended short term, three to four months courses, and within two to three years, it is hoped, the majority will have taken them. They include lectures and discussions on socialist theory and the differences between socialist and capitalist methods of factory and business management.

But the main education is on the job. Many have by now begun to prove themselves and have come forward with valuable proposals and innovations for improving production. They are learning to work in well with both the workers and the representatives of the state. Some have reached the stage where they are refusing to accept the fixed interest, are relying entirely on their earnings and have applied to join their appropriate trade unions; though these are as yet a minority. The matter is left entirely to their own initiative.

The workers are encouraged to restrain any irritation at the payment of salaries in many cases above what is really earned. This is part of the process of buying out the capitalists, it is explained, and they must be given time gradually to shake off all taint of exploitation and fit themselves completely into the new society.

At the same time, even in the first year, it is estimated, the profits of the joint state-private undertakings as a whole are providing enough to meet all the fixed interest obligations, pay local taxes, allow for very nearly £100 million investment to expand the enterprises and still contribute about £28 million to the national treasury.

A Capitalist's Opinion

"As a capitalist in China, I fully endorse what you have written, that there is nothing frightening about communism."

This comment came from Robert Ting of the Scientific Instruments Company, Shanghai, after I showed him this chapter in draft form.

He is now chief engineer in this busy joint state-private concern

which he himself founded 32 years ago at the age of 28, after studying in Chicago and working as a technician in various U.S. factories.

"I knew there was money in setting up this kind of factory in China," he told me. "Instruments were needed. They took little material and much labour. I know Chinese have skilful hands."

His idea paid off. At the change-over, the firm's assets were valued at 4 million yuan, on which the shareholders now receive their 5%. His own share is 60,000 yuan a year, nearly £10,000, tax free. He laughed and showed considerable interest when I told him he was getting about as much as the British Prime Minister.¹

"I've no use for politics," he said. "I don't understand all these 'isms,' Marxism, Idealism. I'm a practical engineer and business man.

"The *wu fan* movement was terrible. The workers started enquiring into everything. They started a discussion on 'Who feeds who? Do the workers feed the capitalists or do the capitalists feed the workers?' I was angry. I told them to go home and let me starve, if they think they feed me."

In fact, he went home and refused to show up again at the works. He added, with a twinkle: "My wife said to me, 'You knew very well you wouldn't starve. You've got enough salted away.'"

Some time after this incident, the government invited him to travel around and see the big plants that had been built and other works of construction. He was proud to see instruments made by his firm used in mining and other projects. He acknowledged the importance of the *wu fan* when he saw a shoddily made wire coil, on which some private firm had skimmed the material. It could have cost many lives. "It was quite right to fight the outlook of just making money," he told me. "All the same, you must have a proper inspection system, even under socialism."

At 60, Robert Ting is a very active, alert, capable, self-made man. "They called me the 'tough guy' during all the movements," he remarked.

"I was trained in America," he continued. "I learned that the first thing is to make money, then perhaps do some social work. I believed there is no such thing as helping others before helping yourself. It has taken me a long time to believe there are people not working just for themselves."

¹ There are only a handful of capitalists whose fixed interest comes to this sum and upwards. The majority—about 80% of them—receive under £30 a year in fixed interest. Most of the rest get from a few hundred pounds a year up to about £1,000 a year.

He invited me to his comfortable, almost palatial home. He lives with his 80-year-old mother, his daughter and her children. He joked: "My mother is feudal, I am a capitalist and my grand-daughter is a Communist. Yet look what a happy family we are."

Today he does practically no executive work in the firm, concentrating mainly on the technical side. He has gained a real respect, and even affection, for the government representative who does most of the executive work. He is impressed by the hard work the young man puts in and by his attitude. "When I was sick for a while, he really put himself out. He told me, 'We know you love your business. We'll help make it better still.'"

He is better off than he has ever been. In addition to his shares, he earns a good salary. He never took so much out of the business in the past. He used to reinvest most of his money. Now there is no outlet for private investment except to buy some government bonds at 4% interest. He often prefers to walk home rather than use his car. "It gives me a sense of freedom," he said. "In the old days, there was always danger. As a millionaire I was a ready target for the gangsters. There were lots of them in Shanghai in the old days."

Proudly he told me how he had trained 30 selected workers for the big new state-owned measuring instruments factory in Harbin. "I taught them maths, electrical theory and how to use their hands," he said. Before they left, he gave them a party at a big restaurant (incidentally, he is a shareholder there, too). "That evening, with the boys and girls singing, dancing and laughing, was worth everything to me," he remarked.

He asked me if I went to church. He is a very active Baptist and gives a good deal of his spare time—and money—to keep the church going. "There's always something to learn from going to church," he told me.

The social reforms and progress in China he thinks are wonderful. But at the national business men's conference he attended in December 1956, he was impressed by the frank, hard facts put before them by Chen Yun showing that China is still relatively poor, living standards can only rise slowly, production is still limited and even those who are well off must not spend lavishly.

At this same conference, Chen Yun, answering complaints among the workers about the payment of the guaranteed 5% interest, said: "It takes time for a capitalist to prepare himself to become a worker, as far as the way of life is concerned."

CHAPTER VII

HANDICRAFTS

WHEN Mao Tse-tung heard that the chef of a famous old Peking restaurant was complaining about the quality of the mutton after the change from private to joint state-private ownership, he is reported to have said: "If socialism is bad for mutton, it's no good for the people."

A country that honours its cooks by inviting the best of them to its highest councils of state cannot be accused of neglecting craftsmanship (the crack cooks of Shanghai and Canton, each with over 1,000 skilled dishes to his credit, were distinguished delegates at the People's Political Consultative Conference, the highest consultative body in the land).

There is respect for the crafts and their traditions in present-day China, and it is not confined to gastronomy. Yang Shih-hui, China's No. 1 ivory carver, recently said: "There is more fine ivory work being done in China today than in the reign of Emperor Chien Lung, the heyday of ivory carving." He used to depend on middlemen to market his work and was in constant poverty. Now, together with his four assistants, he is sharing an award from the Peking City Council of 10,000 yuan (about £1,400) for a piece of fine work which took them sixteen months. "We are artists in our own right now and paid as much as university professors," he remarked.

It has been one of the pleasures of a Chinese city that so many skilled craftsmen are available for shoes, shirts, dresses and other made-to-measure work that has become something of a luxury in more industrialised countries.

A hostile British newspaperman, an Old China Hand, accompanying a delegation on a visit, found it one of the few remaining virtues of New China that his Shanghai shirtmaker of years before was still in business and still had his measurements. He was not so fortunate in his search for some of his other former Shanghai pleasures. But that shirtmaker is still there, though today he is a member of his shirtmakers' co-operative and has taken on more assistants to pass on his craft.

Ideally, socialism should be able to provide both standardised

products of general use in great quantity and reasonable variety and also individual service according to purely personal requirements. The old society offered plenty of the latter for a small class of rich and little of the former for anybody. Can New China do both?

There is no doubt that the answer is eventually yes, but a great deal depends on how much care is taken to preserve and build up the good side of handicrafts.

A problem arises here. As living standards rise, there is a growing demand not only for goods in general, but for the special things made by the craftsman. To meet this requires a higher level of production, more advanced machinery and better organisation than most craftsmen possess individually. How then can the old craftsmanship be preserved?

For both cultural and very hard-headed reasons, China is handling this problem in a way that should please both the ardent preserver of the old as well as the practical believer in progress.

Handicrafts are not all jade, ivory and fine pottery. In fact, China has 20 million people engaged in handicrafts, more than all the industrial workers in the country, or in Britain for that matter. Most of them are workers in wood and iron, bamboo, straw and rattan; weavers and spinners, basket and rug makers, potters and tile makers, tailors and tanners and a multitude of other trades that serve the people, especially the peasants.

This is apart from the hundreds of thousands who use their legs more than their hands to earn their living—"pedicrafts" would be a more fitting description than handicrafts—that is, the pedicab drivers and those who strain at great loads, because human transport has not all yet been replaced by the combustion engine. There are 20,000 pedicab-drivers in Peking alone. There are even a couple of hundred rickshaws still in use, though these are rarely seen, being used only occasionally to carry an old lady or to transport goods. Younger people are not taking up this life now, but the pedicab-driver with his tricycle will continue to perform his useful function for some time to come. Even in Peking, the new taxi service will have to expand considerably before this form of individual passenger transport, which costs about 6*d.* a mile, is superseded.

It may look "quaint" to see primitive machinery worked laboriously by foot treadles, or holes made with a kind of drill reminiscent of the stone age, but the knowledge that there are less arduous methods of work is a great spur to change. My oft-quoted English observer,

Professor R. H. Tawney, made the penetrating remark that the Chinese peasant "ploughed with iron when Europe used wood and continued to plough with it when Europe used steel."

It was handicraftsmen, not modern factories, that supplied the peasants with such iron ploughs, hoes and sickles as they had, right up to liberation—and handicraftsmen still do a good deal of the supplying even today, though the nature and quality of the tools are a good deal improved.

Without a handicraft industry spread all over the country, China's advance to socialism would be infinitely more difficult. It turns out at least 10,000 products ranging from hairpins and buttons to cotton knitwear, iron and wooden tools and even precision instruments and medical apparatus. Repair and service trades are found everywhere, in city and countryside. Some craftsmen keep shops, others are itinerant, offering their wares or services on the customers' doorstep. Handicrafts fill a gap which in some cases modern large-scale industry will not be able to replace even in six five year plans. The Chinese leadership understood this from the beginning and found the way to harness this force as an auxiliary to its bigger efforts.

Handicrafts represent what Engels called "the second great division of labour" in man's history, the separation of handicrafts from agriculture, making two distinct branches of production. But looking at some of the handicraftsman's tools gives the impression that this separation took place only yesterday. A small blacksmith's workshop is much as it was over 2,000 years ago. The carpenter's bow drill still in use in many places today is similar to the neolithic drill press actuated by a bow.¹ Just as feudalism persisted in China through the centuries right up to liberation, so the handicrafts that mostly served agriculture remained in their early form, with little change, without giving place to modern industry. Yet in 1949, at the time of liberation, their output was almost equal in value to the output of modern industry, amounting to over 6,000 million yuan (nearly £1,000 million) compared with under 8,000 million yuan (about £1,350 million) for modern industry.

When discussion took place after liberation on the way forward to socialism, a big future was assigned to handicrafts. Their importance was appreciated in China perhaps better than anywhere else, for

¹ For a full study of the tools used in Chinese handicrafts, see *China at Work*, by Rudolf P. Hommel, John Day, New York, 1937. Many of the tools described in that book are still in use.

they had served the revolution well. Their relation to large-scale industry was regarded as the relation of guerrillas to the main army.

In the Yen-an days, they were the mainstay of the liberation armies. Around a blacksmith's forge was often improvised the local arsenal. Ingenuity and a minimum of old machinery worked wonders. And all "cadres," from the top leadership to the newest arrival in the liberated areas, were encouraged to "use your own hands to create enough food, clothing and supplies." Everyone helped in hand-loom weaving or spinning, if not in growing food. Handicrafts played a big part in breaking Chiang Kai-shek's blockade and military attacks and paving the way to victory.

But they could not be left in their backward state or they would be unable to meet the people's growing needs. They used local raw materials and marketed their products on the spot, convenient to the people. With a bit of help, many of them could become semi-mechanised and expand, though trades like embroidery, carving, plaiting and weaving would remain handwork for a long time in their main processes. They could provide an outlet for the unemployment that existed in the early years after liberation and also a simple training ground for workers who could later go into industry.

Most handicraftsmen were "semi-proletarians." They were labouring people and could not be classed with the capitalists. They were nearer to peasants than to capitalists in so far as they engaged in production themselves. At the same time, they were more capitalist in outlook than the peasants, because they produced to sell all their products while the peasant sold only his surplus.

There was some danger, in the early years, that if a socialist way forward were not found for handicrafts, the private capitalists whose links with the peasantry were being cut would turn to them as an outlet for investment and profit. Already many handicraftsmen were in debt to merchants and usurers.

The solution was not to take over the handicrafts or mechanically try to change them into something else, but to encourage and assist as many as possible to find ways of semi-socialist co-operation in line with their own special features.

About half the 20 million handicraftsmen were in the villages, still directly serving the farmers as they had done for centuries. As farming co-operatives grew, these handicraftsmen found themselves busier than ever.

The bulk of the remainder, over 8 million, were in rural county

towns or small market centres, where they often provided the only form of industry available. In some places, for a variety of interesting reasons, they had built up local products to the level of national and even international repute—Shantung silk, Soochow brocade, Hangchow parasols, Fukien lacquer, Hunan embroidery, Kiangsi pottery.

Even before policy was thought out fully on a national scale, moves were already afoot among the handicraftsmen to find ways of working together and expanding their production.

Most crafts were family affairs. A walk along the street of a Chinese city showed innumerable small workshops where hammering of iron kettles, carpentering, shoemaking, tailoring and a host of other crafts were carried on in full public view, usually without any machinery. Often the workshop served as the family living quarters, too, and even as bedroom when the shutters were put up at night. To this day, workshops open to the street are a common feature of life in smaller Chinese cities and even in parts of Peking and Shanghai. But many families have come together now to pool their efforts.

One of the first experiments was in Weifang, a small town in Shantung Province, where thirteen local master blacksmiths came together, along with their journeymen and apprentices, to organise buying material and marketing their products in common.

They began a co-operative which was so successful that dozens of others among the 238 smiths in the town elected to join in. They found an insatiable market for farm tools in the neighbouring villages which at the time had just carried out land reform. Each smithy retained its identity but worked as a branch of the co-operative, with a simple division of labour between them. The members decided to abolish the old apprenticeship system and pay each worker according to his skill, the actual amount being settled by democratic vote.

Soochow, the Venice of China, formerly dependent on tourists, its crafts catering for the rich holidaymaker, saw the possibilities of co-operatives at an early date. It soon found it could stand on its own feet with an unceasing demand for its wicker-work, bamboo and rattan ware, woven towelling, tinsplate and scissors from the state department stores and factories of Shanghai and other cities.

The early revival and growth of handicrafts after liberation helped to make good the destruction of long years of war. By the time the country was ready, in 1952, to launch out on a big programme of industrialisation, in the first five year plan, there were 3,300 handicraft co-operatives with a quarter of a million members. As big new

factories began to grow up, handicrafts were found to be more useful than ever to supplement their work. More handicraft workshops came into being.

Many of the early co-operatives were large ones, made up of some of the keenest people, often with more equipment than the average, and they were given every encouragement. In the three south-western provinces of Szechuan, Yunnan and Kweichow, co-operatives of this sort made 320,000 farm tools in the first six months after they were formed. Taking the whole country, blacksmiths' and carpenters' co-operatives in 1954 alone made 58 million farm tools for the peasants. The movement was healthy and spread everywhere. In Inner Mongolia craftsmen engaged in lumbering pooled their resources and bought electric saws. In Tientsin, co-operatives made contracts with railway plants and supplied them with screws, nails and small parts, and others even made complete telephone switchboards and radio equipment.

Even in distant Tibet handicrafts were growing, though here there was no question yet of organising co-operatives. Households with a handicraft tradition, even if they had dropped their crafts for lack of capital, were given loans and encouraged to start up again. Shigatse began turning out more hand-wrought iron tools, embroidered cushions, high leather boots and harness than ever before. Gyantse experienced a boom in its tough and beautiful hand-woven rugs.

By the middle of 1954, there was enough experience on a national scale to set a pattern for the years ahead. Handicrafts were described, in a report of the All-China Federation of Co-operatives, as "still the main source of supply of manufactured goods and farm tools for the peasants" and as "a training ground in technique and an important repair service for industry and agriculture."

But the production of the individual, independent handicraft worker-owner was "backward and anarchic." He needed help or he fell into the hands of the merchant or moneylender. There was to be no forcing of the individual to join a co-operative, neither "impetuosity nor loose leadership," but by practical example the one-man crafts should be encouraged to take the road of co-operation. Many other down-to-earth measures were decided which had the purpose of making best use of local raw materials, safeguarding high craftsmanship standards especially in artistic products, while adding to the number of apprentices, increasing the income of members of handicraft co-operatives, introducing better management, providing loans, getting the trade unions to help the handicraft producers and

spreading "political education in the spirit of collectivism as against tendencies to capitalism, and fostering the socialist elements in the co-operatives."

By the time farming co-operatives spread universally in the second half of 1955 the ground had been well prepared in handicrafts, too, both in the simple crafts and in those concerned with fine, specialised work. The better and more plentiful products of the handicraft co-operatives and the higher income of their members had roused considerable attention. Then, too, there was the impact of the change in private industry and commerce that took place at the time.

In Peking 53,800 handicraftsmen signed up to form co-operatives in the two days, January 11th and 12th, 1956, immediately after private industry and commerce changed to joint state-private enterprise.

This brought all of Peking's 90,000 small handicraftsmen into co-operation. This figure includes concerns with less than four people in production, or one-man concerns in servicing crafts. Those employing more came within the scope of capitalist undertakings and changed to joint state-private undertakings; though some of these were simply bigger handicraft workshops.

No section was willing to stay out. Barbers and tinkers, tailors and fine silverthread workers and even the pedicab drivers were all caught up in the wave of enthusiasm that spread through the city with explosive impact.

It was the same in other cities, big and small. By June 1956, over 7 out of the 8 million small handicraft producers were in co-operatives, and this also included many fishermen along the coast and the river and salt producers working their simple windmills along the flats near the seashore.

It was exhilarating to live through—this sudden uprush of enthusiasm that telescoped into a few months what was originally intended to take several years—but it created problems.

The biggest error was the attempt to organise scattered individual craftsmen into big co-operatives on the pattern of some of the earlier successful ones. It worked where there was equipment. One of the biggest and most successful ones linked together 789 Peking iron-working craftsmen who between them possessed 126 machines. With great keenness they formed a plan, along with six metal and wood-working co-operatives in other cities, to produce 200,000 double-bladed wheeled ploughs in their first year.

But often it yielded the drawbacks of factory work without its

advantages, wasting the members' time in travelling across the city, raising an artificial need for management and organisation; and, worse still, lowered the quality and variety of some products and robbed the people of the convenience of having someone near to their homes to cater to their needs. In the service trades, shops in some areas were unnecessarily amalgamated.

Most of this has now been straightened out. Hastily formed big co-operatives have been broken up. Tailoring and dressmaking, watch repair and other trades directly serving the people are kept as scattered as possible.

Through the streets of Peking and other cities and villages there still wander the itinerant tinker, the mender of pottery, the carpenter, the leather worker and other craftsmen and peddlers, enriching the noises of the side-streets with their distinctive cries or signals—a rattling of brass, a bugle call or a tapping of a small drum—bringing the housewife to the door as they have done down through the ages. Their numbers are rather fewer today, for many of them prefer more regular work. But they, too, have a loose co-operative form of organisation, coming together occasionally to settle prices, to discuss the affairs of the day or to learn to read and write.

Loans and grants amounting to over £20 million were given to the handicraft co-operatives in 1956 to buy equipment and material, and about 2,000 lathes and other machines were passed on to them from factories fitted with newer machinery. They are treated very favourably in taxation, especially those in the national minority, border areas. They are helped with supplies and their market is limitless, especially for small farm tools, minor consumer goods, furniture, hand-made paper, bricks and tiles and many of the artistic products. Some sell all their products direct to state trading companies, others are linked up with smaller joint state-private shops, while a number run their own retail shops. A big proportion still serve the villages, marketing their products through peddlers.

All of them have simple, democratic management, electing their own managers and arranging wages according to skill on much the same lines as the early pioneer blacksmiths' co-operative in Shantung. The larger ones sometimes have a management or production committee. All share their profits at the end of the year and usually put aside something for a common welfare fund. Earnings are now almost equal on the average to those in state-run bigger enterprises.

In a special category are the fine crafts. Even the ordinary crafts are doing more varied and better quality work than ever before. But in the artistic crafts, research is going forward to revive ancient beautiful patterns, and old craftsmen who left their trade or retired are returning to teach others. Good craftsmen are highly honoured and well paid. A skilled modeller in clay who at the time of liberation was earning his living as a stallkeeper is now teaching at the Central Academy of Fine Arts. Apart from their intrinsic cultural importance, these works of art are a valuable export item. One of the biggest customers is the Soviet Union.

Peking, the mecca of fine craftsmen from all provinces, is enjoying a boom in jade carving, cloisonne, ivory and bone carving, embroidery, carved lacquer work, designing in enamel and a hundred and one other arts that were concentrated in the capital to serve the court and the nobles of many dynasties. Some have a continuous history of over 1,000 years, and the craftsmen still use the methods handed down by their forefathers. Crafts which had almost died out are being revived. Skills and craft "secrets" preserved in the same family for generations are being imparted to more apprentices than ever before.

There are still many problems, especially in Peking and other cities that have grown rapidly. In the winter of 1956, for example, tailors had 70% more orders than the year before. At the same time, the workers were not so inclined as in the smaller one-man concerns to work all round the clock. They had their study or trade union activities like others. People had to wait a long time for their new winter clothes until the workers agreed to relax their eight- or nine-hour rule. Similarly, there are now 600,000 bicycles in the capital compared with half that number four years ago, but the number of cycle-repairers has hardly increased at all.

There is a certain decline in the delicate, slow-moving courtesy with which sales were often transacted in some shops. You are no longer welcomed with a cup of tea and rambling conversation before approaching business, for customers are many these days.

Very few craftsmen have withdrawn from their co-operatives since joining, though they are free to do so. A handful of older people have found them inconvenient. A small minority of very skilled men believe they can earn more on their own and do not like sharing profits at the year's end.

The biggest problem of all is how to maintain and enrich quality

while at the same time greatly expanding the output. That is not at all easy and will not be solved rapidly.

Meanwhile handicrafts output, including the bigger handicraft workshops and the smaller co-operatives and one-man craftsmen, still accounts for a sizeable proportion of the country's total production. It has dropped to less than half the value of the output of modern industry. But it has grown in absolute amount to more than three times the 1949 value, for in the meanwhile modern industry has shot ahead.

At the county level or below, handicrafts make up 80% to 90% of all local industry. At the provincial level, they make up 30% to 50% of local industry. As they are growing now, it requires no large investment to build up local industry on the basis of the handicrafts already in operation; and this will yield quick and valuable returns.

Handicraft methods have not been ousted yet even in highly industrialised centres such as Anshan, where small parts may still be made in primitive small workshops and supplies to feed the machines may be brought in by horse and cart or even human labour.

But things have changed greatly since the thirties when Professor Tawney rightly observed: "Capital is dear, and labour, being cheap, is employed instead of it. . . . There can be few countries which squander admirable human resources with the same prodigality."

By socialist methods, preserving the skill and discarding the heavy toil, the Chinese handicraftsman today is being freed from his semi-feudal past. He is taking his place alongside his fully mechanised brother in large-scale industry to bring completely to an end the squandering of human resources.

Part Three

PROBLEMS OF SOCIALISM

CHAPTER VIII

BUILDING BIG INDUSTRY

Two Engineers

THIS is an unruly chapter. Somehow, it will not keep to plan. It was intended to provide an analysis of the importance of heavy industry to China, particularly iron and steel, the relation between heavy and light industry, the answer to the apparent contradiction of why China which has no shortage of labour has to build factories that will turn out labour-saving machinery, and other such solemn matters. But the lives of two men obtrude themselves and claim prior attention. They are a Soviet and a Chinese engineer, both working at present on the banks of the Yangtze River in an improvised town-ship, several miles out of Wuhan, which is growing up where till recently there were only hills and fields.

What brings Alexei Vassilievich Savaisky, at the age of 61, several thousand miles from his beloved Zaporozhye in the Ukraine, to spend several years of his life helping to build China's first big post-liberation iron and steel works, is not just of personal interest. It has some general, world importance.

He is one of the Soviet Union's top-flight constructional engineers, though he has no university degrees to his name. He learned his job the hard way.

As a boy, he "joined the Revolution" and then fought with the Red Army all through the Civil War. When the fighting ended he was sent to help in the construction of the Dnieprostroye Power Station. There were no experienced Soviet engineers to help them at that time and so experts were invited from abroad. They came from the U.S.A., France and Germany and were paid well, but they were not keen to impart their know-how. They showed only rough outlines instead of detailed blueprints to the young Russians who

were thirsting to acquire technical knowledge—and even these they quickly destroyed. “They did not want the Soviet Union to go ahead,” says Savaisky.

Savaisky and his comrades taught themselves. After working hours, they got together and pooled the scraps of knowledge they managed to pick up.

After those early practical lessons, Savaisky studied hard and joined the great Zaporozhye Iron and Steel Trust where he rose to become deputy chief engineer, till he left for China in 1956.

Working alongside him is 37-year-old Yang Ju-yu who, like Savaisky, has had no formal technical training. He had just finished a few years at middle school in 1939, when he joined the New Fourth Army in the anti-Japanese war. His jobs were most varied, but none of them included constructional engineering, till he left the army after liberation, in 1952.

There was a crying need for people in industry and he joined a construction company. Gaining experience, he was transferred to Harbin in the north-east where he soon became an assistant manager in the big company that was building machine works there. The whole company shifted to Wuhan in 1956, including all workers and technicians willing to go and set up home for at least several years along the Yangtze to build the great new project there.

Yang, too, is learning the hard way, but the way is not quite so hard as it was in the Soviet Union during the twenties and thirties. One reason for this is Savaisky and the many other Soviet experts now in China.

This is how he learned his job while working in the north-east, the method used by all Chinese engineers, he told me. They drew up provisional plans and argued them out, calling on the Soviet advisers for help where necessary. Then during the work they posed questions for discussion and study. And at the end they organised a thorough summing-up of problems discovered during the work.

As a result, Yang Ju-yu wrote up twelve separate booklets on various constructional engineering problems before leaving Harbin, putting together his first few years of practical experience.

“It is the method taught to us by the Communist Party,” Yang said. “It follows the principles explained by Mao Tse-tung in *On Practice*.”

It is showing results in Wukang (as the Chinese call their big iron and steel project at Wuhan in brief).¹

¹ The *Wu* of Wukang refers to the city of Wuhan and the *Kang* is Chinese for steel.

Savaisky and all the other Soviet experts at Wukang have had experience in tackling difficult engineering problems in backward conditions. That is what makes them so useful. It makes Savaisky one of the most valuable men in China today, for Wukang is the biggest industrial project yet undertaken in this country, which will directly affect millions of people in Central and South China.

Wukang will produce $1\frac{1}{2}$ million tons of steel a year by 1961 and 3,600,000 tons a year when it goes into full operation about two years after that, that is nearly a fifth of the whole of Britain's present output.

Stories about Savaisky and his band of experts have become common talk among the thousands of all kinds of building workers who inhabit this town of the future. Understandably, Chinese are rather observant of the habits and attitudes of foreigners in their midst. The Soviet experts at Wukang—judging by these stories—do credit to the Soviet Union and the cause of socialism.

Savaisky's conscientiousness in personally visiting the iron mines and coal mines from which Wukang is to get its raw materials, and in subjecting each step in the work to the most painstaking tests and analysis, is greatly admired. When he first arrived, too, he lived in a hotel in Hankow several miles away, which meant three hours travelling back and forth a day. But he insisted on arriving on time and doing his eight hours' stint a day like everyone else. There are no airs about him and he is extremely patient and helpful with people who, like himself at one time, are learning the job from the ground up.

One of his team of experts last year gave up his month's annual leave to write a 50,000 word memorandum on "Metal Structure Installation in Blast Furnaces," in which he summed up his twenty years' experience of building blast furnaces in the Soviet Union and applied it to the conditions prevailing at this project.

These experts have travelled around locally far and wide and, with Chinese technicians, have located good rock substitutes for cement, which is in short supply nationally. They have saved thousands of pounds in adapting plans on the spot and using ingenious devices to economise on raw materials.

A kind of light foam concrete which is used as an outer covering for cast iron piping is now being made in one of the half-dozen auxiliary works at Wukang, using various easily available local materials, including pig's blood as a substitute for pine resin and caustic soda. It is a great success.

A popular story is the way one elderly Soviet expert told off a

young local blacksmith in the forging shop who did a careless job in fixing part of the caterpillar track of one of the giant excavator grabs. He picked up the part, examined it and said: "Take it home to your wife. It's of no use here. Your wife will tell you what an ugly contrast it makes to so handsome a fellow."

Yang summed it all up for me when he said: "They're strict with themselves and straightforward on the job. They're very modest, but plain and outspoken in pointing out anything that is being done wrong, even if it is the head manager doing it. They're only too glad when they find the Chinese engineers can take on the jobs themselves, without their help. They're real helpers and no mistake."

Most of the Chinese engineers, in charge of highly responsible work, are still in their twenties or early thirties. The accent is on youth here, as elsewhere all over China, for there is no big pool of older engineers to draw on. At the new power station I found the assembly and installation of intricate controls being done under the direction of a twenty-two-year-old lad named Ma Chiang-han, a new graduate of Honan Electrical Engineering Institute. He said it was his first job. "It's a grand chance to learn," he said. "We get guidance from the Soviet adviser when we hit any snags."

Of course, not all the Chinese engineers are novices, by any means. There's 43-year-old Ku Chuan-yi who got his training at Pittsburg in the U.S.A. When I asked him about Soviet help, he said: "They have shown us how to select sites for steel works and how to do the detailed designing from start to finish. We've gained a tremendous amount of new ideas and knowledge from a careful study of Soviet blueprints."

As for Savaisky's opinion of the Chinese, he said in reply to my question: "They work well and have great organising ability. The main thing they have been lacking is experience, and that they are picking up very fast. Even before Wukang is finished, they will be in a position to train other technicians for jobs elsewhere."

There is no blind reliance on Soviet blueprints. These are adapted and changed where necessary. And if a traditional Chinese method of building, with a dash of ingenuity thrown in, will serve as well, it will be tried out.

This was done when the builders first arrived from the north-east and before work on Wukang really started. To keep their hand in, so to speak, they took on the building of a rather difficult pumping station at Tayeh about 80 miles away, the source of the iron ore for

Wukang. The original blueprints provided for steel piles to be sunk into the bed of the Yangtze River, the sinking of a big reinforced concrete well, anchored in the rock of the river bed, the freezing of the water and other processes that meant considerable material and machinery not readily available.

After discussion, the Chinese workers and technicians, using their experience in building great dams, decided to scrap the whole scheme. They waited till winter when the river is low and then put up a solid, wide wall ten yards high right out into the river, making a semi-circular sweep along the river bank, and then comfortably carried on the building of the pumping station within the wall, untroubled by problems of rising water, machinery for freezing and other technical difficulties. They finished the whole job in a few months where the original plan might not have worked out even in a year, and it cost one-twelfth of the sum budgeted—about £9,000 as against over £110,000 allowed for at first.

Wukang is a great school for technicians. It makes everyone feel himself to be an engineer, for everyone is drawn into solving problems. And a good many make the grade.

All the same, one of Savaisky's children is studying engineering at Moscow University. And Yang's eldest, too, is, he is sure, going to get technical knowledge a bit more easily and skilfully than the father did.

Wukang

Rising above arguments among planners as to the relative merits of smaller as against bigger plants, and light as against heavy industry, a giant integrated iron and steel plant is steadily coming into being in the suburbs of Wuhan on the banks of the Yangtze River.

Its estimated cost is over £200 million. It will take six to eight years from the building of the foundations to its full operation about 1962 to 1964, and is reckoned to pay for itself within four years of operation. It represents investment on a grand scale. Is it worth it?

Stick a pin at random into the map of China and, despite the growth of industry in the past eight years, you will find you are hundreds if not thousands of miles from any major industrial centre, unless you happen by chance to hit some parts of the north-east or Shanghai.

Even apart from defence considerations, it is unbalanced to have the only big iron and steel centre in the country at Anshan in the north-east, leaving the whole of Central and South China, from the

Yangtze to the southern borders, with only the Chunking Iron and Steel Plant of a total steel output of not much more than a quarter of a million tons a year. Twelve provinces can be included in this area with a combined population about three-quarters of all Europe's and immense resources which require the help of machinery—above all steel—to put them at the service of the people.

Hence Wukang, about seven miles out from the centre of the triple city of Wuhan (made up of Hankow, Hanyang and Wuchang, where the Han River meets the Yangtze).

In Chinese, the term "mother machine" is used for machine-making equipment. By that kind of reasoning Wukang will become the grandmother of them all.

It is a big project in any language, the first of its kind in China, and to build it presents a challenge to the country. Anshan is growing by adding to and expanding existing plants where there was already an iron and steel industry at the time of liberation. Paotow in Inner Mongolia, the only other major steel project earmarked in the first two five year plans, is still hardly more than a twinkle in the planner's eye.¹ Wukang is already well in hand: the power station began generating electricity in June 1957, and the first blast furnace—the biggest in the Far East, automatically operated by press-button control—is scheduled to start producing by the end of 1958.

At the Ministry of Metallurgy in Peking I discussed the planning of the scheme with those responsible for drawing it up and putting it in operation. At Wuhan, the engineers on the spot described their problems and showed me what has so far been constructed. The spirit with which the work is being done emerged in talks with the building workers and, finally, I interviewed the Wuhan local authorities to see what it meant to them to have this project on their doorstep.

My impression is that nothing is being spared to make this one of the finest and most up-to-date steel plants in the world. It will put new life into dozens of other cities over an area of hundreds of miles and supply them with the rolled steels and special steels to build up machine tool plants, a tractor factory, shipping yards, boiler-making factories, railway workshops, power stations, chemical fertiliser factories, petroleum plants and a whole variety of light industry factories. It will gradually transform Wuhan itself into one of the most important industrial centres of China.

¹ It is now (1957) catching up fast and is only a year behind Wukang.

Everywhere, the new jostles the old in China and will continue to do so for many years. Research has begun into the peaceful uses of atomic energy while primitive forms of transport and handicrafts still persist over a large part of the country. But nowhere is this combination of old and new seen more clearly than in Wuhan, as modern industry transforms an ancient centre of trade and learning.

Of its growing population, which is already over 2 million, one in five are building workers and their families who have moved there from many parts of the country.

These builders have already fastened North and South China together by the handsome new road and rail bridge which, for the first time in the history of the Yangtze River, links its two banks and makes through traffic possible all the way from Hong Kong to Paris. Now they are constructing the seven main and six auxiliary plants that comprise the Wukang project. Both the bridge and Wukang include feats of engineering, perseverance and inventiveness which seem to be part and parcel of the buoyant, almost gay spirit among the technicians and builders of Wuhan.

The bridge, for example, includes new methods of sinking piles without the use of caissons which may revolutionise and economise bridge-building throughout the world.

So far Wukang's outstanding landmark is a solitary tall chimney which is visible from the plane arriving from Peking, standing out from the neat brown, green and yellow mosaic of the nearby fields. It belongs to the power station which already has a 85,000 kW. capacity and will finally reach 125,000 kW. "It is the tallest chimney in China," I was told proudly. It stands 110 yards high.

Believe it or not, poems are written to factory chimneys in China, and not as satire on smog either. It is not easy to convey what Wukang means to the Chinese people or the bustling animation in this growing, ramshackle suburb which already has a population of 180,000 where before there were just 2,000 farming families. Some of the displaced farmers have been taken on to help with the building, the rest being compensated, found other land and provided with new housing. But most of the labour force consists of builders from long distances away so as not to upset agriculture by drawing away labour. There were discomforts as northerners found food habits different in the south, schooling for children was very rough and ready at first, and even the clash of accents and dialects from different provinces provided difficulties.

They have settled in. There was grumbling and often sharp arguments to get things straightened out. But no families have applied to return. On the contrary, many builders who at first left their families behind have now brought them here. Wages are higher than the national average and the workers get first priority in housing, food, nurseries and even in the showing of the latest films and the booking of theatre and opera companies. One of the very first buildings erected was a handsome club centre with a theatre holding 1,200. And it was a great day when Mei Lan-fang, China's number one traditional opera actor, performed there in person.

No doubt it gave the planners great satisfaction to look over the immense central-south China area and pick out the precise site for this big iron and steel centre which they knew would give the millions of people there the means to tap its potential riches. No random choice was made. No less than 22 possible alternatives were rejected. This place was chosen mainly for convenience of position—along the 3,400 mile Yangtze, which is China's major inland transport artery with Shanghai at its mouth 1,000 miles downstream, and just by the already established city of Wuhan which is anyway an important communications centre.

It so happens that the best site geographically and economically is a region of hills and lakes, with little level ground. Still, what are a few hills in China!

At any rate this job was not left to the traditional method of two baskets and a pole slung across the shoulders, or it would have taken a few decades, some of the hills being over 200 feet. Instead, 25-ton excavators, giant grabs that take over 6 cubic yards of earth at a time, 20-ton bulldozers and dozens of heavy trucks have almost finished levelling the hills and filling in the ponds, shifting over 20 million cubic yards of earth, with 300 men in each of three shifts working round the clock.

In all, an area of 10 square miles is taken up with all the building operations, including the various housing schemes that are going up and the sites of the power station, the blast furnaces, steel rolling mills, medium and thick steel plate mills, the ore dressing plant, coking ovens and various auxiliary factories for servicing the main plants.

One of the open-hearth furnaces is planned to have a capacity of 500 tons. It will be the biggest in the Far East, and comparable with the biggest in Europe.

Half of the 150,000 tons of equipment, machinery and cables needed

by Wukang in its first stage of development is coming from the Soviet Union, the rest being made in China. Some of the smelting equipment and other devices now being made in Soviet factories are in advance of anything yet installed in the Soviet Union itself.

Not only are big plants in the north-east full up with orders for Wukang, but local Wuhan industry, big and small, is being stretched to meet the needs. Handicrafts, too, have been enrolled to serve the giant, where precision is not so important, supplying ventilator fans, water pumps and small parts. And a great deal of local building material is being used.

Now an iron and steel plant is not a thing of beauty even, I doubt, to the prejudiced eye of an engineer. Yet a socialist attitude is noticeable in the designing of Wukang. Smoke-consuming devices are being installed. They cannot eliminate all smoke and gas and so sites have been selected with a careful eye to the prevailing wind so as not to affect Wuhan city or the workers' housing estates. The blast furnace gas will be purified by water washing and electric precipitates to remove the maximum possible dust. Chemical processes are being included in the steel plants to absorb the sulphur dioxide. Sixty artesian wells are being sunk and a complete system of air conditioning installed, with powerful fans sending fresh, water-cooled air into the high-temperature plants. In other plants, filters, suction and other devices have been designed to keep the dust to a minimum. Finally, and this may be unique in an iron and steel plant anywhere in the world, space has been allowed to build a park between the blast furnaces, the open hearth furnaces and the coking ovens, and trees and plants for the park are now being cultivated in local nurseries.

Apart from the more obvious advantages to China in building this giant, it is a training centre in the techniques of planning, building and operating the most up-to-date industrial plants and equipment. Many of the 12,000 to 14,000 production workers who are being recruited for Wukang are already learning the ropes in Anshan and elsewhere. In turn, Wukang will undoubtedly spawn a host of smaller plants all over the southern region and be able to send them skilled workers and technicians.

As for what this all means for Wuhan itself: "We are just working it out for ourselves," said Sung Tse of the Wuhan planning department. "Peking is far away. It is up to us to find the answers to the problems."

It is a pleasure to meet a man really keen on developing his own locality. Sung Tse is full of ideas of how the bigger projects now going up in Wuhan can directly help the local people; and they have gone well beyond the stage of ideas.

Enough blast furnace slag will be available to keep about a dozen small factories going, using it as raw material for fire-proof building material and also for chinaware. Other by-products of the big plant, particularly benzyl, will be used to extend the manufacture of chemical fertiliser, D.D.T. and a whole range of other products, from insulin to cosmetics.

With the new policy of decentralising as much planning as possible, the local authorities seem to have new opportunities, but also new headaches.

"Yes, the big bridge is finished," said Sung Tse, "but for us it's just the beginning. We need at least 50 buses to replace the ferryboats which till now have been the only link between the cities on the two banks.

"Our immediate solution is to borrow them from various organisations locally. But next year we will build a trolley bus line over the bridge. If we had started building the trolley buses earlier, it would have sunk over £1 million which we are meanwhile using to put up some small and medium factories to satisfy immediate needs for various goods.

"That's our main problem. How to balance our growing investment between the people's immediate needs and the bigger needs of local planning, how to link up the local economy with the national economy, how reasonably to decide each step correctly, which comes first and which next.

"It is not a question of heavy versus light industry, as far as we are concerned. We have a fair amount of light industry. Plenty of cotton mills, cigarette factories, paper mills, glassworks, fish canneries and any number of small handicraft workshops. But we need more iron and steel than the government can spare for us. Wukang will take several years yet to complete. We must build our own local small iron and steel plants, although we have Wukang on our doorstep, and other plants to give us the basic materials we need for expansion.

"Our watchword is small investment, quick turnover, simple processes and we are extending local employment, especially finding a place for women in industry."

None of this is doing Wuhan any harm as a centre of learning either. It is growing as a university centre for all the provinces around, adding faculties in both technical subjects and the arts.

Perhaps I am prejudiced. But then who would not be, seeing people working with a will to lift themselves out of poverty and degraded living conditions?

No doubt it would be unfair today to criticise Professor Tawney too harshly for his rash and rather superior prophecy in the thirties that China "is never likely to be industrialised in the same sense as the U.S., Germany or Great Britain." Yet who can fail to admire the diligence with which the Chinese are acquiring and applying the techniques which helped to enrich those countries, while establishing a political system that avoids the ruthless social misery which accompanied their application there?

But are they not making blunders? The answer is yes, plenty.

James Lawrie, a shop steward at Ford's, Dagenham, drew attention to one kind of blunder, when he visited China in 1956, and there are many other similar examples.

After an inspection of precision tool and electric meter factories in Harbin, he said: "I don't think it good planning to build such high class modern factories without first seeing that the roads leading to the factory are also built. When we look at the painstaking work put into the making of the electric meters, we shudder to think of the shaking up they are going to receive when they leave the factory and are delivered along those awful roads."

In the field of transport in particular there are many difficulties, avoidable and otherwise. For example, quantities of materials have piled up at various centres, and passengers find it hard to get tickets to travel by road, rail or ship. There is a sharp contradiction between the amount that has to be shifted and the capacity of transport to do the job. Shipping tonnage on the Yangtze River, for example, is inadequate. Traffic capacity on sections of the Peking-Hankow and other lines has reached saturation point.

Alongside this congestion are stupid instances of the carrying coals to Newcastle type, with the same kinds of goods being transported in opposite directions.

The chief engineer in charge of planning a new fertiliser plant in Szechuan complained of the fantastic muddle he had met for three years in trying to get final decisions on the fixing of the site and other practical questions. Those responsible for the project had not power

to get things done, while the offices with power to get things done had no one to assume responsibility for doing them.

Anyone who wished to could write a whole book giving instances of blunders, dislocation and imperfections—and select his examples freely from the Chinese press, which is becoming bolder in its exposure of such cases and pinpointing responsibility for them.

There are endless problems yet to be overcome, but there is also the desire and the spirit to overcome them, as seen at Wukang.

Just as important, an atmosphere is being built up in China which encourages free and friendly criticism and discussion of problems in a way that can help to solve them.

CHAPTER IX

HOW THE FREE MARKET WORKS

A FORMER grave robber—so the story goes—after liberation when he applied for work was asked in what field he had practical experience and he answered: "Earth." So he was employed on geological prospecting and became an expert on land stratification. Whether his former practice of burrowing under the earth to get at well-guarded rich tombs from a distance had given him the right "touch" is not clear, but the point of the story is that nothing is wasted in China.

A search is now going on to locate another type of expert whose usefulness might be thought to have ended with the establishment of the New China: the person with experience in weighing up a market situation and helping to fix prices, the man who understands buying and selling.

These "brokers," dispersed in other kinds of jobs in the past few years, are needed because China has a "free market" that may gradually expand; which in addition to other things provides an object lesson in the art of turning inside out some former oppressive institutions and practices and using them in the interests of the people.

In the old days in Peking, certain families bought up the right to exclusive trade in fruit, vegetables, eggs, meat and other goods that came into the city. They paid a regular sum to the authorities, established themselves at one of the city gates and it was only through them that traders or peasants from outside were allowed to sell that particular line of goods. Peasants could put up at the hostels they ran and shopkeepers and peddlers from the city came there to buy from them. The brokers controlled it all and took their cut from every transaction. In a sense, they provided a service but it was themselves not the people of Peking whom they primarily served.

Today in place of these centres where the peasants and the public were fleeced stand new Peasant-Service Stations which also serve as exchange houses. Near the gates of Peking and at the approaches of other big cities, these are doing a growing volume of non-profitmaking business to enrich the variety and add to the quantity of goods available to the people. And the staff of the former centres who became

expert in judging quality, prices and market conditions are needed to work at their old trade, yet in a new capacity.

The free market which has spread through the country since September 1956 is not—as some have suggested—a Chinese type of New Economic Policy nor is it an adaptation of Yugoslav economic methods. N.E.P. (the New Economic Policy), adopted in 1920 for a few years in the Soviet Union, was a policy of giving rein to private trade in order to stimulate agriculture after a period of civil war and destruction. Yugoslav methods include factories buying their raw materials competitively on the market and selling their finished products competitively on the market.

In China the free market is a long-term policy of supplementing the work of the major socialist sections of the economic system, to stimulate some secondary lines of consumer goods. It is being introduced at a time when the foundations of socialism are established, in agriculture as well as industry. It implies a recognition that it is neither desirable, nor necessary, nor possible in China for the state to control in every particular the production and sale of all the thousand and one items that make up the ingredients of daily life; and is a symptom of the readiness of the government to try out any methods that can help the building of socialism.

From the viewpoint of economic theory, the free market reflects another aspect of the reality that the "law of value" still operates during the transition to socialism, and perhaps for a good time after; and since it makes itself felt whether one approves or not, it is better to understand it and use it in the interests of socialism. From the practical point of view, it has other qualities, too, not the least being its lively tendency to introduce an element of competition where this is helpful and provide a weapon to deflate bureaucracy.

Without delving into theory here, it is worth seeing why and how the free market came into being in China and how it is working, remembering that it is still in its early stages.

China had a consumer goods industry ready-made after liberation. True, the owners were often immersed in speculation rather than production. But at least there were cotton mills, flour mills, pottery works, enamelware plants, small workshops of various kinds and many people skilled in trade. In this respect it was more fortunate than the Soviet Union. And in the way it weaned the small and medium capitalists of their anti-social habits, put them on their feet and set

them to work productively, it was perhaps more far-sighted and realistic than some other socialist countries.

With most consumer goods made by privately-owned industry and handicrafts, the government was able to concentrate its main efforts on starting up heavy industry, using the plants and enterprises confiscated from the bigger bureaucrat-capitalists as a basis.

Of course, the government could not allow the private firms to control the market in consumer goods. Many were in short supply and such freedom would have made it impossible to stabilise prices and end speculation and profiteering.

To take economic power out of private hands, a state trading network was built up, supplemented by a nation-wide organisation of supply and marketing co-operatives. These gradually gained a commanding position. They placed orders with the producers—the peasants and private capitalists, and the co-operative farms and joint state-private enterprises as these came into being—in general following a careful price policy that guaranteed good returns and encouraged production; and they also distributed the goods.

As early as 1952, state trading accounted for 60% of all wholesale trade. Gradually, too, it entered into retail trade. Big state department stores became popular in the major cities. They were well stocked and gave good service. Co-operative stores sprang up in towns and villages. Their importance grew when the state cut out all private trade in such essentials as grain, cotton and edible oils and established a unified system of buying and distributing these commodities. By the end of 1954, state and co-operative trade accounted for nearly 70% of all retail trade as well as nearly 90% of wholesale trade (the co-operative share of wholesale trade was only about 5%).

By the time the big change to joint state-private ownership took place in the winter of 1955-6, there was hardly an item from a tooth-brush to a grand piano that did not come within the organised orbit of distribution. Even the small trader or peddler was selling on commission for the state or co-operative stores.

All this was, of course, necessary. It made possible fair distribution of basic essentials, cut out speculation and stabilised prices. But something was missing or had got lost in the process. In fact, three things.

One was that some products were foisted on to local branch stores whether suitable or not. This was partly due to the system of distribution from the top downwards, partly to inexperience in buying by the state trading companies, and partly to the bureaucracy that

tends to accrue in a big organisation with single, monopoly control.

Instances occurred—and were lampooned in the press—of the local village storekeeper reduced to pleading with a peasant or even appealing to his patriotism to buy winter shoes in summer when he preferred sandals, or a wristwatch which he could not afford, while it could not supply him with a kerosene lamp which he wanted. Someone in the wholesale apparatus had ordered too many of the wrong things and not enough of the right ones.

Then not enough distinction was drawn between various qualities of goods. Finely made knitwear or embroidery, for example, was sometimes lumped together with poorer products and all sold at the same price, discouraging better quality work.

The third defect had a deadening effect on supplies. If the state trading companies as the sole buyers failed to do their business at exactly the right season, or set the price a bit too low, supplies fell off. In some cases, the state traders did not know the local potentialities and did not place orders for things that might have been cultivated or made. The effect was to rob the peasants or other small producers of possible income and decrease the flow of goods on the market, sometimes even important products for the export market.

Both customers and producers were not slow to complain. In fact, the whole problem received a healthy airing at the National People's Congress, the Chinese Parliament, in 1956, after deputies to the Congress had made investigations in their constituencies. It was the capitalist deputies, interestingly enough, who were most vocal on this question. They were no longer ordinary capitalists. Their enterprises were in partnership with the state and they were working in them as managers or technicians or in other capacities. With their experience in trading, they were able to point out many flaws in the existing practices, directed trenchant criticisms at the Ministry of Commerce and made a number of useful suggestions.

The Ministry had to admit "supplying unacceptable goods, supplying goods at the wrong time, similar commodities piling up in one place while running out of stock at others." Vice-premier Chen Yun stepped in to announce a series of measures to make trading more flexible and raise quality and variety. Their detailed nature indicated that they had been under consideration for some time. One of the most important of these was the free market.

In future, too, there would be freedom of purchase from the shops upward for goods about which "people have different tastes and

styles change constantly," so as to encourage the factories "to pay more attention to quality, interest themselves in the demands of consumers and reduce blind production."

It is typical of the careful way changes are introduced in China that there was no immediate scramble to alter the existing structure. Instead, arrangements were made to try out the innovation, choosing the products of the countryside as a start. By January 1957, about one-third of all China's agricultural and village products were bought and sold on the free market. Enough experience, and also enough fresh, ticklish problems, had accumulated by then to warrant a week's conference in the capital with almost every part of China represented, except Tibet. Vice-governors of provinces, directors of provincial departments of commerce, delegates from Peking, Shanghai and Tientsin—the three cities whose administration comes directly under the central government—heatedly took sides on the many issues involved, though there was general agreement that the change had been healthy, sales had gone up and the variety of commodities on the market had increased.

Shanghai reported how pleased the people were that chickens which had been in short supply the winter before were streaming into the city. The chickens were bigger and fatter. More fresh eggs were coming in during the winter slack season than in the usual busiest season. Dried peaches and apricots were being brought in from villages in the hilly districts, and also mushrooms and nuts. From Tientsin and Wuhan came the news that great quantities of fresh fish were arriving regularly. In other places, including Peking, there was plenty of wild duck and other game coming on to the market. On the very first day of the opening of the free market in Canton, eleven varieties of out-of-season vegetables came on to the market. Many kinds of medicinal herbs which had not been seen for a long time because the peasants had previously not bothered to collect or cultivate them were now being seen once again. In one Kwangtung county alone an increase of 200 to 300 kinds of products coming on to the market was reported.

There was no question that the first purpose of the free market was being achieved—livelier market conditions, greater variety and quantity. And the peasants were earning more.

Just as important was the stimulus all this gave to the state and co-operative trading networks to shake themselves out of routine and cut down the number and complexity of processes between producer

and consumer. Previously the Peking city wholesale organisation bought up eggs, for example, from the farms around and passed them on from its central stores to the local branches, which in turn supplied small traders and peddlers who sold them to the people. Now, with the peasants coming in and selling direct, or the small traders making their own arrangements direct with the farms, people had fresher eggs, the peasants often received a better price and the small trader made a fair profit. Only the big trading apparatus suffered; but this was a healthy kind of suffering.

One of the delegates to the January conference complained that some co-operative farms were refusing to fulfil earlier contracts with the trading organisations because they could dispose of their products and get better terms on the free market. He aroused little sympathy.

Improvement in quality was particularly marked in vegetables and other perishable goods that needed rapid handling and whose quality and price varied with freshness. Peasants were bringing in dew-fresh vegetables in many different varieties long before dawn, in fact before the official trading offices were open for business. They also made their own arrangements direct with schools, offices, hospitals and other big institutions, by-passing the central apparatus.

As the free market grew, even buyers from the state trading and co-operative organisations found it convenient to go there. By January, half the free market products were being bought up in this way.

But not everything was plain sailing. Prices went up on the free market. Many people believed that price stability, built up with such effort, would be affected and this would disturb the cost of living.

A little thought showed no great danger in this, provided enough control was used. Free market sales were running at the rate of nearly £1,000 million a year for the whole country, but this was only just over one-third of the total value of all rural products on the market. The remaining two-thirds were still bought by the state and their prices were under control. If all other retail sales were included, the free market proportion of the total was only one-seventh. Even if some form of free market was extended to certain categories of industrial products, it was estimated that only another £500 million to £600 million worth of goods would be added and all this would bring the free market sales up to, at the most, a quarter of all retail sales.

Analysing the price increases, it was found that certain products in short supply had their prices fixed too low before. Released from

control, the law of supply and demand operated more freely. There was nothing dangerous in this. In fact, it stimulated production. It was better to have a rather higher price than an artificially low one and people not getting what they needed because of shortages, together with a tendency toward a black market in such goods.

The only long-term way to reasonable, steady prices was enough supplies. But where it took a long time for production to respond to a rise in price, and the public would suffer great inconvenience, it was decided not to allow such commodities to come freely on the market and have their prices determined by the momentary interplay of supply and demand. This was true, for example, of pork supplies. For such goods, the state kept prices fairly steady for the consumers, offered higher prices to the producers to encourage output, and if necessary stood some loss for a time.

It was also decided that if the price of any article, whether important or not, tended to soar and get out of hand, negotiation should take place between buyers and sellers to keep it reasonable and ensure fair distribution of limited supplies. A big buyer, such as an army unit or large institution, could easily cause prices to go up artificially.

When the free market first started, stores in Inner Mongolia sent representatives as far as Kwangtung, for example, about 2,000 miles south, who bought up fruit, ginger and other products without haggling about price. After arranging transport back, they often found it worked out cheaper, or no dearer, than buying it through the state trading companies. But the effect was to push up prices in Kwangtung and this created headaches there.

Shanghai buyers, keen traders ever, scoured Hopei and other provinces for dates and other local products. The peasants quickly discerned they had come from afar and put up their prices.

It was clear the free market could not be allowed to run wild, just because it seemed a good idea in theory. A rise in the price of tea or bamboo or any other product that required land to grow it immediately affected grain prices, encouraging a diversion of land away from grain in favour of the more profitable product. If this were allowed to work itself out "freely" and the state began competing by offering more for grain, this would disturb the whole structure of prices in the country, grain being the most essential peg in price stability.

Another problem arose from the fact that peasants take to trade like a duck to water. Some members of agricultural co-operatives

found it hard to resist the opportunity of making a bit extra on the market. In some co-operatives, a considerable part of the manpower was drawn into buying, selling or transporting goods for the free market, even buying up products of other co-ops or individual peasants. Especially in the neighbourhood of big cities, this began to have a noticeable effect on preparations for the spring sowing. Thousands of peasants found their way into Peking during the winter of 1956-7, from the villages of surrounding Hopei Province which had been badly hit by the floods of the previous summer. The agricultural co-operatives had weathered the trouble valiantly but had not made the advances they had hoped for that year, and now many peasants tried to recoup themselves the easier way.

In the old days, of course, floods of the size that occurred would have meant thousands dying in the villages, thousands more flocking to the cities to beg, steal or die in the streets. All the same, the influx now, though it added to the number of peddlers selling things or to the stalls in the streets, was not healthy from the point of view of raising agricultural output. Also, established shops complained that they paid taxes while the incomers were exempt, under the rule that no taxes were imposed on traders selling their own products; though often the goods had been bought up from others.

For days the problems were discussed in the press. The delegates at the January conference argued them out thoroughly. It was generally agreed that local fairs should be revived and also that the Exchange Houses could play a bigger part in handling free market goods. In each area, too, a committee was set up under the local People's Congress, including representatives of the state shops, co-operative farms, banks and tax offices, with responsibility for helping to set reasonable prices where problems arose, ensuring fair distribution among buyers where goods were in short supply and protecting the peasant sellers if prices tended to fall too low by ensuring that the state marketing co-ops stepped in to buy up their surplus products.

Most important of all, a very clear line has now been drawn between goods that may and those that may not be sold on the free market. Peasants may not sell grain, cotton, oil-bearing crops and certain other staple products on the free market at all.

A number of other products, including tobacco, tea, paper, brands of oranges, apples and other fruit grown primarily for export, tung oil and bristles, are mostly sold to state agencies which usually undertake to buy all that can be supplied. But they may be sold on the free

market after the state agencies have bought up what they need under their purchase plan.

Most handicrafts, local products and miscellaneous goods, including fruit, vegetables, fish, game and poultry, wood and bamboo ware, toys and medicinal herbs can come freely on to the market.

The Exchange Houses on the outskirts of big cities are remarkable institutions. They combine hostel with trading agency. A peasant does not have to sell his goods there. He can use it as his base of operations when he comes to town, have a haircut or meal cheaper than elsewhere, pay a small sum for lodging and stay several days, and even put the finishing touches to his wares there before going out to sell them.

The day I visited the one at Tehsheng Gate in Peking, hundreds of peasants were setting out to do deals directly with shops or to sell in the street markets. They had reed mats, rolling pins, dried fruit, dried fish, brooms, rope, various kinds of straw products, toys and a host of other village handicraft products. The hostel accommodates about 1,000 comfortably, but just before the spring festival double that number had rolled in and had to be put up somehow.

When the main crowd dispersed, some remained to complete some wooden beds they had brought in to sell, using the hostel's big courtyard as an open-air carpentering workshop. Donkeys and horses were tethered in the stables and peasant carts stood all round.

In one of the rooms set aside for the purpose, keen chaffering was going on between people from some big co-operative farms and representatives of city stores. Samples of products were shown and explanations given of how many could be delivered and by when. Prices were settled courteously and thoughtfully, but often also with laughter and joking. Where differences could not be settled, they were laid aside for further consideration with the aid of the committee. Around the room were displayed typical products of the various villages.

Nearby is a big warehouse where peasant products from miles around are stored, for sale to the city shops. What interested me even more were the good quality factory-made goods also stocked there in bulk to go the other way, back to the villages. For the Exchange Houses also provide an easy means for the peasants to stock up before they return home. Whether it was over-zealousness or a sign of improved living standards in the countryside, there was even a stock of

Gillette razor blades which were not easy to find in the ordinary Peking shops—and Chinese men are fortunate in having to shave far less frequently than Europeans.

The manager, an ex-peasant lad, said this centre, one of four in Peking, handled £30,000 worth of trade in the last quarter of 1956, as much as in the whole of the previous year. A growing number of peasants and co-operative farms were getting to know of the service provided by these centres and were learning to trust it. If they preferred just to use the hostel facilities, they could do so; if they asked for advice, they were told where they might best dispose of their goods and what would be a suitable price. Many agricultural co-ops now simply delivered the goods without any particularly responsible person accompanying them to settle prices and trusted the Exchange House to make a fair bargain for them and send on the proceeds.

This centre, originally set up as a peasant service station, is now, as an Exchange House, extending its work to serve as an instrument for both encouraging and to some extent controlling the growing free market trade. But skilled "middlemen" are urgently required, not to make a profit from the peasants—for the Exchange Houses run on tiny charges just to cover their bare outgoings—but to ensure that errors are avoided in pricing various quality goods and market demand is effectively gauged.

In future any organisation or shop that wants to buy products from the countryside in quantity will have to go through the Exchange Houses, and not direct to the villages, so as not to disturb the local price situation.

This is as far as the free market has gone to date. One of its interesting side effects is the more active function it has provided for peddlers and small traders. These are no longer bound so closely to the state or co-op shops, though they may still sell on commission if they desire and the shops keep a fatherly eye on them and help them out if necessary. Though they were not included in the change-over from private to joint state-private commerce, they are not entirely unorganised. Some of them have formed groups and started small shops, pooling their capital and sharing out the proceeds like a co-operative. Others operate individually, coming together only to work out a rough division of territory, exchange experience and, like everyone else in China, to study.

Since the free market they have become much more active, buying

products from the villages and supplementing the service provided by the state and co-op shops.

During 1957, the free market has not been allowed to branch out much beyond a fairly limited range of peasant products. In fact, it has been kept within stricter limits than seemed likely at the beginning of the year, for a whole number of reasons, one of them being that 1957 has been a year of comparative retrenchment after the spending spree of 1956. In any case, there has been a good deal to do to make it work smoothly as far as it has gone. As to the future, there is uncertainty whether the original broader intentions as explained by Chen Yun and others will be put into effect.

However, some of the earlier proposals may perhaps be tried out, in one form or another, including gradually getting the way prepared for what is called "selective buying" of factory products; that is, allowing any shop or trading enterprise to buy various categories of goods wherever it finds best, placing its own orders with factories, arranging its own transport and by-passing the central trading apparatus if it so desires. And the factories would similarly be free to dispose of their products in the way that suits them, even to the extent of opening up retail shops to sell direct to the consumers. Some lines of confectionery are already being handled in this way and eventually a wide range of goods may be included in this scheme, hats, shoes, glassware, knitwear, porcelain, furniture, most toilet articles and many other things, taking in the output not only of joint state-private concerns but also of some state factories.

CHAPTER X

"THIS LITTLE PIG . . ."¹

THE effect of socialism on pigs seems a strange subject. But strange or not, it was a major topic discussed when the Central Committee of the Chinese Communist Party met in plenary session in November 1956. More precisely, the problem was why alongside the growth of agricultural co-operatives had the pig population begun to fall, and what could be done about it?

It was a serious matter, for the humble pig enters into national calculations not only as food but as an important source of exports that can bring home plenty of bacon in the form of machinery for industrialisation. It therefore provides as good an example as any of how mistakes are picked up in China and dealt with.

When the figures for the whole country were put together, it was found that from a peak of 100 million pigs in 1954, the number had dropped to 84 million in 1956. It was no consolation that this was still well above the pre-liberation peak of about 70 million. In any case, it looked like a declining trend, as these fuller figures show:

<i>June</i>	<i>Total number of pigs</i>
1950	60 million
1951	70 million
1952	89 million
1953	96 million
1954	100 million
1955	86 million
1956	84 million ²

In Peking and other cities, queues began to be a common sight at butchers' shops, despite the 1,400 swine driven to the slaughter for the capital's consumption every day and 2,000 on Sundays. By eight or nine o'clock pork was mostly sold out and there was grumbling.

To some extent, the difficulty was one of better living. In most

¹ Reprinted, with slight additions, from *World News*, March 16th, 1957.

² A later estimate placed the final total for 1956 at well over 90 million.

parts of China you kill the fatted swine, not calf, when welcoming home the prodigal son. In the countryside, the old practice still prevailed of killing a pig and inviting a host of relatives and friends to share it on certain well-known occasions, such as weddings, funerals, births, festival days. And more people were finding they could afford to honour their ancestors or their friends in the style formerly reserved mostly to landlords and rich peasants.

In Peking, despite the jump in population from under 2 million in 1949 to nearly 4 million in 1956, consumption rose from nearly seven and a half pounds a head annually to over 20 pounds a head in the same period. Supplies could nowhere nearly meet this rising demand. Even when, as on very special occasions, supplies were greatly reinforced, they were still not enough.

Yet the total number of pigs in the country was falling.

Some people said cut down on exports. Every year 600,000 live pigs are sent into Hong Kong; tinned and prepared pork, mostly for export, came to 180,000 tons in 1956; in all some 2 million head of pigs are exported each year to the Soviet Union, East Germany and other friendly countries.

A small cut was made. But obviously, even if all the exports were retained, it would hardly make a difference.

A study was made of the pig and its post-liberation habits, and some interesting facts came to light, some very complex and some curiously simple. A simple point was that the peasant used to keep pigs primarily to help him fertilise his piece of land, secondly for selling and making a profit, and thirdly for eating—strictly in that order of importance. When he pooled his land in the co-operative, fertilising it was no longer his personal responsibility. He did not have the same incentive to breed pigs.

True, the price paid by the authorities for pigs had gone up considerably—by about 30% in the past three years—but this still did not provide enough profit to make up for the drop in the other personal incentive, especially as the cost of feeding stuffs had risen. Many peasants simply gave up pig breeding.

In California, it is said, pigs are fed on pineapples. In China they are fed on grain chaff or bran and difficulties of getting supplies of cheap pig fodder began to arise even before the spread of agricultural co-operatives. After 1953, when the policy of state purchase and supply of grain became universal, rice husking and polishing and the processing of other grain shifted from the villages to the cities, as

the work could be done there more cheaply on a larger scale. But it affected the amount of fodder available for the pigs in the villages.

Another factor was the big flood along the Yangtze and other rivers in 1954. Grain output was affected and this had its side effects on the supply of pig fodder.

So much attention was concentrated on building up the co-operatives in these past few years that these apparently minor results were not weighed up. Co-operatives were often too busy deciding whether pig breeding should be an individual or collective occupation. Meanwhile they demanded that their members supply pig fertiliser free; or they paid much too little.

A small error multiplied over the size of China can add up to big consequences. What it amounted to was that the work of building the rudiments of socialist organisation in the countryside disturbed the established "pig cycle" in the same kind of way as the elimination of an important bird or animal in a forest might disturb the natural balance of wild life.

For a while the laws of capitalist economics—at any rate the law of value—reared its ugly but occasionally useful head in the cities of China as peasants came in offering pork to meet the shortage, demanding the equivalent of 3s. a pound compared with the standard, official price of just over 2s. a pound. The "free market" was being extended in 1956 and at first there was no clear decision on whether pork was a suitable kind of commodity to take its chance on it.

Along the main thoroughfares of Peking appeared the semi-furtive figures of men with large parcels. Inside there were large hunks of pork. These benefactors did a brisk trade and theorists began speculating on the economic effects of this profitable trade on the future supplies of hogs.

But the Peking housewife put an end to the speculation. For one thing, there was the health aspect to consider. The free market pork was not necessarily free of disease. More important, the Peking housewife, whatever her grumbles about queuing, did not like paying "over the odds." When they found the seller refusing the official price, the housewives raised the matter with their street committees and often called over a policeman and made a fuss. Eventually the city fathers made an ordinance banning pork from the free market, and traders offering above the usual price were courteously given the choice of returning to the countryside with their stocks unsold or of selling at the proper price, in bulk if they so preferred.

The errors in the handling of the pig were observed fairly quickly, in fact as soon as the dangers of the declining trend became widespread with the universal extension of the co-operative movement. The moment the basic problem of establishing co-operatives was solved, attention was focused on how to improve them and the difficulties over the pig were revealed in all their dialectical inter-connections.

Consulting the experience of co-operatives which had avoided the general errors and made a good thing out of pig breeding, it was first of all decided that it should be private, not collective, as this not only responded most to the wishes of the peasants but was more economical; and that the co-operatives should have the responsibility of helping. The pig would be both privately owned and bred. At the same time the co-operatives should build up pig breeding, too, as a collective occupation.

Having settled this vital question of principle, a number of practical measures were worked out to make sure that it did not remain a pious paper decision.

These included plans for cultivating various sorts of auxiliary feeding stuffs, so as not to use up too much grain—different sorts of grasses and vegetables, including pumpkins and, a food that is still grossly underestimated and even looked down on in China, potatoes. Village distilleries (and there are many of them, making the fiery *baiga*), and bean curd workshops, which usually keep pigs as a sideline, feeding them from the grain waste, would be given extra supplies of grain to make sure that the old tradition continued.

It was also decided to increase the buying price of pigs by about 13% in 1957 to guarantee a net profit of 10 to 15 yuan (from nearly 30s. to over £2) per pig of an average weight of 154 pounds, while keeping the selling price steady at the level that prevailed for the past two years (about 2s. 2d. a pound retail on the Peking market); with the government as the wholesaler making a smaller profit.

This was immediately tried out in three provinces and the peasants were very pleased.

This is not the end of the story. It was found that many pigs died in transit if they were transported very long distances to the towns. This problem, too, is receiving attention. Primitive methods of slaughter are being revised to save time and eliminate waste. Big state farms in more distant provinces have been selected to go in for

pig breeding on a really large scale. In addition, war has been declared on pig diseases.

It is estimated that the combined effect of these measures will not only reverse the downward trend but bring the total number of pigs up to a new peak of 110 million by Christmas 1957, that is, a 30% jump over last year's total.

If anywhere near this number is achieved in the time, it will be a striking demonstration of the resilience of the economic system and the sureness with which errors are remedied. But it will still be a long way from what the country needs.

A system of priorities has therefore been worked out, in which workers on heavy work and those working in high temperatures, pilots, seamen, athletes, hospital patients and some other categories come high on the list. Foreigners are included, with traditional Chinese courtesy, among the favoured categories. Shanghai has in addition introduced a definite ration among the population of the city.

Another measure is to cut down allotments for the dining rooms inside government and other organisations, so as to make more available to the general public through the ordinary butcher shops.

Finally, the peasant can go on killing a whole pig at a time for a feast if he so desires. But with pigs more profitable, should he really wish to make do with less, he is encouraged to sell the whole pig to the state and is given the right to buy ten pounds or so of pork at a time whenever he may want it.

(The Ministry of Agriculture announced on August 9th, 1957, that the pig population had reached a total of 114 million.)

CHAPTER XI

SOME QUESTIONS OF ECONOMICS

Industrial Progress

HOW far events in Poland and Hungary have influenced the decision in China to invest rather more in light industry relative to heavy industry is a matter of opinion. But there is no room for doubt as to the need and determination to build heavy industry.

You have only to see the back-breaking labour of human carrier transport even today, in the absence of sufficient trucks, the arduous work in agriculture in its pre-mechanised stage, the primitive tools still in use in many smaller workshops to understand the Chinese attitude to industrialisation.

A leading article in the *People's Daily* on the very first day when the first five year plan went into operation, on January 1st, 1953, summed it up. "Industrialisation has been the dream of our people over the past 100 years," it said. "Industrialisation is a fundamental guarantee that we shall never again be humiliated by imperialism or have to live in poverty."

From the start, there was never the slightest doubt in China that it was essential to build up the productive power to harness the country's resources, using the most modern and efficient means that science can make available. All the other changes in the post-liberation years were seen as a necessary preliminary to this end. The dispossession of the landlords, the socialist forms of agricultural organisation, the transformation of capitalist industry and commerce and the handicrafts—all these basic changes in *social relations* had to be made so as to leave the country's energies free to concentrate on the still bigger purpose of building up the *productive forces* in the onslaught on poverty and backwardness.

But if this central purpose was not in doubt, there were many hard problems of both principle and practice to solve. Where was the money to come from, the accumulation of funds to make big capital investment possible? How much of the national income should go into bigger long term investment projects rather than for smaller, more immediate needs? How to plan and co-ordinate industry and

control prices over such large, rambling, backward and diversified economic conditions as prevail in China? How to get the experience and technique and the thousands of trained people necessary for so immense an undertaking?

What is more, these problems had to be solved against the inescapable background of a big and growing population, possessing, however, great natural resources, largely unexplored; an appallingly low standard of living; and the impossibility of very rapid accumulation of vast sums for investment. Alongside of these three things was also a grim fourth, which did not allow itself to be forgotten, the continued existence of imperialism.

Perhaps it is not to be wondered at that when China first announced its industrialisation aims, the London *Economist* described them as "reaching for the moon."

By now, even the *Economist* is convinced that China is making phenomenal progress in industry. Following a short three year period from 1949 to 1952 of restoring the ravages of war, it has launched out on a big expansion programme. Taking steel output as the most important of all industrial indices, it has reached the level, in 1957, of slightly under 5 million tons a year, with an output also of 22,000 lathes and other machine tools. The best pre-liberation year of 1943 showed a steel output of less than 1 million tons, mostly in the Japanese-occupied north-east. By the time of liberation this had fallen to a mere 158,000 tons. And by the end of the second five year plan in 1962, output is due to reach between 10½ and 12 million tons a year.

This will still leave China well behind other highly industrialised countries, but it represents a rate of progress never before seen in the world. It makes the biggest advances of the U.S.A., Britain and even Japan—which is often quoted as the outstanding instance of speedy advance in the capitalist world—look very small indeed.

The figures in the following table, put together from various sources, give some basis for comparison.

Of course, China's rate of increase may slow down gradually over a longer period, the present increases covering a time when it is pulling itself up from almost nothing. And of course, steel is not the only index of industrial advance. All the same, it represents a remarkable achievement. How is it done?

Big problems of economic theory are involved in the answer to this and the other questions posed earlier. Though some of these are now coming up for discussion in the world, there is room for a great

PERCENTAGE INCREASE IN STEEL OUTPUT OF SEVERAL COUNTRIES. ANNUAL AVERAGE INCREASE¹

	<i>Pre 1900</i>	<i>1900-30</i>	<i>1930-7</i>	<i>1949 onwards</i>
U.S.	13.1% (1871-1900)	6% (1896-1930)	2.4% (1929-53)	
Great Britain	9.2% (1865-1900)	3.5% (1900-13)	3.8% (1929-37)	3.1% (1949-53)
Japan	—	16.5% (1906-29)	12.3% (1929-37)	25.3% (1949-53)
China	—	—	—	69.7% (1949-54) 34.9% (1952-6)
Soviet Union	—	8.7% (1927-32)	24.5% (1932-7)	10.7% (1950-5) 8.6% (1955-60) —planned
Czechoslovakia	—	—	—	10.8% (1948-53)

The figures in this table, put together from many sources, have been extracted from *Economic Indices of China compared with Other Countries*, National Statistical Bureau, Peking, 1956.

¹ In a category of its own is West Germany where, for special reasons, steel production went up from 2,710,000 tons in 1946 to 23,190,000 tons in 1956: annual average increase over these years was 24%. Most of the capacity was already in existence, not to speak of the labour force.

deal more research and debate on basic economic questions of socialism. The following brief notes touch on some aspects as they relate to China.

Accumulation of Funds

Actually, funds for investment were available in China even before liberation. The only trouble was that they went into the wrong pockets or were not allowed to grow.

There are no reliable estimates of how much wealth was drained away annually by the foreign powers that established themselves in the country, but it undoubtedly amounted to millions. Many wealthy families in Britain and the U.S.A. are still living on their gains from the "China trade" during the last century, which mainly rested on the labour of the Chinese peasant and coolie.

It was not only what was taken away. China was forced to surrender sovereignty over its customs, for example, and allow free trade in opium. The Customs Administration, under a British Inspector, gradually spread its control from patrolling rivers and harbours to collecting indemnities, dumping commodities and even raising loans from foreign powers. It became an economic noose round China's neck.

This power passed from Britain to the U.S. in 1943, when the unequal treaties were nominally abrogated. The new American Inspector of Customs lived like a king in Shanghai, his garden as big as a public park, his salary \$33,000 a year plus expenses, employing 234 Europeans and Americans in key positions, with 12,000 Chinese under them.

China breathed more freely when this was ended.

Within the country, 30 million tons of grain that formerly went as annual rent to the landlords now remained with the peasants. It helped to restore agriculture and provide some funds for investment.

Profits from the mines, railways, factories, shipping and banking enterprises which were confiscated from the Japanese imperialists or Kuomintang bureaucrat-capitalists and turned into state concerns provided very considerable funds.

These were the early sources of investment. Then as industry and agriculture began to expand in the first few years, the national income grew and more became available for bigger projects.

A part was played in this—and is still being played—by the political attitude of the workers in introducing innovations and raising the

level of productivity, economising in the use of raw materials and bringing down costs of production. In every industry, there are examples of constant, day-to-day effort and ingenuity to keep costs down and provide the biggest possible margin of profit. Such efforts are rewarded by individual or group bonuses and by other means, but without an all-round, healthy political atmosphere it would be impossible to keep up the sustained and often keenly exciting emulation campaigning which means so much for the accumulation of funds for further investment.

This refers not just to the specially enthusiastic efforts soon after victory when, for example, the railway line from Peking to Hankow that had taken several foreign investment groups a number of years to build was rebuilt in a matter of months. It had been the most thoroughly destroyed of all China's trunk lines, even the roadbed over long stretches being levelled for farming. At liberation, the peasants brought up the vanished rails from river beds or dug them out of hillsides and put the line together again, alongside the railway building workers. There are innumerable instances of this kind, from the period of restoration, of setting factories in order again and machinery into operation.

Less spectacular but no less important has been the team-work during the first five year plan. It is estimated that as much as 72·7% of the increase in value of industrial output in the four years 1953 to 1956 came from the rise in labour productivity; in other words, from better use of machinery and labour power.

All the same, a considerable part of the volume of accumulation still rests on farming and related occupations. Direct and indirect taxation of the peasants yields 11·2% of the budgetary revenue. Another 40% comes from taxes on and profits from the processing of agricultural raw materials and peasant side-products, the transport of these things and the trading in them. This means that at least half the national revenue is directly and closely related to the prosperity of agriculture and its associated occupations.

Internal sources of accumulation are the main ones, almost the only ones. There was the long term, low interest Soviet loan of 1950, amounting to the equivalent of 300 million U.S. dollars. In addition there was the 1954 Soviet long-term loan of 520 million roubles on very favourable terms. Taking the whole of the first five year plan period, however, only 2·3% of the budgetary revenue came from foreign loans. Apart from that, several important joint concerns were

handed over without compensation and some gifts made, such as all the Soviet-installed equipment in the Lushun (Port Arthur) area, and the equipment for a big experimental farm. For the rest, all Soviet equipment is paid for by exports (though blueprints are provided at the mere cost of their duplication) and experts are paid. On the other hand, too, there are the considerable gifts made by China to North Korea, Vietnam and other countries.

The Use of Funds

In theory, there is no very rigid limit to the rate of accumulation, that is, how much of the national income it is possible to set aside for investment. But in fact, the greatest care has to be taken in a socialist country in fixing this rate, balancing up general political factors with the influence of a high rate of accumulation on immediate living standards.

China's rate of accumulation was 15.7% of the total national income in 1952 and rose year by year to 22.8% in 1956, with a drop between 1954 and 1955, due to the floods in 1954. This drop was an incidental reminder how far the whole economy still rested on the basic production in agriculture. The rate has now been stabilised and will probably remain for the next 10 years or more at 20% or slightly higher. This is a good deal lower than some other socialist countries.

Compared with most capitalist countries, it is very high. The way in which social wealth is distributed under capitalism makes it difficult if not impossible to reach a high rate of accumulation and investment. Part of the yield of industry goes to investment, but the greater part is taken by the capitalists, another part goes to the landlords, and some is kept idle. In some cases, a part goes to foreign investors.¹

¹ If "gross capital formation" as a proportion of the total national income is taken as a rough index of investment, in Great Britain it shows a peak of 18.6 in 1955 (jumping from 15.6% in 1954 and 13.5% in 1948). In the U.S.A. the proportion for 1955 is 18.7%. West Germany, with 34.3% for 1955, outstrips most if not all other countries in the capitalist world. Of course, these percentages cannot be easily compared, with precision, with the rates of accumulation in socialist countries, or, for that matter even as between different capitalist countries. There are variations in different capitalist countries in the calculation both of gross national revenue and gross capital formation. There are still wider differences in calculation as between capitalist and socialist countries. In particular, the gross capital formation item in capitalist countries includes depreciation allowances which often amount to an enormous, artificially inflated, proportion of the total, coming to more than half in some cases. If this is deducted, and only figures of net capital formation are used, the percentages are greatly reduced. Against this must be added the fact that the total national income in socialist countries is calculated on a much tighter, more restricted, basis than it is in capitalist countries. Though these rates are therefore not strictly comparable, they can serve as rough pointers. They are, in any case, the only available figures that can be used. (See United Nations, *Monthly Bulletin of Statistics* for October 1956.)

Returning to China, within the given rate of accumulation, a tug-of-war takes place as to which department of industry or other activity should get priority in the use of funds. It is here that experience in economic planning is paramount.

Certain general principles can be derived from Marx's theory of expanded reproduction to show the importance of high priority to heavy industry. Industrialisation depends on a faster development of the means of production than consumer goods.

Even in the capitalist world, once the iron and steel, machine building and other sections of heavy industry were established, they pushed forward the whole rate of industrial development; before that there was a fairly slow growth of light industry, in Britain particularly the cotton and woollen industries in the early days of the industrial revolution.

In fact, Marx arrived at his conclusions on the basis primarily of his study of Britain. He enunciated a universal truth which is no less true because it was wrongly applied in Hungary and Poland.

There was, of course, no question of China following the slow, cut-throat road of capitalist industrialisation, either in methods of accumulating funds—by plunder of other countries and heavy exploitation of the working people—or in the social chaos and inequality that accompanies capitalist production.

But Marx's analysis of capitalism could not be expected to provide detailed guidance to the intricate economic problems of planning socialist industrialisation. Naturally, China turned for guidance to the only country with practical know-how in socialist planning, the Soviet Union.

Learning to Plan

China's experience of applying the principles, policy and methods of socialist planning built up in the Soviet Union since 1917 proves that these are basically sound and are applicable far more widely than in the Soviet Union alone. Of course, the problem for China was, and still is, how to apply these to its own particular conditions.

There are two organisations concerned with economic planning, and both work directly under the State Council, which is, roughly speaking, China's cabinet. They are the State Planning Commission which works out the major lines of long term planning and the Economic Commission which is responsible for annual plans within

the bigger framework and is concerned with solving current problems, including the distribution of the major items of capital goods such as steel, machinery, cement, oil and so on, in all handling about 400 items. Soviet experts are consulted on problems arising, though decisions, of course, are in Chinese hands. These experts have long experience, none of them less than 10 years and some as many as 20 years, in handling such problems in the Soviet Union.

Planning has to deal with many difficult questions, for example the relative rate of growth of capital goods and consumer goods industries, the relative speed of industrial and agricultural development, the relations between rising purchasing power and the supply of consumer goods to satisfy that purchasing power, the relations between the rate of building construction and the supply of both building materials and machinery and equipment, the balance of revenue and expenditure in the national budget, the balance of international payments. (The importance of this last factor can be seen in the current difficulties India is experiencing due to shortage of foreign currency to pay for industrial equipment.)

These are some of the main equations that have to be solved, but the most fundamental of all is the relation between how much is put into capital construction which takes some years to yield results and how much is devoted to satisfying the people's immediate needs.

In fact, China has at no time made the error of neglecting consumer goods industries in favour of over-emphasis on capital goods industries. There has been a cumulative rate of increase annually in the consumer goods industries amounting to 12.4% during the first five year plan; though, of course, the rate of increase in the capital goods industries has been considerably higher, amounting to 23.7% in the same period.¹

Stress was laid from the outset on maintaining a sensible balance between the two, for example, in the early statement on the general line for the whole transition period. Li Fu-chun dealt with this point, too, when he introduced the first five year plan; and Chou En-lai stated it with the utmost clarity when he presented the draft of the second five year plan to the Eighth Congress of the Communist Party, in September 1956.

Chou En-lai's formulation is worth quoting, as it stated the whole purpose of planning as seen in China. He said: "The major purpose

¹ These figures correspond to industries in Marx's Department I and Department II categories.

in the socialist industrialisation of our country is to build up, in the main, a comprehensive industrial system approximately within a period of three five year plans." (The final decision adopted by the Congress added in "or a bit longer"—M.S.) "Such an industrial system will be able to provide the principal machinery, equipment and materials to meet, for the most part, the needs of our expanded reproduction and of the technical reconstruction of our national economy. It will also be able to satisfy suitably the needs born of the ever-rising living standards of the people."

But there was a tendency for several years to concentrate on building new industry inland and failing to develop the existing industries in the coastal areas. The reason was mainly one of national defence, at a time when the international situation was tenser than it is now.

In the coastal areas are about 70% of China's industry, mostly light industry, and these provide the means for rapid accumulation of funds. In many spheres, one factory provides enough revenue in a year, through profit and taxation of the sales of its products, to build two or sometimes three others of the same kind. To develop such industry is now seen as a direct step towards accumulating funds precisely for new industries further inland. At the same time they add to the stock of consumer goods and so help to satisfy immediate requirements. For example, it takes about £7 million to build a sugar refinery with an annual output of 30,000 tons. Within one year of going into operation, it yields an income of £10 million—that is, it pays back its original investment in a matter of about 10 months.

Whether China might have tended in the direction of too great and rapid a stress on heavy industry will never now be known, for in fact thorough planning only really began in 1956. The first five year plan was launched in 1953 at a time when a free market prevailed over a considerable part of the economic system and private enterprise still played an important role.

Though drafting of the first five year plan started in 1952, it was only finalised in 1955, after many changes. It had many weaknesses. It did not make enough provision for supplying industry with iron and steel, non-ferrous metals, electricity and other basic requirements. It did not allow sufficiently, too, for natural troubles in planning targets for agriculture.

But the proof that in the main it was on the right lines is seen in the balanced expansion of the economy in both heavy and light industry.

In one sense, planning is simplified in China by the low level from which the country begins. Everything is needed and there is an outlet for whatever may be produced. But this very situation imposes all the greater need for care in using the relatively limited funds available for investment.

The year 1956 provided a crucial lesson on this point.

The very successes in socialist transformation during the previous year, and the campaign to get conservative-minded officials to see the future in bigger terms, combined with the good harvest, resulted in a great outburst of enthusiasm and initiative in all departments during 1956 which ran ahead of available resources.

Investment in capital construction, that is building of new plants, offices, schools, hospitals and other "capital goods" leaped forward, far outstripping the planned increase as shown in these figures:

Investment in Capital Construction		
		% increase
1953	£930 million	—
1954	£1,080 million	15.4
1955	£1,240 million	14.7
1956	£2,010 million	62.8

Agricultural loans increased sharply as the new co-operatives expanded their investment in farming. There was a jump of 2,200,000 in the number of workers recruited to industry and other employment, which was 1,400,000 more than had been planned for. Considerable wage increases had been granted that year, too, making the total national payroll very much higher than in 1955.

With demand for raw materials rising fast in both the capital goods and consumer goods industries in the resultant "boom," shortages became apparent. Though steel output went up 55% during the year, it still lagged behind demand. Cement, timber, machinery, equipment and various other materials, though up to and over the planned targets, similarly could not meet requirements. It was necessary to draw on reserves and, by the end of the year, the financial situation became very tight. The budget was balanced only by using the surplus carried over from 1955 and the extra demand for materials was met by calling on reserves.

All this is part of the process of learning to plan. The first two five year plans are the most difficult, the Soviet experts say. But China

is in a very fortunate position, internally and internationally, compared with the Soviet Union at the time of her first two five year plans when the black menace of fascism and war, overhanging the world and threatening all the people's sacrifices and gains, forced a breakneck pace in heavy industry.

All the same, China has its problems and is learning how to cope with them in its own inimitable way, modestly, cautiously, surely and step by step.

"We must learn to do economic work from all who know the ropes, no matter who they are," wrote Mao Tse-tung before the victory of the revolution, and his advice is now being applied.

"We must not pretend to know when we do not know. We must not put on bureaucratic airs," he said. "If you bore into a subject for several months, for a year or two, or perhaps even three or five years, you will eventually master it."

Frankly, I found this the most striking and attractive feature of the attitude of China's economists in my talks with them.

They explained that at first the naïve idea arose that once the plan was drawn up and given the authority of law, automatically the entire economy would be able to channel itself into the prepared course.

Gradually they found that planning is not so simple, that every plan is necessarily subjective to a certain extent, reflecting the desires of the planners. It has to be tested by and fit in with reality or it cannot work.

For example, a high target was set for 1957 for cigarette output, which yields considerable revenue. It was based on estimated increases in smoking. Tobacco and equipment were enough, but demand was overestimated by a fair margin.

Despite some planning errors such as this one, there has been no departure from the general basic principle, as far as one can judge, of maintaining an effective balance, even if its practical application has varied somewhat from year to year. The proportion of investment as between heavy and light industry was planned to be eight to one in the first five year plan. In fact it has worked out at 7.6 to one. This proportion, already low compared with other socialist countries, will probably be reduced for the second five year plan, maybe down to six to one, present discussions favouring a move in that direction. It is recognised that, traditionally, there has long been relatively more light than heavy industry. However, light industry,

too, is much too weak for present needs. But this proportion, of course, can never be regarded solely as an economic question in a narrow, technical sense. It crystallises vital political considerations and attitudes, internally and internationally.

Laws of Planning and the Law of Value

One of the main economic lessons derived from 1956 is that economic laws operate under socialism, just as they do under capitalism, irrespective of the subjective desires of any individual, and it is folly to ignore them.

It is, of course, easier to acknowledge this fact than to have so rich an understanding of these laws and the particular practical conditions in the given country in which they operate that no major errors will be made. Especially is this so in the period of socialist transition when there are many diverse economic elements in society, and these, too, are steadily changing in their relative importance.

Within the framework of production for use and not for private gain, which is the fundamental, underlying economic law under socialism, a planned economy throws up its own laws of operation. The most fundamental of these seems to be the "law of balance," which demands the even, balanced development of all the major branches of the economy, particularly the balance between heavy and light industry and between industry and agriculture, taking carefully into account the given realities of the country.

This law, in contrast to the anarchy of capitalist production, ensures that there are no periodic economic crises. There may, however, be disproportionate development and unbalance for a time if wrong decisions are made, that is decisions which ignore important practical considerations. This law is taken as basic to all the work of planning in China and care is taken to understand and master the practical considerations which will ensure correct decisions, in line with the goal described by Chou En-lai. Alongside of this law are two other broad principles.

One is to maintain a balance between the overall national economic power of the country, including defence, and the living standards of the people. The other is strict economy in the use of investment funds; in Chinese conditions, with the sources of accumulation still very limited, this is elevated to the level of a major principle.

But these economic laws or principles are not the only ones. A good deal of theoretical discussion has taken place on whether there is a

single, fundamental economic law during the transition to socialism; or whether separate fundamental economic laws operate, each governing a different element in the economic system—the state sector, the semi-socialist co-operatives, the state capitalist sector, individual commodity production. This discussion seems to have merged now into the study of the principles of planning.

What stands out clearly is that the “law of value,” which is the basic law of commodity production, does not automatically cease to make itself felt even though, fundamentally, socialist relations of production have been established. The question is how far does it operate under socialism? And is it something inherently vicious that should be exorcised and cast out or has it ingredients that can be put to public use?

Research is being done on the relation between state planning and the law of value. The annual plan for industry covers only about 400 major items. The five year plans set targets for less than 100 items. Yet there are tens of thousands of items in the economic life of society. Study of the operation of the laws of supply and demand within the main planned framework is essential.

Obviously it is impossible to plan everything from on top and it is unnecessary and even dangerous to try and do so. This is clearest of all in agriculture where the dangers of a gap between desires and reality can be greatest, with so many factors to be allowed for. Each agricultural producer's co-operative must make its own plans taking soil, weather, irrigation and all other factors into account; and the national plans need only calculate what the state needs to purchase. This kind of arrangement is now being worked out to operate in the second five year plan, now that the whole country is covered by agricultural co-operatives.

There is no tendency to place blind faith in the automatic workings of the law of value. Stalin's formulations on the operation of the law of value in a socialist society have been examined very carefully. One economist has suggested (though there is nothing that I can see in Stalin's *Economic Problems of Socialism in the U.S.S.R.* to support this suggestion) that he underestimated its impact on the production of the means of production. But the question is seen as one of understanding better how the law of value makes itself felt under socialism and how to master it and use it in the interests of the people; not as an alternative to socialist planning but as a controlled auxiliary.

The paradox suggests itself that only in a socialist country can you

afford to allow the economic laws of the market to work themselves out to a certain extent, for you have the strength to harness them and put the economic laws of the market to good social use, for there is the power to harness them and check their destructive effects.

Commodity production, that is production for the market, still exists in China, and in some ways is more widespread than before. Consumer goods, including those produced by state owned enterprises, must be distributed through market exchange; and certainly those produced by agricultural or handicraft co-operatives or people working on their own account.

Chaos could result if prices were fixed without relation to the law of value. A decision might be taken quite consciously, and for very good reasons, to produce something irrespective of immediate costs. But there must be an objective standard to go by to see exactly what is being done. To take a simple example, if the price of soya bean cake which is used as fertiliser were arbitrarily fixed higher than the price of soya beans, peasants would use the soya beans for fertiliser instead of for the more valuable oil that can be extracted from them.

Price policy has been used with great skill in China since liberation, and it needed to be. Simple commodity production and capitalist production existed on a wide scale at least until 1955. Adjustment of prices was a most important instrument used by the government in regulating agricultural, handicraft and, to a certain extent, private factory production, deliberately encouraging some products that were essential, discouraging others, and arranging desired proportions between different products. But all the time, planned purchase was, basically, related consciously to market prices and values. In fact, a major reason for the success of the policy of planned purchase of grain, cotton and other essentials was that, for the most part, it respected and allowed for the operation of the law of value.

In future, the state will continue to run large-scale industry and also a good part of medium and small-scale enterprise, but there will be besides this a considerable field of individual operation, such as handicrafts, peddlers and small traders, independent farmers and the private farming and subsidiary production of the co-operative farmers.

The central government need take under its direct control only the most important products and those circulating nationally, leaving the widest margin of initiative to the local governments. It is noticeable that even before the recent decentralisation of industry in the

Soviet Union, there was a drop in the number of items for which targets were set nationally in the annual plan—from about 5,000 at the peak, down to 1,000. There is a strong view among Chinese planners that as planning becomes more and more skilled, the number of items for which central targets have to be laid down can be reduced to a minimum, while the fullest possible use is made of local and sectional initiative and also of the law of value to supplement the operations of the centrally planned, controlled parts of the economy. This should hold good at least until socialism is well advanced and there is relative abundance for all (and perhaps then all the more).

There is no risk in all this of a revival of capitalism, for capitalist production relations have been superseded over the major part of the economic system and the socialist sectors are powerful enough to deal immediately with any possible tendency that might show itself to disturb the stability of the market, provided the law of value is understood and used in the interests of socialism and not simply ignored. The free market, in which supply and demand operates with greater freedom, is not the same as the free market under capitalism, but a supplementary part of the unified socialist market.

Prices

So far China has not experienced the wide disparity between farm prices and the prices of manufactured goods which became known in the Soviet Union as the "scissors" crisis and gave so much trouble in 1923 and later. One factor in this was that state industry in the Soviet Union faced the unorganised peasant buyer and seller as a monopolist and, wisely or otherwise, for a time turned in its own favour the terms of trade with the village.

From the latter half of 1922 and all through 1923, prices of manufactured goods rose steadily and prices of agricultural goods fell steadily, relative to the pre-first world war level. They pointed in different directions like the two blades of an open scissors.

Nor is this kind of "scissors" crisis likely to appear in China now that co-operative farming has spread and commodity production, though it continues, is within a healthy framework of stable political and economic conditions; and state industry, though in a monopoly position, is not interested in gaining any advantage at the expense of the peasant.

This does not mean there is no discrepancy between farm prices and the prices of manufactured goods. Manufactured goods are not

yet cheap or plentiful. There is a divergence of living standards between town and country. But the substance of the question is seen clearly as one of output and practical efforts are made to keep the gap small and to narrow it down. There is a history to this question.

In Kuomintang days before the liberation, and going well back to even before the Japanese attack on China, prices of agricultural goods were low, relative to manufactured goods. The peasants were in a bad bargaining position and, in general, did not receive the value of the goods they produced, for a whole number of reasons which would take too long to analyse here. This discrepancy became infinitely worse during the wars, down to 1949. When prices were stabilised in March 1950, there remained a disparity. Government policy since then has been to narrow this down by deliberate measures. This is reflected in these figures of the relative rise in prices of agricultural and manufactured goods.

	<i>Prices</i>	
	1950	1955
Agricultural products	100	135.06
Manufactured goods	100	111.76

The fundamental aim in price policy is to maintain stability in the wholesale and retail price levels, while allowing fluctuations and adjustment, through the operation of supply and demand, in the prices of individual products. On this basis, with the prices of manufactured goods kept stable and the prices of farm products rising gradually, the gap between agricultural and industrial prices can be gradually reduced.

This is clearly a long term problem. There is no possibility of rushing a solution as it is tied in with many other problems, such as the relation between accumulation and consumption.

There is another kind of price problem affecting capital goods which are not exchanged on the market at all; steel, fuel for industry, machine tools, and all the other products which belong not to the enterprises but to the state. Other enterprises have to apply to the state if they want these things and the state investigates and, if necessary, approves their application.

Prices of these goods are fixed not by market exchange, but by the state, and accounting and clearance is done through the People's Bank. These "transfer prices," though in a sense nominal, being used

for book-keeping purposes, are built up with great care, taking all items into account and with due regard to the law of value.

Bringing down these prices, of the roughly 400 basic items under state control, is regarded as a vital task, as they affect, in turn, the prices of many more other commodities. At present, their prices are still often high, compared with world prices.

At root, this is a technical question of improving methods, skill and organisation of production so as to reduce the "socially necessary labour time" involved.

Living Standards

A serious question now being discussed is the relative standard of living of workers and peasants. In the four years 1953 to 1956, there was a steady increase averaging 6.7% a year in the share of the national income that went for immediate consumption, though the part that went for investment increased more rapidly by an average of 19.9% a year.

Within the increase in consumption, the real income of some sections of workers and office employees has gone up more rapidly than that of the peasants. This has given rise to some grumbling, but also to attempts to draw up a real basis for making comparisons.

Careful indices of the cost of living are being compiled. This is a complex business, as it involves working out typical family budgets and appropriate "weighting" of different items in the budget at a time of slow but steady rising living standards and changes in habits.

At the present moment, varying figures are given of the peasants' net annual income per head. One calculation takes the total published value of agricultural output, which in 1955 came to 55,000 million yuan, including the output of side occupations, and divides this by 500 million (roughly the total peasant population) and arrives at 110 yuan as the annual income. Then deducting costs, a figure of 70-80 yuan is reached.

Other estimates place the net income, after deducting costs of production and agricultural tax, at as low as 60 yuan a year per head.

Still others try to work out a monetary estimate to allow for transport, water, vegetables, eggs, shoes and other things which the peasant does not have to pay for, or provides for himself, compared with the worker.

Whatever the calculation, it is agreed there is still a considerable gap between the worker's and peasant's standard of living. The

worker's net earnings average about 60 yuan a month over the whole country. In addition, he enjoys various welfare amenities.

What it adds up to is that an average worker's family of five, with one breadwinner, earns around 720 yuan a year compared with 300 yuan for the average peasant family.

Very interesting budgets of both workers and peasants are appearing in the press. They show what they spend their money on and how much further the same money income goes in the village than in the big city. For example, the budget of one village family is itemised in the most intimate detail and then each item is priced, for purposes of comparison, with prevailing prices in Peking and Shanghai. This particular family spent 302 yuan 46 cents in a year, which would make it a middling peasant family. But for the same things it would have to spend 728 yuan 86 cents in Peking and 743 yuan 76 cents in Shanghai. Rent, water and electricity charges and the cost of food make the biggest differences.

This kind of budget is not the last word and, if it proves anything, it proves too much. It would seem to indicate no gap at all in standard as between worker and peasant. True, the preference which many village maidens show for marrying city workers rather than peasants may be partly based on illusions. But there certainly is a gap, though this should not be exaggerated.

For one thing, a fair proportion of national investment goes into projects of direct help to the peasants. For example, peasants today pay an average of only 7% of their net income to the state as agricultural tax. Allowing another 5% of their net income for the disparity in prices between the agricultural products they sell and the manufactured goods they buy (this is the present estimate of the degree of disparity referred to in the previous section on prices), a total of 12% of the peasants' net income may be said to go to the government. In return, about £750 million was spent by the state between 1950 and 1956 in flood control, water conservancy and various farming improvements; this sum alone is equal to one-third of the total agricultural tax paid during the same period.

Theoretically, distribution in socialist society is governed by the principle of "to each according to his work"; but in practice, it is not so easy to evaluate the relative contribution of workers and peasants. Nor is it easy to build a reliable index.

This is an outstanding problem, and has been, too, it seems, in the Soviet Union, where apparently it has not yet been settled.

However, without being equalitarian, the government is trying to keep differences in living standards down to the minimum. The worker-peasant alliance is the foundation of the political strength of the state.

There is no automatic solution. Apart from various economic measures to stimulate greater farming output, great stress is placed on the style of work of the leadership, modesty of living and closeness to the people, to ensure that there is no divorce in outlook between the mass of the people, especially the peasants, and the leadership.

From all the discussion on relative living standards, what stands out most prominently is that both peasants and workers still have far too little. Their combined efforts so far have lifted them up and placed the majority of them above the level of bare want and even given a considerable section a relative degree of comfort. Compared with the past, and this, at root, is the most valid comparison, they have transformed life for themselves. But there is a long haul still ahead before they reach a margin of ease or prosperity by any reasonable standards.

If comparisons of living standards are not easy within China, comparisons with abroad are still more difficult. The rate of foreign exchange applies only to goods within the scope of international trade. Using that rate, a Chinese worker on the average earns less than £10 a month in English money. But within the country, he feeds himself and his family quite well on less than 1s. a head per day, can buy 20 cigarettes for 5d., eggs at 2d. each, and pays a fractional amount for rent and light, though his housing is very poor. By tradition he eats little or no milk, butter or cheese, using tasty and nourishing alternatives.

It came as a surprise to me when British trade unionists, on a delegation to China, carefully itemised the budget of a worker's family and solemnly compared notes on relative standards of living.

I have been away from Britain for several years and perhaps am out of touch. It was a revelation to me of the faith of the British working class in socialism if they expected, as it seems they did, that within a few years of liberation the standards of the former Chinese coolie, one of the lowest paid "human beasts of burden" in the world, could come within measuring distance of workers' standards in the longest industrialised country in the world.

Yet they were right. There was some basis for making comparisons,

and by no means all of them were to the disadvantage of the Chinese worker.

Certainly in one respect the Chinese worker is already in a much better position. His employment is secure. His enterprise or organisation—through both the management and the trade union—has a responsibility towards him, even though it sometimes requires shaking up to get it to exercise that responsibility sensibly. He has the possibility of influencing decisions and events to the degree that he cares to use his ability and initiative. And in the national policies now being elaborated, there is vigorous encouragement and greater opportunity for him to use these to the full. In a word, he is living in a socialist society which, though far from perfect and not yet prosperous, has virtually eliminated exploitation and is elevating both the worker and the peasant to a new sense of their own dignity and importance.

CHAPTER XII

FLOWERS, WEEDS AND SCHOOLS

Early Flowers

GREAT interest was aroused in the capital when a rumour went around in 1956 that an Old Vic company might be visiting China. It would be fine if they came.

For Peking is a discriminating theatre and opera loving city.

It is an eye-opener to look through the entertainment columns of the local Peking *Daily* any day of the week, any week of the year. Today, Thursday, — 1957, you can have your choice of six new, modern Chinese plays, two translated Soviet plays, and no less than 42 opera-plays performed in three different theatre styles.

This is apart from the cinema where there are 11 Chinese films on show, three Soviet, two British and one French, the foreign films dubbed in Chinese. Indian, Japanese, Egyptian and many other kinds of films are sometimes shown.

At the moment there are no provincial companies in the capital or the choice would be wider.

One of the finest and funniest shows seen in Peking for a long time, for example, was a local Szechuan opera that has just ended a popular run. The famous director Ouyang Yu-chien likened its humour and satire to Molière's.

It is an old Chinese story of the panic in one city when an Emperor sent his officials to round up 800 pretty, unmarried girls from whom to choose concubines.

Mothers and fathers rushed to marry off their daughters before the officials could reach them. With a shortage of eligible bachelors, there is great comedy when one young man, in the haste and mix-up, finds himself saddled with three arranged marriages.

Only a bare mention can be made here of the fascinating stories in the Peking and local opera shows constantly offered to and beloved by the Chinese public. One series centres around a famous magistrate of unusual integrity who fights injustice against the whole weight of feudal bureaucracy. Others have the flavour of melodrama. Titles include: *How a Dead Cat was substituted for a New Born Prince*; the

Adventures of the White Snake (this is one of Mao Tse-tung's favourites; its theme is of a feudal woman daring to demand freedom of choice in marriage); *The Dream Lovers of the Peony Pavilion*; *The Third Mistress and the Adopted Son*; *The Girl in the Army*; *Killing a Dog to Tame an Unruly Wife*; *The Fisherman's Revenge*; *The Weaving Maid and the Cowherd*; *The Tiger who used Cosmetics*.

From the beginning, immediately after liberation, a policy was adopted in the field of local, traditional drama of "let a hundred flowers blossom," encouraging all forms of dramatic expression. It had healthy results, reviving about 200 different kinds of drama that were in danger of extinction and putting on their feet nearly a quarter of a million players who were under financial stress.

At the same time local officialdom and some narrow-minded highbrows in the theatre world neglected a good deal of the rich fund of drama available in almost every Chinese province. It took a hard fight to win recognition for the Szechuan opera just mentioned and the Chekiang play *Fifteen Strings of Cash*, a thriller that flays bureaucracy, and there is still a wealth of as yet untapped treasure.

In the field of modern drama, films and literature, some new authors and fresh ideas were indeed beginning to come forward from the ranks of the workers and peasants and some experimenting was tried out in forms of presentation. Yet alongside of this trend a narrow, deadening tendency spread. People became fed-up with stereotype "heroic" themes which gave a flat, one-dimensional interpretation of the principle that art should serve the workers, peasants and soldiers. They were often, in effect, little other than political exhortations. Heavy handed, black and white plots about producing more, joining the co-operatives or practising economy, written by young playwrights or scenarists whose revolutionary ardour did not make up for their lack of subtlety and technique, came to be known as "lectures given in grease paint." This tendency sometimes even invaded traditional drama. The story is told of the local actor in an historical play—it could not happen in Peking—who, as he drew his sword and rushed at the villain, shouted: "Let me get at that American Paper Tiger!"

Some post-liberation films have been very good. But many have been too far from the standard of *The White-haired Girl*, *Liang Shan-po* and *Chiu Ying-tai* and *The Yangtze Crossing* to satisfy the people. It was not simply a question of limited technical experience in an infant

industry. There was at times a narrowness of approach and an inclination to keep everything under unnecessary control.

Attendances were growing phenomenally, from 50 million in 1949 to 1,300 million in 1956, the increase being particularly marked in the rural areas. And from 1953, the industry began showing a profit which has now grown to handsome proportions (£4,500,000 net in 1956, with the price of seats ranging from 6d. to 1s. 6d. in the big cities and 2d. and 3d. in the rural areas). But variety was small (only eight produced in 1953, 14 in 1954 and 18 in 1955). Some were not box office successes. Audiences voted with their feet and several productions lost heavily. The same was true of many modern plays.

A similar situation became noticeable in literature. While people became more exacting in their demands, and the need for greater quantity and variety grew as literacy spread, they were offered a great deal of mediocre, made-to-formula stuff, lacking in imagination and fervour.

Today the trend is towards wider choice of subject and richer content, including comedy, tragedy, satire, old drama and any other form. As the policy of "let a hundred flowers blossom and a hundred schools of thought contend" is applied, signs of new vigour and growth multiply in every field of literature, science and the arts.

Writers who have done little since liberation, feeling themselves unfamiliar with what they thought the new society demanded by way of creative work, have picked up their pens again. Lao Sheh, who has a world reputation for *Rickshaw Boy* and his other pre-war novels, and Pa Chin, popular in China before liberation, are both in the middle of new books, though neither has been entirely inactive in the past few years. Li Chi-jen, vice-mayor of Chengtu, the famous translator of French literary classics, at the age of 62 has finished the first of a series of nine historical novels covering the years from before the 1911 revolution to the present. Shanghai writers are beginning to launch out on new themes and to create their own styles.

A "ballad-play" which is drawing full houses in Peking and is booked up for weeks ahead shows how well artistic creative work responds to a little encouragement and help. The company that has put it on—a small company of about 40 people in all, including actors, musicians, stage-hands and other workers—was built up by a 34-year-old woman who was sold as a child into a Peking family of traditional troubadours and story-tellers that exploited her talents. These folk artists usually accompany spell-binding narration with a pair of

clappers, a small drum, a fiddle or other musical instrument. After the liberation, she and others like her, spontaneously infused a new content into their old repertoire of stories, plays and songs. She felt convinced that if only they could put on a more substantial play, they could prove that this simple theatre form had vitality and power to grow. But for several years she received no encouragement from the official theatre world who regarded it as an elementary and crude form of art, hardly worth troubling about. Some theatres would not rent to them.

But at the end of 1956, the municipal cultural bureau granted them 10,000 yuan and assigned playwrights to help adapt their material, musicians to build up the score and set-designers, make-up men and other helpers. The result is a top "hit," artistically and financially.

Another sign of the times is the lifting of a ban on 26 operas, imposed during the less settled days of the land reform, dealing with themes which were regarded as presenting superstition, feudal morality, sex, murder and incitement against national minorities. Whether such plays are performed, it is now felt, can be left to the more mature judgment and taste of the theatrical companies and the general public.

In the film world, responsibility for choice of subjects and direction has been transferred to the studios. The former practice which in some cases played havoc with scenario work—of the script passing through any number of hands for vetting, right up to the Ministry of Culture and back again—has been ended. Popular old material is being worked over and fresher themes introduced. Some of these are already appearing in the cinemas, with good effect. There was a jump to 39 new films in 1956.

A clash of ideas is taking place not only in literature, films and drama but in art and aesthetics, philosophy and economics, in the social and the natural sciences. Accepted theories of jurisprudence are being challenged. There is a new awareness of problems of population and juvenile delinquency, methods of education and linguistics, where before there was a tendency either to ignore them or to accept some "orthodox" point of view.

Universities have added courses on Keynesian economics and the philosophy of Bertrand Russell, Hegel and Kant. Peking University has begun a history forum open to any and every point of view and scholars from other countries are invited to contribute, whatever their political outlook. A two volume work on Confucianism has been published, written by Professor Hsiung Shih-li, who argues that all

theory, including Marxism, originates with Confucius. Younger scholars have challenged established authorities like Kuo Mo-jo in fields where these formerly reigned supreme, as in archaeology and the problem of when slave society ended in China and feudalism began. Works of all sorts, foreign and Chinese, are to be found on library shelves.

Stepping on very dubious ground, one historian has ventured to argue that there has been little or no development of Marxism in the field of history since Engels. There are widely differing views on the place of national tradition in architecture. The labelling of ancient philosophers as "materialist" or "idealist" and hence "good" or "bad" has been condemned as biased and crude. Lectures on the origin of artistic beauty have revived contesting schools of aesthetics that flourished between the fifth and the nineteenth centuries. A noticeable increase has shown itself in traditional Chinese painting in the past year. Editors of literary journals have been taken severely to task by the Union of Chinese Writers for tampering with authors' manuscripts before publishing them.

Protagonists of Mendelism in biology are holding their own against the Michurinists and there is strong feeling against posing them against each other as irreconcilable. In psychology, there is a questioning of the methods used by Pavlov's eminent successor Ivanov-Smolensky and a reaching out for new ideas to solve such problems as the process of thinking, how personality is formed, and the use of judgment in rapid movement.

In biochemistry, there is keen controversy around the structure of protein. The tendency has been to base all teaching on the work of Zelinsky, the Soviet biochemist, who has provided evidence showing, he believes, that the protein structure is made up of a group of peptides (a combination of two amino acids, i.e. the basic, simplest component of protein), working as a unit. If this were true, it would represent an important advance towards understanding the structure of protein, which is part of the problem of the nature of living tissue.¹

But other scientists think Zelinsky is jumping to conclusions and not enough work has been done in support. Experimental work in western countries in this field has not led to the same conclusions

¹ Engels (in *Anti-Dühring*, p. 93) defined all life as "the mode of existence of albuminous substances," or protein substances. Wherever there is life there is protein, he pointed out.

and most international authorities agree that no conclusions are yet possible.

A proposal has been made that the reference to "socialist realism" in the Constitution of the Writers' Association as the guiding principle for all writers be deleted.

If an author truly and artistically reflects reality, some argue, he does not necessarily need a socialist outlook; witness Dickens, Balzac and the author of *Hung Lo-meng* (*The Dream of the Red Chamber*). The reality he depicts is bound to have a progressive flavour and content, whatever his personal standpoint.

Others regard this as one-sided. They say there are degrees of reflecting reality and the works of Dickens, Balzac and other great masters, for all their quality, are limited compared with the realism of Gorki, Sholokhov and Lu Hsun.

The Chinese Communist Party is refusing to take any dogmatic stand in this argument. It says, in effect, that literature and art as complex phenomena cannot be explained and pinned down within a single, simple definition. It asserts its belief that socialist realism is the best method of creation but adds that there is room for more discussion, research and testing out of theories in full freedom of experiment.

It is always stressed that socialist realism is certainly not the only outlook. It must be entirely up to the author or artist to use the form and method he is most familiar with and finds best. The only qualification, in this or any other field, is the desire to serve the people within the context of the new socialist order. Writers must of course train themselves. And no one who thinks himself a "socialist realist" has the right to regard himself as automatically superior to those who do not. There must be mutual enrichment among the different points of view, learning from each other's good points. In art, too, the older schools of realism, the symbolists and the impressionists have much to teach; and socialist realism much to learn.

Lao Sheh, the author, put his finger on a real problem in an article in the *People's Daily* in March 1957, when he asked how does a writer who does not want to tilt at the whole system depict tragedy or conflict under socialism? There is a strong tradition of exposing and attacking the people's enemies in the class struggle. But how to attack bureaucracy which may cause real tragedy, or the criminal effects of bad upbringing of children or marital problems, without implying that the whole of society is rotten; in a way that successfully fulfils

the intention of protecting not harming the socialist system as such by these exposures?

There is no formula to answer such a question except to go ahead and try and, with the help of the public, gain experience. And the interesting thing is that fewer and fewer of those in authority are concerned to lay down formulas.

Not that everything is plain sailing yet. There are still enough people, including some in high positions, who are far from convinced of the Flowers and Schools policy. It is noticeable that when Chen Chi-tung, author of a play about the famous Long March, and three other writers, poured scorn on its value in a joint article in January, for three months no one took up the cudgels to reply in its defence.

When 22-year-old Wang Meng, taking the Flowers and Schools policy literally, wrote an attack on bureaucracy he was almost torn to pieces by some critics. Wang Meng portrayed the almost hopeless, single-handed fight of a young man working in a Communist Party office in Peking against the conservatism of two older officials who had become rather cynical in their ways or simply indifferent to the difficulties of the people.

The critics said he was distorting reality and slandering society. Such things could not happen, at least not in Peking.

No less than 1,300 contributions were received by the magazine that published his story. Many praised the young man's talent and fearless exposure. But some of the most eminent Communists in the literary world were among his fiercest critics.

When it looked as though Wang Meng was in danger of being swamped by criticism, Mao Tse-tung intervened and used the occasion to underline that the Flowers and Schools policy meant exactly what it said.

He ridiculed the idea that bureaucracy could not grow up right at the centre of affairs, in Peking. With the power which the Communist Party wielded as the leading party in the state, faults could certainly arise and to reject censure of them was highly dangerous. Even if the story was inexact and did not bring out the best solution to the problem it posed, it was a useful effort.

He showed concern, too, at the unfriendly attitude of some leading critics towards the young man. Criticism, Mao Tse-tung emphasised, had to proceed from the idea of helping. However keen and pointed, it had to be comradely. Its purpose should be to achieve unity, not

to annihilate. It had to begin and end with unity—unity, criticism, unity—was the only formula for handling differences of view among friends.

So the great debate goes on. As an instance of the importance attached to the Flowers and Schools policy, Mao Tse-tung early in 1957 addressed the leading people concerned with the sciences, literature and the arts in Tientsin, Tsinan, Shanghai, Nanking and Hangchow, explaining it and showing how essential it is for China.

Reasoning Why

Does all this mean that Marxism is taking a back seat or the Communist Party is losing grip? Far from it.

It means there is quick, flexible response to needs and possibilities and confidence in the principle of relying on the masses.

A U.S. State Department official's reaction to the news of the frank discussion of problems going on in China was not far out. According to an International News Service dispatch he thought this indicated "sufficient confidence within the administration."

This confidence is not confined to the ability to build up industry and improve agriculture. It extends to the realm of ideas. Here, too, changes have to be made in line with the socialist transformation. But they cannot be made without the fullest and most vigorous discussion. Only so can Marxism enrich itself and prove its vitality.

China is fortunate that 1956 arrived at just the right time when it was ready, receptive and in the position to benefit fully from the shake-up in thinking caused by the world events of that year.

It is still more fortunate in having a Communist leadership that gained maturity in difficult, revolutionary struggle for over 30 years and consciously set itself to mastering Marxism not as a dogma, but as a living guide to the Chinese situation.

Alongside the problem of industrialisation, the big issues in China, particularly since the Twentieth Congress of the Soviet Communist Party, are how to create a political climate and build the forms of democracy, with the basic economic changes to socialism accomplished, that will both deepen understanding of socialism and give the fullest play to the initiative of the people; how the Communist Party should work side by side with the other democratic parties in the united front, or what is usually called in China the problem of "long-term co-existence and mutual supervision" between the political parties; how to harness and guide the creative abilities, particularly

of scientists, writers, artists and other intellectuals, in a way that benefits socialism; how to maintain at all levels, now that the Communist Party is the leading party in power, the simplicity and modesty of living and outlook, the closeness to the people, which helped to knit the leadership together with the workers and peasants and was the guarantee of victory in the days before liberation.

To understand the evolution of such a leadership and the methods of work it has built up means to delve deep into the history of the Chinese revolution and to go back, in particular, to Tsunyi in January 1935, four months after the revolutionary forces set out on their epic Long March. For at that little town in Kweichow Province, a new leadership was established that enabled the pioneers to complete the rest of their hazardous march with lighter hearts and a confidence in the future, which they have never lost.

No more than a cursory reference to these events is possible here, as the more immediate background to the present changes demand an explanation. Some of the reasons for what is happening today are simple and others not so obvious.

Plain and straightforward were the facts given by Chou En-lai in his "Report on the Question of the Intellectuals" in January 1956, a month before the Twentieth Congress and four months before the Flowers and Schools policy was publicly proclaimed. There were no more than 100,000 of what he termed "higher intellectuals"—that is fully trained people, expected to be able to work independently in their own fields—in the whole country. Only one-third of these had been trained since liberation.

Adding in all other intellectuals, the figure only came to 3,840,000.

Yet China needed millions more. The country was moving forward to industrialisation in an age of automation, atomic energy and supersonic speeds. The aim was being set of reaching world standards in science within twelve years. Highly skilled people were required in every sphere and an intellectual climate in which they could experiment and give their best.

Need and, with the foundations of socialism firmly laid, the possibility of meeting that need is the first reason for the new Flowers and Schools policy.

It could not have come earlier. By 1956 events had taught the people, including the intellectuals, how to distinguish between enemies and friends. Marxism had won for itself a leading position. Automatic "worship" of western ideas and scholarship among many intellectuals

had changed to at least respect for and a desire to understand more about the scientific basis and theories of socialism.

Land reform, the Korean War, serious study, criticism and self-criticism and patient help had made a profound difference in their thinking at the same time as the economic foundations of society were being transformed. For most of them wished China well. The few organised Kuomintang agents among them, left behind by Chiang Kai-shek, were weeded out and the hard-bitten reactionaries gradually isolated.

A gulf existed at liberation between a large proportion of the foreign trained and imperialist-influenced intellectuals and the workers, peasants and soldiers. How this was gradually narrowed till it finally disappeared entirely in many cases represents as profound a change as any that has taken place in China and deserves full documentation on its own merits.

Only passing mention can be made here of such great mass-education movements as the nation-wide discussion that was set going around a controversial film called *Wu Hsun* in 1951, in which the distinction between a revolutionary and a reformist approach to social change was hammered out; the *san fan-wu fan* movements in 1952 which went deep into the nature of capitalist thinking and behaviour; the exposure in 1954-5 of the intellectual influence of one of Chiang Kai-shek's supporters named Hu Shih, which grew into a great campaign to expose pragmatism and its harmful influence, and to undermine the fiction that literature, science and the arts are divorced from political and social realities and the so-called "practical man's attitude" of wanting nothing to do with theories and "isms."

Intellectuals were, of course, drawn fully into these movements. In small discussion groups, wherever they worked, intensive debate went on and they were encouraged to help one another to a deeper understanding of society and its influence on their own thinking, outlook and behaviour.

Some rushed to embrace Marxism because they knew it was the guiding theory of the victorious forces. Some swallowed doctrine rather than digested what for them were new ideas and principles. Others found it difficult and even highly painful when their own outlook and theories were subjected to critical analysis—and, it is true, this was often done crudely.

When the age-old Chinese respect for the "scholar" and the "official" are remembered, the divorce of the intellectuals from the

ordinary people, and the contempt for manual work which often accompanies this in a feudal society, the importance for the whole country of these movements among the intellectuals, this "ideological remoulding" to adapt themselves to the revolutionary changes, can be better understood.

Though the stress was on "ideological remoulding," these years also saw intellectual progress, certainly in quantity and even in quality. An American writer known for his hostility to New China did not seem to realise he was paying the Communist Party a handsome compliment when he complained that they "attempt to glorify China's past by interpreting it in accordance with their patterns. Thus they played up the *Shih Ching* or *Classics of Poetry*, one of the Five Classics from the dawn of the nation's history. They produced a version of it in the *pai hua*, or written vernacular, making much of the fact that it contained poems which voiced the aspirations and emotions of the common people. They stressed Po Chu-i, of the Tang Dynasty, as a poet of the people. They re-read and re-wrote China's history in terms of the class struggle. They revived the popularity of one of the most widely read of Chinese novels, *Shui Hu Chuan* (All Men Are Brothers—M.S.), attributed to the Yuan (Mongol) Dynasty, which glorified the deeds of refugees who rebelled against the corruption and evil social conditions of the decadent years of the Sung Dynasty. They lauded the Tai Ping movement as an upheaval of the oppressed."¹

These are not bad results for a few years' work in the midst of economic reconstruction, the Korean War and other great efforts.

In terms of simple quantity, the advance has been staggering. A country that produces 40 million fountain pens a year (the output reached in 1956) cannot be said to discourage learning. There were three children at school in 1956 for every one at the time of China's liberation. A mere handful of 600 post-graduate students were doing research work in 1949 in the whole of China. The number had grown nearly tenfold by 1956, though this still amounted to under 6,000.

The doors of opportunity have been opened to the masses and each year are being widened. Alongside regular, full-time education, no less than 67 million workers and peasants attended spare-time courses in 1956, linked with the educational structure in a way that allows a regular proportion of them to go forward directly to university training. An insatiable thirst for knowledge has grown up and museums,

¹ Kenneth Scott-Latourette, *A History of Modern China*, 1954, p. 210.

libraries and lecture rooms are as crowded with young people as are their new sports clubs, stadiums, dance halls and swimming pools.

But if some progress was made in the first years after liberation, the latter half of 1955 and the year 1956 opened up a new world of possibilities and made new demands as to both the rate of advance and its quality. For, as the post-liberation changes came to a head, and unity and stability were established within the country, the "main contradiction" for China also changed. Within the country, what stood out now was the glaring contrast, the contradiction, between the backward state of production and the need and desire for advance. Science, culture and technique on a far higher level were of paramount importance to help bridge the gap. But the majority of intellectuals, 80% of whom came from the former exploiting classes, were still only half won for socialism. Intellectually most of them acknowledged China's progress since liberation, but their individualist attitudes and background made it difficult for them to put themselves wholeheartedly at the service of the new society.

Yet while all this explains a good deal, it does not account for the ready reaction of the leadership. A quick review of the ever-widening discussions and activities in the past year or so shows the leadership urging on the new developments with vigour.

As the Flowers and Schools policy went into effect, it presented a kind of challenge to Marxism, at first confined to academic and literary circles. It meant that Marxists must really study and understand the problems in the various fields of work and not expect acceptance of their views simply because of their membership of the Communist Party.

When some members of the Communist Party expressed fears that weeds rather than flowers might flourish and Marxism be pushed into the background, they were told to learn the art of gardening; that you cannot get flowers without weeds, too; that it was sometimes hard to tell weeds from flowers till they grew up; that what was a Marxist viewpoint in a particular field and what was idealist or metaphysical could not be determined very often without considerable research and discussion between all viewpoints; it was necessary to sharpen and use judgment.

Far from restraining the healthy discussion unleashed by the Flowers and Schools policy as it flowed outward beyond narrower academic bounds, the leadership confidently pushed it forward. Events in Poland, and later Hungary, coming at this time, stimulated still deeper thinking

on the basic problems of conflicting views and interests among various sections of the people, the structure of socialist democracy and proletarian dictatorship.

In essence, and allowing for differences in circumstances, China has to deal with problems similar to those which, sooner or later, must confront all socialist countries. It has certain advantages, quite apart from the solid foundations it has built and the underlying unity among the mass of the people. For one thing, it has been able to render itself less vulnerable to enemy infiltration and it is not so open to incitement. In this, I believe, it is assisted by the radio propaganda on which the U.S. lavishes its dollars via Taiwan and other places, as well as the U.S. policy towards China, all of which can help even a rather backward peasant find his bearings and see his true loyalties. Its greatest safeguard, however, is the political maturity of its leadership.

Early in 1957, Mao Tse-tung expounded his views on contradictions among the people, which, in effect, raised this whole question to the level of theory. It is perhaps beside the point to consider how far this is a contribution to Marxist analysis. Engels over three-quarters of a century earlier explained the nature of contradictions as a lever of advance, both in nature and human society, with rich illustrations which still carry a lively breath of freshness. But considering its boldness in analysing a new situation in the light of general principles, and its ready aptness of application at just the right moment, who can doubt that Mao Tse-tung's exposition represents a Marxist contribution of the highest order?

To ask what contradictions or conflicts there can be among people in socialist society is today a naïve question. Peasants may strongly object to the building of a particular factory on or near their land for some purpose which local officials believe to be of the highest and most patriotic value. If both sides are stubborn, what is to happen? That is one simple, possible form of "contradiction"—between the leadership and the masses. Or a bone-headed management in a factory high-handedly raises output norms without properly consulting the trade union, or perhaps where the trade union representative is lax, servile or inefficient. There are cases of students refusing to attend classes when they found that there was room for only a proportion of them to go on to higher education and they had formed the impression that all or most of them would be able to do so. There are also cases of difference of view, amounting sometimes to conflict, between the state representatives and the former capitalist owners in

some joint state-private concerns, with the workers taking a hand in support of the state representatives.

There are, of course, any number of very real problems and possible causes of irritation. Many of them, perhaps, are not ironed out automatically because detailed codes of law have not yet been devised to fit various possible situations. Others might arise whatever the code of law. For in a country containing 500 million peasants only just learning to work together, several million handicraftsmen, and a good many capitalists who have only just relinquished their control, it is an objective fact that petty bourgeois and bourgeois ideas and attitudes will be widespread. However far-reaching the preliminary education in socialism, human factors, including attitudes of mind, have to be taken into account.

What concerns us here is not so much such objective facts but the attitude of the Chinese leadership towards them, and that rests partly on theory. The theory that the class struggle becomes sharper after the victory of the revolution never took hold in China. Throughout the works of Mao Tse-tung and other revolutionary leaders the emphasis is rather on building the united front and widest co-operation with all possible forces.

Naturally Stalin commanded great respect in China. His early speeches and writings, in the twenties, when he combated Trotskyite theories of the Chinese revolution, gave tangible help to the Chinese Communists who were trying to chart their way forward. And no one lightly brushed aside any of his later views or doctrines. But this one just did not fit. I recall how this theory of the intensification of the class struggle was mentioned at times during the *san fan* movement or during the great struggles to establish socialist organisation in agriculture. Some people grew solemn as they tried to convince themselves that these struggles were just as sharp or difficult—they could, even then, hardly say sharper—as the struggles that gained victory for the revolution. Others frankly questioned it. In any case, it did not seem to affect practical policies.

What Mao Tse-tung has now done is to show explicitly how certain contradictions come to the fore precisely because the bigger struggles for the establishment of socialism have been won and, even more important, how to handle and resolve these contradictions as non-antagonistic differences among people who are, as a whole, united and agreed as to major objectives.

“Our people’s government is a government that truly represents the

interests of the people, yet certain contradictions do exist between the government and the masses," Mao Tse-tung said. "These include contradictions between the interests of the state, collective interests and individual interests; between democracy and centralism; between those in positions of leadership and the led, and contradictions arising from the bureaucratic practices of certain state functionaries and their relations with the masses. All these are contradictions among the people."

But if contradictions are inevitable as part of life itself, and in fact as the motive force of change, serious errors can be made if methods of struggle suitable to antagonistic contradictions between the people and their enemies are automatically applied to resolving internal differences among the people. "It is not only futile but very harmful to use crude and summary methods to deal with ideological questions among the people, with questions relating to the spiritual life of man. You may ban the expression of wrong ideas, but the ideas will still be there. On the other hand, correct ideas, if pampered in hot-houses without being exposed to the elements or immunised from disease, will not win out against wrong ones."

These are some of the ideas expressed by Mao Tse-tung in two impromptu speeches early in 1957.¹ They added content and velocity to the great debate which had spread since the Flowers and Schools policy. Their effects were visible, too, in a hundred and one practical actions. In every ministry, for example, it was arranged for a vice-minister to have the special task of receiving people with complaints or questions, or just paying a visit. Journalists demanded less interference by officials. Examples of bureaucracy were mercilessly exposed in the papers.

Mao Tse-tung also presented six practical principles or criteria for judging whether things are helpful or harmful. These are whether they:

- "1. Help to unite the people of our various nationalities, and do not divide them.
2. Are beneficial, not harmful, to socialist transformation and socialist construction.
3. Help to consolidate, not undermine or weaken, the people's democratic dictatorship.
4. Help to consolidate, not undermine or weaken, democratic centralism.

¹ See Mao Tse-tung: *On the Correct Handling of Contradictions Among the People*.

5. Tend to strengthen, not to cast off or weaken, the leadership of the Communist Party.

6. Are beneficial, not harmful, to international socialist unity and the unity of peace-loving people throughout the world."

With characteristic modesty he did not claim they were the last word but that they were put forward to foster free discussion. "Those who do not approve of these criteria can put forward their own views and argue their case," he said. But he believed they could be applied to words and actions "to determine whether they are fragrant flowers or poisonous weeds." Of them all, the two most important, he added, were the socialist path and the leadership of the Party.

On the heels of this came the directive of the Central Committee on April 27th, 1957, for a "rectification" campaign throughout the Communist Party. This demanded a careful study of Mao Tse-tung's analysis of "inner contradictions" and other documents and, in the light of this, a review of how contradictions were being handled in practice in each place of work.

Among the tasks set by the directive was to review how effectively the Flowers and Schools policy was being carried out, to investigate how "long term co-existence and mutual supervision" among the political parties was working out and how the policy of building up the country industriously and thriftily was being applied. It encouraged people in key positions at all levels of the Party and government to do physical work alongside the workers and peasants. In particular, it demanded an investigation into bureaucracy, sectarianism and subjectivism: bureaucracy, which alienates the Party from the workers, peasants, students and intellectuals; sectarianism, which does not take unity with all the people, the democratic parties and also the non-party masses, as its starting point; and subjectivism, which does not proceed from the hard realities of the actual situation.

The emphasis on physical work involves no mystical belief in the therapeutic value of manual labour. Part of its purpose is to make bureaucrats come off their high horse. A tendency had begun to show itself not only among leaders at county and provincial levels, but even the chairmen of agricultural co-operatives, to sit at their desks and never go out to the fields. "They've become scholars," the peasants jibed.

In central government offices, the Communist Party committee concerned with this work came to the blunt conclusion "that ever since the Communist Party had come to power, some members had

become conceited over their achievements and sought fame and position."

It is clear from all this that the Communist Party leadership was concerned with two things—bringing to the surface all confused or antagonistic ideas and viewpoints that could hamper the advance to socialism; and at the same time to help train the membership of the Communist Party and the people as a whole to handle new problems as they arose and distinguish between what was helpful and what was harmful for socialism. It was particularly important that the 12 million members of the Communist Party discard or revise attitudes of mind and styles of work that had grown out of totally different circumstances and forms of struggle during the previous thirty years.

To help it in its task, the Communist Party appealed to the other democratic parties and everyone else to criticise its work and suggest improvements. There can be few precedents in history where a ruling party in power has invited universal criticism of shortcomings and proposals from all quarters on how to improve the country's work, its political institutions, its leadership.

There was no lack of response. Proposals began pouring in from all sides, most of them positive and healthy.

To form some sort of picture of this campaign, try to imagine what would happen if the staff in a government department in Britain or the U.S. or the workers in a factory were honestly to expose and criticise anything that was wrong and the faults of anyone in authority, however high, with absolute freedom and complete conviction that no possible reprisals in any form could be taken.

But a number of hard-bitten anti-socialists, who had lain low during the previous movements that transformed China, thought their moment had come to engineer "a Hungary." They took the Flowers and Schools policy and, in particular, the "rectification" campaign as signs of weakness and thought they could blackmail the Communist Party into turning aside from its socialist goal.

For weeks, the Communist Party showed remarkable restraint. In fact, its newspapers printed their attacks and complaints very fully. In government offices, they plastered the walls with their statements. Impromptu notice boards flourished everywhere, including corridors and courtyards. While many people put up positive proposals and criticisms, the "rightists," as they later came to be dubbed, posted up or egged others on to post up vicious attacks on the whole socialist system. Among the prime movers in this anti-socialist onslaught were

some old-time politicians who had joined up with the progressive forces towards the end of Chiang Kai-shek's rule and had been given high positions after the liberation. They included some government ministers. There were also some ex-warlords and a number of professors taken over from the old régime who stirred up their students and created several incidents.

Their argument was that China was in a mess and conditions were worse than before liberation and that there was less freedom than in the capitalist countries. Exaggerating instances of peasant hardship, they tried to create feeling among the peasants against the workers, and among both peasants and workers against the Communist Party and government officials. The core of their practical programme was that the Communist Party should step down.

Factory workers and peasants were not slow in showing their disgust. In fact, on several occasions the police had to step in to rescue some of the intellectuals who went down to create some incident in a factory or farm. There are cases on record, too, where printing workers refused to handle inflammatory right-wing leaflets after reading the contents and entered into vigorous debate with those who presented them.

Now that these "rightists" have exposed themselves, their arguments and attitudes of mind are being put to excellent use as a living textbook of anti-socialism. Incidentally, when progressive people used the same notice boards to answer the attacks the rightists complained bitterly that their freedom was being restricted. Some of their arguments have been easy to answer. Others, including their excursion into theories of democracy, freedom, equality, law and other more abstract spheres, have stimulated much harder study of Marxist writings and thinking about the nature of the state and other major problems affecting the way forward in China.

This somewhat unexpected diversion, requiring careful handling of what amounted to "bourgeois revisionism," has been turned, in fact, into an exercise in that kind of political gardening which Mao Tse-tung warned earlier would have to be mastered. It involves also learning how to distinguish between well-intentioned criticism, whether well-founded or not, and motivated attacks by a comparative handful that have little intention of adapting themselves to socialist society.

Now that the frenzy of the "rightist" attacks has spent itself, the "rectification" campaign is going forward in government offices, factories and farms all over the country on the lines as originally

planned; linked up with the Flowers and Schools policy. The solid achievements of post-liberation China and the closeness of the Communist Party to the people have made it impossible to stir up serious trouble. But every point raised by the rightists is being carefully analysed and answered with the aim not so much of changing them as stiffening the far larger number of middle elements among the intellectuals and drawing them closer to a firm working-class standpoint. At the same time, this whole movement is helping to train up a new generation of working-class intellectuals in the principles of socialism.

Conclusion

To make "the overturning of the cart in front a lesson for the cart behind" is a Chinese description for learning from experience. And great stress is laid in China on summing up as part of the process of gaining experience.

This phrase actually appears in one of the documents which are being studied in China during the present "correct the methods of work" campaign. It comes from the "Resolution on Some Questions in the History of Our Party," adopted by the Chinese Communist Party in April 1945. Much of the rich experience gained in the whole preceding period is summed up here, including the Long March and the years of fighting Japanese aggression in conditions of a tenuous and shifting alliance with Chiang Kai-shek.

During the Long March itself, when serious dangers imperilled the whole revolution, a new leadership was set up in the Central Committee of the Chinese Communist Party with Mao Tse-tung at its head, that has proved itself, with comparatively little change, to this day. From the time of the Tsunyi meeting in January 1935 one can date not only an end to serious divisions on basic policy and tactics, an end to mechanical substitution of dogma for real investigation, but the beginning of wider and more painstaking study and application of Marxism in the light of the particular conditions of China; and from that time, too, dates the building up of all the practical methods of work to ensure a minimum of friction within the Party, a maximum of healthy co-operation and unity with all sections of the people. The elaboration of how to achieve a healthy style of work, including how to conduct comradely criticism and self-criticism, is one of the greatest contributions of the Chinese Communist Party to the socialist movement of the whole world.

It is noticeable, if you look through the writings of Mao Tse-tung, that there is nothing covering a period of almost two years, from the beginning of 1934, when the old Red Army was still in its bases in the south-east of the country, to the end of 1935, when it had reached the north-west after the Long March. These were years of movement. But from Yen-an, in the days that followed, came not only Mao Tse-tung's analysis of the tactics and strategy of the war and his theoretical works *On Practice* and *On Contradiction*, but also Liu Shao-chi's *How to be a Good Communist* and *Inner Party Struggle*.

China's rapid post-liberation achievements, comparatively free from major errors, cannot be understood without going back, right back to these early days. For in the thirties, especially the early thirties and the years before, every possible kind of error was committed over and over again, political, military, economic, cultural; including also the kind of errors made by Stalin. But the leadership learned from their experience and evolved ways of passing it on to the Communist Party membership as a whole. Though nation-wide victory is a matter of eight years, in fact there is experience of state power on a smaller scale going back about 30 years, taking the various liberated areas into account. And by 1945, the population of the scattered liberated areas added up to not much less than 100 million, the size of a big country.

It is not just a question of Mao Tse-tung alone. He evolved and fought for the right policy long before 1935, with the careful, effective application of Marxism to Chinese conditions. But before 1935 it was often rejected by the majority of the leadership. Only as they saw it proved in practice, by the evidence of their own experience, did they come gradually, more and more, to recognise its quality. And those years were an exacting laboratory of experience when what was wrong or right was quickly tested under the fiercest conditions of struggle.

The present campaign to correct methods and styles of work had its forerunners in the days of Yen-an. Helping people to understand their own thinking, to cultivate their political consciousness and train themselves to be able to give their best to the progressive movement has long been made an integral and basic feature of the Chinese Communist Party's work. This comradesly attention to the individual, pursued so patiently, painstakingly and over a long period, has paid immense dividends.

Combined with this is the careful summing up of experience at

every step. This takes meetings, discussion and time, but yields results. Visitors to China are impressed by the way the workers on the railways, and even hotel staff, come together to study and also to talk over and exchange experience. Learning from one another has become part of the tradition throughout China. And behind it all is the "mass line" with its great emphasis on learning from and service to the people. Today these qualities are being adapted to the still bigger tasks facing the country.

With this kind of leadership and this style of work, narrow doctrinaire ways that alienate people are less likely to get a grip and, when they appear, they are more likely to be exposed and eliminated. What is now being demanded of all Communists and other progressives is something even more difficult than fighting a visible enemy with guns. It is, in the context of the new situation, to lead, build, create and work constructively, in the greatest and most democratic unity with all other people, in a complex variety of spheres to make life richer for the people.

There is danger, of course, in generalising about China of appearing like the blind man in the fable who tried to describe the elephant after feeling some of its limbs. Yet a few concluding remarks are called for, though this book has concentrated on explaining some selected aspects rather than appraising all the changes since the liberation.

To sum things up in the economic sphere is comparatively straightforward. Enough facts and figures have been given in this book. All that needs adding, perhaps, is that China has cleared away sufficient debris of the past to lay the foundations of a powerful modern industry. It made its first aeroplane in 1954, its first jet plane and its first truck in 1956. It has laid a railway across the Gobi Desert and is putting the Yellow River under control, to harness its power and end "China's Sorrow," in a long term scheme that combines imagination with high engineering skill. It is already turning out a formidable range of complex equipment from power stations and 25-ton turret cranes to fine X-ray apparatus, from water-jet propelled tugboats to grand pianos, from seamless steel tubes to combine harvesters and electric refrigerators. It has begun work in the field of electronics and, with Soviet help, will have its first atomic reactor by the end of 1957—for research into the peaceful application of atomic energy.

It would be hard to devise a tougher test for any economic and political system than the immense natural calamities of 1956. The

new socialist state weathered the test, and even registered many striking advances. The slightest doubts about the effectiveness of the socialist system of planned economy and service to the people must surely evaporate if, for a moment, these results are compared with the recorded effects of similar natural disasters before liberation—the skyrocketing of prices in the affected areas, the virtual breakdown of production, the millions of victims, the homeless sufferers roaming the country and finally dying of cold and hunger, the rich amassing more wealth by seizing land and profiteering in goods.

A sound, new economic base has been established. The forces of production which the old society held back are now pushing forward the whole of society through the new system of economic relations which correspond to those forces and allow them to grow.

But to analyse the “superstructure” that is growing up on this new economic base is not so easy. The evolution of political institutions, science, law, morality, culture, philosophy and the rest, takes much longer than the building of the economic foundations.

When Britain was changing from feudalism to capitalism, at least two centuries of fierce ideological struggle took place before a more or less settled, new moral and religious climate sanctioned capitalist practices which had previously been anathema. For example, the taking of high interest, or “usury,” had previously been condemned by the Church and legislated against by the state as against medieval Christian ethics. But interest and capitalism were interlocked, so religion had to change. “The triumph of Puritanism swept away all traces of any restriction or guidance in the employment of money,” said one authority.¹

Britain was the first example of revolutionary change from feudalism to capitalism. The social upheaval of the French Revolution similarly was accompanied and followed by an ideological upheaval that lasted for several generations. Nor can it be said that the ideals of this bourgeois revolution, “liberty, equality, fraternity,” have yet found fitting political institutions in France in which to dwell securely. The argument as to the meaning of “equality,” for example, when voiced by different classes, still goes on. The Soviet Union, where the bourgeois and the proletarian revolutions were telescoped into a single year, is still in process of evolving and building its political institutions and cultural life after carrying more than its fair share

¹ Cunningham, *The Moral Witness of the Church on the Investment of Money and the Use of Wealth*, quoted by R. H. Tawney, *Religion and the Rise of Capitalism*, p. 177.

of the work of bringing socialism into practical being in the world.

"Does it require deep intuition," asked Marx and Engels in the *Communist Manifesto* over a century ago, "to comprehend that man's ideas, views and conceptions, in one word, man's consciousness, change with every change in the conditions of his material existence, in his social relations and in his social life?"

But eight years are obviously too short a time for full judgment of the changing superstructure in China, which has been passing from new democracy to socialist democracy at so rapid a pace.

All that can be said is that the emergence of a superstructure in harmony with China's new era is being greatly assisted by the developments since the policy of "let a hundred flowers bloom and a hundred schools of thought contend." This slogan is borrowed from the "golden age" of intellectual expression in China over 2,000 years ago, when philosophers arose like Confucius and Mencius and famous poets, mathematicians, historians, strategists and jurists flourished. Ultimately, in the broad political sense, the 100 Flowers and Schools resolve themselves into two schools—the socialist and the anti-socialist, the proletarian and the bourgeois, the Marxist and the metaphysical. In this sense, China has already decided to which school it belongs. The contention is between the philosophy and thinking of what is new and expanding and the hangover ideas of the old and steadily-disappearing. And in the course of this contention the seed of many fine flowers is being planted.

The last major "rectification" campaign, in 1942, was followed by victory against the Japanese imperialists, victory over Chiang Kai-shek in the civil war he launched with the aid of the U.S., and the establishment of socialism in a new China. It staggers the imagination to think of the vistas which open out from the present rectification campaign. For it involves no less than the endeavour to add a superstructure to the new socialist base, which in turn can both speed the pace of industrialisation and usher in a renaissance in science, culture and the arts such as China, for all its long civilisation, has never known.

Very often, in going round China and seeing what remarkable strides the recently illiterate young workers and peasants of this great country are making under socialism, I have felt renewed confidence and pride in the British working class. For it has a splendid tradition of organisation and standing and fighting together, and high industrial skill. China is living evidence of the wonderful creative, productive forces which socialism can unleash. What cannot the British

people do, starting from so much higher an industrial and technical level, once they have power in their hands?

China's stability rests on firm foundations. There is not only the long and hard experience of revolutionary struggle, not only the terribly low standards of the past against which the present achievements stand out. There is also the mastery of Marxism as a living and growing body of theory which lights the way forward, shows up errors and enables them to be corrected.

After living in China almost from the day of its liberation from colonial and feudal control, and witnessing the historic changes that since then have crowded in on one another, I believe that in the days ahead people will look back to learn from these eventful, formative years, and not only in China. They will, I hope, feel as I do now that the lines written by Wordsworth at the time when he was moved and inspired by the French Revolution apply with still more reason and greater force to the healthy transformation wrought by the Chinese Revolution:

"Bliss was it in that dawn to be alive,
But to be young was very heaven!"



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