

# A GLANCE AT CHINA'S ECONOMY



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## *Foreword*

CHINA'S ECONOMY is developing vigorously along the socialist road. Before liberation it was extremely backward. With production stagnant and prices ever soaring, the people had a wretched life. Then, under the leadership of the Chinese Communist Party and Chairman Mao, the long suffering Chinese people waged several decades of hard struggles and finally overthrew imperialism, feudalism and bureaucrat-capitalism which had weighed them down like three big mountains, and set up a state of proletarian dictatorship. On October 1, 1949 the People's Republic of China was founded. The Chinese people at last stood up and the period of socialist revolution began. In three years the national economy was rehabilitated. While carrying out socialist revolution in the political, ideological and economic fields, the Chinese people started socialist economic construction in a planned way. Guided by the proletarian revolutionary line formulated by Chairman Mao, they have, in the past 20 and more years of hard struggle, hard work and thrift, transformed the poor and backward semi-colonial, semi-feudal old China into an initially vigorous and prospering socialist country.

On the basis of independence, initiative and self-reliance, Chairman Mao and the Party Central Committee formulated the proletarian line, principles and policies for the development of socialist economy. In 1953, the first year of the First Five-Year Plan, Chairman Mao put forward in good time the Party's general line during the transition period: **"To bring about, step by step and over a fairly long period, the socialist industrialization of China and the socialist transformation of agriculture, handicrafts and capitalist industry and commerce by the state."** With this general line as guide, the people of the whole country in 1956 completed in the main the socialist transformation in ownership of the means of production and in 1957 fulfilled the First Five-Year Plan, thus pushing the socialist revolution and socialist construction to a new stage. In 1958 Chairman Mao formulated the general line of **"going all out, aiming high and achieving greater, faster, better and more economical results in building socialism."** Later he issued the general policy in developing the national economy: **"Take agriculture as the foundation and industry as the leading factor"** and the strategic policies: **"Be prepared against war, be prepared against natural disasters, and do everything for the people"** and **"dig tunnels deep, store grain everywhere, and never seek hegemony."** These gave the orientation for China's national economic development. However, during the entire historical period of socialism, the class struggle is protracted and tortuous, and at times becomes very acute. And it was only because Chairman Mao's revolutionary line was thoroughly carried out and the interference and sabotage by the counter-revolutionary revisionist line of Liu Shao-chi and Lin Biao were smashed

that China's economic construction was able to advance victoriously in struggle.

Revolution promotes production. The Great Proletarian Cultural Revolution further raised the Chinese people's enthusiasm for building socialism and speeded the country's construction. Facts have effectively rebutted the slanders spread by class enemies at home and abroad in their attacks on China's Cultural Revolution. It was in the fierce two-line struggle during this revolution that the Chinese people succeeded in fulfilling and overfulfilling the economic targets of the Third Five-Year Plan and, in 1971, began construction under the Fourth Five-Year Plan. In agriculture, there was a succession of good harvests. The rate of increase in grain output in the eight years from 1966 to 1973 greatly surpassed that of the 13 years prior to the Cultural Revolution. The situation in which the south had to supply grain to the north, as had been so over long years in the past, began to change. The state and also the rural units of collective ownership have stored certain amounts of grain. The main industrial crops, timber, livestock, products of side-occupations and fish yields have all increased in varying degrees. Facts have proved the truth of Chairman Mao's statement made as early as 1949 that **"revolution plus production can solve the problem of feeding the population."**

Industry has developed at even greater speed. The 1973 steel output was more than twice, and power 2.4 times, that of 1965, before the Cultural Revolution. Machine-building, coal, chemical and light industries have likewise gone forward in big strides. The petroleum industry has developed especially fast, its output be-

ing several hundred times what it was in the early post-liberation period. New China has not only become self-sufficient in petroleum but in recent years has some crude oil for export. The building in a planned way of a number of inland modern bases such as for the iron and steel, coal, petroleum and chemical industries has been stepped up. This not only marks a change from the old China's irrational concentration of industries in the coastal regions, but also lays a solid foundation for developing industry along the line of independence, initiative and self-reliance.

The masses of the people are the creators of history, the decisive force spurring China's socialist construction. Relying on the masses has been China's basic experience in socialist construction for more than 20 years. The general line for socialist construction laid down by Chairman Mao is precisely to put proletarian politics in command, stress integrating Party leadership with the broad masses, vigorously launch mass movements and build socialism through self-reliance. This general line provides that agriculture be taken as the foundation and industry as the leading factor, and requires that the agriculture-light industry-heavy industry relationship be correctly handled by placing agricultural development first and strengthening industry's support of agriculture. Also stipulated are a whole series of "walking on two legs" policies: giving full play to the initiative of both the central and local authorities, making full use of industrial plants in coastal regions and accelerating the building of new ones in the interior, making simultaneous use of indigenous and modern methods, and simultaneously developing big, medium and small enter-

prises. These policies serve to bring all positive factors into play and mobilize every force to achieve greater, faster, better and more economical results in building socialism. The Chinese people believe that people are the greatest treasure, that under the Party's leadership, so long as there are people wonders can be worked.

The Tachai Production Brigade of Hsiyang County, Shansi Province, and the Taching Oilfield are models in resolutely implementing Chairman Mao's revolutionary line, fully mobilizing the masses, and developing the socialist economy rapidly and by their own efforts. Holding aloft the red banner of the general line for socialist construction, they persist in putting proletarian politics in command and launching mass movements. These units have struggled with dauntless heroism against nature and class enemies, and have won successes in both revolution and production. The Tachai peasants used their own hands to turn rocky gullies, ridges and slopes into terraced fields conserving soil, fertilizer and water. With the spirit of hard struggle plus a scientific approach, the Taching oil workers established a modern petroleum industrial base in the wilderness in less than three years. Tachai and Taching, two pacesetters in China's socialist construction, gained added brilliance in the Great Proletarian Cultural Revolution. A great mass campaign "**In agriculture, learn from Tachai**" and "**in industry, learn from Taching**" surges throughout the country, with the people's enthusiasm growing steadily and the national economy striding forward.

The Chinese people's adherence to the principle of maintaining independence, keeping the initiative in their own hands and relying on their own efforts in construc-

tion by no means implies "self-seclusion" and unqualified rejection of assistance from other countries. The Chinese people have always considered economic and technical exchanges on the basis of respect for state sovereignty, equality and mutual benefit, and the exchange of goods needed to make up for each country's deficiencies as beneficial and necessary to the development of the national economy.

China is a socialist country and at the same time a developing country. China belongs to the Third World. Constantly following Chairman Mao's teachings, the Chinese Government and people firmly support all oppressed peoples and oppressed nations in their struggle to win or defend their national independence, develop their national economy and oppose colonialism, imperialism and hegemonism. The Chinese people are determined to pursue the basic line and policies laid down by Chairman Mao for the socialist period and will continue the revolution under the dictatorship of the proletariat. They will resolutely carry through to the end the great movement to criticize Lin Piao and Confucius, which is of immense historical and practical significance. They are firm in grasping revolution, promoting production, modestly learning from the strong points of the people of other countries, and exerting every effort to build China into a socialist state with modern industry, agriculture, national defence, science and technology in a fairly short period of time, so as to make a greater contribution to mankind.

## Progress in Agriculture

FOR thousands of years Chinese peasants have accumulated rich experience in agricultural production. In old China, however, particularly in the 100 years before liberation, on top of the long feudal exploitation and oppression, imperialism and bureaucrat-capitalism cruelly bore down on the peasants. Famines were frequent and production stagnated. The peasants were reduced to extreme poverty. On the eve of liberation in 1949, the country's annual output of grain was only 220,000 million *jin*,<sup>1</sup> that of cotton 8,890,000 *dan*,<sup>2</sup> and farm side-occupations were on the decline.

Old China's poverty-stricken peasants were ruthlessly oppressed by the feudal land system. Landlords and rich peasants, who constituted less than 10 per cent of the rural population, owned 70-80 per cent of the land, while the poor and middle peasants and farm labourers, 90 per cent of the population, owned only 20-30 per cent of the land. The impoverished peasants had to pay over

<sup>1</sup> One *jin* is equivalent to 0.5 kilogramme or 1.1 lbs.

<sup>2</sup> One *dan* is equivalent to 50 kilogrammes or 0.05 metric ton.

half (in some places as much as 70-80 per cent) of their produce to the landlords as rent.

After the founding of new China and under the leadership of Chairman Mao and the Communist Party, the land reform movement was launched throughout the countryside. The feudal system of landownership, which had fettered the productive forces in agriculture, was abolished for good. Some 700 million *mu*<sup>3</sup> of land and large numbers of draught animals, farm tools and other means of production were distributed to over 300 million landless and land-poor peasants, who no longer had to pay the landlords 70,000 million *jin* of grain for rent every year. As a result, farm production quickly revived and developed. Agricultural co-operation was subsequently realized and followed by the mass establishment of people's communes, steadily raising the peasants' socialist enthusiasm.

Since 1962, the general policy of **"taking agriculture as the foundation and industry as the leading factor"** has been implemented in developing the national economy. In agriculture the policy of **"taking grain as the key link and ensuring an all-round development"** has been put into practice. Thus the relationship between agriculture, light industry and heavy industry has been correctly handled. Active support has been given to agriculture in matters of material goods, technology, finance, organization and leadership. With the development of agriculture as a priority, the work of industrial departments has switched to the orbit of taking agriculture as the foundation.

<sup>3</sup> One *mu* is equivalent to 1/15 hectare, or 0.16 acre.

During the unprecedented Great Proletarian Cultural Revolution, the counter-revolutionary revisionist line of Liu Shao-chi and Lin Biao was smashed and Chairman Mao's revolutionary line further implemented. The mass movement — **"In agriculture, learn from Tachai"** — has gone on in breadth and depth, and socialist enthusiasm of the peasants greatly enhanced. All the above factors brought about rich harvests for 12 years running. Grain output in 1971 reached 492,000 million *jin*. In 1973, rural commune members, relying on their collective strength, conquered the drought in the north and the flood in the south and brought in an all-round harvest. The outputs of grain, cotton, bast-fibre plants, sugar and tobacco all broke previous records. The development of forestry, animal husbandry, side-occupations and fishery kept pace with agriculture. The gross grain output not only increased by a wide margin as compared with 1972, a year of natural disasters, but surpassed 1971, a year of bumper harvest, and marked the highest annual output in history. Gross cotton output increased more than 20 per cent over that of the previous year. Grain and most of the industrial crops now initially meet the needs of the country's construction and people's life. Honan, Hopei and Shantung provinces, and northern Kiangsu and northern Anhwei, insufficient in grain in the past, have become self-sufficient since the Cultural Revolution, beginning to "change the situation in which grain in the south has to be transported north."

The fundamental line for the development of China's socialist agriculture is: After the completion of land reform, the first step is collectivization (i.e., to form



mutual-aid teams, agricultural co-operatives and then people's communes). On this basis, the second step is to realize agricultural mechanization. Only by following this revolutionary line of Chairman Mao's has China's agriculture been making rapid strides along the road of socialism.

Agricultural production made progress after land reform. However, production continued to be conducted on small-peasant farming based on individual household ownership. This failed to do away with poverty and avoid polarization and could not keep pace with development in socialist industrialization. Consequently, a movement for agricultural mutual aid and co-operation was at once launched. In the process of collectivization, the principle of voluntary participation and mutual benefit was observed and measures for gradual advance were adopted. First, mutual-aid teams were organized, each of several or a dozen households, with the peasants working together and practising labour exchange and mutual help. This embodied rudiments of socialism. Then agricultural producers' co-operatives of an elementary, semi-socialist type were organized. These were characterized by the pooling of land as shares and by unified management, with the incomes paid to members according to a fixed ratio between labour and land pooled. Next came the co-operatives of an advanced, socialist type. In these, land became the common property of the co-operative, with compensation for other means of production such as draught animals and large farm tools turned over to the collective, while the principle of "to each according to his work" was applied. Thus, the peasant masses became ideologically prepared to enter

into each new kind of relations of production, which ensured sustained rises in farm production throughout the process of collectivization. A convincing indication of this is the 19 per cent increase in grain output of 1957 as compared with 1952.

On the basis of agricultural co-operation, people's communes were set up throughout the rural areas in 1958, pushing agricultural collectivization to a new stage. The people's commune integrates government administration with commune management. It adopts the system of ownership of the means of production at three levels — the commune, the production brigade and the production team — each exercising its own administrative and accounting functions, with the production team as the basic accounting unit. It is larger in size and more socialist in nature than the agricultural co-operative. With a greater membership, more land and more financial resources, a people's commune can undertake farm capital construction on a larger scale, engage in a diversified economy, carry out scientific experiments and guard against natural calamities, thus ensuring the consolidation and development of the collective economy.

Following countrywide establishment of the people's communes, especially after the Cultural Revolution, when the interference and sabotage by the counter-revolutionary revisionist line was crushed, and Chairman Mao's revolutionary line and various proletarian policies were further implemented, the commune members' initiative to fight nature and develop socialist agriculture was greatly raised. The Tachai Production Brigade in Hsiyang County, Shansi Province, is an outstanding example of a rural community resolutely taking the socialist road,

giving full play to the revolutionary spirit of self-reliance and hard work, and rapidly increasing production. Situated in the Taihang Mountains, 1,000 metres above sea level, Tachai was a poverty-stricken village before liberation. The soil was poor; drought was common and frequently followed by floods in summer. The village worked only 800 *mu* of farmland, which was divided into 4,700 strips. Of the 80 or so households there, 35 poor-peasant households had worked as hired labourers for landlords and rich peasants; nine households wandered and begged in other places. With the liberation of the village in 1945, the peasants got organized and started on the road of collectivization. Since then they have persistently educated themselves in Marxism-Leninism-Mao Tsetung Thought, displaying their love for their country and the collective. They have turned areas of "seven gullies and eight ridges" into terraced fields by levelling mountains to build farms. They have built channels, which wind round the hills, and also flood-diversion projects. Poor land has turned fertile, with a layer of organic soil a foot thick, which conserves soil, water and fertilizer and ensures high, stable yields. The per-*mu* yield of grain rose from over 100 *jin* (700 kilogrammes per hectare) shortly after liberation to 1,094 *jin* (more than eight tons per hectare) in 1971. The peasants conquered the unusually serious drought in 1972 and one of several months' duration in 1973 by sheer hard work — dibbling with water carried on their shoulders while undertaking water conservancy projects in a big way. The gross grain output in 1973 reached 770,000 *jin*, a 16 per cent increase over that of 1972, marking a record in Tachai's history. Forestry, animal husbandry and side-line production also expanded by a big margin.

Since 1964 a mass movement to learn from Tachai has been in full swing throughout the countryside. Models of the Tachai type have successively emerged in the well-watered country south of the Yangtze as well as in the arid mountain regions of north China. Hsiyang County, where the Tachai Production Brigade is situated, is such a model. Since the Cultural Revolution the people of the county, following Tachai's example, have set themselves the task of transforming their mountains and rivers. During the six years from 1967 to 1972 over 5,500 farm capital construction projects were built and 52,000 *mu* of land was reclaimed. Of the county's 400,000 *mu* of arable land 320,000 *mu* has been transformed into high-quality farmland of the Tachai type. Irrigated land quickly expanded and the face of rivers and mountains gradually changed. The grain output in 1971 was 2.8 times that of 1966 and the gross income of collective economy 2.5 times. Confronted with a severe drought in the spring of 1973, the people of Hsiyang, led by the county and commune cadres, dibbled 220,000 *mu* of crops by carrying water on their shoulders and rush-planted over 100,000 *mu*. They made every effort to build conservancy projects, watering the fields and protecting young plants. Finally they beat the unusual drought by working with unmatched might and wrested a bumper harvest never seen before. The county's total grain output in 1973 was 239 million *jin*, 2.8 million *jin* more than its record output in 1971.

With a vast territory and many rivers, China possesses rich water resources. But in old China, water conservancy projects were neglected and flood and drought were frequent. Since liberation the rural areas have

actively engaged in building water conservancy projects, opening up hilly areas, harnessing rivers and levelling the land. Exerting collective strength, they have mainly followed the principle of undertaking small projects, building them in complete sets and relying on the efforts of communes and brigades. Every year, many thousand million cubic metres of earth-and-stone work was completed. Harnessing work on the main rivers—the Yellow, the Huai, the Haiho, the Liaoho and the Yangtze—has been carried out on a comprehensive scale and under unified planning by the state. By 1971, 1,700 reservoirs of big and medium sizes had been built (there were only 20 before liberation), 130,000 kilometres of dykes built or reinforced, nearly 100 large flood-diversion channels dug, over 900,000 mechanically pumped wells sunk and power-driven irrigation and drainage equipment with 20 million horsepower installed. Flood prevention and drought-resistance capacity was constantly increased, and water resources were further exploited.

Before liberation there was a saying that the Yellow River “breaches its dykes twice each three years.” But over two decades since liberation no breach has ever occurred, and it has irrigated large tracts of farmland, benefitting production. The Huai River basin, known as the most serious calamity-stricken area in China’s history, became one of the country’s new granaries after 20 years’ harnessing. In 1972, grain output in the whole basin reached 62,000 million *jin*, which was 34,000 million *jin* more than the figure just after liberation. The Haiho River basin in the past had suffered from flood, water-logging, drought and alkalization. Since liberation,

especially since 1963 after Chairman Mao issued the call “**The Haiho River must be brought under permanent control,**” a new stage began in its harnessing work. During the Cultural Revolution, each winter and spring hundreds of thousands or even a million builders concentrated their efforts on this project. At the same time millions of peasants from neighbouring communes and production brigades went in for farm capital construction and integrated projects. In the mountainous areas of the upper reaches, a number of large and medium reservoirs were built, and in the middle and lower reaches over 300 main waterways and tributaries were dug or dredged. Dykes with a total length of 4,300 kilometres and 60,000 bridges, sluice-gates and culverts were completed. Conditions in today’s Haiho basin begin to improve, as it is now basically free from the threat of flood and waterlogging. And the basin’s capacity in 1973 for draining flood-waters and accumulated water into the sea was over 6 times that in 1963, while the grain output doubled.

China’s northern areas have less precipitation and in recent years have been threatened with extraordinary drought. In the movement to learn from Tachai, cadres and commune members sank many pump wells, effectively utilizing the subterranean water while harnessing the rivers and lakes. To this work the Party and the People’s Government gave leadership and abundant economic, technical and organizational support and assistance. To cope with successive droughts, 370,000 pump wells with complete equipment were drilled from October 1972 to the end of 1973, breaking all previous records. Now in north China 1.2 million pump wells are irrigating

100 million *mu* of farmland and effectively checking drought.

Linhsien County in the Taihang Mountains of Honan Province is a model of water conservancy work. In the past, 370 of the county's 500 villages lacked water. Starting in 1960 the peasants waged a tenacious 10-year struggle that resulted in the Red Flag Canal. This canal has 200 reservoirs of medium and small sizes, 40 power stations and 154 electric drainage and irrigation stations, with its main and branch channels totalling 1,500 kilometres in length. Water from the Changho River, many miles away, winds round some 1,000 hilltops, crosses 1,900 gullies and passes through 134 tunnels, watering the whole county. The area of irrigated land has increased from 12,000 *mu* before liberation to 600,000 *mu*. The per-*mu* yield of grain reached 580 *jin* in 1973 while it was only a little over 100 *jin* before liberation. In the past the county had to be supplied with over 20 million *jin* of grain by the state. Now it delivers more than 40 million *jin* to the state each year. Over 95 per cent of the communes and production brigades have surplus grain in store. What was formerly a land of barren mountains suffering from severe drought is now assured good harvests every year.

Rural communes, production brigades and teams have given full play to the initiative of the cadres, masses and agricultural scientific and technical personnel. They have systematically carried out the Eight-Point Charter for Agriculture<sup>1</sup> formulated by Chairman Mao in the light

<sup>1</sup>This Charter includes the following points:

1) with respect to soil: deep ploughing, improvement of quality, general survey and planned utilization;

of China's experience in increasing farm output and practised scientific farming. In many areas, the farming process and methods have been improved to suit local needs. In north China, saline and alkaline land, low-lying waterlogged land and desert wasteland have been steadily transformed, as have red-soil and other low-yielding lands in south China. Mass efforts in selecting and breeding seeds have produced a good number of new strains of fine-quality with high yields, and many peasants have become experts in seed cultivation. Since the Cultural Revolution, hybridized sorghum and hybridized maize have been quickly popularized and their output rapidly increased. Improved strains are now used in over 80 per cent of south China's rice-growing areas and over 70 per cent of the wheat-growing areas in the Yellow River valley. There has been a sustained increase in the supply of fertilizer on a nationwide scale as a result of the increase in livestock, the extensive use of green manure, the growth of the chemical fertilizer industry and the setting up of bacterial fertilizer plants using indigenous methods. In dealing with the rice borer, army worm and other insect pests and plant diseases, special emphasis is laid on prevention, and the mobilization of the masses has led to the adoption and extension of effective methods to this end.

- 2) rational application of fertilizer;
- 3) building of water conservancy works and rational use of water;
- 4) popularization of better strains of seeds;
- 5) rational close planting;
- 6) plant protection, prevention and elimination of plant diseases and pests;
- 7) field management; and
- 8) improvement of farm tools.

Chairman Mao points out: **“The fundamental way out for agriculture lies in mechanization.”** It is in accordance with Chairman Mao’s instructions on this problem that China has, on the basis of collectivization, been vigorously carrying out agricultural mechanization in her own way. Farm machinery is now to a great extent manufactured in the locality. These machines are chiefly of medium and small types, their purchase being primarily financed out of the collective funds. With the exercise of the dual initiative of the central and local authorities, and with the adoption of the policy of “walking on two legs,” the process of mechanization has gradually gathered momentum. In the past 4 years, the number of tractors, diesel engines, chemical fertilizer, plastic sheets and electric power supplied to agriculture by industrial departments surpassed the total figure in the previous 20 years. In 1972, the number of tractors for farm use was 2.6 times that of 1965, walking tractors over 50 times, installation capacity in small power stations 8 times; mechanized farming area expanded 40 per cent and rural electric power increased 250 per cent. Compared with 1972, in 1973 production of tractor and internal combustion engine parts, rubber-tyred push carts, walking tractors and combine harvesters increased 30-60 per cent, and chemical fertilizer, internal combustion engines and pumps more than 20 per cent. The amount of chemical fertilizer, rolled steel, cement, electric power, walking tractors and rubber-tyred push carts supplied to agriculture by industrial departments marked an all-time high.

On the plains in the north, tractors, harvesters and power-driven drainage and irrigation machines are being



Leading members of the Hsiyang County Revolutionary Committee, Shansi Province, drawing long-range plans for remaking the land.



The Red Flag Canal in Linhsien County, Honan Province.

Terraced fields have changed the barren look of the mountain areas.

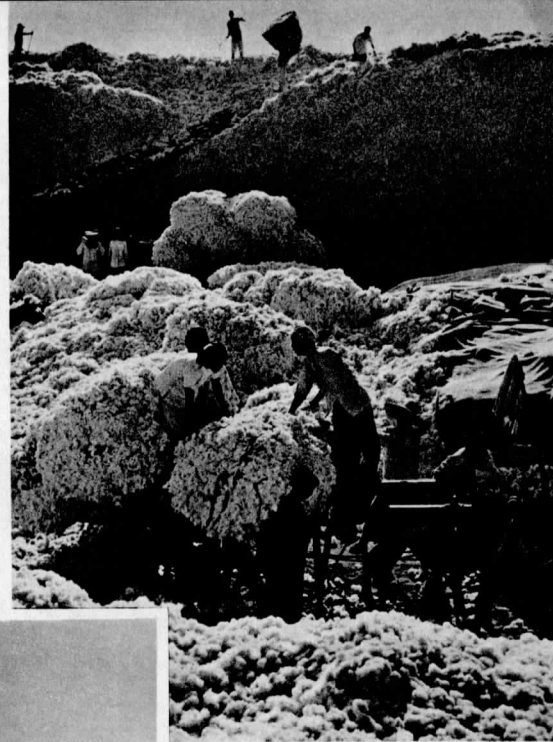




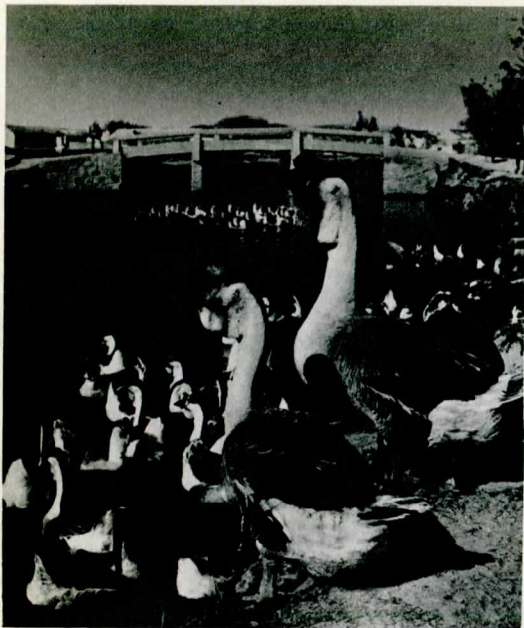
Spreading insecticide over the commune fields.



Wheat harvest at the Red Star People's Commune on the outskirts of Peking.



Bumper cotton harvest.



Geese raised by a commune.

A good catch of fish at a rural people's commune.



More tangerines every year.



On the pastures.



steadily brought into use over vast areas. In the rice-growing south China provinces, rice transplanters and other machines used in paddy fields are being popularized. Mechanization has been successfully introduced both in animal husbandry in the pastoral border regions and in fishery off the southeast coast. At the same time, much work has been done in various provinces and regions to develop semi-mechanized farm tools, while mass efforts have brought about improvements in farm implements and other tools. All this has resulted in the production of a large number of low-cost small farm tools, light, efficient and suited to local needs.

Agricultural progress has been fairly rapid in the 24 years since liberation. However, the weak technical base of Chinese agriculture and the limited extent of agricultural mechanization have retarded the rate of increase in per *mu* yields. But there are large potentials in agricultural production. The Chinese people are determined to overcome difficulties in their forward advance and strive to realize modernization of agriculture.

## The Growth of Industry

IN pre-liberation days, China had a very weak industrial base. There was only light industry, small in size, colonial and semi-colonial in character, and concentrated in the coastal regions. Heavy industry was practically non-existent. In the 24 years since liberation, the Chinese people have in the spirit of self-reliance, thrift and hard struggle overcome many difficulties and made big strides in building an independent, integrated industrial system.

In building this type of industrial system, the key link is the rapid development of the iron and steel industry. At the time of nationwide liberation in 1949, the annual output of steel was only 158,000 tons, produced in a handful of small iron and steel works all located in the coastal regions.

Since the founding of the People's Republic, the iron and steel industry has grown rapidly. Old coastal steel works operate with renewed vigour and new ones have sprung up in the inland areas. There has been considerable growth in iron and steel output and a steady increase in the varieties of rolled steel. In 1971, China

produced 21 million tons of steel, with achievements scored in the production of such new products as high-temperature resistant alloys, precision alloys and ultra-high-strength steel. Production rose to 23 million tons in 1972, and in 1973 there was a further increase in the output of steel, pig iron, iron ore and rolled steel. More varieties of rolled steel were produced and the quality of the products improved, while the consumption of raw materials fell. Several main rolled steel items used in agriculture were produced in especially large quantities. In the same year the total output of steel and pig iron was double, and iron ore 2.8 times those of 1965, before the Cultural Revolution; rolled steel had 1,200 varieties with over 20,000 specifications. China-made steel was used in building the Yangtze River Bridge at Nanking, ocean-going vessels and supersonic aircraft.

In addition to a number of large integrated iron and steel works built, rebuilt or enlarged in Peking, Shanghai, Anshan, Penki, Wuhan and Paotow, many medium and small iron and steel enterprises have been set up throughout the country. After the Cultural Revolution, 28 provinces, municipalities and autonomous regions by 1973 had their own medium and small iron and steel plants, which produced 4 times as much steel as in 1969. The development of local iron and steel works has done much in improving industrial distribution, accelerating the pace of industrialization and promoting agricultural mechanization.

The development of China's iron and steel industry has advanced her machine-building industry. Before liberation China's machine-building industry, which was backward and poorly equipped, produced only small

electric motors, pumps and other simple machines. Today, China has built a number of large modern key factories, as well as thousands of medium and small plants, and started making a score of other products as required by the development of the national economy, such as tractors, motor vehicles, equipment for the metallurgical, mining, chemical, petroleum and power industries, farm machinery, scientific instruments and meters.

Gross output value of the machine-building industry in 1972 was twice as much as that of 1965. Principal products doubled or more than doubled their output. The number of tractors for use on farms was 5 times that of 1965, walking tractors 24 times, internal combustion engines 4.8 times. The 1973 output value of the machine-building industry exceeded the state plan. Output of major products such as equipment for the mining, petroleum, chemical and power industries, of tractors, internal combustion engines, large-size and high-precision lathes, and of complete sets of key equipment increased considerably as compared with 1972. Increase in the production of farm machinery was even greater. Twelve of the 14 main farm machines showed a production increase of over 20 per cent as compared with 1972. Now over 20 provinces, municipalities and autonomous regions have set up their own plants making tractors, motor machinery and farm tools; over 90 per cent of the counties have farm machinery factories and repair shops. China now has a farm machinery industry with large, medium and small enterprises serving the modernization of her agriculture.

Post-liberation years have seen a rapid expansion of the power industry. More than the country's total power

output in 1949 is now generated in a few days. Compared with 1965 the installation capacity of the country's power plants more than doubled in 1973, and power supply was 2.4 times greater. Before liberation the small amount of power industry China had was mostly located in a few large coastal cities, while the vast number of cities and towns and the countryside had almost none. Now, a series of large and medium hydro-power and thermo-power stations have been built throughout the country. In 1973 China designed and made self-reliantly a 300,000-kw. hydraulic turbo-generator with inner water-cooled stator and rotor, which has been put into operation. More than 50,000 small hydro-power stations serve the countryside as against 26 in 1949. Generating capacity in 1973 was 8 times, and power supply for the rural areas 4.3 times those of 1965. Big and small electric power networks reach out over the country. Many small power stations have gone up in villages populated by minority nationalities in Tibet, Sinkiang, Yunnan, Kwangsi, Hainan Island of Kwangtung Province and Yenpien of Kirin Province, effecting a tremendous change in production and daily life.

The coal industry has likewise developed. Before liberation China had only some 20 large and medium coal mines, all poorly equipped and employing outmoded techniques, so that the country's annual output was little more than 30 million tons around 1949. In their quest for maximum profits, the imperialists and Kuomintang reactionaries used crude and plunderous methods of extraction in complete disregard of the workers' safety and conservation of resources. Things began to take on a new look after liberation. While old mines were remod-

elled, more than 800 large and medium shafts were sunk, more than 700 of them since 1958. Collieries were built in Tibet for the first time in history. A number of coal mines have been built in the southern provinces in a planned way. In 1973 alone several dozens of large and medium shafts in pairs were sunk and began to turn out coal. In the nine southern provinces the masses continue to go all out to explore and open up coal mines with notable success. The coal output in these provinces in 1973 more than doubled that before the Cultural Revolution. Some southern provinces are now basically self-sufficient in coal. The situation left by history of the south having to be supplied with coal from the north is beginning to change. Today, the miners' working conditions have turned for the better. With the steady application of mechanization and improvement of safety devices, China's miners no longer have to suffer the old hell on earth, but enjoy good conditions in thriving, socialist mines.

In the old days, China's chemical industry was backward with a low technical level. It underwent speedy development after liberation, especially after the Cultural Revolution. From 1970 to 1973 the average annual output of chemical fertilizer was nearly 5 times that in the previous ten years. The 1973 output quota for the chemical fertilizer industry was fulfilled 38 days ahead of schedule, reaching a peak since the founding of the People's Republic and registering a 24 per cent increase over 1972. Small nitrogenous fertilizer plants have sprung up. In 1973, another 100 of these went into production, adding up to a total of 1,000. There were only 90 before the Cultural Revolution. Their productive

#### Correction

On p. 25, lines 23-25, the sentence should read: "From 1970 to 1973 the average annual increase in chemical fertilizer output was nearly 5 times that in the previous ten years."

capacity constitutes over half of the total for synthetic ammonia in the country, and their total output in 1973 was 54 per cent of the national total. The 1973 output of chemical fertilizer was 2.7 times that of 1965, insecticides 2.4 times, medicine 2.7 times, concentrated nitric acid, caustic soda and other chemicals two to several times respectively. Synthetic fibre production, such as of terylene, orlon, vinylon and chinlon, all of which started from scratch, in the first half of 1973 reached an output 10 times that of 1965.

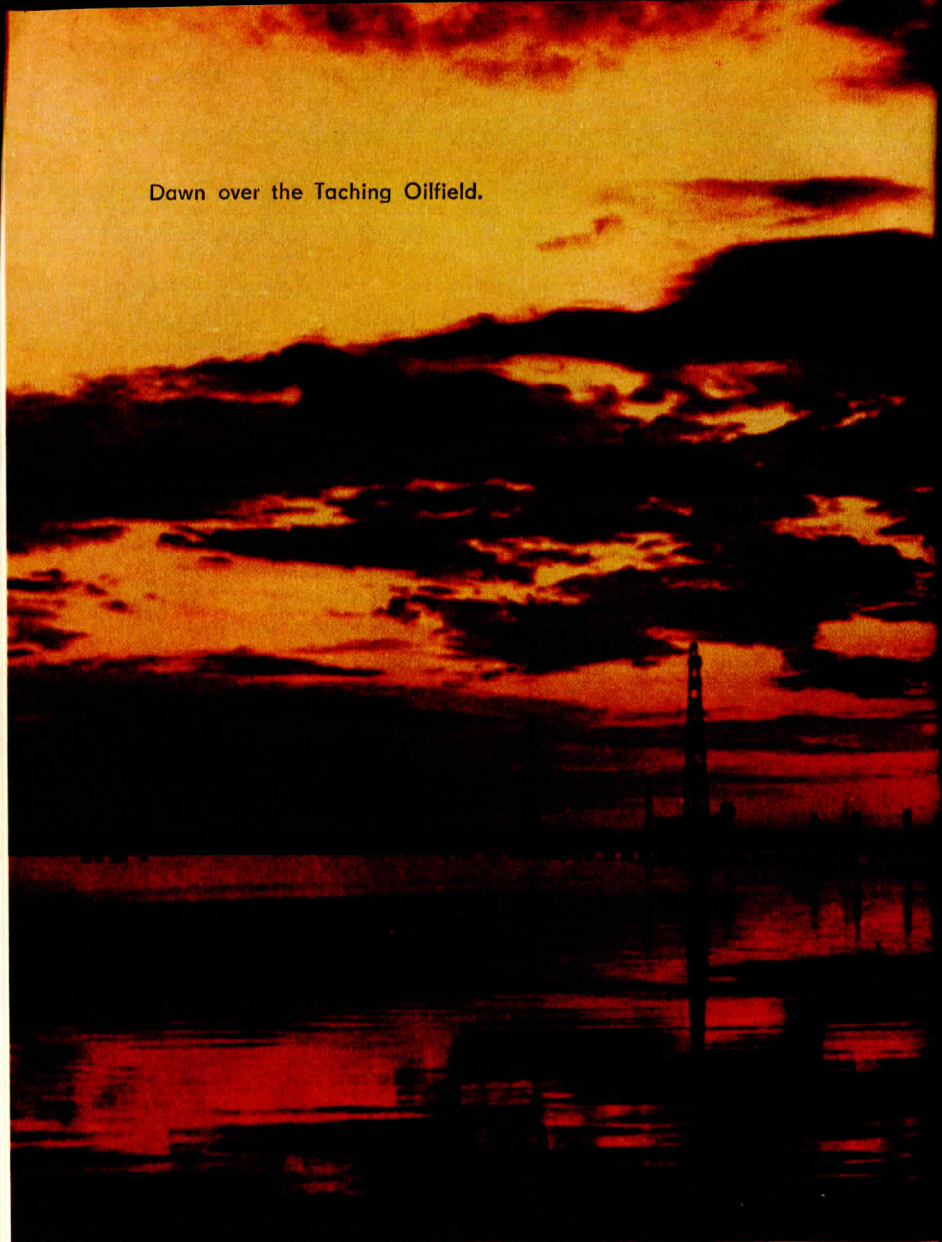
Light industry in old China was backward and lopsided. China set up her first cotton mill in the 1890s. In the space of 50 years, up until the liberation, she had only 5 million spindles, nearly half of which were owned by the imperialists and concentrated in a few coastal cities with advantages for plundering China's rich raw materials and labour-power. Shanghai alone accounted for 47 per cent of the country's cotton textile equipment.

Since the founding of the People's Republic, light industry has made great progress with the attention the government has paid it. In 1971, the output of cotton yarn was more than 5 times and that of cotton fabrics more than 4 times the outputs of 1949. The geographical distribution of light industry plants has greatly improved. Most of the provinces, municipalities and autonomous regions now have modern cotton mills, while woollen mills have been built in the remote provinces and regions of Inner Mongolia, Kansu, Sinkiang, Chinghai and Tibet. The Tibet Plateau, where there was no industry to speak of before liberation, now takes pride in its modern paper, sugar, leather and match factories.



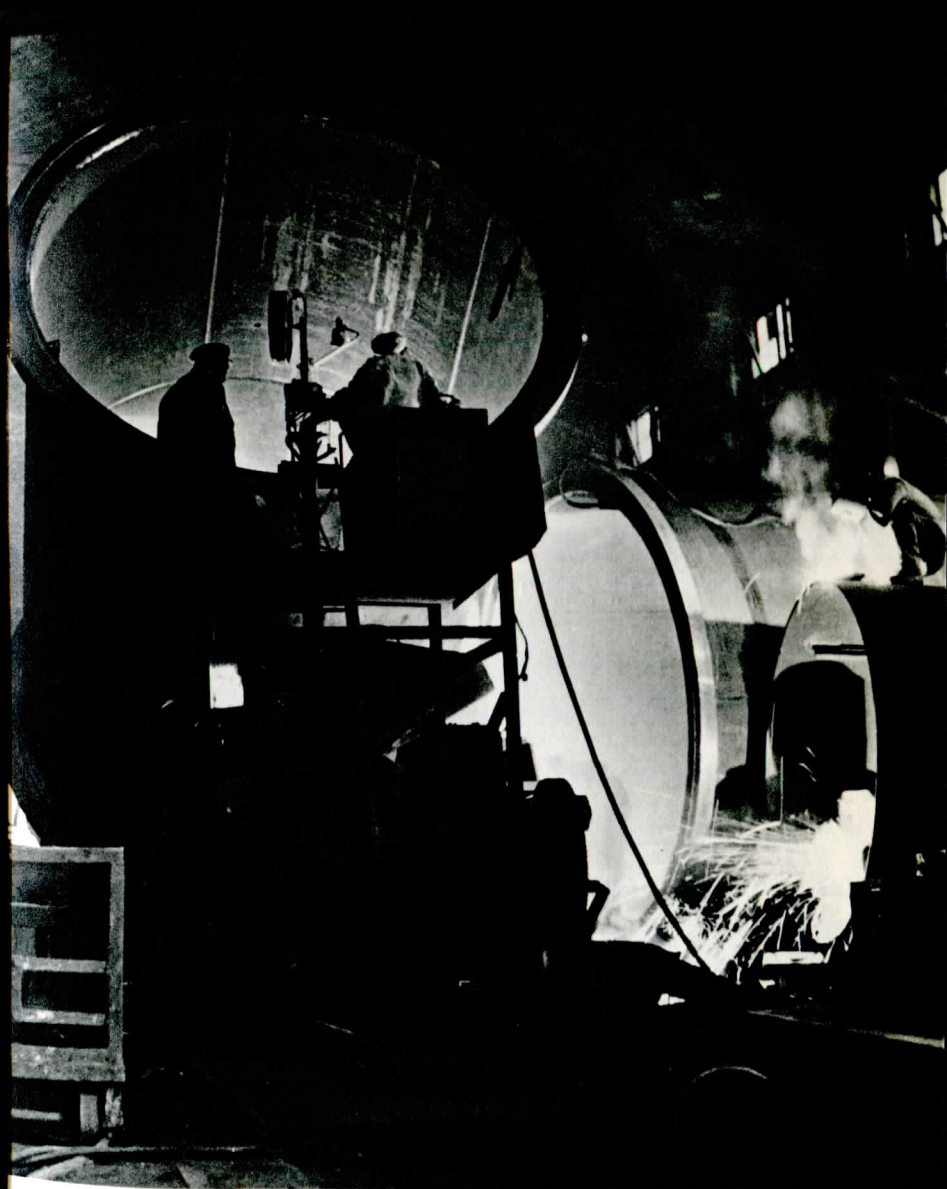
In the steel-making workshop of the Anshan Iron and Steel Company.

Dawn over the Taching Oilfield.



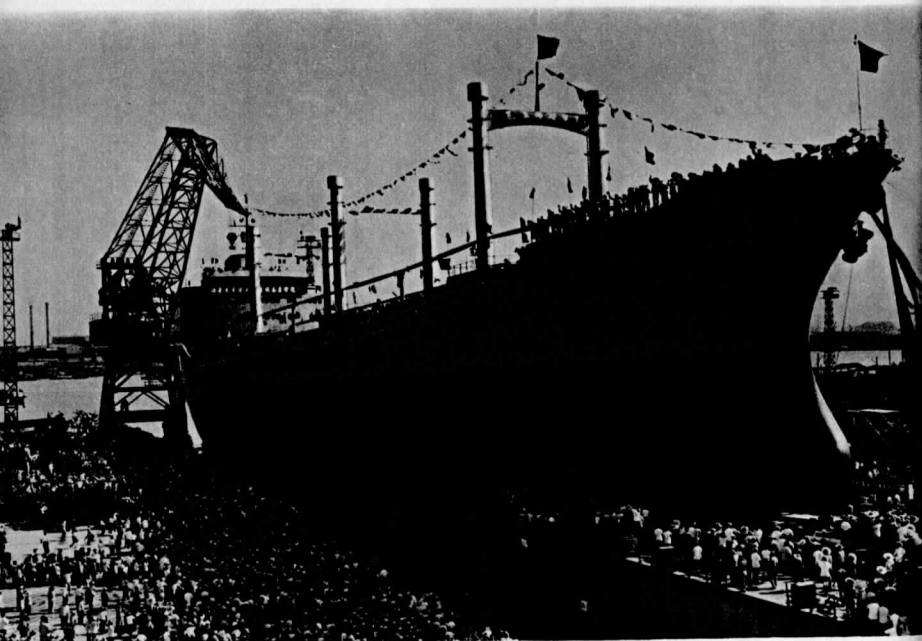


Tractors made in China.



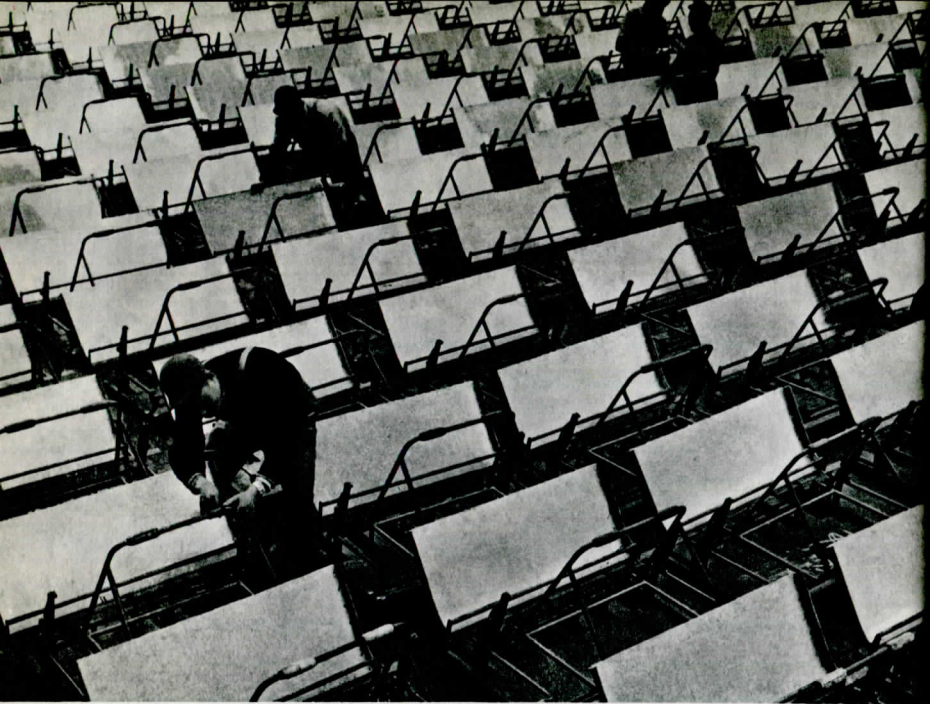
Making mining equipment.

The launching of the freighter "Chang-feng" built at the Kiangnan Shipyard.

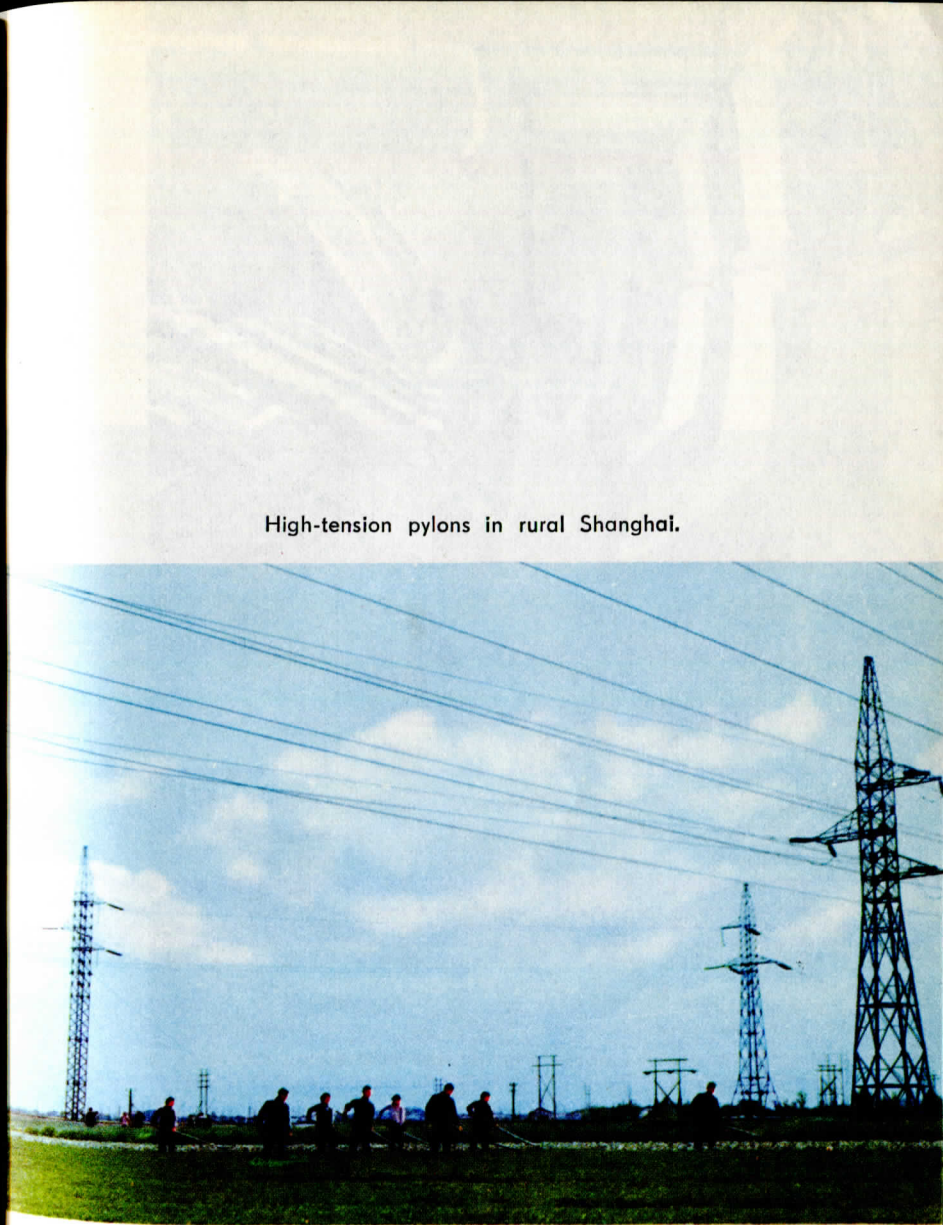


"Red Flag" limousines leaving the plant.





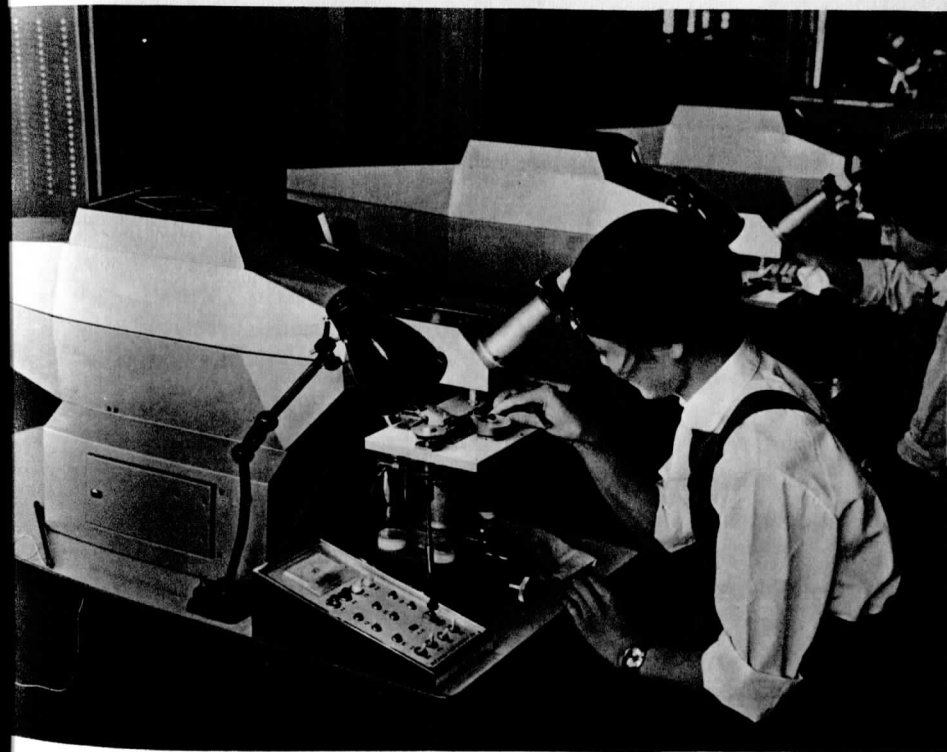
Rice transplanters made by a county farm tool factory.



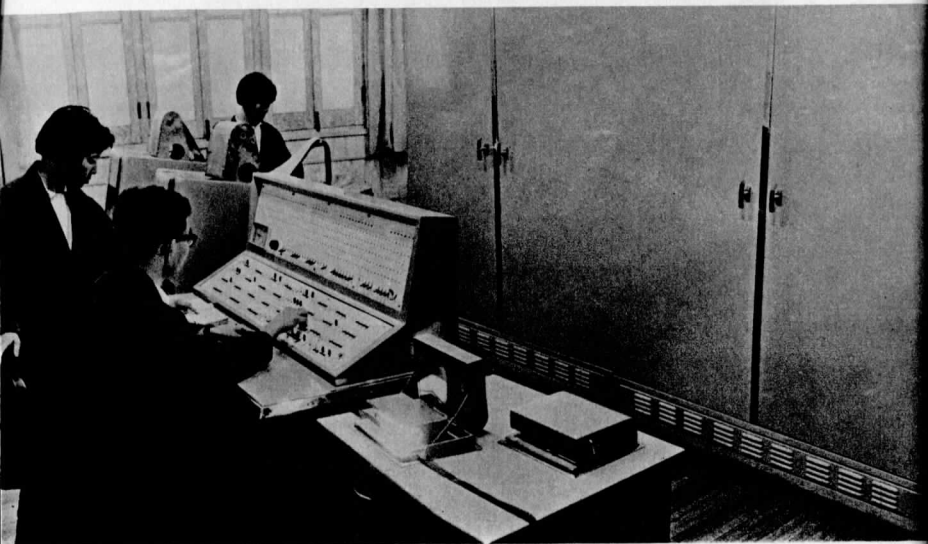
High-tension pylons in rural Shanghai.



Cotton prints at the finishing stage.



Laser is being used at clock and watch plants for boring ruby bearings.



A new-type integrated circuits universal digital electronic computer made in Shanghai.

China can now make synthetic fibres, plastic resin, detergents, synthetic fatty acids, compound essences, wrist watches, sewing machines, cameras, bicycles, optical glass and photosensitive materials. She is striving to develop new branches of light industry and turn out an integrated range of products and components.

The gross annual output value of light industry in 1973 had an increase of over 8 per cent as compared with 1972. The output of sugar, detergents, bicycles, sewing machines, wrist watches and gunny sacks was up 7 to 20 per cent over 1972. China's arts and crafts with time-honoured tradition have shown vigorous development, the output and output value of these articles reaching the highest level in history.

The petroleum industry develops at an even quicker pace. Old China had in more than 40 years built only a few small oil and natural gas fields and poorly equipped oil refineries producing only 120,000 tons of crude oil a year up until liberation. Most of what she used had to be imported.

In the 20 years since liberation, however, a number of oilfields and a fairly comprehensive oil industry system have been set up which include prospecting, extracting and refining.

The Taching Oilfield is an outstanding example of high speed industrial development by self-reliance. In 1960, when China's economic construction was in temporary difficulty, and when imperialism and social-imperialism tried to bring pressure on China by embargo, Chinese oil workers went to the vast wilderness of Taching to undertake the heavy task of opening up a new oilfield. Guided

by Mao Tsetung Thought and filled with the revolutionary spirit of hard struggle plus a scientific approach, the workers surmounted every difficulty and succeeded in building Taching into a modern oilfield in less than three years.

By 1963 China was already basically self-sufficient in oil, and crude oil output has continued to rise. In 1964, Chairman Mao issued the call: **"In industry, learn from Taching,"** further inspiring the oil workers and staff and speeding up the construction of the oil industry. The Cultural Revolution which began in 1966 quickened the industry's development. In 1973 the state plan was overfulfilled before the year was up, and the crude oil output was more than 4 times that of 1965. Petrol, kerosene, diesel and lubricating oils all increased considerably. The plan for drilling and constructing oil wells was fulfilled ahead of schedule and a number of new oilfields were opened and went into production. The Taching oil workers, carrying forward the fine tradition displayed in the 1960s, worked day and night and succeeded in exploring and building a new oilfield in a desolate grassland. Within three months the first batch of oil wells were gushing. Victory Oilfield — another built during the Cultural Revolution as a result of learning from Taching, fulfilled the annual plan of 1973 for increasing the crude oil productive capacity three months ahead of time. Still another new oilfield — Takang, was prospected and built during the Cultural Revolution and since 1973 has speeded up extraction and construction.

Prospecting and refining techniques have improved steadily. In the early post-liberation period, a team

drilled an average of less than 1,000 metres a year, while in 1971 a yearly record of 127,000 metres was set by Drilling Team No. 1205. Emulating the Taching Oilfield, the No. 3252 Drilling Team of the Victory Oilfield in 1973 set the national record by drilling 150,105 metres, more than double the total drilled in the 42 years before liberation. At the same time, oil refining has also kept pace. Old refineries have been remodelled and new ones built and put into operation. As a result, both variety and output of petroleum products have increased by wide margins.

With the mass movement to learn from Taching taking hold in all industrial fields, many advanced enterprises of the Taching type have emerged, including Shanghai iron and steel enterprises and the Kailuan coal field in Hebei, both of which have had notable success in tapping their production potentials and going in for technical innovations by relying on the masses.

Shanghai iron and steel enterprises fulfilled ahead of schedule their quotas under the state plan in 1973 and steel output was 11 per cent over the previous year. In 1958 they had expanded the old enterprises and built a number of new ones. In the 15 years after that, especially since the Cultural Revolution, the old equipment has been constantly renovated. The productive capacity of some factories and workshops was raised several times. All this was done by the working class with their own effort. The steel output of the open-hearth furnace workshop of Shanghai No. 3 Steel Plant was more than 120 times that in the first few years after liberation. The Kailuan coal field increased production by wide margins for six years running and fulfilled its quota under the

1973 state plan 18 days ahead of time, creating a new record. This old coal mine with a 100-year history has been rejuvenated since the Cultural Revolution. The mine's average annual output from 1968 to 1972 showed an increase of 31 per cent over 1965. The daily output of some mines doubled their original productive capacity. Today the output of a single working face in the Kailuan coal field equals that of the entire mine before liberation.

Although China's industry has made remarkable progress, it is still far behind that of the industrially developed countries. The Chinese people, however, are determined to build their country into an industrially advanced socialist state in the not too distant future.

## Daily Expanding Transportation

CHINA was quite backward in transport and communications before liberation. In the 73 years between 1876 and 1949, only 22,000 kilometres of railways and 130,000 kilometres of highways were built. As a result of destruction by the Kuomintang reactionaries and poor maintenance, only half of the rail lines and little more than half of the highways were usable on the eve of liberation. In water transport, China had only 73,000 kilometres of inland shipping. There was very little civil aviation. Many medium and even major cities were not reached by air.

After liberation the existing railways were quickly repaired or rebuilt, while dozens of new lines were constructed. The total mileage of railways open to traffic is now several times that on the eve of liberation.

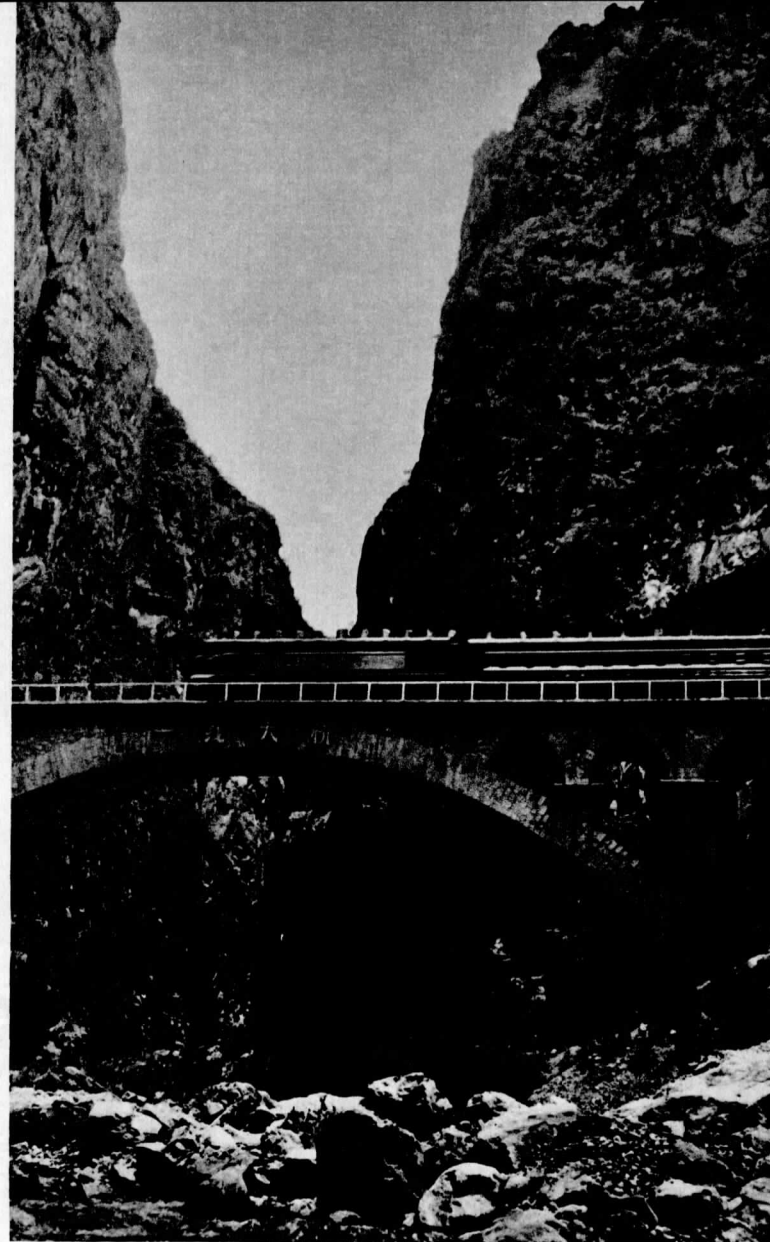
An ancient saying concerning Szechuan, with its mountain ranges and rolling hills, went: "The road to Szechuan is more difficult than going up to heaven." That is how it was in the past. Begun in 1950, soon after liberation, the Chengtu-Chungking Railway was com-

pleted in only two years. After that construction on the Paoki-Chengtuo Railway was started, cutting through the high and rugged Chinling Mountains on the Szechuan-Shensi Plateau. Completed in three years, it links up the two provinces of Szechuan and Shensi.

Since the Great Proletarian Cultural Revolution, China has concentrated on central-south, southwest and northwest regions in railway construction and has built several trunk lines which have greatly improved communications within and between these regions. Trains started running on the Chengtu-Kunming Railway, the main line in the southwest region, on July 1, 1970 and the smooth traffic demonstrates the high quality of engineering. The total length is 1,085 kilometres, one-third of which is situated in an earthquake area with a magnitude above seven. As the line traverses high mountains, deep valleys and big fast-flowing rivers and also areas with complex geological formations and changeable climate, the army and civilian builders had to tunnel through several hundred hills and span numerous ravines, so that there are 427 tunnels and 653 bridges on the line. With its completion, the Chengtu-Kunming and the Paoki-Chengtuo railways have become the main communication lines of the southwest and northwest regions. The southwest is now far better linked with all other parts of the country.

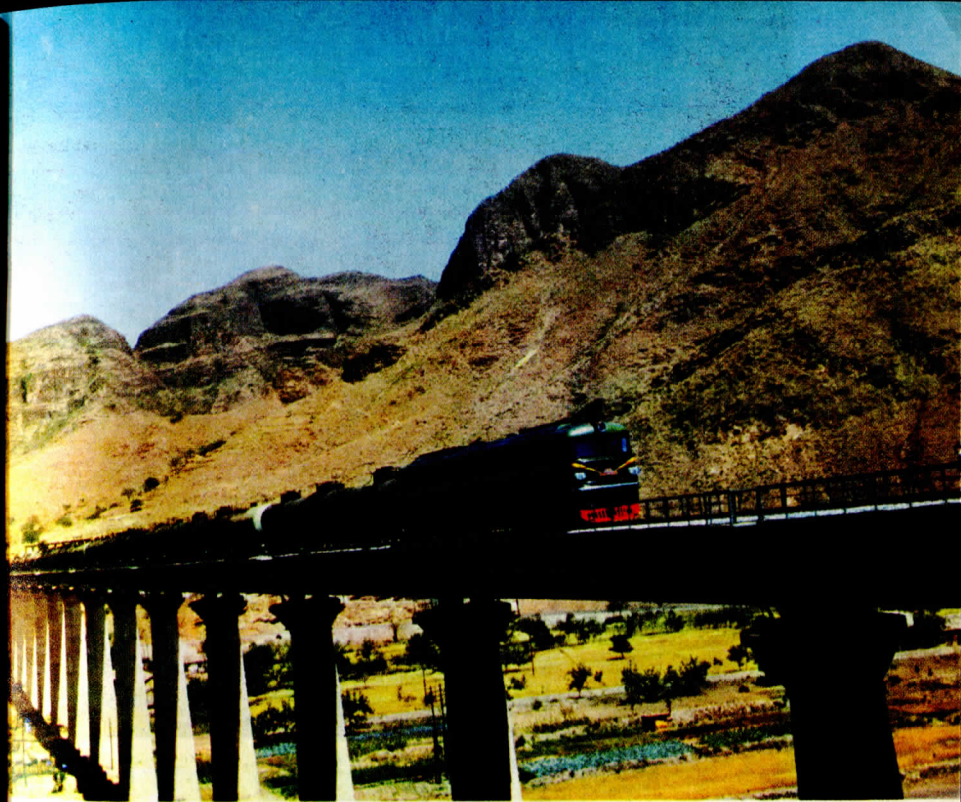
Now, every province, municipality and autonomous region, with the exception of Tibet, has railways, whereas formerly they were concentrated in the northeast and coastal provinces.

Before liberation there was not a single bridge over the 5,800-kilometre-long Yangtze River, while over the

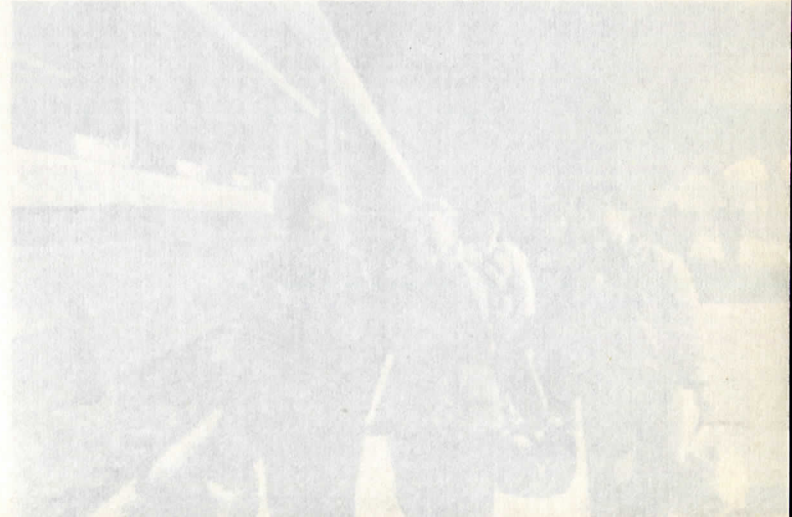


Train on the Chengtu-Kunming Railway line.

Minority nationality women waiting for the train.



A diesel locomotive of Chinese make in use.





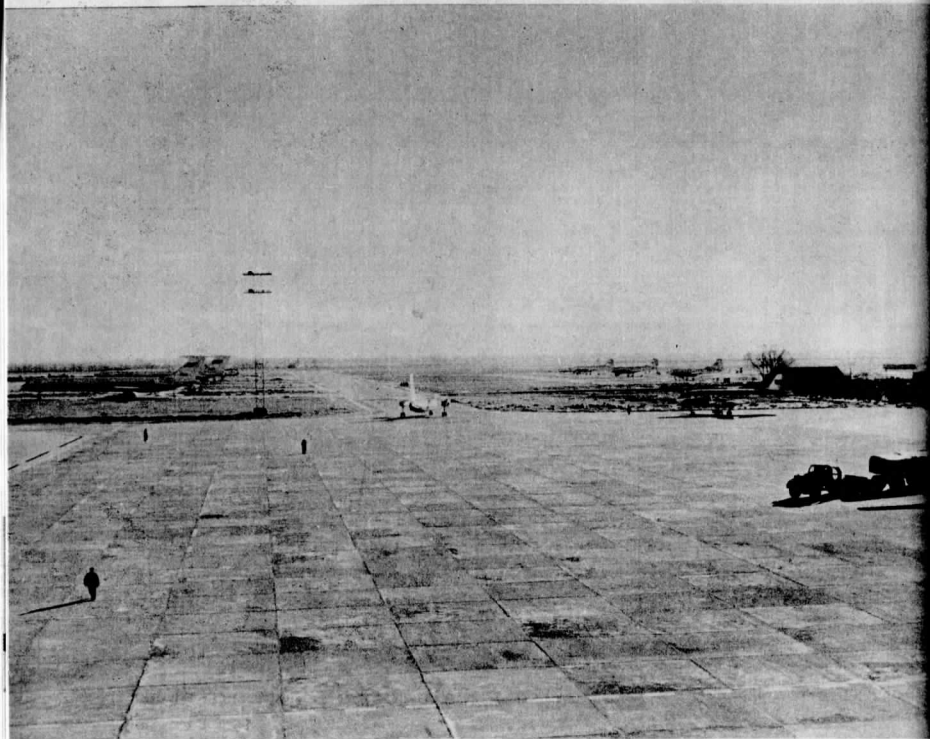
Serving railway passengers.



The Peking Railway Station at night.







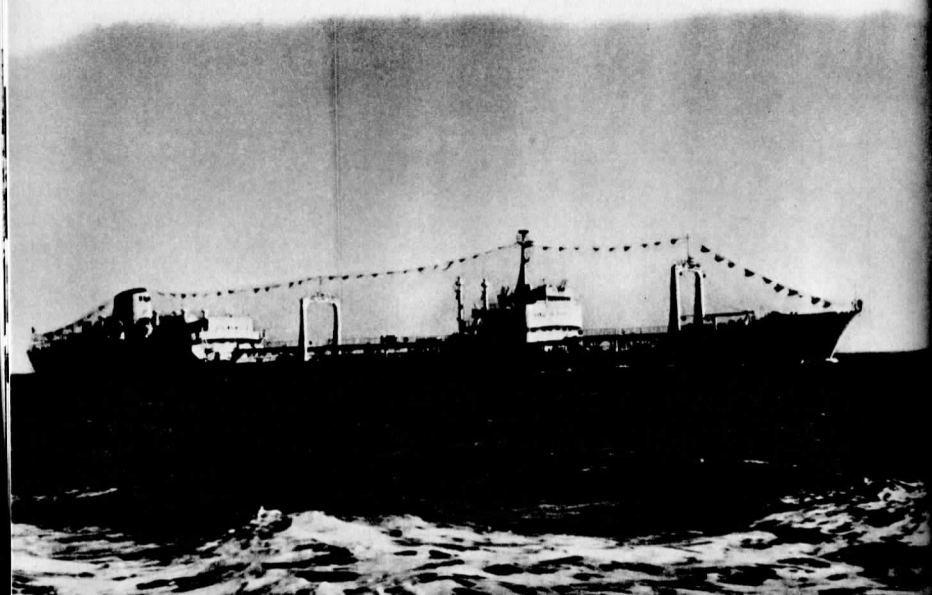
The Capital Airport.





On the Chinghai-Tibet Highway.

China's ships go to many parts of the world.

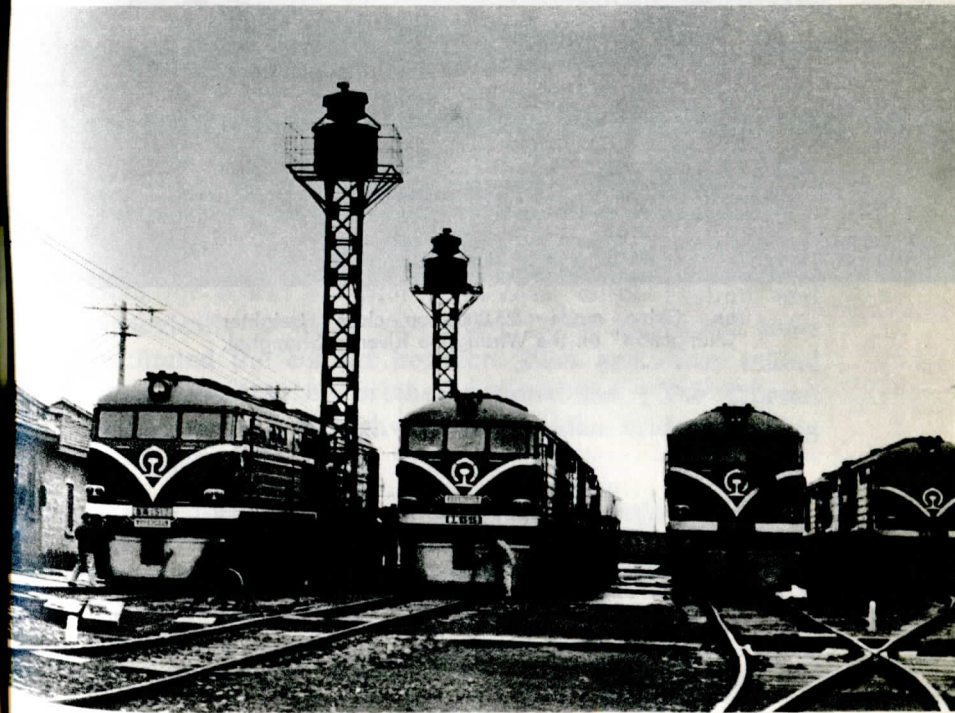


Talien Harbour.



The Yangtze River Bridge at Nanking.

China-made diesel locomotives.





The China - made 25,000 - ton - class freighter "Chengchow" on the Whangpoo River at Shanghai.

Yellow River there were only 2 railway bridges. The Yangtze is now spanned by 4 large bridges, and the Yellow River by 10 rail and more than 20 highway bridges.

Combining both Chinese and foreign bridge-building experience, China designed and built the Yangtze River Bridge at Nanking self-reliantly, completing it in January 1969. It is a double-deck bridge, with a double-track railway below and a four-lane motor road above. Its total length is 6,700 metres, the main span being 1,570 metres.

There has been even greater progress in highway construction. By the end of 1973 the total length of roads open to traffic was 9 times that before liberation. The Szechuan-Tibet, Chinghai-Tibet and Sinkiang-Tibet highways have been built over the Chinghai-Tibet Plateau, "the roof of the world." The 2,000-kilometre Szechuan-Tibet Highway, known for its enormous construction work, crosses 14 peaks mostly over 4,000 metres above sea level. It spans 10 large rivers, including the Tatu, the Chinsha, the Lantsang and the Nukiang, and runs for scores of kilometres over cliffs, ravines and geologically peculiar terrains. These highways have facilitated the contact between Tibet and other inland areas inhabited by brother nationalities. The Tibetan people praise the highways as "golden bridges leading to happiness."

Tree-lined roads now serve many grasslands, deserts and mountainous areas, and motor vehicles penetrate the vast countryside; 77 per cent of the country's communes are accessible by bus.

Inland shipping mileage has increased each year. Before liberation the navigation course of the Yangtze silted up in many places, while port facilities were poor and out of date. After liberation, large-scale work was done in dredging and improving the navigation course. Most of the navigation aids have been electrified. The Yangtze Gorges, known for treacherous rapids, can now be navigated at night. Shipping capacity at Yangtze River ports is more than 10 times and total tonnage 6 times those in pre-liberation days, while China's ocean-going ships now sail to over 70 countries and regions, calling at more than 240 foreign ports.

Since liberation the types of planes used and airlines operated by China's civil aviation have multiplied. Over 80 domestic air routes fan out from Peking to more than 70 cities. To facilitate communication inland, an airfield has been built on the Tibet Plateau and a line opened in this "forbidden zone for aviation." The mileage of domestic flights is nearly 6 times what it was not long after liberation. As for international civil aviation, China has established working contact with more than 100 foreign aviation companies.

Pre-liberation China made no locomotives, a situation that was changed in 1952. Six years later China made her first electric and diesel-electric locomotives. Now these locomotives, large freight wagons and modern passenger cars are manufactured in large numbers, especially since the Cultural Revolution, production in 1973 reaching 4 times the 1965 figure.

The ship-building industry, which was practically non-existent before liberation, manufacturing only small ves-

sels, began to develop after 1949. In 1959 the first 10,000-ton-class ocean-going freighter was built, and the annual average tonnage of ships built during the recent three years surpassed the total of the previous 10 years.

In 1957 China began to make transport planes of medium and small sizes. She had made no aircraft before liberation.

In the development of communications and transport, the initiative of both the central and local authorities has been brought into play. In the last two decades, under the unified plan of the Central Government, 4,000 kilometres of local railways have been built by the provinces, municipalities and autonomous regions. Between 1962 and 1973, over 200,000 kilometres of highways were built by the provinces, municipalities, prefectures, counties and people's communes.

China has made a beginning towards modern transport by building a network of railways, highways, and water transport and air lines, promoting industrial and agricultural production and improving the living conditions of the people. With the development of the national economy, cargo transport has steadily increased. In 1973, railway freight was 14 times, and shipping freight 11 times, respectively, the amounts handled in 1949, while motor freight was 45 times that of the peak year before liberation. Air transport of passengers and cargo for 1973 was 46 times and 31 times respectively the amounts handled in the early period of liberation. With improvement in living standards, the volume of passenger traffic has increased annually, followed by a corresponding increase in rolling-stock, ships and motor vehicles.

## Stable Finances

**I**N old China, the reactionary Kuomintang government never made both ends meet, and could only subsist by fleecing the people, begging imperialism for loans, and issuing an unlimited amount of paper currency. In the 12 years from July 1937 to May 1949, currency in circulation went up 140,000 million fold. Commodity prices reached astronomical heights, so that what could be bought for one "yuan" in 1937 cost 8,500,000 million "yuan" on the eve of liberation in 1949. The result was the piling up of domestic and foreign debts, runaway inflation, financial bankruptcy and the further impoverishment of the common people.

Immediately after the founding of the People's Republic, the government abolished the exorbitant taxes and miscellaneous levies that had weighed the people down before liberation, abrogated all imperialist financial privileges, took over the bureaucrat-capitalist financial institutions, carried out the socialist transformation of private banks, unified the currency issue and its management and built up a brand-new socialist financial system. Inflation was checked and socialist construction

started rapidly and according to plan. Thanks to adherence to the principle of **“developing the economy and ensuring supplies,”** China’s socialist economy has since been growing at great speed, accumulation of funds in her socialist enterprises has steadily increased, and revenue and expenditure has been balanced, with some surplus. This constitutes an important landmark in China’s financial consolidation.

After liberation, to overcome the temporary financial and economic difficulties and to start socialist construction, there were between 1950 and 1958 six issues of state bonds to the total value of 3,840 million yuan. Adding the interest of 980 million yuan, the aggregate came to 4,820 million yuan, all of which was repaid by the end of 1968. Shortly after the founding of the new China, and especially during the War to Resist U.S. Aggression and Aid Korea, the Soviet Union extended to China some loans, the principal and interest totalling 1,406 million new rubles. China regularly met her obligations and in fact completed their full repayment early in 1965, well ahead of schedule. China is now a country without external or internal debts — another important landmark in financial consolidation.

With the development of the country’s economy and the consolidation of its finances, the Renminbi (RMB), China’s legal tender, has remained stable; i.e., market prices have remained stable for more than 20 years, as shown by the sales of grain, cloth, coal, salt and other daily necessities, while the prices of some manufactured goods, such as chemical fertilizer, insecticide, agricultural machinery and medicine, have even gradually been reduced. Renminbi enjoys the full confidence and support



At an urban savings bank.



China's Renminbi: Bank notes and coins issued by the People's Bank of China.

of the masses. Many people in town and countryside bank their money, which in turn benefits socialist construction. Bank deposits have increased steadily despite successive reductions in interest rates. By the end of 1973 the total amount of deposits was 9 times that in 1953. Internationally, Renminbi enjoys an ever higher prestige. More than 60 countries and regions now use Renminbi for the calculation of prices and for the settlement of accounts in trading with China, in receiving Chinese aid and in other economic transactions with China.

China derives her revenue chiefly from the accumulation of her socialist state enterprises. Instead of imposing tax burdens on the people (for instance, income tax is unknown to the Chinese people since liberation), China increases her revenue basically by encouraging the workers and staff in the enterprises to raise production, practise economy, tap production potentialities, stress economic accounting, enhance labour productivity and reduce costs. This constitutes the sure guarantee of a consolidated state finance. The income from state enterprises now accounts for more than 90 per cent of the total government revenue, as against 34.1 per cent in 1950. In the past two decades government receipts have increased more than 10 times.

How to allocate the funds from revenue rationally and in a planned way according to the Party's line and its policies, and use the funds economically so as to do more with less money is an important question bearing directly on the speedy socialist construction of our country on the basis of self-reliance. As agriculture is the foundation of the national economy, the state has consistently



allocated large sums for building water conservancy projects and developing agricultural mechanization. Besides, the state has also made special allocations to help people's communes and production brigades which have financial difficulties. Annual funds so allocated are nearly 50 per cent greater than in 1965, the year before the Cultural Revolution. The state also helps the peasants through agricultural loans to promote production. As industry is the leading factor in the national economy, investment for speeding the development of industry occupies an important place in the allocation of state funds. Annual investment in industrial capital construction is now several times the total yearly government revenue in the early days of the People's Republic.

While devoting its efforts to promoting production, the state allocates funds annually for education, public health, science and culture, and these have reached a total several times the 1952 figure. In addition, there is an annual appropriation for labour insurance and social welfare to improve the livelihood of the people.

In order to rapidly change the backward condition left over from the past in the minority nationality areas, the state makes appropriations to meet the special needs in these areas, apart from annual investments in economic and cultural undertakings. With such effective aid from the state, enormous changes are becoming apparent in the local economy.

## Foreign Trade—Equality and Mutual Benefit

SINCE the establishment of the People's Republic of China, the country's foreign trade has developed greatly with the steady growth of her national economy and rapid expansion of foreign relations.

On the eve of new China's birth, Chairman Mao pointed out: **"The restoration and development of the national economy of the people's republic would be impossible without a policy of controlling foreign trade."** Liberation deprived imperialism of every prerogative in China, changed the situation of hanging on to the coat tails of imperialism in foreign trade by old China, and started the country on the road of independent foreign trade free from outside control, to serve the socialist construction. Foreign trade has become an important means of exchanging goods on the basis of equality and mutual benefit, as well as of exchanging experience, learning from each other, promoting friendship and understanding between the Chinese people and the peoples of the world.

China has established trade relations with over 150 countries and regions; trade agreements or protocols have been concluded with more than fifty. The Chinese Government and foreign trade organizations have on many occasions sent trade delegations and groups to visit other countries and have received government and non-governmental trade delegations as well as trade groups and businessmen from many countries.

In recent years, economic and trade relations between China and the socialist countries of Korea, Albania, Viet Nam and Romania have seen new progress, manifesting the internationalist spirit of mutual support. Economic and trade contacts between China and friendly countries in Asia, Africa and Latin America have further expanded, supporting each other in economic development. Volume of trade with Japan, and countries in West Europe, North America and Oceania has increased; economic and trade contacts have become more frequent.

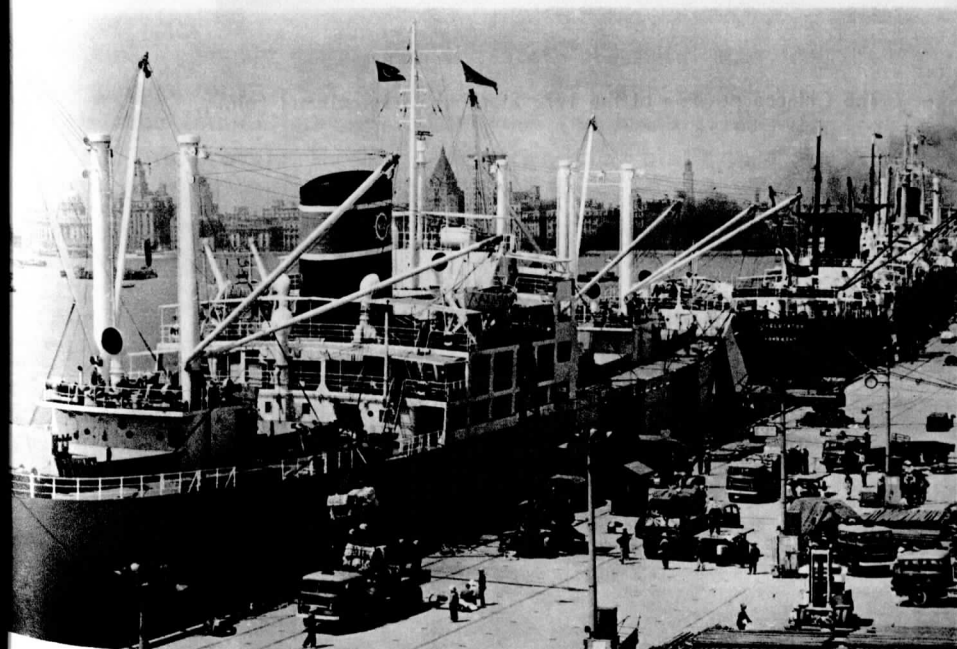
Activity between China's foreign trade companies and other countries and regions has been very brisk in the past few years. The Export Commodities Fair held at Kwangchow each spring and autumn is attended by tens of thousands of people from economic or trade circles of various countries, and by overseas Chinese and compatriots from Hongkong and Macao. They come for trade talks and visits. Many business transactions have been concluded with trade circles in friendly countries of Asia, Africa and Latin America as well as other countries and regions. The Fair has become a trading centre in the world and an important channel for expanding China's friendly contacts with the people and trade circles of the world.



Impressive gathering at the opening of the Chinese Export Commodities Fair in Kwangchow.



Visitors in the machinery hall of the Kwangchow Fair.



Ships from many countries call at Chinese ports.



The Chinese pavilion at the 1972 Stockholm International Fair.



To promote friendship, trade and exchange of experience, China has held economic and trade exhibitions or taken part in international fairs in many countries of Asia, Africa, Latin America, Europe and North America. She has arranged for some countries to hold in China industrial and technical exhibitions or exhibitions of special products. Exchanges between observation groups, visiting groups and technical delegations have been made with economic or trade circles and industrial and technical groups of many countries for discussions on techniques.

China's thriving foreign trade reflects the important achievements in the national economy made by the Chinese people of various nationalities who firmly adhere to Chairman Mao's proletarian revolutionary line, carry on the criticism of Lin Piao and Confucius, and conscientiously implement the Party's general line for socialist construction and the policy of **"taking agriculture as the foundation and industry as the leading factor."** All this provides the basis for expanding China's foreign trade. The amount of China's exports and imports has increased substantially in recent years. In 1973 the total volume was 2.5 times that of 1965, prior to the Great Proletarian Cultural Revolution. The total amount of exports that year was 2.5 times the 1965 figure, and that of imports 2.45 times. Among the 1973 export commodities, those of agricultural and subsidiary products were up, while exports of industrial and mining products rose steadily to account for more than 65 per cent of the total value of exports. China's machine-tools, hardware, scientific instruments, meters, medical apparatus, bicycles, sewing-machines, cameras and other items find

markets in many distant countries and regions. Her rapidly growing petroleum industry has made her self-sufficient in oil, with some surplus for export. As for manufactured goods, especially light industrial items such as textiles and foodstuffs, and art and handicraft products, China now offers more patterns, colours and designs, while quality, packing and presentation have improved.

Guided by the policy of self-reliance, China continues to import some ferrous and non-ferrous metals, vehicles, ships, planes, machinery, rubber, chemical fertilizers, insecticides, paper pulp, etc., and purchases in a planned way some complete sets of equipment for chemical fertilizer and synthetic fibre factories, as well as equipment for oxygen-making, steel-rolling and power-generating, with a view to developing the country's industrial and agricultural production and economic construction. China imports some wheat and oilseeds and at the same time exports some rice, miscellaneous cereals and oilseeds, mainly to vary the diet and help meet reciprocal needs.

China's production is geared mainly to satisfy her own people's growing needs on the home market, but also definitely to expand economic exchange with other countries. Chairman Mao has pointed out: **"The Chinese people wish to have friendly co-operation with the people of all countries and to resume and expand international trade in order to develop production and promote economic prosperity."** China has always maintained that all countries should be equal regardless of size. The sovereignty and will of each country should be respected in foreign trade, and the principle of equality, mutual benefit and supplying each other's wants applied. China holds that the needs and possibilities of each should be

taken into account so as to benefit the economic development of all. In line with this principle, China strengthens the mutual support and assistance with the socialist fraternal countries and with the friendly countries of the Third World; she expands trade relations with countries and regions in all parts of the world. China has consistently followed the principle of independence, initiative and self-reliance formulated by Chairman Mao. Her economic construction is mainly based on her own efforts, using home resources to develop production and equipping herself technically. China has opened up trade with other countries in a planned way, on the basis of equality and mutual benefit, to obtain necessary materials, equipment and technology. This is also an implementation of the principles of making foreign things serve China and integrating learning with invention in order to enhance the people's capability to build socialism independently and self-reliantly and to speed up socialist construction.

China is however still a developing country economically. In spite of the growth of her foreign trade and increase in the volume of exports, it is not yet up to requirements in quantity, quality and variety. There are still shortcomings in the work. But, with trade development following the growth of socialist construction, the prospects in this field are bright. Inspired by the movement to criticize Lin Piao and Confucius, the Chinese people are further implementing the Party's general line of **"going all out, aiming high and achieving greater, faster, better and more economical results in building socialism"** and will continue to **"develop the economy and ensure supplies"** and effect **"over-all planning and prop-**

er arrangement.” They continue to grasp revolution, promote production and expand the foreign trade and economic contacts with other countries on the basis of developing industrial and agricultural production, to better serve socialist construction and promote the friendship between the Chinese and other peoples of the world.

## Steady Improvement in the People's Livelihood

FOLLOWING the liberation and the constant growth of industrial and agricultural production, the Chinese people enjoy a secure life, and are gradually raising their living standards.

Acting on Chairman Mao's instruction, the Chinese Government takes into consideration the interests of the 700 million people in approaching the problem of livelihood — over-all planning and proper arrangement.

On the eve of liberation, the number of unemployed in China's cities was over 4 million, or more than half the total number of workers and employees in 1949. The People's Republic immediately began arranging employment for those out of work according to their qualifications and in the light of the needs of national reconstruction. With rehabilitation and the rapid development of socialist construction, all the unemployed were given jobs in the short span of 8 or 9 years, and the problem of unemployment became a thing of the past. In China today, all graduates from colleges and secondary technical

schools are assigned by the state to work for socialist construction. "Graduation means unemployment" is no longer the case as it was in the Kuomintang period. A great number of women, too, have been freed from household chores and employed in various fields of work. Now it is quite common for a family to have several members employed. The constant increase in employment has brought about a gradual rise in the average family's income.

Since liberation the government has twice carried out nationwide reform of the wage system on the basis of developed production and on several occasions raised the wages of workers and staff members, especially those with lower wages, so as to steadily increase their income and gradually narrow the wage gap. Now the average wage of workers and staff members is about 150 per cent higher than in the early years after liberation. With full employment, low and stable market prices, house rents and rates totalling only 4-5 per cent of the monthly wage, and no income tax, the Chinese workers and staff members are assured a stable livelihood, even though wages are not high.

In addition, there are free medical treatment, labour insurance and other welfare benefits. Childbirth, old age, sickness, injury and disablement are taken care of by the state. In case of sickness, for example, workers and staff members are given sick leave with 40-100 per cent of their pay according to their length of time in service. Their medical fees are paid in full by the state. For injuries sustained while at work they receive full pay throughout the period of convalescence. Women workers and staff members have a 56-day paid maternity leave

in normal cases, with all hospital expenses paid by the state. Retired workers and staff members receive an old-age pension equivalent to 50-85 per cent of their pay, again depending on the number of years they have worked. When family members of those working in enterprises fall ill, they pay only half of the regular medical fee, the rest being paid by the state. The various labour insurance expenses are neither collected from the workers and staff members nor deducted from their pay but borne entirely by the state, which each year lays aside a sum equivalent to about 17 per cent of its total payroll for labour insurance and other welfare benefits, about 11 per cent being for labour insurance.

There is also a steady rise in peasants' income. The Chinese peasants had been reduced to extreme poverty by several thousand years of ruthless exploitation and oppression under the feudal system. After liberation, with land reform and the movements for agricultural co-operation and then for the people's communes, and especially since the Great Proletarian Cultural Revolution, agricultural production has improved greatly. Now China is self-sufficient in grain, with some surplus. Many production brigades and teams and households also have grain reserves. The state has taken a series of measures to ensure a gradual rise in the peasants' income, e.g., by raising the prices paid to the peasants for agricultural and side-line products on several occasions, while at the same time lowering the prices of industrial commodities and agricultural capital goods. The purchase prices of the main agricultural and side-line products such as grain, oil-bearing crops, bast fibres and pigs are now over 90 per cent higher than in 1950, while

the selling prices of chemical fertilizers, insecticides and diesel oil are reduced by one-third to two-thirds, largely narrowing the price gap between industrial and agricultural products that had existed. Before liberation, peasants in certain rural areas had to give several dozen *jin* of grain for one *jin* of cooking salt. Now they get a *jin* of salt for slightly more than one *jin* of grain. What is especially important is that the state has consistently implemented its policy of exempting the peasants from heavier burden by levying no additional tax on increased production. The ratio of agricultural tax to the value of farm produce has dropped from 12 per cent in 1952 to 6 per cent at present. This ensures more agricultural output and more income for the peasants. In addition, the state has every year appropriated a large sum as agricultural fund to expand production, so guaranteeing the constant development of the communes' collective economy and the steady increase of the peasants' income.

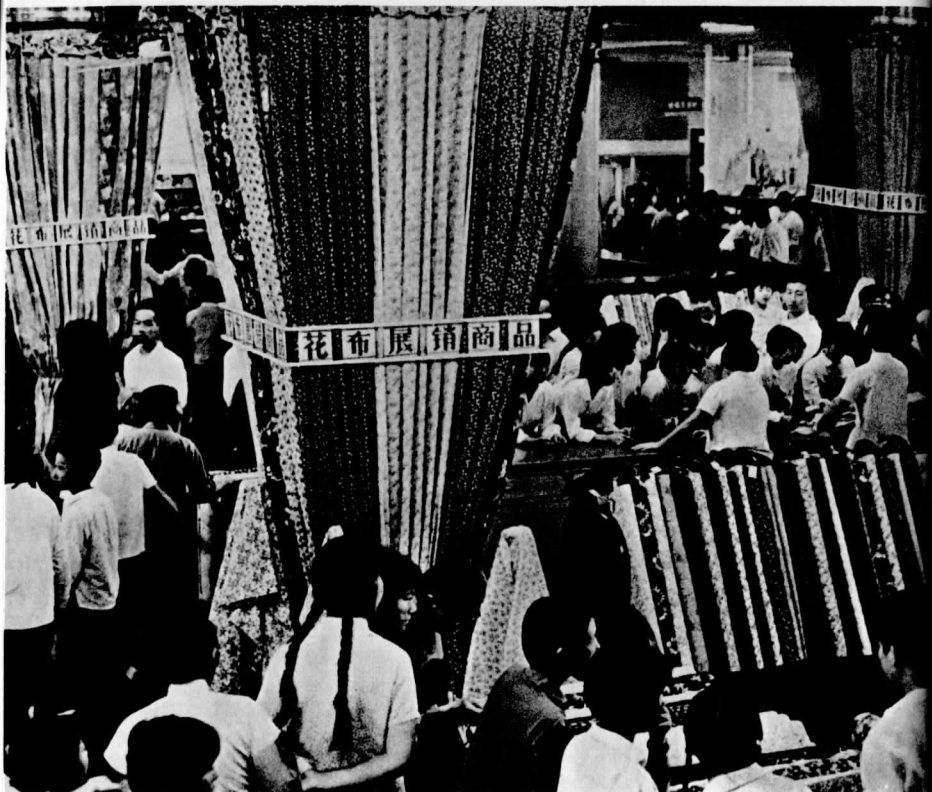
As a result of the rise of income and increased purchasing power, the livelihood of both the urban and rural population has shown considerable improvement: home consumption of meat, eggs, fish, poultry, vegetables, fruit and household wares has increased several or even several dozen times.

The prices of grain, cotton cloth, edible oil, cooking salt, coal, meat, vegetables and other daily necessities have remained stable and comparatively low throughout the past 20-some years. In grain, for example, the retail price of a kilogramme of medium-grade flour is 0.36 yuan, of rice 0.28 yuan. A kilogramme of pork costs 1.8 yuan in medium and large cities, beef and mutton slightly less. In Peking the average retail price of vegetables in



A plentiful supply of fresh vegetables.



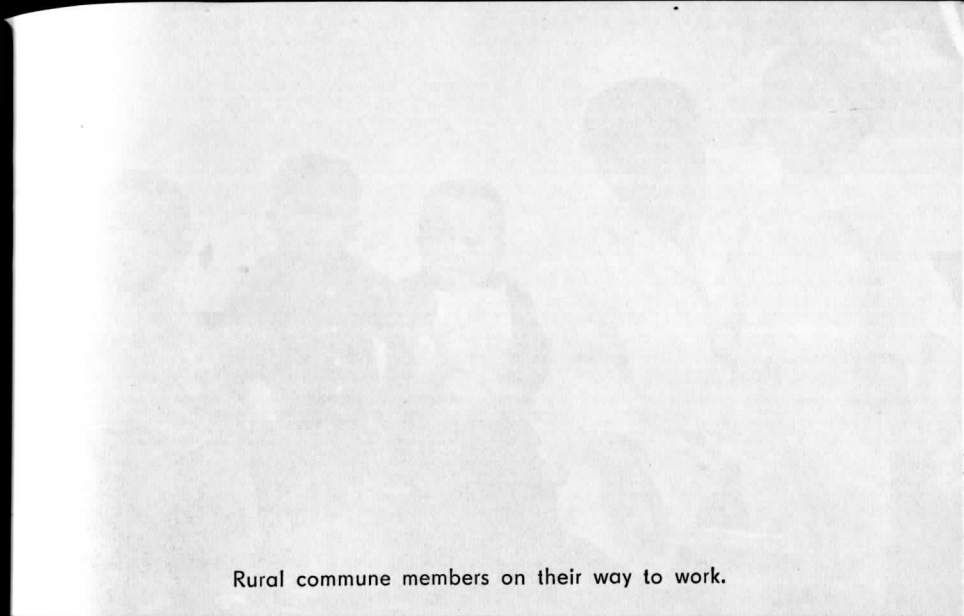


In a department store.



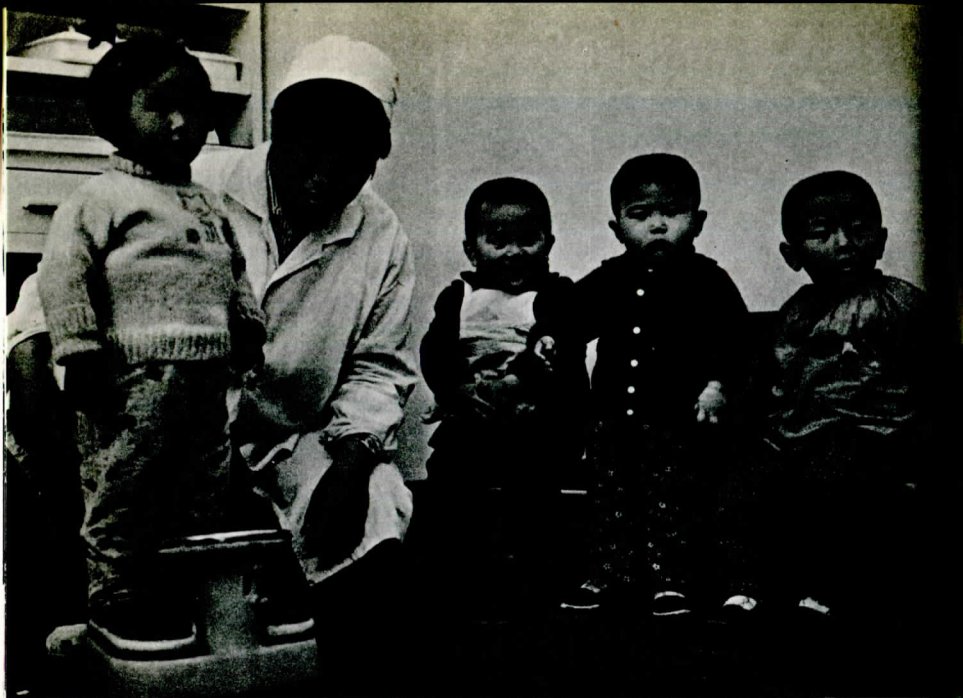


A veteran worker's family in Shanghai.



Rural commune members on their way to work.





Kindergarten children undergoing a regular medical check-up.

I was 4 1/2 years per kilogram. There are small  
great fluctuations in the small group of children  
there, and they are not uniform in their  
weight gain. The prices of some things are  
very high, but they are not too high.  
In the state has at various times raised  
the price of grain. It has raised the  
price by putting up the difference and  
a lot of handling in the way of the  
the price of the cost and so on. It has  
mainly reduced the price of medicine in  
this country, but people and to improve the  
health of the people.

A workers' residential area.



Holiday in a park.



1973 was 0.09 yuan per kilogramme. There are small seasonal fluctuations in the retail prices of fresh aquatic products, eggs and fruits, but they are stable in terms of the yearly sales. The prices of some household wares not only have remained stable but steadily dropped. And, though the state has at various times raised the price it pays to the peasants for grain, it has maintained the selling price by making up the difference and bearing the cost of handling, in this way ensuring the livelihood of the people in the cities and towns. The state has also repeatedly reduced the price of medicine in order to lessen this burden on the people and to improve the people's health. Compared with 1950, the price of some important medicines has been reduced by 80 per cent. All this presents a striking contrast to old China with its runaway inflation, wildly soaring prices and intolerable living conditions.

The currency inflation of pre-liberation China was fantastic. The Kuomintang reactionary government engineered "monetary reform" three times between 1935 when it issued *fapi* and 1949 when its rule ended. The devaluation of *fapi* was hectic. In 1937, 100 "yuan" of *fapi* would buy two oxen, but the same amount of money would not buy one grain of rice in 1948, when a new currency was adopted. On the eve of liberation a bagful of banknotes would not buy a few *jin* of flour. The result of soaring prices was that a tiny exploiting class netted tremendous wealth while the broad masses sank further and further into the mire of misery and poverty. When the People's Republic was founded in October 1949, the government lost no time in checking the runaway inflation left over from the past and then introduced the new currency Ren-

minbi. Since then the firmness of Renminbi has been an important factor in stabilizing prices and ensuring and improving the people's livelihood.

In old China urban housing was also a serious problem. The labouring people had to live in run-down, ramshackle quarters in slums, where they all too often sheltered in leaky mat sheds. Some even huddled together the year round in lean-tos or just along the roadside. Since liberation, the government has built a great number of new houses for the labouring people gradually and according to plan. In each of the cities like Peking, Shanghai and Tientsin, about one million workers and staff members have moved into new apartments or residential quarters with their families. New residential areas in many cities now far exceed the old ones in size. In Peking, for example, the total floor space constructed in the 500 years before liberation was 13 million square metres, while residential areas built after liberation occupy more than 20 million square metres. Many people in Kwangchow and other places had for generations lived in sampans on the river without a fixed residence. Now they have settled down in new homes on land. Their children attend schools in the new residential areas and the old people enjoy their later, settled life.

Today China is steadily changing the "poor and blank" condition it inherited from the past. The 700 million Chinese people are assured of life's necessities. Now there is no unemployment, no shortage of food or clothing, no fear of market fluctuation or currency devaluation; people enjoy a secure and happy life, and are living better each year — none of this was possible at any time in the old China.

中国经济简况

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