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REVISIONS OF THE PRINCIPAL TARGETS IN THE 1959  
ECONOMIC PLAN OF SHANTUNG PROVINCE

- COMMUNIST CHINA -

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REVISIONS OF THE PRINCIPAL TARGETS IN THE 1959  
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[The following is a translation of a report by Pai Ju-ping, Deputy Governor, Shantung, to the fifth session of the Second Shantung Provincial People's Council convened on 14 September 1959. The report appears in Tsingtao Jih-pao, 19 September 1959, page 2.]

Members of the Council:

In accordance with the recommendations of the Eighth Plenum of the Eighth Central Committee of the Chinese Communist Party and the report of Premier Chou En-lai, on 26 August 1959, the Standing Committee of the National People's Congress adopted a resolution for the revision of the principal targets of the 1959 National Economic Plan and the development of the movement for increased production and economy. The Shantung Provincial Committee of the Chinese Communist Party recommended to the Shantung Provincial People's Council the carrying out of appropriate revisions in the 1959 Shantung Economic Plan.

The revised 1959 National Economic Plan is still a plan for a continued leap forward. We must overcome rightist thinking, exert skyrocketing zeal, and rapidly but realistically bring into being a new high tide in the vigorous movement for increased production and economy. This will further our struggle for the fulfillment and overfulfillment of the 1959 National Economic Plan. For this reason, I am making the following report to the present plenary meeting of the Provincial People's Council.

## I. The Current Economic Situation in Shantung

Under the wise leadership of the Central Committee and Chairman Mao, and the direct leadership of the Shantung Provincial Committee of the Chinese Communist Party, and illumined by the brilliant lights of the general line for the building of socialism with greater, quicker, better and more economic achievements, like other areas in China Shantung has greatly developed the superiority of the people's communes, and has continued to realize the big leap forward on all fronts. Moreover, it has achieved new and brilliant victories in industry, agriculture, commerce, communications, and capital construction in the development of the national economy as a whole. This has been done during the months of January through August of 1959, on the foundation of the unprecedented big leap forward of 1958.

(1) Industrial production. From January through August, the total value of industrial production was 4.3 billion yuan, an increase of 33 percent over the value of 3.24 billion yuan for the same period last year. The output of many major products showed a great increase over the same period of 1958. The extent of increase for 14 major commodities for the period January through August over the same period of 1958 is as follows:

<u>Commodity</u>	<u>Output</u>	<u>Increase over 1958 (%)</u>
Steel	98,000 tons	463
Pig Iron	810,000 tons	3,550
Coal	13,890,000 tons	125
Electricity	993,000,000 kwh	60
Metal Cutting Tools	3,586 units	36.1
A.C. Motors	183,512 kilowatts	84.63
Power Machinery	209,120 horsepower	81.65
Cement	73,072 tons	214

[Continued]

Table Cont'd

Sulphuric Acid	15,044 tons	15.7
Cotton Yarn	388,508 bales	34.94
Cotton Cloth	377,160,000 meters	10
Machine-Made Paper	44,400 tons	18.3
Edible Vegetable Oil	78,467 tons	35.04
Chemical Fertilizer	45,203 tons	15

Simultaneous with the great increase in output, product quality has also been greatly raised. In March, 75 percent of Shantung's steel products were up to standard specifications. This figure rose to more than 90 percent in August. Pig-iron products, up to standard specifications, also rose from 63.8 percent in March to more than 70 percent in August. A marked improvement was also noted in the quality of many products in the machine-building, chemical, light industrial and textile fields.

Production costs were also reduced. During the first half of 1959, average production cost for industry as a whole was reduced 12.95 percent compared to the previous year. Production costs for iron and steel products were even further reduced, with an average drop of 41.37 percent.

Extensive development of industrial production effectively supported the continued leap forward in agricultural production. From January through August, Shantung assigned large shipments of iron and steel products for the speedy manufacture of agricultural and irrigation machinery and all kinds of farm tools. Statistics compiled up to July show that we had built 4,911 agricultural and irrigation machines, with a total of 79,432 horsepower; 1,838 tractors, harvesters and husking machines; 5,675 sprayers; 11,716 water wheels; and large quantities of parts and accessories for agricultural machines.

Industrial undertakings of hsien and people's communes manufactured, during the first half of 1959, more than 20 million farm tools, repaired more than 12 million tools, and also produced a large quantity of iron pots to meet

rural needs. From January through August we also produced 45,203 tons of chemical fertilizer, 2,309 tons of insecticides, and 106,000 wheels for hand-carts. We thus succeeded in making available timely supplies for the needs for agricultural production and promoted a bumper harvest.

The above shows that achievements in industrial production during the first half of 1959 have been gigantic. They constitute a continued leap forward on the foundation of the big leap forward of 1958. They fully prove the complete correctness of the general line for socialist construction. They prove the complete correctness of the policy of vigorous promotion of the mass movement and the policy of "walking on two legs" in socialist economic construction.

All who are loyal to the socialist cause and are genuinely concerned with the prosperity of the fatherland cannot but feel roused to even greater efforts. However, there are a small number of people who consider that, in our vigorous efforts to develop the iron and steel industry, we "achieved less than we lost." This view is completely erroneous. It must be refuted.

These people say, "For millions of people to go up the mountains to develop mines, to dig for coal and to develop iron and steel production is a manifestation of the mania of the petty bourgeoisie," and "the achievements are less than the losses." We feel, however, that for millions of people to go up the mountains to develop mines, dig for coal, and develop iron and steel production is truly a manifestation of the high-degree of revolutionary activism of the masses.

This activism is, in our opinion, stimulated by the general line of quickly ridding people of their poverty and backwardness. Large scale vigorous mass movements on the economic front provide basic guarantees for a high degree of development of the national economy. To interpret this great mass revolutionary movement as "the mania of the petty bourgeoisie" is a gross insult.

We feel that our achievements would have been impossible had it not been for these millions of people proceeding to the mountains to work vigorously for the development of iron and steel production. We may think back a bit. At this time in 1958, the iron and steel industry in Shantung was

still practically non-existent. From January through August, of 1959, we produced 98,000 tons of steel and 810,000 tons of pig iron. Does this not prove the correctness of the vigorous mass movement on the economic front and the policy of "walking on two feet?"

Some people say, "The operation of large groups of small native enterprises yields a low output, entails heavy production costs, and causes great waste." The facts prove that had we not developed the original groups of small native plants, we would not have our present groups of small modern plants. The development from "groups of small native plants" to "groups of small modern plants" is the natural process of transition from the lower level to the higher level.

At this time in 1958, our province had only the following: two blast furnaces of 84 cubic meters and three blast furnaces of 13 cubic meters. Today we have: two blast furnaces of 255 cubic meters, three blast furnaces of 100 cubic meters, four blast furnaces of 84 cubic meters, 13 blast furnaces of 55 cubic meters, 85 blast furnaces of 13 cubic meters and more (including some of 15.8 and 26 cubic meters), and 500 blast furnaces of three cubic meters.

Within a short period, medium and small-sized furnaces have replaced the small native furnaces which played a definite role in the early stage of the vigorous movement for the development of iron and steel. This must be looked upon as a spectacular miracle. This fact proves fully the complete correctness of our efforts in 1958 for vigorous development of iron and steel and the development of the mass movement.

Had it not been for the all-people movement for the development of iron and steel, we would not have built such equipment even for years to come. Much less could we have cultivated such a large force of technical personnel. Let us think a bit. In 1958, at this time, how difficult it was for us to seek a little molten steel! But today, we can use small blast furnaces to produce good iron and refined steel from our iron. For rightist conservatives this is hardly imaginable.

The subsidies which the state has given to small blast furnaces are completely worthwhile, and are of great

significance. Had we adopted the method of building only large blast furnaces, then during such a short time, in view of various restrictive conditions, we could not have produced such large amounts of iron, even if we had invested similar or even larger funds.

There are still others who say, "Vigorous attention to iron and steel has led to the neglect of other fields." But, in point of fact, the vigorous development of iron and steel has not only led to an unprecedented growth of the iron and steel industry, but also promoted the overall big leap forward of our national economy as a whole. This includes industry in general, capital construction, communications and transport. (Because concrete facts in this connection are dealt with in other reports I have made, they will not be repeated here.)

Naturally, in certain localities, for a short period of time, we faced a situation in which there was temporary disharmony as to the proportionate development of our economy. Very quickly, however, we adjusted the situation, and today great changes have been instituted and are still being effected. Under conditions obtaining today, in our efforts to realize the big leap forward in the iron, steel and coal enterprises, we no longer need to call on other departments to suspend their activities to make way for these efforts. On the contrary, under the unified arrangements of the state, we have to work like "the eight immortals crossing the sea, each one displaying his own special talents", in order to integrate new leaps forward with earlier leap forwards.

For this reason, in the next few months, we shall see not only a greater development in the production of iron, steel and coal, but we shall also succeed in further adjustment of the proportionate relationships among the different departments of the national economy. The theory that "vigorous attention to iron and steel led to the preclusion of other fields" is, in effect, opposite to the policy of "an overall leap forward with steel as the keynote," or opposition to the policy of the development of industry at high speed.

(2) Agriculture. We succeeded in creating the current situation of a continued leap forward on the foundation of the big leap forward last year. Here are the reasons: we resolutely implemented the general line for socialist

construction with the exertion of the utmost effort, pressing forward consistently, and achieving greater, quicker, better and more economical results, and the "big-word code" for agricultural production increase; we earnestly carried out various policies; we vigorously carried out the overhauling and consolidation of the people's communes; we fully developed the activism of the broad masses of the people and the cadres; we developed the movement of exceeding production quotas by 10, 20 and 30 percent; and we brought about the high tide of a vigorous new production drive.

Although in 1959 the area sown to wheat and summer harvest crops is about 10 million mou less than that of 1958, nevertheless, due to deep plowing and close planting, and the strengthening of field management, the output per unit area has been raised, and total output approaches the 1958 level.

At the same time, many model cases of high yields over large areas have emerged. In the whole province, of Shantung, there were 16 hsien and municipalities with an average yield per mou of more than 200 chin, 17 people's communes with an average yield per mou of more than 300 chin, 25 work brigades with an average yield per mou of more than 400 chin, and areas totaling more than 3,700 mou with an average yield per mou of more than 1,000 chin.

Good production conditions have been reported for 70 million mou sown in the spring, due to timely sowing, rational close planting, and strengthened field management. Though in the latter part of the season we met with a serious drought, we nevertheless have reaped a bumper harvest. We have completed the harvesting of more than 32 million mou sown with early spring crops. According to conditions reported from various areas, following trial thrashing operations, the general output has been higher than that of 1958 with the exception of some areas suffering from drought.

T'an-ch'eng Hsien has always been an area with many calamities and low production. With the development of the superiority of the people's communes, an average yield of 400 chin per mou was reported on the 340,000 mou of early fall crops in the whole hsien in 1959. This represents an increase of from 20 to 30 percent over the big bumper harvest year of 1958. A production increase of more than

25 percent was also reported for the 530,000 mou of early fall crops in Lin-i Municipality.

Sowing was done about 10 days earlier than normally for more than 50 million mou of summer sown crops. For this reason, the seedlings have been growing well. Despite the worst drought in many years, there is hope for a bumper harvest in late fall due to the timely development of the movement to resist the drought, protect the seedlings, and manage the fields during the latter part of the season.

It was no accident that the movement for the people's communes developed so rapidly in Shantung. As early as in the winter of 1957, when production was highest, a considerable portion of our agricultural cooperatives spontaneously developed from small cooperatives into large ones.

In 1958, in the wake of the great development of agricultural production, of farmland water conservancy projects, and the great rise in the socialist consciousness of the peasants (reflected in their demand for the expansion of cooperation), many agricultural cooperatives realized that the original form of the higher producer cooperative had not been able to cope with the demands for the development of production. They realized also that there was need for the organization of people's communes, on a large scale and with a greater scope of activities for more effective promotion of mutual cooperation.

Accordingly, before the fall harvest, the movement for the merger of small cooperatives into large cooperatives was developed universally throughout Shantung Province. After visits to Honan, some advanced cooperatives spontaneously built people's communes. With economic conditions fully maturing, Chairman Mao issued his statement that "people's communes are better." Then, after the Central Committee of the Chinese Communist Party issued its decision on the building of people's communes, the movement for the building of people's communes was rapidly developed throughout Shantung. This illustrates clearly that the movement for people's communes was developed at a time when requisite conditions were available, and that proper efforts brought immediate results.

At birth, the people's commune had great vitality and were vastly superior. During the busy farming season when

there were the three autumnal tasks to attend to, we fulfilled at one time the task of refining iron and steel, the development of water conservancy and fall harvesting and fall sowing tasks.

During the first half of 1959, our rural tasks were fairly heavy, and our manpower situation was fairly tight. Nevertheless, we still made great achievements in capital construction in the water conservancy field. From January through August, we completed 11 large and medium-sized reservoirs with a capacity of 10 million cubic meters and more. Among these are six reservoirs with a capacity of more than 100 million cubic meters. The total storage capacity of these reservoirs is 1.315 billion cubic meters, which is 750 percent greater than the designed capacity for the same period of 1958.

During the same period, we completed five large dam engineering projects, with a designed capacity of 9,650 cubic meters of flowing water per second, and a capacity to conduct waters from the Yellow River to irrigate 13.42 million mou, an increase of 1,200 percent over the same period of 1958 (referring to designed capacity). The amount of earth and stone work handled shown an increase of 420 percent over the same period of 1958.

Since the latter part of July, about 70 million mou of crops in the whole province suffered from drought. Among them, more than 30 million mou suffered seriously. This was a great threat to our agricultural production and posed a serious test for the people of our province. Under the leadership of the Central Committee and the Provincial Committee of the Chinese Communist Party, and the Provincial People's Council, the people's communes revealed their might. They developed a superiority in large scale, strong organization and extensive activities.

We organized a large anti-drought army of 10 million, watered more than 30 million mou of land, and relying on the strength of the masses, purchased a large quantities of irrigation machinery. The industrial sections of the people's communes also displayed their power. They manufactured and repaired more than 497,000 water-lifting tool of various kinds, to ensure the smooth development of the anti-drought fight. Had it not been for the people's communes, the vigorous development of water conservancy and the vigorous development of industry, it would have been hopeless

for us to resist such formidable calamities with our original small organizations and our original water conservancy facilities.

In a mass revolutionary movement such as the people's commune developed on such a large scale and with such rapidity, it could not be imagined that, from the very onset, we would be perfect. During the first stage of the movement for people's communes, because both the cadres and the masses lacked experience, there appeared certain defects as the excessive concentration of certain management powers, egalitarianism in distribution, and waste. However, under the leadership of the Central Committee, Chairman Mao, and the Shantung Provincial Committee of the Chinese Communist Party, these defects were quickly corrected.

Together with other parts of the country, during the spring of 1959 Shantung developed a large scale movement for overhauling and consolidating people's communes. We carried out thoroughly the principle of management at different levels, accounting at different levels, and distribution according to labor with greater income for those giving greater work. We affirmed the system of 3-level ownership of production materials at the present stage of the development of the commune. Ownership by the production brigade constitutes the basic provision of the system. Ownership by the commune concerns only a portion of the assets, while the production team also has ownership of a portion.

After overhauling and consolidation, the people's communes were put on the road to perfect and consolidate development. They have demonstrated their superiority in the comprehensive development of agriculture, forestry, animal husbandry, sideline production and fisheries; the development of the interests of workers, peasants, merchants, students and soldiers; the gradual realization of the mechanization of agriculture; the increase of the income of peasants and the improvement of rural living standards; and the development of such collective enterprises as communal kitchens and nurseries. This superiority is growing manifestly and, in the future, will be developed to even greater prominence.

Generally speaking, the movement for people's communes in Shantung is "very good", and definitely not "very bad".

It is very powerful weapon for accelerating the development of rural economy and uprooting any possibility of the restoration of capitalism. It is the best social organizational form for transition from the system of collective ownership to that of all-people ownership. It is also the best social organizational form for the future transition from socialism to communism.

Because of this, every emergency of the people's commune immediately has led to base slander and malicious attack by imperialists who hate our socialist cause extremely, rightists who oppose socialism and the people, and other reactionary elements. The people's commune has brought to the working people happiness and a brilliant future. The victory of the people's commune movement signifies the thorough smashing of all illusions regarding the restoration of capitalism. What the people love the most, our enemies hate the most. The more malicious their attacks against the people's commune, the greater the proof of proper running of the commune.

There are rightist opportunists who, deeply influenced by the bourgeois, also clamor that the people's commune "has been brought about forcibly by a minority", that "it has been introduced too soon", and that "a mess has been made of it." They fail to see the superiority of the people's commune and the revolutionary zeal of hundreds of millions of peasants. They are interested only in the temporary and local defects which have been overcome. They place themselves opposite the masses of the people, opposed to the great cause of socialist revolution and socialist construction. We ask them, "are you not afraid of being thrown over to the brink of the rightists.?"

(3) Commercial Work. From January through August 1959, the total volume of commercial purchases and sales both showed great increase over the same period of 1958. According to statistics, purchases totalled 1,887,700,000 yuan, an increase of 25.8 percent over the same period in 1958. Sales totalled 3,236,630,000 yuan, an increase of 35 percent over the same period in 1958. Retail sales of social commodities reached 2,494 million yuan, an increase of 24.2 percent over the same period in 1958. The last item included: an increase of 8.3 percent for food, an increase of 66.9 percent for clothing; and an increase of 37.1 percent for utility goods.

Looking into the supply of major commodities, increases were reported for an overwhelming majority of categories. Categories which reported a supply volume increase of from 10 to 30 percent included foodstuffs, coal, liquor, cigarettes, machine-made paper, and marine products. Categories which reported an increase in supply volume of from 30 to 50 percent included salt, rubber shoes, and clocks. Categories which reported an increase in supply volume of from 50 to 100 percent included cotton cloth, knitted ware, thermos flasks, knitting wool, sewing machines, and power machinery. Categories which reported an increase in supply volume of more than 100 percent included bed-sheets and streptomycin. Categories which reported an increase in supply volume of less than 10 percent included tea, chemical fertilizer, and bicycles.

The commodities which were lower in supply volume than that for the same period in 1958 consisted only of pork, eggs, sugar, soap, and vegetable oil. Reduction in the supply of these commodities was not due to decrease in production, but rather to increases in the consumption of these items in the rural districts themselves.

From the above figures we can see clearly that the market situation has been generally good. The overwhelming majority of commodities were in abundant supply. These statistics also reflect an unprecedented big leap forward in industrial and agricultural production for 1958 and a continued leap forward in 1959.

However, because the development of production and construction enterprises was very rapid in 1958, social employment expanded rapidly and the number of workers and staff members increased greatly. As a result, the purchasing power of cities registered a great rise. The total volume of wages for the first half of 1959 throughout Shantung Province increased by 47 percent over the same period in 1958. Though the increase in the volume of retail sales was very rapid, because the increase in social purchasing power was even more rapid, a state of tension existed in the supply of some subsidiary foodstuffs and consumer goods.

In accordance with the directive of the Central Committee and the Provincial Committee of the Chinese Communist Party, and with the adoption of a series of effective measures, the production of subsidiary foodstuffs, consumer goods, and handicraft products greatly increased. There was also

a bumper summer harvest. Thus, the supply situation has improved.

In the field of handicraft production, about 70 percent of the commodities that suspended production in Shantung in 1958 because of inadequate arrangements have resumed production. The commercial department in Tsinan Municipality in July handled 3,852 more small commodities than in May. Purchases of hogs and eggs showed a marked increase. The area sown to autumn vegetables in the whole province of Shantung (not including turnips) has reached 4,130,000 mou, in line with the plan. It seems assured that, with the continued leap forward in industrial and agricultural production, and with further efforts at improvement, supply situations in the market will be improved.

Furthermore, in 1958 we retrenched somewhat excessively personnel in the commercial and service departments, nonetheless some of the reductions were not adequate and this brought to consumers a certain amount of inconvenience. Active measures were taken for the re-recruitment of needed personnel. Vigorous efforts were made for the restoration and adjustment of affected units.

We continued to develop a campaign for the "three-checks" (checking of godowns, checking of accounts, and checking of personnel), a campaign of "three fixes" (fixing points of operations, fixing personnel, and fixing operational systems), and a campaign of "three purchases" (purchase of agricultural by-products, purchase of native and special produce, and purchase of scrap materials).

We improved operation and management, service methods and service attitude. Thus, we have achieved an elevation and improvement of service to cope with the needs of the development of production and the gradual improvement of the living standards of the people.

Some people lack an overall understanding of market conditions. They maintain that during the first half of 1959 there was all-round tension in the market. A very small number of people even stated that before liberation one could buy anything, while now one could not buy anything. These are all intentional distortions of facts.

As pointed out by Premier Chou in his report to the Standing Committee of the National People's Congress, "people who say such things only show themselves not seeing, or not satisfied with the fact that the living standards of the working people have been raised. They still long for the old society where a minimum of people could enjoy the extravagant and degenerated life of aristocrats, bureaucrats, landlords, compradores, and capitalists." We must resolutely refute such malicious distortion of market conditions.

There are still some people who believe that tension in the supply of certain commodities has been caused by excessive exports. This is misunderstanding arising from the lack of knowledge of the situation. We must tell the masses of the people clearly that, in past years, exported commodities constituted only a small portion of the total value of industrial and agricultural production.

Taking Shantung for example, 1958 exports constituted only a little over two percent of industrial and agricultural production. Moreover, export of the people's daily necessities, such as grain, oils and cotton cloth are limited by quotas. To suspect that the tense situation in the supply of certain commodities has been due to excessive exports is quite contrary to facts.

To accelerate socialist construction, it is absolutely necessary to export agricultural by-products in exchange for materials needed for construction. It is particularly necessary to lay aside for export more quantities of commodities of secondary importance to our national interest and our people's livelihood. This is beneficial to the progress of our industrial and agricultural production and development. It is also in conformity with the long range interests of the people.

(4) Communications and Transport. We have also registered great achievements on the communications and transport front. From January through August 1959, we completed a freight transport volume of 78,880,000 tons, an increase of 50.4 percent over the volume of 52,260,000 tons for the same period in 1958. This guaranteed shipment not only of iron, steel and coal, but also of such important living necessities as grain and cotton. It guaranteed the shipment not only of key commodities, but also appropriately took care of the shipment of general goods.

For the fulfillment of this transport task, the broad masses of staff members and workers vigorously carried out a technological revolution, actively strengthening the transportation organization, accelerated the turnaround frequency of vehicles and vessels, and raised transport efficiency.

As for railway, without increasing the rolling stock and without making use of layover time, we developed a quick transport method. During the first half of 1959 we achieved a transport volume of 690,000 tons. We also built high platforms, lowering the height covered in unloading. We thus raised loading and unloading efficiency 100 to 300 percent.

In the highways field, we developed a movement for safety and economy. We attained an average of 10,000 ton-kilometers per day. Facilities for short-distance transportation have also been augmented. Many people's communes have organized their own transport forces. These have played a great role in the solution of short-distance transportation problems. We have also greatly reduced local transportation costs. During the first half of 1959 we achieved a reduction of 12.61 percent compared to 1958.

(5) Capital Construction. We have also made great progress in capital construction. This has come as a result of implementing the policy of shortening our front line, concentrating forces and guaranteeing key projects. From January through August, we invested 437,770,000 yuan (not including railways but including the Peiping-Hangchow Grand Canal), an increase of 17.2 percent over the investment of 373,310,000 yuan during the same period of 1958.

In order to guarantee the fulfillment of state key projects, we carried out an appropriate reduction in capital construction projects of secondary importance. We thereby increased the speed of construction. From January through August, we completed wholly or partially or began construction on 534 units.

During the first half year, as the result of capital construction, we have acquired the following newly increased production capacity:

Power generating machinery with a capacity of 28,360 kilowatts;

Iron smelting capacity of 410,000 tons;

Steel capacity of 55,000 tons;

Coking capacity (simple) 35,000 tons;

Metal cutting tools, 320 units; and

Electric motors, 1,500 units.

The above conditions lead to the following definite and irrefutable conclusion: the big leap forward and the achievements of the people's communes are colossal, unprecedented. The current economic situation in our province is very good. It is a situation of continued leap forward on the foundation of the 1958 big leap forward, and our future is bright.

This proves the complete correctness of the general line of the Party for socialist construction and the policy of "walking on two legs." We do not permit reactionaries and rightist opportunists within the ranks of the people to attack the big leap forward or the people's communes. We forbid them from opposing the general line for building socialism, by exploiting the local, temporary defects in our work, defects which have already been corrected.

## II. On the Revision of the 1959 National Economic Plan Targets

In accordance with conditions relating to the revision of the targets of the national economic plan as laid down by the Central Committee, and, in accordance with the conditions relating to the fulfillment of the economic plan of our province during the first half of 1959 and the most recent calamity situation, we have made the following revisions of the targets of the 1959 plan for the national economy of Shantung:

Total value of industrial production is revised from the original 10 billion yuan to 7.2 billion yuan;

Output of pig iron is revised from the original 1,580,000 tons to 1,400,000 tons;

Output of steel is revised from the original 246,000 tons to 180,000 tons; and

Output of coal is revised from the original 26 million tons to 21.5 million tons.

Total value of agricultural production is revised from the original 10.4 billion yuan to 5.6 billion yuan;

Total output of grain is revised from the original 85 billion chin to 40 billion chin with attempts for 44 billion chin; and

Total output of cotton is revised from the original 10 million tan to 6 million tan, with attempts for 6.6 million tan.

Other targets are also being appropriately revised.

We feel that such revision is necessary and correct. There is need for the revision of margins of increase after consideration of confirmed basic conditions of 1958.

During the big leap forward in agricultural production in 1958, bumper harvests over large areas, and yields per area increased immensely, suddenly, and surpassed normal expectations. We lacked experience in our estimate of output under such a colossal leap forward. Again, during fall harvesting, provision of manpower was not rationally carried out. As a result, the work of reaping, thrashing, taking delivery and storage was crude. We also underestimated the reduction in output from the 8,180,000 mou of fields suffering from calamities. Accordingly, outputs in 1958 were generally excessively over-estimated.

After repeated checking in 1959, we confirmed that total output of grain in 1958 was 38 billion chin, an increase of 57 percent over the 24.2 billion chin of 1957, or an increase of 29.7 percent over the 29.3 billion chin of 1956, the year of the big bumper harvest. Output of cotton was 5,500,000 tan, an increase of 51.9 percent over the 3,620,000

tan of 1957, or an increase of 26.6 percent over the 4,340,000 tan of 1956, the year of the big bumper harvest. The output of cured tobacco was verified as 2,500,000 tan, an increase of 86.5 percent over 1,340,000 tan of 1957. The output of peanuts was 2,150 million chin, an increase of 58.1 percent over the 1,360 million chin of 1957.

Calculated on the basis of the verified outputs, the gross value of agricultural production in 1958 was 5,280 million yuan, an increase of 26.6 percent over the 4,170 million yuan of 1957. Looking at the verified conditions of agricultural production in 1958, we find that outputs of the major items--grain, cotton and oil--showed an increase of more than 50 percent over 1957, and an increase of from 20 to 30 percent over 1956, the historically highest record. Such a high rate of increase must be definitely considered an unprecedented big leap forward.

Outputs of the major industrial products in 1958 were checked and verified. The total value of industrial production was, however, revised to 5,990 million yuan, an increase of 64.5 percent over the 3,640 million yuan of 1957. Of the 994,000 tons of pig iron produced, 505,000 tons were "foreign iron", and 489,000 tons were "native iron". Of the 240,000 tons of steel produced, 53,000 tons were "foreign steel" and 187,000 tons were "native steel." Before 1958, iron and steel production in Shantung was nil. There is no doubt that this also is an especially big leap forward.

We next consider conditions relating to the fulfillment of Shantung's industrial production plan from January through August 1959. Total value of industrial output reached 4.3 billion yuan, an increase of 33 percent over the same period in 1958. There is no doubt that this is a continued leap forward based on the big leap forward of 1958. However, this figure is only 43 percent of the target set in the 1959 plan for Shantung as adopted by the Second Session of the Second Shantung Provincial People's Congress. Thus, 57 percent of the task will have to be completed during the remaining four months of 1959.

In accordance with existing conditions, the fulfillment of the plan is attended by practical difficulties. We have to carry out unified arrangements for meeting manpower

needs in order to strengthen the agricultural front. Industrial enterprises operated by hsien and people's communes will have to be overhauled and consolidated. There are also definite limits to the supply of certain raw materials and equipment.

Furthermore, we have to consider the fact that in Shantung, 72 million mou of fall crops have been subjected to the threat of drought, and the calamity is very serious over more than 30 mou. Despite efforts to save the situation, there must be a some reduction in production. Of course, had it not been for the fact that the people's communes developed their great might and incomparable superiority in fighting the drought, and had it not been for the achievements in 1958 in the development of water conservancy, losses sustained in the face of such serious drought would have been many times what we shall suffer.

With consideration for all these factors, we feel that there is a need to undertake revision of the targets of the 1959 plan. We must clearly understand that the revised targets of the national economic plan are still leap forward targets, which can be overfulfilled and are planned targets which can raise the people's activism for labor.

Compared with the big leap forward year of 1958, total value of industrial production will show an increase of 20.2 percent. The output of iron (calculated on the basis of "foreign iron") will show an increase of 177.2 percent. Steel output (calculated on the basis of "foreign steel") will show an increase of 239.6 percent. Coal output will show an increase of 56.5 percent. Grain output will show an increase of about 10 percent. Cotton output will show an increase of from nine to 20 percent.

At the same time, we shall have plenty to do if we are to fulfill this plan. We shall still have to mobilize the entire Shantung populace for the exertion of difficult efforts. Lack of confidence in the fulfillment of the 1959 plan, and relaxation of effort because of the revision of targets are both undesirable. We must resolutely overcome all rightist thinking and feelings of laxity. We must mobilize the masses to bring into being a vigorous movement for production increase and economy in industry, agriculture, transport, commerce and capital construction, and indeed, on the entire economic front. We must resort to all ways and means to struggle strenuously for the

fulfillment and overfulfillment of the 1959 plan for a continued leap forward.

(1) In industrial production, we must grip tightly measures for increased production of iron, steel, steel products, coal, cement, electricity and raw materials for industrial chemicals. At the same time, we must grip tightly measures for the production of goods which serve industrial and agricultural production, and the daily necessities of the masses. We must strive for high quality and high output, reduction of costs, and the overfulfillment of the plan for the whole of 1959.

In iron and steel production we must raise the utilization coefficient and the working time of blast furnaces and converters. We must raise daily output, guarantee the quality of iron and steel, reduce production costs, and guarantee overfulfillment of the planned production for the whole of 1959 for 1,400,000 tons of pig iron and 180,000 tons of steel. More than 93 percent of the steel produced must reach specified standards. The sulphuric content of pig iron must be reduced to less than 0.2 percent. The production cost of one ton of pig iron must be reduced to below 300 yuan. Minerals mined must have 40 percent ore content. In the iron and steel processing industries, we must continue to improve technique, strive to increase production, and we must also strive to fulfill the task of the production of copper and aluminum.

In coal production we must guarantee overfulfillment of the quota of 21.5 million tons set for 1959. We must strive to achieve a double leap forward in development and redevelopment of coal deposits. We must rapidly raise daily output. We must raise the quality of coal, and demand the reduction of the content of ash to below 20 percent. We must strive to increase the output of coke, and guarantee overfulfillment of 1959's quota of 3,150,000 tons of coke, with reduction of the sulphuric content to between 0.8 and 1 percent, and reduction of the ash content to between 10 and 12 percent. This is necessary for the satisfaction of the needs of iron and steel refining. We must intensify the building of ore dressing plants and guarantee the fulfillment of the quota set for the dressing of 720,000 tons of coal during the second half of 1959.

In machine building, we must first guarantee advanced delivery of equipment for the metallurgical and coal industries

to support the leap forward in iron, steel and coal. The production of major items must be carried out to guarantee timely completion of the equipment and machinery parts required for capital construction projects to be thrown into production during 1959. As far as possible we must increase the output of agricultural machinery, machinery for the processing of agricultural products and their accessories.

In the electric power industry, we must strengthen facilities for the maintenance and repair of equipment and raise the efficiency of existing equipment. We must accelerate the speed of capital construction, strive to throw new equipment into production at an early date, strive for increased generation of power, and the supply of more power, and guarantees of safety.

In the building-materials industry, we must greatly increase production to guarantee satisfaction of the needs of capital construction. We must especially raise the quality of cement and strive to produce more of it.

In the chemical industry, we must pay attention to the production of sulphuric acid, caustic soda, liquid coke, insecticides and chemical fertilizers. We must also strive for the increased production of chemical products for daily use. We must satisfy both the needs of industrial and agricultural production and the people's daily consumption needs.

In the light industries, the textile industry and handicrafts, we must devise ways and means to unearth raw material potentials, actively collect wild plants and other substitutes, raise the utility rate of raw materials, and, as far as possible, increase production to satisfy the market and the people's livelihood. We must earnestly restore and develop handicraft production in accordance with the directive of the Central Committee. We must strengthen the leadership over the people's communes and continue to implement the policy for their overhauling and consolidation.

(2) In agriculture, we are now facing the key season for realizing a bumper harvest. Government at all levels and the broad masses of cadres must lead all the people of Shantung to grasp the opportunity to carry out shock efforts in water and fertilizer. We must strengthen field

management, grasp tightly the late fall crops, promote vigorously the movement for a bumper harvest, exert all out efforts to strive for a big bumper harvest in the fall, and strive strenuously for the fulfillment and overfulfillment of the agricultural production plan.

At the same time, we must make sound preparations for fall sowing, and expand the area sown to wheat. We must guarantee the harvesting of 70 million mou of summer crops. We must guarantee timely sowing, full and proper sowing, and improvement of quality. Profiting by the experience of 1958, in our fall harvesting we must reap properly, thrash properly, deliver properly, distribute properly, and store properly, without entailing the least loss.

At the same time we must also attend to the increased production of economic crops, vegetables and a diversified economy. We must strive to achieve overall increased production in grain, cotton, oil, agriculture, forestry, animal husbandry, sideline occupations and fisheries, and strive for an overall bumper harvest.

Furthermore, we must actively prepare for the development on a province-wide basis of a production high tide in the spring of 1960. We must promote water conservancy projects and fertilization of the soil, proper management of wheat fields, agriculture, forestry, animal husbandry, sideline occupations and fisheries.

(3) In commerce, we must coordinate production increase movements on all fronts and attend properly to the supply of production materials required by industry and agriculture. We must also purchase their products in a manner designed to render support to industrial and agricultural production and to improve market conditions. At the same time, we must improve operations and management, accelerate turnover of capital, and reduce commodity circulation expenses. It is essential that commodity circulation expenses be reduced 9.86 percent below 1958, with the reduced amount placed at 72,940,000 yuan.

(4) In communications and transport, we must strengthen the organization of sources of supply and the planning of transportation. We must further exploit transportation potentials. As far as possible, we must undertake shipments in advance to reduce pressures in fourth quarter of

1959. We must guarantee complete shipments of iron, steel, coal, timber, minerals, building supplies and agricultural products after the fall harvest.

All communications and transport departments must improve operations and management, strengthen auditing, strive to reduce costs. These should be an average of 17.32 percent below those of 1958, with the reduced amount placed at 19,982,000 yuan.

(5) In capital construction, we must continue to implement the policy of shortening the front line and guaranteeing key projects. We must earnestly prepare schedules, differentiate between light and heavy tasks and urgent and ordinary projects. We must delay or suspend some projects to concentrate forces or give priority to projects for which whole sets of equipment are already procurable. Emphasis should be placed on the final phases of important projects which call for the use of less steel. In this way we may complete plants early and throw them into production so that investments may produce greater returns.

(6) All productive departments, industrial and enterprise construction units, must greatly economize material supplies, raw materials, fuel, power, capital and manpower.

The metallurgical, power, railway, and shipping systems must economize on coal. Heavy industry, the coal industry, and all capital construction units must greatly economize on steel products and timber. Light industrial plants must resort to all ways and means to economize on raw materials. In agricultural production we must protect animals and tools, and refrain from wasting water, fertilizers and seeds.

All productive units must actively reduce consumption of raw materials, fuel and power. They must draw up concrete economy targets and guarantee their fulfillment.

During the second half of 1959, all Shantung must save one million tons of coal, 7,000 tons of steel products, from 60,000 to 70,000 cubic meters of timber, 16,800 tons of cement, and 4,650 tons each of gasoline and diesel oil. We must work strenuously to overfulfill this mission.

III. Oppose the Rightist Trend, Exert Efforts, and Bring About A New Hightide of the All-People Movement for Increased Production and Economy, for the Overfulfillment Ahead of Schedule of the Targets of the 1959 Economic Plan

The Eighth Plenum of the Eighth Central Committee of the Chinese Communist Party and the Standing Committee of the National People's Congress are calling on the people of all nationalities to all China to unite as one under the leadership of the Chinese Communist Party and Comrade Mao Tse-tung, the great leader of the Chinese people. They are to adhere to the glorious banners of the general line, the big leap forward, and the people's communes. This they should do to oppose rightist thinking, to exert greater efforts, and in the next period of more than three months to resort to all ways and means to develop the movement for increased production and economy.

They are to struggle strenuously for the fulfillment and overfulfillment of the 1959 National Economic Plan. They are to march forward courageously to realize or to approach in 1959, the major targets laid down in the Second Five Year Plan. They are to march forward courageously to strive to overtake Britain in about ten years in the output of major industrial products. They are to welcome the tenth anniversary of the founding of the state with achievements in increased production and economy.

We feel that in order to realize the above, and to develop vigorously increased production and economy, and ensure the fulfillment and overfulfillment of 1959's national economic plan, we must stress opposition to the rightist trend, and exertion of our utmost efforts. This is to be a primary consideration.

As stated above, the various departments of China's national economy have all shown a state of continued leap forward. The general situation is very favorable. However, we must emphasize the fact that simultaneous with the exertion of efforts and a march forward on the part of the broad masses of cadres and people, there is a small group of rightist opportunists who are presenting pessimistic views. They have been collecting certain defects since the big leap forward of 1958.

These defects, both temporary and local, arose from our lack of experience. Irrespective of whether these defects have been solved, the opportunists have disseminated them everywhere to challenge the big leap forward, to challenge the people's communes and to challenge the vigorous development of iron and steel. They attempt to shake our confidence, undermine our morale, reject the gigantic achievements of the big leap forward of 1958, and reject the general line of socialist construction.

Some people with rightist trends prefer lower targets to higher targets. They stress reliability to the neglect of the advanced and the positive elements. They make pretexts to reduce targets repeatedly until they become lower and lower. After lowering targets, they have few measures to take up, and they relax in their work with the result that even the excessively low targets are also not fulfilled. They only stress objective conditions, and neglect the role of man's subjective capacity.

They will not take up tasks for which they would have the capacity had they devoted efforts positively. They put up the "theory of difficult conditions" and the "theory of pre-destination" and fail to see favorable factors. They one-sidedly exaggerate difficulties. They merely clamor loudly over difficulties, but do not work for the solution of the difficulties. They dare not mention advanced slogans and advanced measures. They dare not bring up long range plans but make accommodation for the backward.

Some people lack the vigor of youth, lack revolutionary zeal and ambition for advancement. They do not press consistently forward but are rather resigned to remaining behind. They are not resolute in the implementation of the "eight-word code". They become shaken and lax, and take to the road from whence they came. They become shaken in the realization of agricultural production increases and the transformation of nature as a result of the superiority of the people's communes which consist of first, largeness, and second, impartiality. They one-sidedly stress the "superiority" of dispersion and individual action.

Such rightist feeling, rightist thinking, and rightist activity constitute a reflection of bourgeois thinking and vacillation and lack of resolution under the attack

of such thinking. Though this trend, at present, exists only among a small number of cadres, it is nevertheless the major danger facing us today.

As Premier Chou pointed out in his report, "If we allow such thinking to continue to exist and to develop without correction, we shall greatly undermine the activism of the broad masses. We shall fail to continue our leap forward, and fail to achieve the victory of the socialist cause. This will only benefit enemies within and outside China, not the workers, peasants and revolutionary intellectuals. This will only benefit capitalism and not benefit socialism. Precisely because this is a question which affects the future of more than 600 million people, we must bend to the task of opposing rightist thinking. We must carry out a solemn struggle against all rightist feelings, rightist thinking, and rightist activities."

In order to overcome rightist thinking and bring about the new high tide of increased production and economy, we must first of all persist in the policy of letting politics assume command, and raise high the red flag of the general line. Experiences have repeatedly proved that, without the leadership of the Party, and without politics in command, all work will be deprived of its soul, and lose its sense of direction.

Since 1958, we have been able to realize the big leap forward because we have persisted in letting politics assume command, and implemented thoroughly the general line for building socialism with the exertion of the utmost effort, pressing forward consistently, and achieving greater, faster, better and more economical results.

Second, we must vigorously develop the mass movement, pursue the mass line and continue to develop socialist labor emulation centered round the technical revolution and technological reform. This is a key issue for the overcoming of rightist thinking and the development of increased production and economy. Whether it be in the factories or in the rural areas, so long as we mobilize the masses, and let the masses expose and criticize the rightist thinking of the leadership and the cadres, we shall give penetrating education to those with rightist thinking.

Only with the vigorous promotion of the mass movement and the full development of the revolutionary heroism of the broad masses shall we make a clean sweep of rightist thinking. Only by practicing the method of walking on two legs, vigorously pushing forward the mass movement on the one hand, and carrying out organization work on solid ground on the other, may we all the better, bring into play the activism of the masses. Only then shall we have a better guarantee for the realization of our leap forward targets, and develop the movement for increased production and economy, penetratingly and permanently.

Recent events have shown that once the spirit of the Eighth Plenum of the Eighth Central Committee of the Chinese Communist Party had been grasped by the masses, the entire situation changed rapidly. On a foundation of dissipating rightists and exerting efforts, the broad masses have brought into existence a new high tide of the movement for increased production and economy.

On the industrial front, for example, all factories, mines and enterprises have produced a new tide of production emulation, the basic contents of which consist in the revision of targets, the expansion of work measures, the renovation of techniques, and the exceeding of targets. As a result, production has risen in a vertical line, and new records emerge continually.

The average daily output of iron for the whole province was 3,411 tons during the first ten days of August, 3,755 tons for the second ten-day period of August, and 4,021 tons during the last ten-day period of August. By 6 September, the daily output had exceeded 5,000 tons.

The average daily output of steel was 500.5 tons during the first ten days of August, 565.8 tons during the second ten-day period of August, and 632.4 tons during the last ten-day period of August. By 5 September it reached 830 tons.

The output of steel products, coking coal, and minerals during the last ten-day period of August increased by more than 100 percent over the first ten-day period of the month. The daily output of coal for the whole province was 59,500 tons at the highest point before 26 August, but by 5 September had reached 64,000 tons. Marked increases

were also reported for production in other fields such as machine building, electric power, textiles, light industry, communications and capital construction.

On the agricultural front, production efficiency has been greatly raised. The production plans for 1959 have been universally raised. Fall field management and fall sowing both made rapid progress. Recent supplementary application of fertilizer was carried out over more than 10 million mou of melon fields.

On the commercial front, a new situation also appeared. The volume of purchases of agricultural products and the volume of savings of the urban population both increased greatly. In the purchase of the new fall crop, since the last ten-day period of August, millions of chin were procured each day. The volume grew daily and, by 5 September a total of more than 546,000,000 chin had been delivered to the warehouses. During the seven-day period from 1 September through 7 September, the number of hogs purchased exceeded by 17 percent total purchases of the two months of July and August.

Many leadership cadres of factories and rural areas penetrated production sites and led production in a realistic manner. They joined the masses in launching attacks on the production front. A new hightide of production has been evolved. All this shows that the economic situation of Shantung, like that of all China, continues to develop healthily. Our future is filled with unbounded brightness.

We believe, that under the wise leadership of the Central Committee and Chairman Mao, and under the illumination of the bright rays of the general line, there are no difficulties which cannot be overcome. We believe that the broad masses of the cadres and people of Shantung will assuredly be united, and with high spirits and skyrocketing zeal, respond to the great call of the Central Committee and Chairman Mao with the overfulfillment and fulfillment ahead of schedule of the national economic plan of this year, 1959.