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TRANSLATIONS ON COMMUNIST CHINA'S
COMMUNE ECONOMY

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DISCUSSION OF SEVERAL PROBLEMS IN COMMUNE DISTRIBUTION

△The following is a full translation of an article by Chang Chieh, appearing in the Ta Kung Pao, 25 December 1959, page 3.7

While production determines distribution, distribution also affects production. Commune distribution is an important problem. To organize distribution in the commune in such a way that the productivity of the members can be raised will not only contribute to an increase in commune production but will also speed up socialist construction.

The communes have been further strengthened after being reorganized. Their superiority has been demonstrated once again. We have witnessed the way the people's communes overcame the serious natural disasters of this year and how they are able to push production to further leaps forward after the Great Leap Forward of 1958. The socialist awareness of the members has been further raised. All these furnish very favorable conditions for improving distribution work in the communes. If we make good use of these conditions and carry out faithfully the State's distribution policy, we can be successful in our distribution work this year. Most communes have already completed their distribution plans which have been announced in many districts. After the plans have been discussed by the members, cash and goods will be distributed to them accordingly. However, there are still a number of communes who have not yet completed their distribution plans; or the plans have been completed but not yet announced, or announced but have to be executed. These districts must lose no time in completing their work.

The principal problem in commune distribution is how to balance the relationship between accumulation and consumption. This problem affects the interest of the State as well as the interest of groups and individuals, the immediate as well as long term interest. The proper adjustment of the relationship between the State, the groups, and the individuals is reflected in the ratio between accumulation and consumption. Basically speaking, under the socialist system, where political power rests with the working class, and the people, collectively

own the means of production, the interests of the State, the groups and individuals are the same, their immediate and long-term interest are common to all. Nevertheless, if the relationship between the State, the groups, and individuals are not properly adjusted, to a certain extent it would adversely affect the positive attitude of the members and advancements in production. Therefore the relationship between accumulation and consumption is an important policy problem in commune distribution. Then, how should the relationship be adjusted?

1. When a commune carries out distribution within its area, it must guarantee the payment of taxes to the State and the delivery of agricultural products. Taxation is a form of accumulation that the commune performs for the State's socialist construction. The delivery of agricultural products is a task that the commune performs to supply the State and industries with food and raw materials. These two tasks are important to the planned economy of the State. The fulfillment of these tasks by the communes is essential to the promotion and assurance of rapid progress for the State's construction and the expansion of industrial production. On the other hand, the expansion of industries leads to greater supplies of machinery, chemical fertilizers and insecticides which, in turn, serve to stimulate agricultural production and to improve the livelihood of commune members.

2. After fulfilling tax payment and delivering agricultural products to the State, the communes should formulate a suitable plan for the distribution of receipts in cash and in goods. The communes must keep an adequate amount of accumulation and the production teams must also retain a certain amount of accumulation. At present, the communes must carry out the principle "accounting at different levels with the team as the basis." The commune obtains a reserve fund and public welfare fund from production teams who distribute and keep account for the rest. The commune may formulate a principle of distribution to be followed by production teams according to different circumstances.

The problem of increasing the accumulation of communes and production teams deserves our attention. The establishment of the people's communes has increased socialist collective ownership. However, the communes have been in existence for only a short period of time. We must increase the accumulation of the communes and

production teams before we can expand production and bolster their strength. Moreover, the increase of the accumulation of the communes and production teams will also contribute to the implementation of the State's planned economy.

In 1959, the communes and production teams used the reserve fund to make substantial purchases of means of production to lend important support to agricultural production. The machinery and equipment liberated a large amount of labor force, increased the communes' capabilities to fight against natural disasters, and enabled agricultural production to continue to leap forward in 1959 on the basis of the Great Leap Forward of 1958. For instance, owing to the use of agricultural machinery, people's communes in Heilungkiang province economized 9,600,000 units of manpower and 4,800,000 units of horse-power between spring planting and autumn harvest. In this way, an add impetus was injected into the successful drives for increase agricultural production. Consequently, the rural areas were filled with the prosperous phenomenon of "abundant crops and bulging livestock."

In 1959, the communes and the production teams also used the reserve fund to establish a large number of plants for agricultural tools, processing, building material, chemical fertilizers, agricultural medicine /insecticides, weed killers, etc./, small power plants and others for the production of daily necessities. Large quantities of means of production and daily necessities were produced. According to incomplete statistics, in a period of ten months this year, these plants produced and improved over 100,000,000 agricultural tools and produced over 100,000,000 tons of native chemical fertilizers and more than 1,900,000 tons of native agricultural medicine. The capacity of rural electric power stations was increased by more than eight times. Many types of industrial products were turned out by the people's communes and the gross value of output also showed an increase over last year. From this we can see how important it is to increase the accumulation of the communes and production teams. In carrying out distribution within a commune, we must see to it that the rate of increase in accumulation is greater than that of consumption so that production may be expanded rapidly and the people's living conditions improved.

The economy of the people's communes is, at present, still under the system of collective ownership.

However, at the first level of the commune, a certain amount of ownership by the whole people has been introduced. Thus in developing the economy of the basic auditing unit of the commune, it is important to develop the economy of the commune and to increase gradually accumulation at the first level of the commune. First, to develop commune economy, we can, at the same time, develop the superior qualities of the commune -- such qualities as "size" and "public interest." The commune will be able to control to a greater extent the man-power and technology of the commune. It can plan agricultural construction on a large scale, exploit the economic factors of the commune more fully and change the economic features of the commune more rapidly. The commune can help the poorer teams develop their economy so that the economy of all the teams may be improved. Projects which the production teams cannot carry out may be executed by the commune. For instance, water conservation projects of various sizes were built in over four thousand places in Hunan province last winter and this spring. The number is more than twice that of medium and small reservoirs built in the past nine years. The greater majority of these projects was built by the communes. Some large reservoirs were built jointly by two communes.

Second, the development of commune economy will create favorable conditions for changing collective ownership gradually to ownership by the whole people in the rural areas in the future and for the transition from socialism to communism. The transition from collective ownership to ownership by the whole people must go through a process of change. The process lies with the gradual expansion of commune ownership and of that portion of the means of production owned by the whole people. Comrade Liu Shao-ch'i said: "When the partial ownership of the commune is changed into the basic ownership of the commune, a reliable foundation will have been established for the transition from socialist collective ownership to socialist ownership by the whole people in the rural areas." Of course, the rate of change is determined by the development of production and the awareness of the commune members. In short, as we have discussed before, while the economy of the basic auditing unit of the commune is being developed, the expansion of commune economy and the gradual increase in accumulation at the first level of the commune will contribute to the rapid expansion of production, broaden the outlook of the commune members, and heighten their awareness.

At present, in the commune economy, the first level ownership of the production teams is still the basic form. Thus besides delivering a part of its accumulation of the commune, the production teams must also increase suitably the first level accumulation of the teams. It will be a mistake not to pay attention to the increase of accumulation of the production teams. A greater part of the accumulation of the production teams is directly related their output and the livelihood of the commune members. It is more adaptable to the concrete conditions of the production teams. Under normal circumstances, the production teams should have a certain amount of accumulation. However, the amount of accumulation may differ with different teams. Rich teams may have more accumulation and poor teams less accumulation. Teams whose production has been curtailed on account of disasters need not have any accumulation. This is to guarantee the living standard of the people; people being the most important resource. An unlimited amount of wealth can be created by producing subjective dynamism among the people. In dealing with any problem, the first principle should be to avoid inhibiting the productive positivism of the members. Reducing suitably accumulations of the poorer teams may seem to be a disadvantage to the communes. However, as long as the members' productive positivism is maintained, the poorer teams may, under the correct leadership of the Party, catch up with the richer teams after a year or two of struggle. Thus, in the long run, the reduction of accumulation is an advantage to the commune. For instance, among the sixty production teams of the Ming Ch'eng People's Commune at P'an-shih Hsien in Kirin province, ten are poor teams. After a year's development, six of them have caught up with the rich teams. The average income for each unit of labor force is 371 yuan, an increase of 192 percent over that of the year before. Besides, they provided a certain amount of accumulation for the commune. This is a way to share wealth. It is also a necessary measure in the commune's transition from collective ownership to ownership by the whole people.

In short, there must be a proper ratio between accumulation and consumption of the communes and of the production teams. Accumulation must not be too small not too large. If the accumulation is too small, it would affect the present living standard of commune members and their productive positivism, which would also be

unfavorable to production. It is, therefore, a mistake to over-emphasize either accumulation or consumption. The basic principle is to increase accumulation and consumption year by year on the basis of production increases. Both accumulation and consumption must be raised.

3. After deducting the State tax, accumulation of the communes and the production teams, and production and administrative expenses from total revenue, the communes must distribute rationally that part of the revenue reserved for consumption. The pattern of distribution that combines wages with need is an advanced system containing elements of communism; it must be carried out resolutely. To distribute in part according to need serves to guarantee, to a certain extent, the food requirements of all the commune members. However, under the present production conditions of the commune, we must still carry out the principle of distribution based largely on "distribution according to labor" and "more work, more pay." The proper implementation of this principle will exert a positive effect on developing the production force and promoting the people's awareness. At present, our agricultural production has not yet reached a high level. It is not possible to satisfy fully people's needs. Under the circumstances then, who should receive more and who should receive less? The most rational yardstick is labor -- those who work more receive more. Thus, people's work enthusiasm will be heightened, and an attitude of respect for labor will be created. This will contribute to the advancement of the productive forces of the society.

As to the distribution of that part of the revenue for individual consumption, the income of 90 percent of the commune members must in general show an increase over that of the previous year, while there must be no decrease in the income of the rest of the members. This is a practical measure to integrate the immediate interests and the long-term interests of the members. It is also a means of judging the quality of the distribution work.

Distribution work is of the greatest concern to all commune members. The key to improving distribution is political leadership. The work is both economic and political. From this work, we can clearly discern the struggle between the two roads -- rich middle farmers often attempt to make use of the loopholes in distribution

work to restore capitalism. In order to free the masses from ideological confusion and overcome the errors of the rich middle farmers, we must strengthen the leadership of the Party, propagandize the general line of socialist construction, raise the socialist awareness of the masses and propagandize the distribution policy of the Party and the Government. At present, there are still some comrades who do not have a clear idea of the importance of distribution work. They do not devote enough effort to the work and they do not mobilize the masses fully. Thus the amount of the communes' receipts is unclear, the distribution policy is not fully implemented and the masses are still ideologically confused. This hampers further stimulation of the productive positiveness of the commune members and this problem deserves our attention.

A correct accounting of the agricultural output and other receipts of the commune is a prerequisite for successful distribution work. Production is the basis of distribution. An increase in production makes it possible for greater accumulation and consumption. The extent of production increase can be ascertained only through a correct accounting of output and other receipts which serves as the basis in the formulation of a proper distribution plan. It also enables the cadres and the masses to see the fruits of their labor and improves their morale. The experience of the Ho Ping production team of the Sui Ch'eng People's Commune at Sui-ning Hsien in Kiangsu province is a case in point. Under the distribution plan formulated prior to a correct accounting of output and other receipts, the commune's receipts were relatively low and the amount of distribution small. The cadres and masses were dissatisfied. Later, with the strengthening of Party leadership, the mobilization of the masses for autumn harvest, and a correct accounting of output and receipts from industries, its subsidiary enterprises and the forest products of the large and small production teams, total revenue was increased from 380,000 yuan to 450,000 yuan and the amount distributed to each commune member was raised by 13.4 percent. Thus the productive positivism of the commune members was further heightened which brought about a greater production high tide.

Rational distribution of foodstuffs and proper organization of the life of the members are also important elements in successful distribution work. The distribution of the commune to its members consists of

cash and goods. The members depend upon the distribution of the commune for the satisfaction of their daily needs. It is not enough for the commune and the production team to devote their efforts just to distribution work. They must organize the life of the commune members. The object of distribution is for consumption. If the life of the members is properly organized, the same amount of goods and cash would produce a greater effect. How food-stuffs are to be distributed and used is a question in which all members are interested. It is a question that requires special care in handling.

In the distribution of food the guiding principle should be "to determine the amount according to the needs of the individual member, to provide quotas for households, to use tickets for means in mess halls and to keep the food that has been saved." Generally, food distributed in a district should be sufficient till new crops are harvested in the following year. Food coupons should be issued to the households. The coupons saved by the members may be redeemed in food or in cash. The production team must do a good job in organizing the mess hall. They must improve the administration of the mess hall, the cooking, and increase the variety of dishes so that members may have adequate and good food. There must be planning and economy in the use of food. Food must be properly handled and stored. Vegetables must be properly stored. In places that are suitable for the planting of winter vegetables, such vegetables should be planted. The commune, the production team, the small production team, and the members' homes may store varying quantities of food according to circumstances. Seeds and animal feeds must also be properly allocated, used, and stored. When food is properly distributed, members will exert themselves to work for a larger harvest in the following years.

SUPERIORITY OF THE PEOPLE'S COMMUNES
FROM THE FINANCIAL STANDPOINT

✓The following is a full translation of an article by Wu Tien-hsi and I Ming-shen, appearing in Ta Kung Pao, Peiping, 14 January 1960, page 3.✓

In a period of more than a year since the establishment of the people's communes in the rural areas, the financial work of the communes, like other kinds of work, has achieved great success. Based on the principle of "unified leadership, decentralized control, and decentralized auditing," the people's communes in various localities have established and improved methods of accounting and auditing at different levels and necessary financial systems, thereby making more adequate use of the financial and material resources of the communes and ensuring satisfaction of the needs for expanding production. The communes and production teams in many localities have enforced the policy of "diligence and thrift in managing communes," thus they have brought about reduction in expenditures on production and administration as well as strict control over non-productive expenses to eliminate wastes. Such undertakings have ensured the smooth implementation of distribution work in the past year. Not only they have made possible an adequate arrangement for the rational relationship between accumulation and consumption and fulfillment of tax payments to the State, but also have effected an increase in commune accumulations every year under the principle that at least 90 percent of the commune members are assured of an increase in income. In addition, financial work in the past year has added many experiences and trained a large number of red and specialized financial and accounting personnel, thus creating a still more favorable condition for continuous improvement in the financial work of the communes in the future.

The record of achievements in commune financial work during the past year has fully demonstrated the superiority of people's communes. First, it has facilitated the strengthening of centralized leadership and mass supervision.

The establishment of the people's communes has brought about the organization of financial and accounting personnel who were originally scattered in various advanced cooperatives and hsiang units under the unified leadership of the communes. In each commune or production team, a Party committee member or a deputy director of the commune (or deputy team head) is generally appointed to undertake the work of financial control, thereby forming a cohesive financial system linking the upper and lower organs. This has not only strengthened the ideological leadership of the Party towards the financial work of the communes so as to enforce various policies of the Party, but has also facilitated the practice of scientific financial control in large-scale production units.

Particularly worth noting is the fact that since the people's communes are concerned with both production and the livelihood of the people and since the commune financial work is entrusted with the important responsibility of managing the finances of several thousand families, the Party has been enabled to gain greater understanding of the life of the masses so as to make better arrangement for their livelihood through the carrying out of financial work, thereby further cementing the close relationship between the Party and the masses. At the same time, through the basic-level Party organs in the communes the opinions of the masses relating to financial work can be understood in time resulting in the strengthening of mass supervision. As to livelihood of the peasant masses, the food problems, which has hung on the minds of farmers for thousands and hundreds of years, is not solved by a few cadres in the communes. And life of the peasants has been given careful arrangement. They need no longer worry about the supply of fuel, rice, oil, and salt, and may concentrate their efforts in production. This has a great significance in realizing the further development of productive power.

Second, commune financial work has effected unified planning and adequate utilization of the financial and material resources of the communes. It has also promoted rapid development of production.

Following the increases in income at the various levels of the communes, the ability of the people's communes to invest so as to expand reproduction has been greatly enhanced as compared with that during the period when advanced cooperatives were practised. Particularly accumulation at the commune level, has increased rapidly

as a result of the growth in the income of commune-operated enterprises and increases in capital transfers from production teams. This means the people's communes will be able to better mobilize financial and material resources for investment in the most needed places. Take the Yangtse-River Commune in Kiang-ning Hsien, Kiangsu Province for example -- during the period of advanced cooperatives, each advanced cooperative could only accumulate on the average 12,000 yuan a year. Although this amount was not very small, still it was very difficult for the cooperatives to purchase large-scale machines. The original Garden Advanced Cooperative did purchase one water-pump but could not afford the necessary installations. Cooperative members described the embarrassingly difficult situation at that time like that of "having money to buy a horse but no funds for the saddle." After its establishment, the commune, has accumulated 630,000 yuan in the first year and has bought six tractors, two water pumps, and one motor sail boat.

It should be further pointed out that because of the all-round development of industry, agriculture, forestry, animal husbandry, subsidiary products, and fishing, the structure of the various income levels of the communes has undergone a new transformation, changing the passive situation which prevailed during the period of advanced cooperatives when income from production was largely concentrated in the summer and fall seasons. Now, there is some income in every month of a year. This has greatly facilitated the turnover of commune capital and the distribution and utilization of capital among various departments -- two yuan can be used for the purpose of three.

The P'ao-tzu Production Team of the P'u-shan-tien Commune, Hsin-ching Hsien, Liao-ning Province was weak in financial resources with a shortage of capital amounting to about 130,000 yuan in 1959. Thanks to the practice of transfer of funds among different sectors, i.e., to supplement income from industrial and subsidiary production to meet expenses in agriculture and utilize the income from agriculture to invest in industry and subsidiary production, the commune has been able to collect more than 86,000 yuan. The ability of the communes to centralize capital utilization and enhance its turnover rate have enabled them to carry out farm water conservancy, industrial construction projects, and to exploit systematically marine products, and mineral and forest resources within the communes which

the advanced cooperatives were not capable to undertake. This has strongly promoted the all-round development of production in the communes.

Third, commune financial work has realized better enforcement of the principle of practicing economy, undertaking of economic auditing, and the carrying out of productive construction in a "greater, faster, better, and more economical" manner.

The people's communes are in a position to economize the use of man power, and financial and material resources in large-scale production, and better enforce the principle of practicing economy, resulting in the creation of the largest amount of material wealth with the least expenditure of resources.

(1) The people's communes can fully exploit the benefits of large-scale production machinery and basic construction pertaining to farm water conservancy. For instance, following the implementation of land planning and land adjustment, mechanized operation, and labor reorganization by a number of people's communes, the employment rate of large agricultural machinery and tractors has shown a sharp advance. Many communes have greatly economized the use of water subsequent to the reorganization of irrigation system and practice of water consumption planning. At the same time, as a result of the enforcement of the principle of "simultaneous use of foreign and native methods," and the application of the principle of "simultaneous development of self-supply production and commercial production" to produce a large amount of native agricultural tools, chemical fertilizers, and agricultural medicine by many people's communes, not only the burden of providing market supply has been lessened, but costs have also been greatly reduced, and production expenses lowered. The Wang-chi-san Team of Chung-1 Commune, Ma-ch'eng Hsien, Hupeh Province spent 20,000 yuan on agricultural medicine in 1958, but, because of the vigorous promotion of the production of agricultural medicine by native methods in 1959, it spent only 5,000 yuan for agricultural medicine.

(2) The establishment of a financial system for the people's communes has facilitated the propagation of economy experiences to a larger area and the introduction of a unified property safe-keeping system,

thereby reducing the unnecessary consumption of resources. After the adoption of the method of "four determinations" (determination of usable period, repair expenses, places for safe-keeping, and safe-keeping units or safekeeping personnel) and "six completions" (complete registration and numbering, use of cards, enforcement of procedures for using public property, control by specialized personnel, agreement of accounts and actual situation, and protection by the entire membership of the communes) pertaining to public property by the Chiang-tien Commune, Kao-tang Hsien, Shan-tung Province, only 13 large and medium-sized agricultural tools were damaged during the three months from April to June in 1959 for the 18 basic auditing units of the Commune. Among the units the property loss of the San-tsai Production Team in the past half a year has amounted to only 24 yuan constituting 0.03 percent of its total property value. As a result, the depreciation rate of tools has been greatly slowed and the efficiency of tools has been fully exploited.

(3) Some communes and production teams with better auditing conditions, practiced cost accounting for individual products or an overall cost accounting system, thereby facilitating the comparison of profit and loss from enterprise operations by various production units in different periods thus bringing about consolidation of the practice of economy and lowering of production costs.

(4) The enforcement of the principle of diligence and thrift in the operation of communes, the practice of planning control of capital and financial affairs, the wide establishment of a financial control system, and the adoption of a responsible financial system by the people's communes in various localities, have greatly reduced non-productive expenses. Productive and administrative disbursements also have been greatly curbed. In Ho-chien Hsien, Ho-nan Province, which comprises 15 communes and 727 production teams, the average investment per mou (including feed for livestock) declined from 7.5 yuan in 1958 to 5.26 yuan in 1959, representing a decrease of 29.8 percent. The Kao-ho Hsien of Kwang-tung Province experienced a reduction of 4 - 10 percent in cost in 1959 compared with that of 1957 and 1958, with administrative

expenses accounting for only 0.5 percent of total income. Property loss of agricultural tools was reduced by 428,000 yuan.

Fourth, commune financial work has ensured the practice of adequate distribution.

People's communes in the rural areas of China have practiced three-level ownership of productive means, among which ownership at the level of production teams basic. In order to adapt to such a situation, the communes have enforced the system of "unified leadership, decentralized control, and decentralized auditing" in their financial work, thereby ensuring an adequate distribution of income among various levels of the communes with the income of production teams being basically owned by all the members of the teams subject to public distribution. By so doing, the economic basis of production teams may be taken care of; likewise the solidarity and production within the communes may be promoted. At the same time, production teams have transferred a certain proportion of accumulated funds to the communes so as to gradually increase the portion owned by the commune level with the passing of every year. This is an important basis of the great prospect of the people's communes.

The financial and accounting work of the people's communes has also served for the better execution of distribution task. Before the production process is initiated financial plans, organization of material resources, and supply of capital are also worked out so as to ensure the development of production according to a definite planned proportion. During the production process units of communes at various level further carry out a series of financial and accounting work to record, classify and tally the use of materials and manpower in production. At the same time, concrete financial work such as the clearance of properties and auditing of capital funds directly serves as a preparatory work to effect future adequate distribution. After the conclusion of production process, the financial system of the communes work out details to gather the labor results of members of various departments and computing them in terms of money. Repeated trial calculations are made so as to adequately arrange for a rational relationship between accumulation and consumption. The procedure is as follows: fulfill the payment of State taxes according to regulations,

deduct production expenses to compensate for the consumption of resources in the course of production, deduct reserve funds and welfare funds according to a definite proportion to increase the working capital of the communes and reserve power, and promote collective welfare undertakings, finally distribute to members of the communes the remaining portion in the combined form of wages and provisions in kind.

Following the practice of such measures, accumulation of the communes has greatly increased. In 1958 accumulation was more than doubled that of 1957, while accumulation in 1959 scored a further remarkable growth compared with that of 1958. Income of commune members has also advanced every year, thereby ensuring a rise in income received by more than 90 percent of the commune members. Particularly regarding the portion of individual consumption distributed to the commune members, thanks to the adoption of the system of combining wage and provision payments, the long-pending problem of contradiction among the so called "over-draft accounts" and "empty share accounts" prevalent in former agricultural producer's cooperatives has been solved. The broad masses of peasants are provided with the most reliable device of social insurance. Consequently, the peasants have widely acclaimed the measure and have regarded the communes as their "iron rice bowl" and "the source of good fortune."

Fifth, commune financial work has facilitated better coordination of production, supply, and marketing work in rural areas.

People's communes are the basic units of unifying workers, peasants, merchants, students, and soldiers in the social structure of China. They are also the basic units of political organization. The commune financial work shoulders the double responsibility of serving as the basis of State finance and undertaking the internal financial control of the communes. On account of these characteristics, on the one hand, accumulation of the State capital and the financial revenue of the State may be better accomplished, and the production and financial plans of the communes may be better coordinated with the State plan and gradually integrated into the State plan; on the other hand, the unification of the communes and political organizations has strengthened

the leadership of the State over the financial work of the communes, resulting in better coordination of commune financial work with the central tasks of the entire rural areas and enabling financial work to better serve production. Since the original supply and marketing and credit cooperatives within the area of a commune are all put under the leadership of the commune, the latter has been enabled to make better plans to organize the supply of production materials and daily necessities and the marketing of agricultural and subsidiary products, and to carry out still broader organization and transfer of funds and more effective work pertaining to the control of funds. All these characteristics have been conducive to the rapid development of production, and have resulted in continuously raising the standards of living of the members of the communes on the basis of expanding production.

It should be pointed out that the Chinese people's commune system is still young, the experiences acquired in the financial work of the communes are still insufficient, and the superiority of the commune financial work has just begun to be revealed. An important task confronting financial personnel of the communes is to continue to strengthen and improve the financial work and vigorously develop the superiority of the people's commune system. We are of the opinion that the following aspects should be given attention in the future:

Continue to enforce the principle of "unified leadership and decentralized control." This is also the principle of combining centralization and decentralized control which is essential to the management of large-scale production units. In fact, it is the enforcement of "democratic centralization system" in financial control work. We should be aware of the fact that only through centralization can unity and integrity of financial activities be assured and all the financial undertakings may be enabled to serve a common aim and demand. At the same time, only through the practice of decentralized control under a unified leadership can the financial work be adapted to the peculiar needs of different places, at different time, and concerning different matters, thereby mobilizing the positive elements in various fields to better achieve the task of financial

work.

Following the improvement and expansion of accounting, auditing, and financial control system at various levels of the communes, and in adapting to the needs of rapid development of the commune economy and the continuous leap forward in commune financial work, the people's communes should undertake the following tasks in the future: to coordinate the current interests and long-range interests of the communes by arranging better the proportion of capital construction to production investment in the same year; to continue the strengthening of financial and material-supplying planning and, based on the unified plan of the communes, to guide and assist the various basic level auditing units in drawing up concrete measures for implementing the plan; to consolidate the various control systems adopted within the communes such as the systems pertaining to property safe-keeping, cash management, and the control of fixed funds or assets, and to stipulate unified regulations and supervise their enforcement; to adjust systematically the utilization of financial and material resources within the jurisdiction of the communes and promote mutual assistance among various teams according to the principle of "practicing exchange on parity and effecting mutual assistance and mutual benefit;" to strengthen the guidance of accounting and cost auditing work to be undertaken by various basic-level auditing units; to formulate distribution plans of the entire communes in accordance with the policy of income distribution and make adequate arrangements and adjustments with respect to reserve funds and welfare funds of the communes, giving necessary subsidies to poor teams with weak financial resources and great difficulties; to train financial workers at various levels and elevate their level of political ideology and professional knowledge.

Resolutely enforce the policy of "diligence and thrift in the operation of communes." People's communes should constantly educate their members the principle of "diligence and thrift in operating the communes," and enforce thoroughly the various necessary financial control systems to manage well public property. The communes should continue to apply the principle of combining political ideology with material interests, encourage "diligence and thrift in the operation of communes," vigorously

propagate effective economizing methods, adopt "native methods" to replace "foreign methods," and promote the utilization of substitutes and wastes to lower costs. An important task confronting us now is to promote vigorously an economic auditing system while adapting to the peculiar characteristics and control levels of the various economic units of the communes. Through economic auditing the communes will be enabled to practice economy, lower production costs, and advance labor productivity. In general, the basic auditing units of communes should audit separately production costs and operation results in agriculture, forestry, animal husbandry, subsidiary production, fishery, and commune-operated industry. Those communes with better conditions should gradually expand the scope of auditing costs of agricultural products, while those communes with inferior conditions may temporarily practice a comprehensive auditing of receipts and expenditures in connection with production. Enterprises controlled by the communes and basic auditing units with good conditions may practice independent economic auditing, while those enterprises with inferior conditions may adopt control methods pertaining to the fulfillment of tasks, approval of fixed expenses, periodical transfer of receipts to upper level organs, and periodical reports of expenditures. The various cultural and welfare units should also, based on the principle of "carrying on more undertakings with less money" take adequate measure to strengthen financial control according to their income or the reliability of their sources of income.

Hold fast to political commandship, vigorously promote mass movement, and continuously improve the work of financial control. To strengthen the leadership of the Party, hold fast to political commandship, and follow the mass line are the key to ensure good performance of all kinds of work. The financial work of the communes is no exception. Some comrades are of the opinion that the commune financial and accounting work is nothing but a sort of technical work relating to calculation and entry accounts. It is not susceptible to mass movement. This is an extraordinarily misleading conception. On the one hand, since at present a commune is a basic social organization which controls the production and livelihood of thousands or tens of thousands of families,

objectively it requires the mobilization of the masses to exercise democratic supervision and the carrying out of various activities according to the wishes of the masses; on the other hand, practices in many localities have proved that commune financial work is not only susceptible to mass movement but the latter is essential to the continuous improvement of financial control work. For instance, we should mobilize the masses to discuss and decide on the financial plans of the entire communes and the program of "three contract work;" mobilize the masses to enforce the implementation of various financial systems, protect and safe-keep public property; mobilize the mass to supervise financial accounts and practice financial openness; mobilize the masses to discuss and determine distribution methods, and, through distribution, to make propoganda on the superiority of the people's communes and educate the commune members; promote the mass criticism, comparison, and emulation and adopt the forms of great contention, great blooming, great debates, and large-character posts to present opinions pertaining to the improvement of financial work, organize visits, exhibitions, and exchange of experiences. In conclusion, we should trust and rely on the masses, encourage the broad masses of commune members to participate in control, rely on the masses to undertake financial work, and practice democratization of financial control so as to achieve good performance of financial work and ensure a full development of superiority of the people's communes.

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