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ECONOMIC DEVELOPMENT IN COMMUNIST CHINA:

AGRICULTURE AND THE PEASANT

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Agriculture is the foundation of the Chinese economy, and as such **it** is vital to the Chinese Communists¹ economic development program. Although rapid industrialization is the primary economic aim of the Peking regime, **it** is agriculture which must provide food for a growing urban and industrial population, deliver many export products required to pay for imports of essential capital goods, and supply increased raw materials for industry.

Roughly four-fifths of the Chinese population directly participates in agricultural production, and **it** is the peasants who must support the Chinese economy and **pay** the major costs of economic development. Despite attempts to disguise the economic burden imposed upon the peasantry, there is no alternative, in Communist China, to the necessity of extracting the bulk of economic savings for investment in **industrialization** from the mass of ordinary **peasants**.

The difficulties of increasing agricultural production in China are tremendous, and already agriculture **is lagging** far behind the **ambitious** goals for production increases which the Chinese Communists have set for themselves. During the 1949-1952 "period of economic restoration," agriculture, like other sectors of the Chinese economy, steadily improved. Although there were numerous factors adverse to agricultural production during this period, these were more than offset by increasing order in the countryside, cultivation of land which had been idle during years of war and revolutionary struggle, widespread water conservancy development, restoration of internal transport and trade, and good weather. The task of **increasing** agricultural production has met serious setbacks since 1952, however,

The basic facts of agriculture in China cannot be ignored, China is heavily overpopulated in terms of cultivable land, and **it** is estimated that there is only one-half of an acre of arable land per person in the country. The average farm holding is roughly 3.5 acres and the majority of **China's** peasants live close to a bare subsistence level. Some of the Chinese

Communists' agricultural policies, furthermore, have created new problems, and in 1953 weather conditions -- the most unpredictable but among the most important factors affecting agriculture -- were extremely bad. As a result, 1953 agricultural **production** was far less than was called for by China's economic plans, and a serious agricultural crisis developed. The first year of the **Communists'** Five Year Plan was a failure in the field of agriculture, and difficulties have continued this year.

During the past four years, Chinese Communist agricultural policies have undergone a basic shift. From 1949 to 1952, primary attention was given to a policy of land distribution, developed during years of revolutionary struggle. By 1952, however, the Chinese Communists had adopted a program of step-by-step **collectivization** of agriculture, and in recent months the pace of forcing peasants into preliminary forms of organization has been stepped up. State purchase of grain was also increased rapidly during this same period, and in late 1953 the serious agricultural situation led to a decision by the Chinese Communists to take drastic action. A state monopoly of all trade in grain was proclaimed, and general grain rationing was introduced.

There is every indication that China is now having even greater difficulties in carrying out its plans for agricultural development than in making limited industrial progress. **New** industries can be grafted on to the existing economy, but the Chinese Communists' present agricultural policies involve changing the pattern and traditions of "**forty centuries of farming.**"

The Communists rode to power in China **on** the broad backs of the country's peasants. It remains to be seen whether or not these sturdy backs can, or will, support the current program of economic development.

Land Reform

One of the most important factors in the Chinese Communists' rise to power was a program of "**land reform.**" Much of the debate on whether or not the Communists in China were "agrarian reformers" has obscured the fact that although they have been loyal to Marx, Engels, Lenin, and **Stalin**, an announced policy of land distribution **was** fundamental to their successful conquest of China.

Unequal distribution of land ownership, high farm rents, and widespread **exploitation** of peasants by a rentier landlord class have periodically been serious problems in China during the past two thousand years. In the modern period, these problems created rumblings of peasant discontent, and every important Chinese leader after Sun Yat-sen endorsed the general principle of "**land to the tiller.**"

The Communist Party was the only political group, however, which really capitalized on pressures of discontent in the Chinese

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countryside, and from the early 1930's onward "agrarian reform" was the most basic plank in its revolutionary platform,

The specific agrarian policies sponsored by the Chinese Communists underwent numerous changes, but with the exception of the wartime period when moderation was tactically expedient, their program called for equalization of land ownership through complete elimination of landlordism and redistribution of confiscated land. With this unswerving central aim, they vacillated primarily on the question of whether rich peasants should be expropriated in the interests of land equalization or tolerated in the interests of agricultural production.

From 1931 to 1934 the Communists in China followed what was subsequently labelled an "ultraleft" policy of violent and indiscriminate confiscation of both landlords' and rich peasants' land. In 1937, when the Sino-Japanese War began, they shifted to a relatively moderate policy of rent limitation in the areas which they controlled, but the end of the war saw a return to the earlier policy of violence and confiscation. Within a year the adverse effects of such extremism upon agricultural production led them to issue instructions that rich peasants be exempted from confiscation. Extremism was reasserted in 1947, when the Agrarian Reform Law once again staked out the land of rich peasants for expropriation.

By promising free land to poor and landless peasants, the Chinese Communists were able to attract many followers, and they gradually built up their party and army, which were the bases of their power, by organizing discontented peasants. Almost no mention of collectivization was made during this period in China, when the Communists were struggling for power. As a matter of fact, Mao Tse-tung's "New Democracy," which was written in 1940 and remained the bible of Chinese Communism for a decade thereafter, specifically stated that "ownership of the land is to be readjusted, not with a view to building up Socialist agriculture, but only in order to turn the land into the peasants' own property."

When the Peking regime was established in 1949, therefore, land redistribution was still the basis of Communist agricultural policies in China. In early 1950, Mao Tse-tung stated that completion of land reform was one of the three fundamental economic tasks facing the new regime, and in the middle of that year a revised Agrarian Reform Law was adopted as the basis for implementing the program. By this time, when the Chinese Communists' program had changed from one of gaining power to one of consolidating and preserving it, agricultural production had become more important to them than ever before. As a consequence, the Communists decided that the rich peasants -- the most productive elements in the agricultural economy -- should temporarily be tolerated. The 1950 Agrarian Reform Law called, therefore, for "elimination of the landlords as a class" but specified that the "rich peasant economy" should be "preserved," although the rich peasants should be politically "neutralized."

The 1950 law, which is still on the books in China, outlined a program for confiscation (without compensation) of **landlords'** holdings and redistribution of the land to poor and **landless** peasants. This was done with each administrative village in China as the unit for distribution, so the amount of land redistributed in **any** area depended upon local conditions, and slight variations in land ownership continued after the program was implemented. Rich peasants were allowed, in most cases, to retain land cultivated by themselves or by hired labor and even, in some cases, land which they rented out.

Between 1950 and 1952, the 1950 Agrarian Reform Law was vigorously carried out in "**newly** liberated areas" **all** over the country. The **way** in which the law was implemented made it clear, however, that political and social aims were more important to the regime than economic ones*. In the eyes of the new revolutionary authorities, "**elimination** of the landlords as a class" **and** destruction of their political, social and economic power **required** "violent struggle" and class warfare in each village throughout China. Where class animosities were not intense, it was the responsibility of outsiders who entered the villages as political cadres to arouse the villagers and to ensure that "struggle meetings" and mass public trials were held. In many villages, land redistribution could have been carried out without violence, but this was not allowed. Class warfare was essential, even though it disrupted agricultural production for long periods of time, because the landlord class had to be thoroughly discredited as well as "**economically eliminated.**"

The land redistribution program lagged somewhat behind schedule during its latter phases in South China, but by the end of 1952 it was "completed in the **main,**" according to official claims, and in **mid-1953** the Chinese Communists announced that it had been "concluded" **except** in certain areas populated by national minorities. There were still many problems of consolidation; for example, as late as the end of 1953 the Communists admitted that in one large South China region 70 per cent of the villages were **not** yet "**basically stable**" and 60 per cent of the new land deeds had not yet been issued. But by mid-1953 redistribution of the land had been completed throughout most of the country.

This land redistribution program has fundamentally altered the existing class structure in rural China and has had a tremendous effect **upon** the whole agricultural economy. The landlords in China have been "**eliminated** as a class." Some have been **killed,** others put into forced labor groups ("**reform** through **labor**") and still others assigned small plots of land to **cultivate.** The role of local **leadership** and influence which the landlords almost universally played has been taken over by a new political elite of cadres and "**activists**" fostered by the **Communists.** Ownership of land had been equalized (although not completely **so**). The Peking regime claims that over **115** million acres **--** one-third to one-half of the total acreage of cultivated land in China **--** have been redistributed to peasant families containing, over 300 million

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persons. The distribution of agricultural produce has been radically altered. **Formerly**, according to official **Communist** claims, almost 30 million tons (other claims say 50 million) of **grain** a year were paid as rents to landlords by tenants in China. Now land rents have been for the most part **eliminated**.

The Chinese Communists claim that all of this has had a favorable influence upon agricultural output by increasing the peasants' "**productive ardor**," and has improved the economic lot of the average peasant by eliminating landlordism. But both of these claims are dubious.

The methods of Land redistribution were extremely disruptive. Months of time-consuming meetings, uncertainty about ownership rights, and confusion about **all** traditional village relationships had an adverse effect upon production. Furthermore, as soon as land was distributed in any area, the Communists began to pressure peasants to **join mutual** aid teams and other forms of collective organizations designed to pave the way for complete agricultural collectivization in the future. As soon as rents to landlords were eliminated, the state began to collect very high agricultural taxes and to purchase **peasants'** surplus grain at low prices.

In addition, the average size of farm holdings immediately after land redistribution was admittedly smaller in many areas than before, and this intensified the old problem of inefficient farm units. The assignment of land to "**idlers**," city dwellers, landless agricultural workers and ex-landlords who had never cultivated their own land increased the number of persons among **whom** available land had to be divided, and studies of certain areas indicate that as a result the average size of land holdings was reduced by about 15 per cent.

The elimination of landlords also disrupted the **old** rural credit system, for landlordism and money-lending were combined in a great many instances. The landlords often exploited the peasantry by their usury, but they provided essential credit, and the government's efforts to establish a new state-controlled credit system could not immediately fill the gap which expropriation of the landlords had created. The increased number of farms after land distribution also made worse the shortage of **tools**, animals and other items of agricultural capital. **All** of these factors made the program far from completely satisfactory, even to former tenants who received ownership of land.

At the same time, Chinese Communist attitudes toward the peasantry **underwent** a subtle but major change. The "**Common Program**" in 1949 stipulated that the "**right** of ownership over the land obtained by the peasants shall be protected," but it also specified that after land redistribution the state "**shall** guide the peasants to organize step by step various forms of labor mutual aid and production **cooperation**." By the end of 1951, it was clear that a systematic program aiming at eventual collectivization had

become basic policy. Officially, it was said that collectivization would be **"voluntary,"** but the Communists spoke with increased **frequency** of the peasants' **"dangerous** spontaneous tendencies toward **capitalism."** Even history began to be rewritten as the Peking regime became less concerned with attracting peasant support to a popular program of land distribution and more concerned with controlling the peasants and pushing them in directions which they do not like. The 1952 edition of Mao Tse-tung's "Collected Works" omitted a key **sentence** from an article he had written **25** years **earlier.** In 1927 Mao wrote: **"If** we are to compute the relative accomplishments of various elements in the democratic revolution on a percentage basis, the urban **dwellers** and military would not rate more than 30 per cent, while the remaining 70 per cent would have to be allotted to the peasantry in the **countryside."** Omission of this sentence symbolized the full swing of the Chinese Communists' policy toward the peasantry; by 1952 the Communists in China no longer concentrated upon making promises to the peasants but rather upon controlling them and extracting the maximum from them,

Water Conservancy - Flood Control and Irrigation

At the same time that they were radically altering the pattern of land ownership in China through their **"agrarian reform,"** the Chinese Communists started to do what they could in various ways to increase agricultural production. Their most important positive aid to production has been development of water conservancy. Soon after coming to power, they started work on a great **many** irrigation and flood control **projects.** Some of these projects have merely continued work started under the previous regime, but many are new, and the total effort devoted to water conservancy is the greatest in **China's** modern period. During the first years of the regime, water conservancy ranked with railway construction as one of the two main fields of constructive activity, and it continues to be important. Millions of workers have been organized to build levies and dams and to dig ditches and canals; as a **result,** significant results have been achieved during the past four years.

An official Chinese Communist statement at the end of last year claimed that since 1949 a total of 250 large conservancy projects had been undertaken. In addition, it was said, four million small local projects were carried out, 100,000 wells **dug** and 30,000 horsepower added to China's irrigation pumping system. **All** of this work, the Chinese Communists claimed, improved irrigation facilities or provided irrigation for the first time on nine million acres of land.

Some of the large projects undertaken have been very ambitious. For example, the Chinkiang reservoir west of Shasi on the upper Yangtze is designed to control the flood waters which periodically plague the whole river valley. Part of this project was completed in 1952 when two movable dams were constructed to regulate inflow of water from the Yangtze into the reservoir, which

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covers 921 square kilometers and has a capacity of six billion cubic meters of water,

The Hwai River project in North-Central China is even larger and has been given tremendous publicity. Work completed there includes three reservoirs and 15 flood detention projects with a capacity of ten billion cubic meters of water, repair of over 2,000 kilometers of river dykes, dredging of almost 3,000 kilometers of river channel and construction of a 170-kilometer canal. When the work is completed, the reservoir capacity is planned to be 20 billion cubic meters, 1,000 kilometers of river are to be navigable, over six million acres are to be irrigated, hydroelectric power is to be developed, and both flood control and irrigation will be improved in the whole Hwai River basin, which contains 60 million people*

Numerous other major projects have been completed or started. Among them are: the important 2.2 billion cubic meter Kwantung reservoir -- largest south of Manchuria -- to help control the Yungting River near Peking; a new 43-kilometer channel for the Tacking River near Tientsin; several canals and flood detention basins on the Yellow River; new channels to the sea for the Yi and Shu rivers in North China. The Communists also claim to have repaired or strengthened most of the 42,800 kilometers of dykes already lining China's rivers and coasts,

These flood control and irrigation projects have been a significant factor aiding agricultural production, but they have by no means solved the difficult problems of flood and drought in China. From 1949 to 1952 the size of the area affected by natural calamities steadily declined: 100 million mu in 1949, 60 million in 1950, 21 million in 1951 and 16 million in 1952. But in 1953 flood and drought struck again on a large scale, despite all the conservancy work that had been done in the previous four years. The Chinese Communists have not revealed the exact extent of last year's calamities; all they have said is that the area affected was "less than 1949," but flood and drought seriously hurt production and contributed to the failure of Communist China's agricultural plans for 1953. This year floods have again occurred on a large scale. By early July, heavy rains in the Yangtze valley were reported to have raised the water level of the river to the highest point since the disastrous floods of 1931, and important rice centers near Wuhan, Kiukiang and Changsha were threatened with inundation. Calamities may make this year's crops in China smaller than in 1953. It will be a long time before dams and canals can really begin to counteract the effects of too little or too much water in China. In the meantime, old man weather will continue to dominate both the peasants and the state planners,

Most of the water conservancy projects undertaken in Communist China have been located in heavily-populated agricultural areas where old irrigation and flood control projects already exist. The Chinese Communists claim that in the first three years of their rule, the irrigated area in the country increased to over 35 million

acres (prewar figures on irrigated acreage were considerably higher than this), but most of this acreage is in **China's** major river basins. Very little has been done to open up new land for cultivation despite the fact that the Communists in China have made optimistic claims about virgin land which can be brought unde*cu'ttivation. At one point they stated that "**unused** and virgin land is estimated to be at least as much as the total present cultivated acreage in the **country;**" later they said that "**arable** wasteland* in China totals 50 to 65 million acres. Even the latter claim exceeds most responsible estimates of uncultivated arable land in China made before the **Communists** came to power. According to some estimates there may be only 35 million acres or so which can still be put under cultivation economically.

There is every reason to believe that China has relatively little uncultivated land which can still be developed for **agriculture**. China has large unpopulated regions, but most of them are mountainous or arid, and development of irrigation facilities in the majority of these areas would be prohibitively expensive. It is unlikely, therefore, that the Chinese Communists will be able to expand China's total agricultural acreage on any spectacular scale.

In the foreseeable future, furthermore, Communist China plans to concentrate its investments in development of modern industry. At the end of 1953 there were indications that instead of expanding investments in water conservancy -- which would certainly be required to open up new areas -- investments in this field were being reduced by elimination of "**unessential**" projects. Continued irrigation and flood control work will improve the land now under cultivation in China, but it appears that for a long time to come Communist China will depend primarily upon agricultural land already developed.

Capital Equipment, Rural Credit, Training, Etc.

In addition to developing water conservancy, the Chinese Communists have taken a number of other measures to assist agricultural **production** and to help solve the serious production problems facing **China's** peasants.

Huge **antipest** campaigns have been organized. In the past four years, it is claimed, about 520,000 insecticide sprayers and 37,000 tons of insecticide have been sold to peasants, but organized manual labor has been the main weapon against pests. The Chinese Communists say that up to the beginning of last year, 120 million people had been organized to take part in **antipest** campaigns, and they claim that these **campaigns** saved over 16 million tons of grain.

Use of fertilizers has been slowly increased. Last year, about four million tons of fertilizers of all sorts were distributed to peasants through supply and marketing cooperatives, and this year the target is 4.2 million tons. (These figures compare to

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1.3 million tons in 1951 and 2.9 millions in 1952.) Most of this fertilizer consists of vegetable and oilseed cakes, however; the total amount of chemical fertilizers distributed in all of Communist China is still less than one million tons, which is wholly inadequate to meet existing needs.

Some efforts have also been made, in a simple way, to alleviate the serious shortage of farm tools. Through supply and marketing cooperatives, 33 million farm tools were distributed to peasants in Communist China last year, according to official claims. These included 300,000 sets of "new-type large farm tools" (mostly plows and cultivators), and the 1954 target for distribution of such tools is 250,000. Even urgent needs are far from being met, however. Two years ago, the Chinese Communists said that "in every administrative region, province and administrative district, we should establish state factories or repair shops to supply the countryside with modern farming implements," but only a few such factories or shops have been set up since then.

Mechanization of agriculture is an important future aim of the Chinese Communist regime, but for a long time it will remain little more than a dream. There are, at most, only a few hundred modern tractors in China. Even horse-drawn machinery, which is being promoted in Manchuria as a preliminary form of mechanization, has not been developed extensively; the target for last year was to increase the number of sets of horse-drawn machinery in Manchuria to 4,600. The Chinese Communists admit that mechanization cannot really be developed until China's second Five Year Plan has started. Then they hope to have more industries producing farm machines, and many of China's peasants will have been organized into producers' cooperatives. Even then mechanization may be slow. Non-Communist students of Chinese agriculture raise searching questions about mechanization in China. How can wet rice culture, practiced in most of South China, be mechanized? How practical, in economic terms, is extensive agricultural mechanization in a country which has a great deal of labor but is short of capital, and liquid fuels? How can the surplus labor created by agricultural mechanization be absorbed quickly into other occupations in a country such as China? Questions such as these are rarely discussed by the Chinese Communists.

The serious problem of farm credit in China has already been mentioned. The Communists have tried to build a new state-controlled system of rural credit, but only limited progress has been made. The People's Bank has established branches in many counties and districts in rural China, and last year, according to official claims, its agricultural loans totalled about U.S.\$661 million, which was 15 times the 1950 total. Most loans of this sort are given for projects and equipment which aid production, and interest rates are low.

A system of rural credit cooperatives, under People's Bank supervision, has also been started. By the middle of last year it was claimed that almost 7,000 such cooperatives had been

set up, with a membership of 4.25 million people and total capital of about U.S.\$3.7 million. (The cooperatives average over 600 members, and their capital amounts to about U.S.\$500 - \$600 each.) In addition, over 2,000 "credit departments" in supply and marketing cooperatives and over 14,000 "credit teams" (each with six to fifteen members) had been established. However, the deposits held by all of these organisations in mid-1953 was only about U.S.\$7 million; they received roughly U.S.\$8 million in credit from state banks during the first nine months of 1953, and their loans to peasants totalled about U.S.\$10 million. In short, although credit cooperatives may in time play an important role in China, the amount of credit which they provided to peasants last year was infinitesimal in terms of existing needs. This year, expansion of credit cooperatives has continued, and by May it was claimed that 26,000 credit cooperatives, or triple the 1952 total, were operating. But the Chinese Communists have a long way to go before they can meet the rural credit shortage created by their liquidation of landlord and merchant wealth.

Another part of the Chinese Communist program to increase agricultural production has involved "improvement of techniques through mass movements" and short training courses for peasants. These efforts have been on a very low technical level, and apparently they have been carried out mainly by political cadres rather than agricultural specialists, of which China has very few. Campaigns have been undertaken to improve selection and treatment of seeds, to prevent insect pests and so on, and some results may have been achieved. (On the basis of official claims, perhaps 3 to 4 million acres have been sown with improved seeds.) In addition to these special campaigns, over 150,000 "spare-time schools" and 250,000 "winter schools" for peasants have been set up in China, and these too have undoubtedly been a channel for some simple ideas for technical improvement of farming. Chinese Communist plans also call for the establishment of small state farms in every province, administrative district, county and local district where land is available; one of the main functions of these farms is "to demonstrate to New China's emancipated peasants the superiority of scientific, mechanized farming and collective labor." There is no complete information on how many state farms of this kind have been organized, but it will certainly take time to get large numbers into operation and to staff them with competent technical personnel.

The shortage of farm livestock is another unsolved agricultural problem in China. The Communists say that rural supply and marketing cooperatives are attempting to provide needed animals, but they are vague on accomplishments, and reports of serious animal shortages persist.

In relation to peasants' incentives for production, the Chinese Communists have tried to organize large "patriotic emulation drives" in the countryside and to get peasants to make "patriotic compacts" in which they promise to increase production. They also claim that their agricultural tax law, which exempts

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from taxation all production above arbitrarily established "norms," provides an incentive for peasants to produce more. This is extremely dubious, however. There are many non-Communist reports, in fact, of widespread peasant dissatisfaction caused by the Chinese Communists' high agricultural taxes, purchases of farm products at low prices, and other policies which hurt the peasants.

The basic technical and other problems of increasing agricultural production have by no means been solved by the Chinese Communists, although a number of programs have been initiated which are designed to alleviate some of the peasants' production difficulties. Accomplishments to date have been modest, although it is certainly possible that these programs will in time show better results.

Agricultural Production - Grain

Despite numerous problems affecting agricultural production adversely in Communist China from 1949 to 1952, production of major crops increased steadily during that period. Restoration of order, rehabilitation of transport and trade, cultivation of land which had been idle for several years, and good weather -- all factors which had little direct connection with agricultural policies as such -- were a boon to the peasants.

Grain crops are the most important agricultural product in China, and production of grain can be used as a rough measure of agricultural production as a whole. ("Grain" includes rice, wheat, sorghum, millet, barley, beans, peas, seeds, and even potatoes.) The Chinese Communists claim that grain production in China rose 11 per cent in 1950, 8 per cent in 1951 and 28 per cent in 1952, and that by 1952 annual production of all types of grain totalled 163.75 million tons, which they said was about 15 per cent above post peak production figures in China,

During 1953, at the start of Communist China's first Five Year Plan, ambitious targets for increased grain production were announced. China's ultimate aim, after two or more five year plans, the Chinese Communists said, is production of between 275 and 300 million tons of grain -- almost double present production. The target for the first Five Year Plan was set as a 30 per cent increase over the 1952 level; this would mean a five-year increase of 50 million tons and a 1957 output of almost 214 million tons. (From 1928 to 1950, U.S.S.R. overall agricultural production increased by only about 25 to 30 per cent.)

With these ambitious long-term goals defined, the Chinese Communists announced that in 1953, first year of their Five Year Plan, they would increase production of grain to 175 million tons - a planned increase of over 11 million tons or about 7 per cent. Before the year was half over, however, it became clear that bad weather and many other factors had upset the planners' calculations, and toward the end of the year it was admitted that instead of achieving huge increases in grain pro-

duction, output for the year was actually less than in 1952. By mid-1954, claims for the previous year had been revised slightly upward, and it was asserted that during 1953 production of grain had increased 1.5 per cent and totalled 165 million tons. In short, even in their final official claims, which were undoubtedly inflated, the Chinese Communists admitted that their agricultural production plans for 1953 had been an almost complete failure.

The shock of failure in 1953 has made the Chinese Communists more sober about announced targets for the immediate future, and the grain plan for 1954 calls for a production increase of only 3 per cent, or about five million tons, over last year. Unless this rate of increase is greatly speeded up -- which does not seem imminent -- Communist China obviously cannot achieve the 30 per cent increase in grain production scheduled for the first Five Year Plan, and this fact undoubtedly will affect the timetable of the Chinese Communists' entire economic development program.

One of the significant things revealed by data which the Chinese Communists have published on agriculture during the past few years is the fact that as much of the rise in production between 1949 and 1953 came from increases in acreage (mostly land put back into cultivation rather than virgin land cultivated for the first time) as from better yields per acre. In 1953, for example, Chinese Communist official figures indicate that grain acreage increased from 303.3 million to 305 million acres while 1953 grain yields averaged 181 catties per mou (one catty = 1.1 pounds; one mou = one-sixth of an acre) which was only 1 per cent above 1952 and was still 5 per cent below average figures for the mid-1930's in China. In the future, the possibilities of increasing acreage are limited, and increases in per acre yields are likely to be slow.

All of the above information is based upon official claims made by the Communist regime in China. The real figures may well be lower than these claims. On the basis of fairly detailed regional statistics on agriculture published in Communist China, non-Communist sources in Hong Kong estimate that in 1953 China had 250 million acres sown in grain and that grain production was 138 million tons during the year. These figures mean, according to these sources, that compared to prewar levels, 1953 acreage was 2 per cent higher than in the 1930's while production was 25 per cent lower, and that compared with 1952, acreage increased 2 per cent in 1953 while production declined 1 per cent.

Agricultural Raw Materials

During the past four years the Chinese Communists have striven for self-sufficiency in major agricultural raw materials. There have been several reasons for this policy. Perhaps the most urgent one has been the desire to conserve China's limited amounts of foreign exchange for essential imports which the country cannot possibly produce itself at the present stage of

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its development. In addition, however, the idea of autarky is an important element in almost all of the Chinese Communists' economic thinking, and they seem 'to equate "self-sufficiency" and "independence."

Many agricultural raw materials have received attention during this period, including tobacco and fibers of all kinds; the most important one has been cotton, which supplies China's largest modern industry and clothes almost the entire population.

At the time of the **Communists'** take-over in China, production of cotton had dropped to a low level, and raw cotton was one of the country's largest import items. **Almost** immediately, the Chinese Communists adopted a policy of promoting cotton cultivation, and several methods were used. In some areas, quotas for increased cotton acreage were assigned, and peasants were convinced or forced to shift from other crops to cotton. A more successful method was the use of price incentives to induce peasants voluntarily to take up cotton cultivation. The state has become almost the sole purchaser of cotton in China, and therefore state trading agencies set the market prices; from 1950 through 1952 the ratio of cotton and grain prices was established at levels which encouraged peasants to switch over to cotton. For example, one-half of a kilogram of cotton lint was worth 3.5 kilograms of wheat in 1950, four in 1951 and 4.25 in 1952. In short, the official price policy gave top priority during this period to incentives for cotton growers. (The effects of the U.N. embargo on Communist China gave added urgency to the need for more domestic cotton.)

Between 1949 and 1952 cotton acreage and production in China rose rapidly, according to official claims. In rough figures, acreage increased from 6.5 million acres in 1949 to 13.2 million in 1952. Output rose from 430,000 tons in 1949 to 1.29 million tons in 1952 (roughly 50 per cent above "pre-liberation peaks," according to the Chinese Communists).

As **China's** domestic cotton production increased, imports of raw cotton were cut down. However, the official claims that China has achieved self-sufficiency in cotton (these claims began to be put forward in 1950) are not true; Communist China is still importing cotton, although in small quantities, from Pakistan, Egypt, Brazil, and elsewhere,

At the start of **China's** first Five Year Plan in 1953, the Communists stated that cotton production should be raised still further, by increasing both acreage in cotton and per acre yields. Their target calls for increasing cotton acreage by almost 850,000 acres, and yields by two catties per mu, during the five years of the Plan.

One of the dilemmas which the Chinese face in their agricultural policy, however, is that in the absence of much virgin arable land, expanded production of cotton or other agri-

cultural raw materials must be at the expense of grain production. Faced with shortages of both grain and raw materials, the decisions on **which** crops to promote at any particular time and place are often very difficult.

In 1953, the Chinese Communists wanted to continue to increase cotton output, but at the same time they **realized** that grain should have a higher priority. As a consequence, although plans for 1953 called for a **16** per cent increase in cotton output, from **1.29** million to **1.49** million tons, official prices for cotton, set in terms of grain, were reduced 13 to 18 per cent during the **year**.

Toward the end of 1953 the Chinese admitted that production plans for cotton were not achieved during the first year of the Five Year Plan. A preliminary estimate indicated that cotton output, instead of increasing by 16 per cent, had actually declined by about **4** per cent during the year. The resulting shortages of cotton forced the Chinese Communists to increase purchases abroad, raise raw cotton prices **5** to **7** per cent and call for increased production during **1954**.

There is no doubt that efforts to achieve self-sufficiency in essential agricultural raw materials will continue, but as long as the country is short of grain it will be extremely difficult to make progress. Achievements in the field of raw materials may increase **China's** serious food problem,

Agricultural Exports

Communist **China's** development program requires large-scale exports to pay for essential imports, and the task of increasing exports is a difficult one. In the past, China consistently has had a deficit in its commodity balance of trade, importing more than it has **exported**. Now, with its trade mostly barter **exchange with** the Soviet bloc, China faces the necessity of constantly increasing exports to balance rising imports.

China is not in a very fortunate position in regard to exportable products. Almost all of **China's** export goods consist of agricultural, animal, and mineral products, rather than manufactures, and not many of them have a large potential market. Soyabeans, tung oil, silk, tea, pig bristles, tin, tungsten, antimony and other Chinese export goods are important on the world market, but few of them are really large earners of foreign exchange. China lacks a readily marketable single product which can do for China what grain did for the **U.S.S.R.** and silk did for Japan during their early development.

The Chinese Communists have pushed production and export of all of **China's** traditional export products, therefore, and the volume of exports has steadily risen. The pressure to export more and more has led the regime to institute an austerity program in order to export in significant **quantities**, for the

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first time in modern Chinese history, essential foodstuffs which are in short supply domestically.

Before the war, foodstuffs played a role in China's export trade, but China was always a net importer of grain. Annual imports of grain products amounted to about 1.5 million tons, mostly from Southeast Asia. One reason for the need to import grain was the deficiency of China's system of internal transport and food distribution, but the basic reason was the backwardness of agriculture.

When the Communists came to power, they immediately undertook nationwide allocation of foodstuff supplies, cut food consumption, stopped imports and pushed exports. As a result, food exports increased rapidly; it is estimated that they totalled 89,000 tons in 1950, 1.3 million tons in 1951, 867,000 tons in 1952 and perhaps 1.1 million tons last year. (Soyabeans have been the largest item, but grains are important too.) In 1950, the only year for which the Chinese Communists have published a breakdown of export commodities, almost 30 per cent of the value all China's exports consisted of foodstuffs and animal and vegetable oils or fats,

China is now for the first time a net exporter of grain. It is also exporting for the first time many other important foodstuffs, such as pork, fruit, and vegetable oils. In none of these commodities does China have a real export surplus, in the sense of being able to increase exports without cutting domestic consumption. It is officially admitted, for example, that last year the output of vegetable oils (essential for cooking in China) was only 70 to 80 per cent of prewar levels, yet large quantities of rape seeds, sesame seeds and peanuts -- and their oils -- were exported to the Soviet bloc.

This export policy has contributed to Communist China's serious food problem at home. By the beginning of this year, the food problem had become so pressing that, although China continues to export grain and other foodstuffs to Ceylon, the Soviet bloc, etc., the Chinese Communists signed a three-year trade agreement to import rice from Burma.

Control of Agricultural Products and Rural Trade

Since coming to power in 1949 the Chinese Communists have rapidly increased their control over the output of the country's agricultural economy. The heavy demands on agriculture, and the shortage of agricultural commodities to meet the demands, have made it necessary for the state to control and allocate as much as possible of the output of agriculture. The main instruments for extending control in this field have been state trading companies and state-controlled supply and marketing cooperatives in the countryside,

Under the control of the Ministry of Commerce, state

trading companies have proliferated during the past four years, and now there are over 20 specialized companies dealing in different commodities. Each is organized on a nationwide basis, and altogether they have thousands of branches. As early as 1951, it was revealed that there were 10,000 state trading bodies throughout Communist China. The number now is much larger; by 1953 over 400,000 employees worked in the state trading network,

At first, state trading companies confined themselves largely to wholesale trade in a few basic commodities. In 1950 they were instructed to concentrate upon six basic essentials, with the primary aim of stabilizing prices and "adjusting supply and demand." It did not take long, however, for them to expand both their aims and their operations, and soon they were attempting to control almost all wholesale trade and were playing an important role even in retail trade. By 1952, the Chinese Communists were saying that "the state is already powerful enough to control market prices and, through the price mechanism, to indicate the direction in which private industry, trade and agricultural production should develop." In some of their statements they went so far as to say "the struggle to control the market is the key issue in the struggle between Socialism and Capitalism." By 1952, it was officially claimed that state trade accounted for 63 per cent of domestic trade (including 32 per cent of retail trade),

Collection of agricultural crops has been the largest single operation carried out by state trading agencies. At first state companies confined their purchases for the most part to cotton, grain, silk and soyabeans, but during the past two years they have extended their purchasing to almost all marketable crops. Since 1952, state trading companies have bought all "commercial cotton" in the major producing areas in China, and last year their aim was to purchase 80 per cent of all "commercial grain" throughout the country,

The purchase of grain has been particularly important because the state has gradually taken over the responsibility of providing food for the entire population. Over 31,000 grain purchasing stations (over two-thirds run by supply and marketing cooperatives) have been set up, and last year it was estimated that state trading companies and other government agencies would handle 30 million tons of grain. There have been many difficulties in collecting grain, however. For one thing, the Chinese Communists' land redistribution program has had the effect of reducing the amount of marketable grain available. In addition, peasants have been reluctant to sell to the state because of the low official prices for grain. All sorts of pressures and devices -- such as "crop selling persuasion teams" -- have been used, however, to force the peasants to sell, and as private merchants have been driven from the market the peasants have had few alternatives besides selling to the state,

State trading companies also monopolize almost all the

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essential products which peasants must buy, including fertilizers, tools, seeds, and insecticides, as well as consumer goods. This fact gives state trading companies a great deal of leverage in dealing with the peasants, because if agricultural products are not forthcoming, manufactured goods can be withheld. In many areas, efforts have been made to place the trade with peasants on a **semi-barter** basis by getting the peasants to sign "**linked contracts**" in which they promise to sell certain agricultural commodities in return for specified manufactured goods. State trading companies have been unable to meet all of the peasants' needs, however, and this complicates the problems involved in buying the **peasants'** output,

The main tie-in between the state trading companies and the peasants is a nationwide system of rural supply and marketing cooperatives. Organized nationally under the All-China Federation of Cooperatives, there are now over 30,000 rural supply and marketing cooperatives (with 153 million members) which run almost 100,000 retail outlets and roughly 8,000 grain purchasing stations. These cooperatives act as trade intermediaries by making contracts both with state trading companies and with individual peasants. Since their membership includes roughly one-third of the rural population in China, their influence is very great, and they are essential to the **state's** control over agriculture. (The Chinese **Communists'** final aim is to have one such cooperative in each market center.)

In theory these rural cooperatives are "**voluntary**" and nongovernmental, but in actual fact, they are strictly controlled and supported by the government. Most of their capital comes from low-interest People's Bank loans, and they receive discounts of 2 to 6 per cent on purchases from state trading companies or other state enterprises. **It** is these cooperatives which directly deal with the peasants, buying their produce and selling needed goods to them. In 1952, they purchased agricultural products valued at U.S.\$1.6 billion and bought over **one-half** of the grain purchased by the state that year. At the same time, they handled a high percentage of the manufactured goods sold to peasants throughout China.

Food Crisis - "Planned Purchase and Supply" and Rationing

Despite the **increase** in state control over agricultural products from 1949 through 1953, a critical food situation developed in 1953, as a result of poor crops and peasant resistance to the grain purchasing program. This led to new measures. In November, 1953, the Chinese Communist regime instituted "**planned purchase and planned supply**" of **grain** -- one of the most drastic economic measures taken in China since the Communist take-over,

Describing the new program, an article in the Chinese Communist press said, "**The state's** plans for purchase (of grain) have not been fulfilled on schedule, and the plans for marketing have often been completed in advance or even overfulfilled. This

situation started to show itself toward the end of 1952, and continued right through the first half of 1953 and until the harvest of the fall crop when it was still unchanged. The months of September and October should be the period in which food supplies are placed on the market in quantity, but.....during these two months in 1953, the state's plans for purchasing were not well carried out, and purchases for both months were much below sales.....In these circumstances, the Party and Government decided in good time to enforce the policy of planned purchase and planned supply of food. The free food market has been basically eliminated.....In a country where for the moment the economy of the small peasant is still enjoying absolute superiority, we have thoroughly changed the habits of millions of agricultural households, handed down through thousands of years, of selling in order to purchase, and dealing in the free market. We have started the large-scale Socialist system of distribution whereby the state purchases the surplus grain of millions of peasants and distributes it among about 200 million people who need the grain.....The state has monopolized the food purchasing market and is thus no more subjected to the obstructions of the capitalists.....Socialist commerce has monopolized all of the wholesale business in the food market and has also taken up the bulk of the retail business. Private industrial and commercial enterprises using food can engage in sales or processing only under the severe supervision and control of the state, and in accordance with the regulations of the state in regard to quality, quantity, prices and processing standards. The supply of food for the whole country is now being undertaken directly by the state or by agents under the strict control of the state." The peasants, the article continued, "no longer engage in food transactions with the capitalists.....They are thus being absorbed into the orbit of state planning, and the blind nature of their productive efforts is reduced." It concluded by saying that this system for purchasing and distributing grain "lays the foundation for the implementation of planned purchase and planned sale of other agricultural produce."

The Chinese Communists say that 80 per cent of the country's surplus grain, after taxation, is now being purchased by the state on the basis of regional quotas. The supply and marketing cooperatives serve as purchasing agents. Farmers may sell the remaining 20 per cent to the state, but may not sell it to merchants. The only remaining legal "free grain markets" for the peasants are of two kinds: periodic state-supervised grain fairs, held in administrative villages, where small transactions between peasants are allowed; and special markets for personal contact between peasants and consumers (without merchant participation), controlled directly by state agencies or by supply and marketing cooperatives. This, at least, is the system as it exists on paper. There may be many difficulties in implementing it, however, since it does attempt "to change the habits of millions of agricultural households, handed down through thousands of years."

Having abolished (with the minor exceptions noted) the free market in grain, the Chinese Communist regime has had to

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assume full responsibility for nationwide grain distribution, This is a tremendous and complex task. It is officially stated that the government must supply grain to 200 million people, including 100 million in the countryside and 100 million in urban areas. Some of the 100 million persons in rural areas who must be supplied food are peasants who grow agricultural raw materials, but many are ordinary food-producing peasants who are themselves short of food. In February of this year the Peking People's Daily said that 10 per cent of the rural population this year is "food-short" and another 10 per cent is "famine-stricken." A major explanation for rural food shortages is the fact that local Communist cadres have forced many peasants to sell almost all of their grain. "Certain peasants have sold part of the grain stocks essential for their living requirements," says the People's Daily; "some peasants being very enthusiastic about selling their grain have pledged too large sales."

To supply 200 million people, the Chinese Communist regime now has in its hands between 30 and 40 million tons of grain. It claimed to have collected 30 million tons in 1952 (20 million from the grain tax and 10 million by purchases), and the figure is undoubtedly larger in 1953, since the institution of "planned purchase" of grain.

In China's major cities, rationing of grain was started in November and December of 1953. Private food stores and merchants were transformed into "selling agents" for state trading companies and were subjected to strict regulation. Both industrial users (such as flour mills) and commercial users (such as restaurants) were brought under close government control, and the police cracked down on merchants trying to evade the new regulations. Individual ration cards were issued, and the basic ration was set at a low level. In Tientsin, when ration cards were first issued they applied only to wheat flour; purchases of other coarser grains were not restricted. The monthly ration of wheat flour was set at 18 catties for organized workers in productive enterprises, 15 for office and management employees and less for white collar workers. (An additional 8 catties were allowed for each dependent). By January of this year, urban rationing had been started in most of Communist China's cities and towns.

Distribution of grain throughout deficit areas in the countryside is more difficult, and the Chinese Communists admit that progress has been slow, but they claim that "planned supply" has been extended to many thousands of villages and that in time it will cover all of those areas where it is needed,

In the spring of 1954 the program of "planned purchase and planned supply" of grain was reinforced by a campaign to promote "advanced purchases of farm products." The aim of this campaign is to have supply and marketing cooperatives contract with peasants "around the time of sowing" for delivery of their future harvest, and "advanced purchasing" is being extended to major products such as grain, cotton and oil-bearing seeds. The

motive behind this system of "advanced purchases" is not only to strengthen state control but also to provide a better basis for state planning. Through "advanced purchases," says the Peking People's Daily, "the state can influence and direct agricultural production in a planned way and control the sowing of acreage and the output of various crops to a certain extent. Thus it can play a great part in facilitating the gradual bringing of small peasant farming into the channel of state plans."

If the Chinese Communists are successful in carrying through their present program of "planned purchase and planned supply," as well as "advanced purchase" of major agricultural crops, they will have accomplished a far-reaching revolutionary change which will greatly increase state control over the entire agricultural economy. There is no doubt, however, that neither program is popular with the mass of Chinese peasants, and the peasants can be expected to resist and evade. The effect upon agricultural output of such strict and complete controls is likely to be adverse, because if the peasants know they must sell their surplus products to the state at official prices they may well decide to protest by growing less. Control by the state of whatever agricultural surplus exists will obviously improve, however, and the Chinese Communist regime will be able to utilize and distribute the output of the agricultural economy according to their plans.

Food and the Consumer

The stringent food situation in Communist China has made 1954 a year of shortages and austerity for the average Chinese consumer. Rationing of grain is now widespread, although it is not yet universal. Commodities such as vegetable oils and pork have not been controlled by card rationing, but they are in short supply, and the amounts available to consumers have been limited; in many cities, shops sell only a certain quota each day, and when the quota is exhausted supplies are unavailable. In addition, the quality of many foodstuffs on the market has been debased.

To conserve food, and to stretch available supplies as far as possible, the Chinese Communist regime launched a nationwide austerity campaign last fall. One measure in this campaign was enforcement of low standards for processed foods (some of these were prescribed in regulations dating back to 1950, but enforcement had been lax). For example, in Southwest and East China, the regulations require rice millers to produce 93 or 94 catties of polished rice for every 100 catties of unhusked rice; this means that consumers are being offered brownish rice instead of the pure white types which they prefer. In an attempt to make the degraded rice more palatable to consumers, propaganda campaigns have acclaimed the higher vitamin content of poorly polished rice and the nutritive value of coarser grains. But publicity about the health advantages of brown rice and coarse grains has not made them any more popular with the public. Widespread adulteration of grains and vegetable oils has also been

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reported by refugees from China. Husks are left in grain, and peanut and sesame oils are adulterated with things such as cottonseed oil. In many places, vegetable oils and pork (the principal meat in the Chinese diet) are almost unobtainable, or obtainable in only very limited quantities, although minimum supplies of grain have been guaranteed, at least in the **major** cities,

The Chinese Communist authorities have also taken various measures to reduce wastage and cut down on secondary uses of grain. Campaigns urge the people "to save every grain" in warehousing and transporting grain, and restrictions on **the** use of grain for wine distilling have been made more rigid,

These austerity measures have directly affected the majority of **consumers**, and have caused much grumbling; resentment over continued food exports during a period of shortages at home is reported to be widespread. But all available evidence indicates that despite the critical food situation the Chinese Communists have continued to supply, through their state trading system, at least minimum requirements of basic grain at stable prices to urban customers. Ever since the Chinese Communists came to power, this policy of guaranteeing minimum foodstuffs at controlled prices to the people in **China's** cities has been a very important element in their economic program. Undoubtedly it will be continued, even if it requires squeezing the peasants and causing widespread hardship in the countryside, because stability in the cities is of tremendous political importance.

Non-Communist sources in Hong Kong estimate that Communist China is now suffering a shortage of several million tons of grain, and they believe that a critical food situation in China will continue at least until the fall harvest. This does not necessarily mean, however, that millions of people in China will starve this year. Some starvation is certainly possible, but the Chinese Communist regime, which still maintains tight control over most of the country, appears to be spreading the available supplies of grain effectively and stretching them by enforcing reduced consumption. Although some people may starve, therefore, undoubtedly the majority will eat -- although they will eat less.

There is every indication that the greatest hardship is likely to be experienced by China's peasants. Chinese Communist policy at present seems clearly to discriminate in favor of the urban population.

Agricultural Collectivization

Collectivization of agriculture is regarded by the Chinese Communists as the ultimate solution of their agrarian problems. By 1951, while land redistribution was still in progress, it became clear that "**agrarian reform**," as it had been defined until then, was merely a tactical stage **in their** policy.

"The economy of the small peasant is not capable of coping with...continually rising demand," said the Director of the Chinese Communist Party's Rural Work Department about a year ago. Quoting Stalin, he said, "In a word, we must gradually transfer from the economy of the small peasant to the foundation of large collective production, for only common and large-scale production will make the fullest use of scientific achievements and new techniques, and push forward at a rapid pace the development of our agriculture." Continuing, he said, "We all know that the economy of the small peasant either develops along the path of Socialist agriculture or along the path of Capitalist agriculture. The Capitalist course is one we must resist."

The Chinese Communists appear to believe, despite the discouraging experience of more than 20 years in the U.S.S.R., that agricultural collectivization will lead to spectacular increases in agricultural production. Perhaps the most practical reason impelling them toward collectivization, however, is the fact that organization of peasants makes it possible for the government to increase effective control over the rural population and to guarantee delivery of grain and other agricultural products to the state. Even if collectivization results in lowered production, due to peasant dissatisfaction, it can increase state control over the output of the agricultural economy.

The forms of collective farm organization toward which the Communists in China are now striving are clearly modelled on those in the Soviet Union, but the Chinese methods of working toward these goals are their own. It is obvious that the Chinese are capitalizing on Soviet experience and are attempting to avoid the disruptive violence which accompanied collectivization in the U.S.S.R.

By the end of 1951 the Chinese Communists stated that all peasants in China will be organized gradually, and that collectivization will take place in three separate stages. Each of these stages is calculated to prepare the way for and minimize possible opposition to the next one. Stage one is to organize the peasants into mutual aid teams. In their simplest form, these teams consist of a small group of families who agree to help each other by working jointly and sharing each other's tools and animals. At first, teams are usually seasonal; then they are converted into permanent, year-round organizations. The size of such groups is expanded as they develop. In mutual aid teams, members not only retain title to their land but also receive the produce of their own land.

The second, and most important, stage in the collectivization process now under way in China is the establishment of so-called producers cooperatives. "An agricultural producers cooperative," according to the Chinese Communists' definition, "is an economic organization of unified management and collective labor, based on private ownership of land....Its main characteristic is that members invest their land in the common enterprise,

being credited with the corresponding number of **shares.**" These cooperatives are almost always formed by a merger of several existing mutual aid teams. This step is the key one in the Chinese program of collectivization, because although peasants retain theoretical ownership of their land in **producers'** cooperatives, they actually lose control over it. In such cooperatives, joint management of land is established, and peasant members are usually remunerated on the basis of the labor and land which they contribute. Title to the land does not have much practical value, therefore, and once **producers'** cooperatives are widely organized, it will not be a very big step to convert them into full-fledged Soviet-style collectives, simply by depriving peasants of their ownership rights; this is the third and final stage called for in the Chinese Communists' collectivization program. (For a more detailed discussion of this program, see ADB-9-1952, The Road to Collectivization.)

Soon after the start of China's first Five Year Plan in 1953, the Communists announced that they hoped by 1957 to organize about 800,000 **producers'** cooperatives representing roughly 20 per cent of all peasant households in the country. "It is possible," said the official Peking People's Daily early this year, "that by the end of China's first Five Year Plan, agricultural cooperatives will become the main or nearly the main form of agriculture in some areas, while being developed to a lesser extent in other areas."

It is clear, however, that the Communists in China are encountering peasant opposition to the **organization of producers'** cooperatives, and the question of how much pressure to use in forcing peasants to join the cooperatives is an important policy question which may well be a cause of **dissension** within the Chinese Communist Party. During the first half of 1953, the campaign to organize cooperatives was pushed intensively. In July, however, the Party issued instructions to its cadres to slow down. A top Party leader made a statement deploring "brutal measures for forcing the peasants into reform." He said, "if we adopt hasty and adventurous attitudes, covet quantitative and outward achievements, strive for speed, blindly seek higher forms of organization, overdevelop common property and thereby reduce the individual **incomes** of members, the result will be our separation from the masses, and production will be affected. This is most injurious to our **cause.**" Less than five months later the decision to slow down was reversed. In December 1953, the Central Committee of the Chinese Communist Party announced that organization of producers' cooperatives -- "the key to further growth of agricultural production on the existing foundations" -- should be speeded up again. The pace of organizing cooperatives has accelerated without letup since the beginning of this year. In January it was stated that 35,800 **producers'** cooperatives should be organized by the fall of 1954. By March, this goal had already been passed.

Since 1950, the organization of mutual aid teams has

proceeded steadily. The percentage of all peasant households in China included in such teams has risen, according to official claims, from 10 per cent in 1950 to over 20 per cent in 1951, 40 per cent in 1952, and 43 per cent (48 million households) last year. The target for this year is 59 per cent. Mutual aid teams are defined as the "**foundation** for developing agricultural **producers'** cooperatives," the "**primary** form" of cooperation which is "most easily acceptable to peasants" and which helps them "**form** the habit of collective labor." It is admitted however, that "**during** the period of the first Five Year Plan, mutual aid teams shall remain the important form of agricultural production in many districts." Because of this, "**every** comrade engaged in rural work" is urged to "refrain from the slightest relaxation of guidance over the mutual aid **teams.**"

Agricultural **producers'** cooperatives have increased from 129 in 1951 to 4,000 in 1952 and 14,000 (containing 273,000 households) in 1953. The surge forward in organization this year has been very rapid. By May, official statements revealed that the number of cooperatives totalled over 90,000, almost three times the original target for the entire year. By mid-year, the total had risen to 95,000.

The rapid development of **producers'** cooperatives during the first half of 1953 indicates a significant speed-up in the Chinese Communists' collectivization program, and this acceleration is undoubtedly due to the food crisis confronting the regime. **Collectivization**, like the new state monopoly of trade in grain, increases the **regime's** control over the agricultural economy. But the Chinese Communists still have a long **way** to go before producers' cooperatives control more than a tiny fraction of Chinese peasants and farmland. Official claims reveal that the 91,000 cooperatives set up by early spring of this year included only 1.66 million households, or 1.53 per cent of **all** peasant households in the country, and roughly 6 million acres, or 2.16 per cent of cultivated land in China. Most of the present cooperatives, furthermore, are concentrated in limited areas. Roughly one-half are in North China and Manchuria, while in Northwest and Southwest China only a few hundred have been organized. And it is difficult to judge how many of the newly-organized cooperatives are effectively functioning. In short, although the pace of collectivization has speeded up this year, the goal of complete collectivization is still remote.

To date, only a few full-fledged, Soviet-style collective farms have been organized on an experimental basis. Chinese Communist publications sometimes speak of 17 collective farms, and at other times of 23, throughout the **whole** country. Whatever the correct figure, it is so small as to indicate that although collective farms are the goal, they will not play an important role in China for a long time to come.

The development of state-owned forms of agriculture, modelled on those in the U.S.S.R., has proceeded steadily but not

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very rapidly. By the end of last year there were 59 large-scale mechanized state farms in Communist China; altogether they included over a million acres and had 56,000 employees and less than 2,000 tractors. Other state-operated agricultural institutions in China at present include 2,000 model experimental farms, 3,600 agrotechnical stations for popularizing new farm methods, 1,650 veterinary stations, 11 machine and tractor stations, 591 farm tool stations for promoting new tools, and several thousand small local state farms. Plans for 1954 call for doubling the number of mechanized state farms and steadily increasing all other forms of state-owned agriculture.

What is the reaction of China's peasants to this program of collectivization? Almost no first-hand evidence is available, but there are many reasons to believe that they do not like it and can be expected to resist, at least passively. Chinese Communist discussions of collectivization admit, implicitly, that the peasants are against the program and must be "educated" to accept it. The tradition of individual ownership and cultivation of land is probably as strong in China as **anywhere** in the world. It is certainly more deep-rooted than it was in Russia, where peasant resistance to collectivization was strong enough. The step-by-step approach to collectivization which the Chinese Communists are following is designed to minimize resistance, but it would be very surprising if it is completely successful in this respect. In all probability, peasant resistance will increase as the program develops, and this is likely to increase the severity of coercion used by the state to force peasants into collectivization.

Problems for the Future

The pace of industrialization and general economic development in Communist China depends to a great extent upon agricultural improvement, and the Chinese Communists face many difficult **problems** and dilemmas in their agricultural policies.

Perhaps the most basic dilemma arises from the fact that the regime is compelled to extend maximum controls over the peasants and their surplus production but at the same time must try to increase production. Collectivization and monopoly of the grain market increase state controls, but they also tend to antagonize the peasants and probably have a harmful effect upon production.

The **regime's** price policy on agricultural and industrial products also presents a real problem. In order to increase state profits from rural trade, and because manufactured goods are in short supply, the price ratio of agricultural and industrial products in China has been set at a level unfavorable to the peasants. This price situation does not increase **peasants' incentives** to produce more and may make them produce less.'

The question of how to deal with rich peasants is likely

to become a major problem as collectivization progresses, Rich peasants can be expected to be the strongest resisters to **collectivization**, and yet they are the most efficient agricultural producers, **How** to force them into collectivization without seriously affecting the level of production is a problem for which there is no easy solution.

The need to increase both food output and production of agricultural raw materials simultaneously will present a continuing dilemma. Food **and** raw material crops compete for the limited amount of arable land in China, and in most cases a rapid increase in the **production** of either can only be made at the expense of the other,

Mechanization of agriculture is important to Chinese Communist plans, but mechanization will be extremely difficult, **To** the extent that mechanization is feasible, furthermore, **it** will complicate the major problem of what to do with surplus agricultural labor.

Since China has relatively little unused arable land, a significant increase in yields per acre will be required to bring about the production increases which the Chinese Communists hope for. But agriculture must compete with industry for China's limited amounts of investment capital and technical skills, and at present agriculture receives a low priority in Communist China's over-all economic program,

These and many other problems, such as the shortage of rural credit and the difficulties of conquering flood and drought, will make **it** extremely difficult for the Chinese Communists to achieve their ambitious agricultural goals. The failure to achieve planned targets for agricultural production during the first year of the Five Year Plan undoubtedly has already slowed down **China's** economic development program, and some of the thorniest problems in the **future** will focus upon food and the peasants,

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