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Dear Mr. Nolte,

In celebration of the University of Hong Kong's golden jubilee, about 100 scholar-experts (and I) met for a one week symposium on the economic and social problems of Asia. As might be expected, this symposium was primarily concerned with the performance of Communist China and how this affects the rest of Asia. The list of participants was impressive, including many of the world's acknowledged experts on China in the fields of economics, political science, sociology and anthropology.

One could hardly expect that a symposium of 100 scholars would even attempt to present a set of conclusions, but there were some broad lines of agreement that are worth summarizing. It is not easy to remain objective in viewing the problems and accomplishments of Communist China. I think it must be admitted, however, that these scholars have shown considerable skill in treading their way carefully between the extreme claims of both the critics and the propagandists of the regime.

I. Among the economists there was considerable interest in the failure of China's Great Leap Forward of 1958, and the effects of this failure on the entire pattern of economic development.

Grain production for 1957 was 185 million tons. From the beginning, 1958 looked like a good agricultural year and for a variety of reasons targets and reported actual production were highly inflated. The production reported for 1958 was an astronomical 375 million tons of grain. This was claimed as late as April 1959 when the target for that year was set at 525 million tons. In addition, 1958 saw the institution of the communes and such things as the back-yard blast furnaces. China was making its Great Leap Forward.

Early in 1959 state agencies began to experience difficulties in obtaining the agricultural produce that was supposed to be in the barns, and the agonizing reappraisal of the 1958 production began. By the end of 1959 the 1958 production had been scaled down to 250 million tons, still a significant increase over the 1957 production. Then the good agricultural year was followed by three bad years. Reliable figures are not available, but an educated guess places the 1961 production between 200 and 220 million tons.

The Great Leap Forward was to have placed Chinese agriculture beyond the vagaries of nature, an achievement claimed by the revolutionary organization of the Communists, skilled in Marx-Lenin-Maoist theory and tactics. The Great Leap was a failure. We need not accept the current claims of mass starvation to see that the distress is real. The large purchases of Australian and Canadian wheat and the flood of food parcels sent to China by the overseas Chinese are only two of the more dramatic indications of the agricultural failure.

What happened? Chou-Ming Li set the tone for the discussion of this problem in a widely acclaimed paper on China's statistical reporting. Part of the failure can be attributed to procedures that inflated targets as they were passed through the administration. Two sets of targets are used in planning; one is the expected production, a second is a higher target representing the desire for overfulfilment of goals. Each level of the administration prepares the two sets of targets, always passing the higher figure down to the next lower level. This is only one manifestation of the tendency to overcommit resources characteristic of both Soviet and Chinese Socialist planning.

For the Great Leap Forward, local statistical services were made organizationally independent of the central state statistical system. The object of this decentralization was to make the records more useful to the local cadres pressing the people for ever higher production. The effect was to reduce the control of the more professional state statisticians over the local enumerators, placing the value of accurate reporting in jeopardy. In addition, the great drive to form communes disrupted the reporting by curtailing the time available to those operations.

The net result of all this was to introduce a fantastic upward bias into the statistical service. In part the failure of the Great Leap Forward was a paper failure, though nonetheless real for that.

The agricultural difficulties since 1958, however, cannot be attributed to statistical failures. The Communists attribute the difficulties to bad weather, but Formosa and Hong Kong have had much the same weather with far smaller set-backs in agriculture than those reported on the mainland.

Perhaps the real cause of the failure lies in the Communists' attitude toward the peasants. From their Marxist heritage, the Communists see the peasants essentially as reactionary arch-enemies of the revolution. For Marx it was the urban proletariat, not the peasants, who would be in the vanguard of the revolution. Unfortunately, both the Russian and the Chinese revolutions came in the wrong Marxian period. Both revolutions required and enjoyed the aid of the peasants, gained largely through radical land reform programs. The details and timing differ, but both

revolutions reversed the early land reform, abolished the private ownership of land, and embarked upon programs of forced collectivization of the peasants. These programs were somewhat successful in turning labor into capital, effecting rapid capital formation, but both have reaped the bitter harvest of this coercion in the form of agricultural underproduction. This condition has been chronic in Russia since 1928.

The problem is that no form of production resists centralized control as much as does peasant agriculture. And no occupational group is more skilled than the peasantry, the world over, in what Veblen called the strategies of withdrawal. It has been argued that the Chinese peasant is the world's expert in withholding his efficiency while appearing to agree.

Unless the Chinese have learned the lessons to be taught by Russian agriculture, which they may not be able to do because of their ideological commitments, Chinese agriculture is likely to experience the same under-production that continues to plague Russian planners.

In a predominantly agrarian country it must be expected that an agricultural failure will bring difficulties in almost every sector. China's strong emphasis on heavy industry has been reduced and larger investments are being directed to agriculture. Even the much acclaimed back-yard blast furnaces are now a thing of the past. In the villages there has been a retrenchment of the forced drive to form communes, too radical for even the Russians. The resulting reorganization along the lines of the older Agricultural Production Cooperatives (or Brigades) is something of a capitalist concession to the peasants for they are allowed some private plots and a private market for some of their produce.

The failure in agriculture also has its analogue in international trade. Dr. Szczpanek of the University of Hong Kong reported that China had earned some foreign reserves up to 1960, largely through trade with Asia. However, the probable US\$300 million reserve at the end of 1960 is expected to be depleted by 1963 through payments for Canadian and Australian wheat and in loan repayments to the Soviet Union. Thus it is likely that the third five-year plan will be influenced by external economic conditions to an extent far greater than the first two plans.

One of the Asian members observed to me after the symposium that there was unfortunately absent what he called the counsel for the defence. He argued that perhaps 80% of China's difficulties can be attributed to the tremendous problems of economic development in a backward economy with a vast population and land area. This may be very true, but it also seems to me that the Marxist attitude toward the peasants and their private property is perhaps the most unfortunate ideological commitment for any low income country striving for economic development.

II. Following the economists, the political scientists led the discussion on problems of China's internal control and foreign relations.

China today is largely controlled by the Communist Party. The problem the party now faces is that of controlling the controllers. In the early period, when the party was rather small, an intense criticism-self-criticism provided a close system of control within the party. This technique is still in use, but it is probable that it will be inadequate given the large increase in party members since 1949 and the advent of internal peace. Stalin solved a similar problem in Russia by creating a powerful secret police, but it does not appear that the Chinese have as yet adopted this rather extreme technique of control.

The Chinese Communists also differ from the Russians in permitting the existence of about eight non-Communist political parties. The condition of existence for these parties is their acceptance of the Marx-Leninist doctrine, and their acceptance of control by the Communist party. The function of these parties appears to be primarily that of coopting potentially dissident elements (the intellectuals, national bourgeoisie, etc.) into the government and the surveillance of both party and non-party members.

William Adie of St. Anthony's College described the Soviet-Chinese foreign policy in Asia as so confused that neither country is really master of the situation. Both countries manifest a strong desire simply to keep alive, and in this they have experienced some sharp differences. There is a fundamental difference between the two countries, both heirs to vast multinational empires historically and geographically destined to compete for the great land mass of central Asia. As this is an economic difference, Marxists could hardly expect that it could be settled amicably with resolutions at periodic international party synods.

One of the most pessimistic papers was presented by Richard Walker of the University of South Carolina. He argued that China's foreign policy can best be understood as the foreign policy of a totalitarian state. There are close parallels between the policies of pre-1941 Japan and the current policies of China. Both disclaimed any imperialist ambitions, while attempting to provide leadership for a united Asian policy against the West. The logical conclusion of this argument is that China will embark on a policy of violent international aggression as soon as she feels confident of gaining her ends in this manner. There is a similar fear in Southeast Asia today, but here it derives from what is seen as China's long history of imperial aggrandizement rather than from parallels with pre-1941 Japan. It was my impression that the Hong Kong scholars would prefer not to be bound by this type of historical determinism, however, especially in the field of international relations, where there is a large possibility of rapid change triggered by relatively minor events.

III. Perhaps the most controversial papers were those presented by Drs. Colin Clark and Marion Levy.

Colin Clark, pioneer and leader in the international measurement of economic growth, which he insists on calling economic progress, argued that population growth is a stimulant rather than an obstacle to economic growth. Population pressure is the only pressure strong enough to break man's basic conservatism and force him to seek new ways to increase his productivity.

Anything Colin Clark says about economic development is worth careful consideration. I have long been in the camp that considers rapid population growth an obstacle to economic growth. I now have cause to reconsider this assumption, and not only because of Dr. Clark's argument. In my recent travels through Malaya, I have found that only in the densely populated agricultural regions are large numbers of peasants willing to move themselves in search of a better life. This gives me great respect for population pressure, especially since most of the government officers concerned with economic development here see the conservatism of the Malays as the greatest obstacle to the success of the Rural Development Program.

As far as the total national economy is concerned, however, many of the Hong Kong scholars questioned whether there might not be a point of diminishing returns in population pressure. The population growth associated with the industrialization of the West was only in the magnitude of 1% to 2% per year. Many Asian countries, Malaya included, have population growth rates in the magnitude of 3% or more per year. Is it not possible that a growth rate of 2% would be sufficient to break man's conservatism while a rate of 3% would be sufficient to break an economy? This argument is willing to see population pressure as a kind of Toynbeean challenge that does not guarantee a positive response from the society. In fact, if the challenge is too severe, a regressive response is almost inevitable.

Dr. Clark is unwilling to concede this point. He remains soberly optimistic about man's ability to make tremendous increases in his productivity. The long term growth rates of all the industrial countries are about 2% per year. This means that real per-capita income is doubled about once every generation. Dr. Clark expressed confidence that by the time the world gets really crowded, we shall be able to send great colonies off to any part of the universe. Of all ages, ours should be the last to scoff at any such attempts to suggest possible future solutions to what appear today as almost insoluble problems.

Dr. Clark also discussed growthmanship, and in this he met with general agreement. Growthmanship is the gentle art of proving that the country you favor has higher rates of economic growth than the country you do not favor. This is accomplished by carefully selecting the periods within which growth is measured.

We have long witnessed the practice of this art by Soviet propagandists who generally use short periods starting with a time of low production. As the whole of art, however, growthmanship is international and the Soviets are not the only ones proficient in the medium. Recently an American economist close to the administration reported proudly that America's current growth rate is 11% per year real per-capita income, based on the performance of the first quarter of 1961.

The only way to obtain an accurate evaluation of economic growth is to measure over a long period so that fluctuations of a decade or less will be properly balanced. When this is done, Clark argues, all of the Western industrial countries (and Japan) show similar results, between 2% and 2.5% per year real per-capita income. He also finds that the Socialist countries have slightly lower growth rates, hardly surprising given the great inefficiencies involved in centralized control over the productive process.

Dr. Levy's paper is more difficult to summarize, but it was not less stimulating for that, even for the scholars who could not be certain whether they agreed or disagreed. Many people find it difficult to understand American sociologists.

Part of Dr. Levy's general argument concerned the interdependence of the various sectors of a society undergoing modernization. Many leaders of the underdeveloped countries believe that they can select only certain of the more favorable characteristics of the industrialized countries and leave those they find undesirable. Gandhi's romanticism that accepted the Singer sewing machine but rejected steel mills, has been replaced, but only by another romanticism that accepts steel mills but rejects the idea of a modern industrial work force. The underdeveloped countries seem pervaded by an attachment to what are called the native values of rural life, an attachment strangely incongruous beside the strong demand for things modern.

This is a point on which Asian leaders and Western scholars often disagree, the latter arguing that the Asians must accept the faults as well as the favors of industrialization. One gets the impression that this disagreement is amplified by the general oppositional (and anti-Western) attitude of many Asian leaders, who emerged in a period of anti-colonialism. On the Western side, the disagreement is amplified by an almost paternal resentment of these new upstarts attempting reforms that many Western scholars feel they have failed to attain. Asian snobs want mass music without rock 'n roll; Western snobs appear secretly to hope that the Asians will not be successful where the West has failed.

Dr. Levy also argues that high modernization, by which he means an industrial society mass-producing heavy consumer goods, is a great leveller of societies, with its own specific problems.

The levelling mechanism is bureaucratization, a process that makes the similarities between societies far more significant than the differences. The major problem of these societies is their long run stability, a problem that arises from the many reactions against itself that bureaucracy brings. China's problem is similar to that of many developing countries; modernization is being threatened even before it is achieved, because both bureaucratization and the reactions to it develop very early in societies that begin modernization from a condition of extreme backwardness.

There is a considerable difference between the arguments of Dr. Clark, who sees no insoluble problem in the population explosion, and those of Dr. Levy, who asks whether we can live with what we have achieved. Neither man can be accused of uncritical optimism or pessimism, but each is in a sense representative of basically optimistic and pessimistic orientations toward current and future world problems.

IV. The weakest part of the symposium was that dealing with Southeast Asia. The position of the Chinese in the region was described briefly and superficially, adding nothing and hardly equal to the existing scholarship on the area.

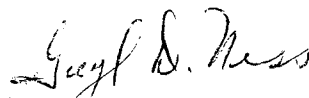
In my estimation the real issue here is the extent to which the countries of Southeast Asia will adopt the Chinese Communists' political and economic models for the solution of their problems.

Common to all these countries is the problem of creating a viable political society with a highly productive economy. Both require considerable dislocation of the traditional, fragmented, agrarian societies. For purely economic reasons the Communists' economic model, with its almost inevitable agricultural problems will probably not recommend itself. In all of these countries, however, the Communist model is attractive because of the great gap between the initiative and aspirations of the leaders and the lack of initiative and aspirations of the masses. Even here in Malaya, I have often heard people express the idea that some kind of force might be necessary to make the peasants respond positively to the government's leadership in economic development. Many point to the Japanese occupation as the one period when all the available land was cultivated and people worked hard to gain a livelihood, simply because they had to in order to keep alive. To Southeast Asia's current leadership, feeling insecure in the face of the staggering problems of economic and social development, the Communists' tight organization and their willingness to use force appear highly attractive.

This does not mean that these countries will go Communist easily, for much of the leadership is ideologically strongly anti-Communist. It does mean, however, that parliamentary democracy of the Western variety is in a highly precarious position and moves to the extreme right appear imminent. However, as a recent editorial in the Straits Times of Malaya argued, one of the

enduring lessons of recent history is that the victory of the extreme right is often but a prelude to the more permanent victory of the extreme left. This is almost certain to be the case if the extreme right is more skillful in protecting the status quo than in effecting real and lasting increases in the general standard of living.

Cordially,



Gayl D. Ness

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