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CHINESE GOVERNMENT TAKES STEPS
 TO RELIEVE SERIOUS COTTON SHORTAGE

The government has taken various measures to stimulate the production of cotton. It has set up an exchange ratio between cotton and grain, guaranteed the minimum price of cotton, increased the market price for cotton, expanded the cotton acreage, selected, distributed, and loaned seed to the farmers, built up reserves of cottonseed for future planting, and levied a sale tax on cotton cloth to reduce the purchasing power of farmers.

In Shensi Province, the cotton and food ratio has been set at 8 catties of wheat per catty of medium-quality raw cotton.

A 15-percent increase in the price of cotton is justified in an article by Chou Chung-fu, assistant manager of the Central and South China branch of the China Cotton and Cotton Yarn Corporation. Of the 15-percent increase, he said, 6 percent goes to sales tax, 6 percent to the farmers for the price of raw cotton, and 3 percent to processors for incidental expenses. He also stated that the price of raw cotton has increased about 9 percent recently.

To insure the success of cotton production of 1951, various localities have deposited sufficient cottonseed in preparation for the sowing season. Selected seeds of various types are used according to the requirements of soil and climatic conditions. About 200,000 pounds of high-yield cottonseed were imported from the USSR for planting in Sinkiang.

Despite partial drought conditions, North China exceeded its cotton-planting quota by 3 million mou. The Hunan and Kiangsi areas have been able to complete only 25 percent, due to too much rain.

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COTTON AND FOOD EXCHANGE RATIO SET -- Hankow, Hupeh Jih-pao, 8 Mar 51

The Economic and Finance Committee of the Government Administration Council has issued a directive aimed at raising the price of cotton and encouraging cotton production. The exchange ratio for cotton and food is set as follows for the various localities:

<u>Locality</u>	<u>Food</u>	<u>Ratio per Catty of Raw Cotton</u> <u>(7/8 inch, medium quality)</u>
Hopeh, Pingyuan, Shantung	Millet	8.5 catties
Shansi	Millet	9.0
Shensi, Honan	Wheat	8.0
Hupei	Late rice (medium quality)	8.5
Kiangsu, Anhwei, Chekiang	Early rice (medium quality)	8.5
Hunan, Kiangsi, southwest areas	Ratio to be determined locally	
Northeast	Ratio to be determined locally; must be higher than preceding year	

1. In millet-producing areas within predominantly rice-producing provinces, the millet price computation is to be made on the basis of the local price of rice. The price of early rice is to be the basis after 15 November 1951.

The late rice of medium quality is comparable to early rice which has been run through a hulling machine twice.

2. The above price ratio is the minimum guaranteed price for the farmers. Commodity prices in the border region of Hopeh, Pingyuan, and Shantung should be put under adequate control by the Ministry of Trade to assure stability in the price of cotton.

3. The Ministry of Trade of the Central People's Government is responsible for keeping the price of cotton at the above level. Cooperatives and state trading companies should contract to buy future cotton at that price. At least half of the cotton in favorable localities should be contracted for by those organizations before the cotton reaches the market. Various levels of farm and peasant organizations should assist the farmers in this movement of selling future crops. Contracting for future cotton is the best way of stabilizing cotton prices at this level. In areas where cooperative and trading companies are inadequate to do all the buying, the local government should help.

4. A fair-trade policy should be adhered to. The price paid for cotton should be determined primarily by its quality. Higher prices should be paid to encourage quality production.

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5. Cotton farms should receive the same consideration in taxation as any other farms. Taxes may be paid in cotton and payment may be delayed until after the autumn harvest.

The above directive should be adhered to by departments and ministries concerned. Propaganda on the above provisions should be conducted among the masses to assure popular enthusiasm in cotton planting and achievement of the production goal.

DISCUSSES INCREASE IN PRICE OF COTTON CLOTH -- Bankow, Chiang-chiang Jih-pao, 10 Apr 51

Chou Chung-fu, assistant manager of the Central and South China Branch of the China Cotton and Cotton Yarn Corporation, in discussing the recent price changes in cotton cloth, stated that the 15-percent price increase, from 6,650,000 to 7,650,000 yuan per bolt, for standard Blue Phoenix brand cotton cloth has caused much confusion and even suspicion among the consumers. He offers the following explanation for the increase.

To save our country from American imperialism, to defend Korea, to fulfill the responsibility of securing peace, and to maintain the economic and cultural reconstruction program, national expenditures must be increased. To balance income with expenditures, the Central People's Government cannot rely either on aid from the outside or on the printing press for more funds. The only solution is for the government to increase its revenue from different sources as well as to cut its expenses to a bare minimum. The increase of the tax on cotton cloth is one such measure.

The tax takes the form of a sales tax on the state-owned China Cotton and Cotton Yarn Corporation. Indirectly it will be borne by the consumer. The inflationary effect of a higher price caused by the sales tax will be offset by the increase in government revenues and reduction of purchasing power of the consumer. The whole idea is sound, logical, and in keeping with the general welfare of the people.

The tax increase on cotton cloth is 6 percent as compared to the price increase of 15 percent. This is partly due to the higher price paid to the farmers for raw cotton to stimulate production. The planting of cotton in China was neglected for years, due to the manipulations of the KMT and US imperialists. Under the KMT, large quantities of American cotton flooded the China market and destroyed any outlet that the domestic cotton might have had. This dependence on foreign sources was broken when the Americans invaded Korea and blockaded our supply ports. Many steps have been taken by the government to improve the cotton situation. The government has accepted cotton for payment of taxes, and has set a minimum price for cotton. In 1950, the production was relatively successful. But the need is still great, due to the increasing cloth-buying power of the farmers now that the land-reform program is in effect.

To stimulate cotton production, the guaranteed price to farmers is being increased further. The average price increase for raw cotton is about 9.15 percent. If we assume that 70 percent of the cost of cotton cloth is due to the cost of the raw cotton, then the price for cloth would have to increase approximately 6 percent to cover the higher price of the raw material.

Thus, out of the 15-percent increase, 6 percent goes to the national treasury in sales tax, 6 percent to the cotton farmers, and the remaining 3 percent goes to processors for interest and other incidental costs to maintain a steady flow of production.

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Generally speaking, the price increase of cotton cloth is definitely in accord with the basic economic policy for defense, reconstruction, and the development of industry for essential goods.

COTTONSEED READY FOR PLANTING -- Peiping, Jen-Min Jih-pao, 10 Apr 51

To insure the success of this year's cotton cultivation, various areas have made adequate preparations to handle the problems involved. In general, there is no difficulty in obtaining cottonseed since the harvest of cotton for seed purposes last year was sufficient. The selected seed situation is also good. Over 1,020,000 piculs (one picul equals 133 1/3 pounds) of selected seed were collected by the Office of Seed Selection for distribution this year. The following is a breakdown of the cotton situation in various regions:

Northeast

The Northeast is ready to sow various types of seeds, including Kuan Nung No 1 seed, Chin-tzu seed, and Chi-tung seed. In 1950, the whole Northeast area produced over 1,200,000 piculs of Kuan Nung No 1 raw cotton. The production was not satisfactory, due to the unusually early frost (in most areas the frost occurred about 20 days earlier than in 1949), the extreme wet and dry conditions, and insect destruction. To expand 1951 production, various local governments have announced programs for organizing and mobilizing the masses for the task.

North China

The amount of cottonseed for the projected cotton acreage of 1951 is adequate. However, there is still great demand for selected seed. The farmers in Hopeh Province have over 81,300 piculs of selected seed on deposit, in addition to 165,000 piculs of Ssu-tzu 2B and No 4 cottonseed held by cotton gins. This is enough for cultivating 2,400,000 mou (one mou equals 1/6 acre) of selected cotton. It represents a threefold increase over last year's 800,000 mou. Pingyuan and Shansi had adequate selected seed on hand to complete their planned cotton-planting program.

Northwest

Selected seed for Shensi Province is sufficient. The farmers held a total of 104,319 piculs, enough to sow over one million mou. In addition, the province is in possession of 12,709 piculs of Ssu-tzu No 4 and No 517, Shing-ssu, Te-tzu, and other varieties of seed. The collection has not been finished. The deposit may reach 20,000 piculs.

In northern Sinkiang, over 800 piculs of Shih-nai-erh seed are to be planted. About 2,000 piculs of high-yield No 8517 seed were imported from the USSR for planting in southern Sinkiang.

East China

East China has over 193,100 piculs of selected seed on deposit. Shantung purchased 88,500 piculs and received from farmers 34,000 piculs as loan repayments. This seed is to be distributed locally.

Because of floods last year, northern Anhwei was able to save only 8,000 piculs of seed. About 3,200 piculs of Te-tzu seed were borrowed from other provinces.

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Central and South China

Honan has stored over 33,000 piculs of selected seed, sufficient for planting 300,000 mou. It has also arranged to obtain 500 piculs of Shing-ssu seed from Shensi for use in the western part of the province.

The Agricultural Department of Hupeh Province has collected over 2,341 piculs of Te-tzu cottonseed for planting in Nan-hua Hsien; 1,000 piculs of Tai-tzu seed have been obtained from East China for planting in the Pin-hu area. The rest of the planting arrangements are to be decided by each hsien.

Kiangsi has collected over 4,000 piculs of selected seed from cotton gins; while, 6,290 piculs of Tai-tzu No 15 selected seed have been assigned to P'eng-tse and Hu-k'ou areas.

Southwest

To solve the difficulty of obtaining clothing material, due to inadequacy of transportation, the Southwest has launched a program for expanding cotton production. South Szechwan achieved a good harvest last year. In addition to prohibiting the use of cottonseed to obtain oil, the government has made every effort to purchase available seeds in order to increase cotton acreage in Szechwan.

COTTON SOWING NEARLY COMPLETED IN CHINA -- Hong Kong, Ta Kung Pao, 30 May 51

In North China, under partial drought conditions, cotton planting exceeded the quota by 3 million mou. East China and Northwest China fulfilled the original quota assigned to them. In Central and South China, Honan exceeded the original plan by 100,000 mou, while Shensi planted 3,600,000 mou as planned. Hupeh also fulfilled the quota.

In the Hunan and Kiangsi areas, because of heavy rain, only 20-25 percent of the original planned acreage for cotton has been sown and cultivated. However, the farmers are still continuing their efforts in that area.

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