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INTELLIGENCE MEMORANDUM

/ AGRICULTURAL PRODUCTION IN THE SINO-SOVIET BLOC
1958

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FOREWORD

This memorandum presents estimates of agricultural production in the Sino-Soviet Bloc during the calendar year 1958 and, in the case of livestock products, during the consumption year ending 30 June 1959. The conclusions are based on an analysis of weather and other factors, such as governmental policy and inputs of capital and labor, which affect agricultural production. Preliminary quantitative estimates of production of grain are included, except for Communist China, but only qualitative data are available on other important crops and on the output of livestock products. The section on China is mainly an appraisal of the claims by Chinese officials of successes in agricultural production in 1958. This memorandum also assesses the probable supply of food in the Bloc in 1958/59.

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AGRICULTURAL PRODUCTION IN THE SINO-SOVIET BLOC
1958*

Summary and Conclusions

In 1958, total agricultural production in the Sino-Soviet Bloc increased significantly and probably reached the highest level in the history of the Bloc. Sizable increases in production of crops in the USSR and Communist China greatly overshadowed decreases in the European Satellites, particularly in Albania, Bulgaria, and Rumania, where production of livestock also decreased. In the USSR, production of grain in 1958 was reported to be about one-third above the level of 1957, which had been slightly above the average in 1953-57.** On the other hand, estimated production of grain in the European Satellites in 1958, although only slightly below the average in 1953-57, was 12 percent below the level of 1957. In the southern Satellites alone, estimated production of grain in 1958 was 25 percent below the level of 1957. Increases in production of crops, particularly grain, accounted for most of the total increase in agricultural production in the Bloc.

The bumper harvest of grain in the USSR and Communist China in 1958, combined with state control of foreign trade as well as the domestic economy, creates the conditions necessary for "dumping." Although some increase in sales of grain to the Free World is possible, the amount of such sales by the USSR and China will tend to be limited by increased domestic requirements, by the desire to increase reserves, and by the need to export grain to the European Satellites. In the northern Satellites -- Czechoslovakia, East Germany, and Poland -- trade in agricultural products in 1958/59 will be about equal to that in 1957/58.*** Agricultural exports from the southern Satellites -- Albania, Bulgaria, Hungary, and Rumania -- are expected to decline substantially.

The good harvests in 1958 resulted primarily from favorable weather throughout most of the Sino-Soviet Bloc, from an increase in the area planted to certain crops in the USSR and Communist China, and from considerable success in the use of farm labor and an increase in the irrigated area in China. Although to a large extent the result of favorable

* The estimates and conclusions contained in this memorandum represent the best judgment of this Office as of 1 March 1959. Estimates of production are for crops planted in the fall of 1957 and the spring of 1958 and harvested in 1958. Estimates of production of animal products, of trade, and of supplies of food for consumption are for the period 1 July 1958 through 30 June 1959, shown in this memorandum as 1958/59.

** Average agricultural production in this memorandum is annual average production in 1953-57.

*** 1 July 1957 through 30 June 1958.

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weather, the successes in agricultural production probably will strengthen the claim of Soviet and Chinese leaders as to the soundness of their agricultural policies. Only in the southern European Satellites did unfavorable weather cause a reduction in the production of crops in 1958.

The good harvest in the USSR will insure an adequate supply of food during the consumption year 1958/59 and should permit some improvement in the quality of the diet. If Communist China has obtained any substantial portion of the increases claimed, the food situation will be improved there also. On the other hand, the European Satellites as a whole will continue to be dependent on the USSR for supplies of food in order to maintain current levels of consumption.

A comparison of estimated production of crops and livestock and the supply of food per capita in the Sino-Soviet Bloc in 1958/59 with the 2 previous years is shown in Table 1.*

I. USSR.

A. General.

Total agricultural production in the USSR in 1958 reached a record level. Cool, rainy weather delayed spring seeding by an average of about 10 to 15 days, but the resulting moisture in the soil and generally favorable weather both in the traditional agricultural areas and in the new lands resulted in good yields per hectare** and in a good growth of grass on pastures.

Total sown area in the USSR in 1958 was reported to be 195.5 million hectares, an increase of 1.8 million hectares compared with 1957. *** Areas planted to corn, barley, oats, sugar beets, cotton, sunflowers, and vegetables increased compared with the area so planted in 1957, but areas planted to wheat, rye, flax, hemp, potatoes, and fodder crops decreased slightly.

B. Production of Crops.

1. Grain.

According to the annual report on plan fulfillment, the Soviet production of grain in 1958 totaled almost 140 million metric****

* Table 1 follows on p. 3.

** One hectare equals 2.471 acres.

**** Text continued on p. 6.

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Table 1

Preliminary Appraisal of Production of Crops and Livestock and Supply of Food per Capita
in the Sino-Soviet Bloc a/*
1958/59 Compared with 1956/57 and 1957/58

| Commodity | Period | European Satellites | | | | | | | |
|-------------------------|--------|---------------------|-----------------|--------|---------|---------------------|---------|---------|--------------------|
| | | Northern Satellites | | | | Southern Satellites | | | |
| | | Czecho- slovakia | East Germany | Poland | Albania | Bulgaria | Hungary | Rumania | Communist China |
| Crops | | | | | | | | | |
| Bread grains | 1957 | - | + | - | - | - | - | - | + |
| | 1956 | - | + | + | + | + | - | + | + |
| Coarse grains | 1957 | - | + | + | - | - | - | - | + |
| | 1956 | - | + | + | - | - | + | + | + |
| Total grain b/ | 1957 | - | + | 0 | - | - | - | - | + |
| | 1956 | - | + | + | + | - | + | + | + |
| Sugar beets | 1957 | 0 | 0 | + | - | - | + | - | + |
| | 1956 | + | + | + | + | - | 0 | + | + |
| Potatoes | 1957 | - | - | 0 | - | - | - | - | + |
| | 1956 | - | - | - | + | + | + | - | + |
| Vegetable oil- seeds | 1957 | + | - | - | - | - | 0 | - | + |
| | 1956 | - | 0 | 0 | 0 | - | - | - | + |

* Footnotes for Table 1 follow on p. 5.

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Table 1

Preliminary Appraisal of Production of Crops and Livestock and Supply of Food per Capita
in the Sino-Soviet Bloc a/
1958/59 Compared with 1956/57 and 1957/58
(Continued)

| Commodity | Period | European Satellites | | | | | | | | Communist China |
|--------------------|-------------|---------------------|---------------------|-----------------|--------|---------------------|----------|---------|---------|--------------------|
| | | Northern Satellites | | | | Southern Satellites | | | | |
| | | USSR | Czecho- slovakia | East Germany | Poland | Albania | Bulgaria | Hungary | Rumania | |
| Livestock | | | | | | | | | | |
| Cattle | 31 Dec 1957 | + | + | + | - | - | 0 | + | - | + |
| | 31 Dec 1956 | + | - | - | - | - | 0 | - | - | + |
| Milk cows | 31 Dec 1957 | + | 0 | 0 | + | - | 0 | + | - | N.A. |
| | 31 Dec 1956 | + | - | + | + | - | 0 | + | - | N.A. |
| Hogs | 31 Dec 1957 | + | - | - | - | - | 0 | + | - | + |
| | 31 Dec 1956 | + | + | - | + | - | 0 | - | - | + |
| Sheep | 31 Dec 1957 | + | 0 | + | - | - | 0 | + | - | + |
| | 31 Dec 1956 | + | - | + | - | 0 | 0 | + | - | + |
| Livestock products | | | | | | | | | | |
| Meat | 1957/58 | + | 0 | 0 | 0 | - | + | + | - | + |
| | 1956/57 | + | + | + | + | 0 | + | - | - | + |

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Table 1

Preliminary Appraisal of Production of Crops and Livestock and Supply of Food per Capita
in the Sino-Soviet Bloc a/
1958/59 Compared with 1956/57 and 1957/58
(Continued)

| Commodity | Period | European Satellites | | | | | | | | Communist China |
|-----------------------------------|---------|---------------------|---------------------|-----------------|--------|---------------------|----------|---------|---------|--------------------|
| | | Northern Satellites | | | | Southern Satellites | | | | |
| | | USSR | Czecho- slovakia | East Germany | Poland | Albania | Bulgaria | Hungary | Rumania | |
| Livestock products (Continued) | | | | | | | | | | |
| Animal fats | 1957/58 | + | 0 | 0 | 0 | - | + | + | - | + |
| | 1956/57 | + | + | + | + | 0 | + | - | - | + |
| Milk | 1957/58 | + | + | 0 | + | - | 0 | + | - | 0 |
| | 1956/57 | + | + | + | + | 0 | 0 | + | - | + |
| Supply of food per capita | 1957/58 | 0 | 0 | + | 0 | - | - | 0 | - | + |
| | 1956/57 | 0 | 0 | + | + | 0 | 0 | + | 0 | + |

a. Production of crops is for the calendar year shown; inventories of livestock are for the end of the calendar year shown; and production of animal products and supplies of food are shown for the consumption year 1 July - 30 June. A plus sign (+) indicates that production in 1958 is expected to exceed that in the years indicated. A minus sign (-) indicates that production in 1958 will be less. A zero (0) indicates little or no change between 1958 and the years indicated.

b. Including rice.

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tons,* of which about 75 million tons were comprised of wheat and about 15 million or 16 million tons were comprised of corn, including ensiled immature ears. The announcement of production of 140 million tons of grain is surprising. In fact, before production figures were released, a preliminary analysis of the area sown to grain, weather, and growing conditions, indicated an estimate of 120 million to 125 million tons of grain in 1958, or between 10 and 15 percent less than that reported in the plan fulfillment. Soviet press comments on the grain crops during the latter months of 1958 were less laudatory than those usually made when a bumper grain crop is harvested. On 29 August 1958 the Secretary of the Central Committee, Mukhitdinov, stated that the USSR would have a harvest of "not less than 8 billion poods" (131 million tons) of grain. It is unusual for Soviet officials to make such a conservative statement as late as the end of August about a harvest whose ultimate size is claimed to be about 140 million tons. Moreover, harvesting difficulties occasioned by unfavorable weather were the subject of articles in the Soviet press during the harvesting season. The crop was undoubtedly diminished by this unfavorable weather.

The area of 125.2 million hectares sown to grain in the USSR in 1958 exceeded the area sown in 1957 but was not so large as the record area of 128.3 million hectares sown in 1956. The area sown to bread grains (wheat and rye) in 1958 decreased by almost 3 million hectares compared with that in 1957, but this decline was more than offset by increases in the area sown to other grains, particularly the area planted to corn for grain.

On the basis of information in the report on plan fulfillment, Soviet officials apparently are claiming a harvest of about 90 million to 95 million tons of bread grains in 1958, a substantial increase over production in 1956 and 1957. Although the area sown to bread grains in 1958 exceeded the area sown in 1956 by more than 4 million hectares, the increase in production in 1958 resulted primarily from the higher yields per hectare, made possible to a large extent by unusually good weather.

The reported harvest of about 45 million to 50 million tons of other grains** in 1958 also represented a substantial increase over production in 1957 but was about equal to or slightly less than production in 1956. The area planted to barley, oats, and corn in 1958 declined by 4 million hectares compared with 1956, and the area planted to the remaining grains declined by 3 million hectares during the same period. The unusually good weather in 1958 was instrumental in

* Tonnages are given in metric tons throughout this memorandum.

** Other grains grown in the USSR include barley, corn, oats, millet, buckwheat, pulses, rice, and miscellaneous grain mixtures.

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making the harvest of these grains reasonably comparable with that in 1956.

2. Root and Forage Crops.

Production of the major root and forage crops in the USSR in 1958 exceeded that in 1957. Production of sugar beets in 1958 reportedly surpassed the record harvest in 1957 by more than 36 percent because of favorable weather and an increase of 19 percent in the area planted to this crop.

Production of potatoes in 1958, reported to be 86.1 million tons, was about 10 percent less than that in 1956 and 2 percent less than that in 1957. Delayed planting in the spring apparently kept yields of potatoes about average, even though subsequent weather was relatively favorable. Moreover, the area planted to potatoes was 300,000 hectares less in 1958 than in 1957.

The area devoted to forage crops in the USSR reportedly decreased by a total of 700,000 hectares during 1957 and 1958. Weather favored the growth of forage crops in 1958, however, and production of feed increased substantially over that in 1957. By 1 November 1958, 145 million tons of silage reportedly were ensiled, an increase of 57 million tons compared with the same date in 1957. Corn silage accounted for 106 million tons of the total in 1958, compared with 52 million tons in 1957. Moreover, by 1 November 1958 a total of 111 million tons of coarse fodder (including 58 million tons of hay) had been prepared; an increase of 7.7 million tons compared with the same 10 months in 1957.

3. Other Crops.

The area devoted to the production of sunflowers, the principal source of vegetable oil in the USSR, was 3.94 million hectares in 1958, an increase of almost 500,000 hectares over 1957. Reported production of 4.54 million tons of sunflower seeds in 1958 was substantially greater than that in 1957, when the crop was adversely affected by dry weather. Production of cotton seed, the second main source of vegetable oil, was only slightly greater in 1958 than that in 1957.

The area planted to cotton in the USSR in 1958 was increased by 2 percent compared with that in 1957. Reported production of 4.4 million tons of cotton in 1958 represented a slight increase over that in 1957. The total area planted to fiber crops in the USSR decreased somewhat in 1958, however, because of a reduction in the area sown to flax and hemp. Total production of fibers probably increased slightly in 1958.

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Production of vegetables in the USSR in 1958, reported at 14.3 million tons, remained at the level of 1956 and 1957. Inasmuch as the area planted to vegetables also remained at about the level of 1957, yields per hectare were equal to those in 1957.

C. Livestock and Livestock Products.

The emphasis given by Soviet officials in recent years to increasing the numbers of livestock and the output of livestock products under Khrushchev's program for catching up with the US in production per capita of meat, milk, and butter* continued to show results in 1958. Herds of livestock continued to increase during the year. The increase in the numbers of livestock was smaller in 1958 than in 1957 because of the smaller supply of livestock feed at the beginning of 1958, but this disadvantage was partially offset by the increase in grass on pastures.

According to data in the report on plan fulfillment, production of livestock products in 1958 exceeded that in 1957, but the increase in production was small compared with increases in 1957. For example, the percentage increases in production of meat and milk in 1958 was only about one-half as great as those in 1957. The outlook for production of livestock products in the first half of 1959 is considerably brighter than it was for the first six months of 1958 because of the increased supply of feed crops.

D. Trade.

Only a few agricultural products are important in Soviet foreign trade -- principally grain, sugar, and cotton. Soviet exports of flax recently have assumed importance because of their effect on Western markets.

The bumper harvest of grain in the USSR in 1958, combined with state control of foreign trade as well as the domestic economy, provides the conditions required for "dumping." Thus the possibility exists of greatly increased exports from the USSR of agricultural products, particularly wheat. On the other hand, increased domestic requirements under present programs, the desire to increase reserves, and the need to export increased quantities of grains to the European Satellites, will tend to limit the sales of grain to the Free World by the USSR.

* The new Seven Year Plan (1959-65) announced in November 1958 contains no mention of this goal of catching up with the US in the output of livestock products per capita. The goal for production of meat in 1965 is substantially less than the amount required to equal production per capita in the US. On the other hand, the goal for production of milk is considerably higher than necessary to equal production per capita in the US.

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Soviet imports of sugar are expected to decline in the consumption year 1958/59 as a result of the 2 successive years of record harvests of sugar beets in the USSR.

The USSR is a net exporter of cotton, with a large share of the exports going to the European Satellites. In recent years, Soviet imports of cotton from Egypt and other underdeveloped countries of the Middle East have been increased. This trend is likely to continue because favorable harvests of cotton in several of these countries have created large surpluses for which there is not a ready market in the West.

E. Supplies of Food, 1958/59.

As a result of the bumper harvest in the USSR in 1958, the average daily caloric intake per capita will remain at a relatively high level during the consumption year 1958/59, probably near the level of about 3,200 calories per capita per day in the US. Cereals and pulses, which now account for approximately two-thirds of the average daily caloric intake, will continue to be the major staples in the diet. The increases in the production and supply of such quality foods as sugar and livestock products, however, should improve the quality of the Soviet diet. The USSR does not have the variety in the diet found in most other industrial countries, but there is no evidence of widespread disease resulting from dietary deficiencies.

II. European Satellites.

A. General.

Estimated total production by agriculture in the European Satellites was less in 1958 than in 1957. Of the northern Satellites, only in Czechoslovakia is gross agricultural production in 1958 believed to have been about the same as in 1957. Increases in gross production in East Germany and Poland, however, were insufficient to overcome the decline in production in the southern Satellites -- Albania, Bulgaria, Hungary, and Rumania. None of the Satellites which announced over-all plans for agricultural production in 1958 fulfilled their plans.* In East Germany most goals for crops, except grain, were not fulfilled in 1958, but goals for livestock products other than meat and slaughter fats probably were attained. Goals were not announced by Albania and Rumania, but the reduced production in 1958 probably was less than planned.

* Planned increases in gross agricultural production in 1958 compared with 1957 were as follows: Czechoslovakia, 11.9 percent ; Poland, 3.7 percent ; Bulgaria, 9.5 percent ; and Hungary, 4.6 percent.

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Weather was the principal factor that determined the level of agricultural production in 1958. In Czechoslovakia and in the southern Satellites the promising prospects following the late fall in 1957 and a mild winter were more or less offset by an unusually late and cold spring in 1958, which was followed immediately by unseasonably warm, dry weather. There was a drought in Bulgaria throughout the summer, but in Hungary and Rumania the hot, dry weather was not so severe and did not last so long. Throughout the Satellites the growth of grain sown in the fall of 1957 was retarded somewhat, and planting of spring crops was delayed 3 to 6 weeks. In the northern Satellites, untimely summer rains -- particularly in Czechoslovakia and East Germany -- impeded harvesting operations, caused abnormal losses of grain, and delayed the maturing of some crops. The effect of weather on production of fodder crops also will influence production of livestock and the output of livestock products.

Governmental policies in the various European Satellites probably have encouraged a greater effort by farmers to increase agricultural productivity. Incentive programs in 1958 included further modifications in governmental procurement, greater freedom in local planning of crops, increased supplies of consumer goods, and, in Hungary and Poland, the sale of land to peasants. The somewhat favorable results of these incentives -- together with the increased use of fertilizers, machinery, insecticides, and various new agrotechniques -- were offset, however, by the effects of unfavorable weather, shifts in the area planted to certain crops, and the program for collectivization.

B. Production of Crops.

1. Grain.

Estimated average production of grain in the USSR and the European Satellites in 1953-57 and production in 1958 are shown in Table 2.* Total production of grain in the European Satellites in 1958 is estimated at 39 million tons, about the same as the average in 1953-57 and 12 percent less than production in the good crop year 1957. This reduction resulted from a substantial decline in production in the southern Satellites. Although the late spring adversely affected grain in all the Satellites, the two periods of hot, dry weather in the southern Satellites had a devastating effect, particularly on grain planted in the spring. In the northern Satellites, production of grain in 1958 almost equaled that in 1957 and exceeded the average in 1953-57 by almost 9 percent. In the southern Satellites, on the other hand,

* Table 2 follows on p. 11.

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Table 2

Estimated Production of Grain in the USSR and European Satellites a/*
1953-57 Average and 1958

| Country | Bread Grains b/ | | Coarse Grains c/ | | Total | |
|---------------------|--------------------|---------|--------------------|-----------|--------------------|------------|
| | 1953-57 Average | 1958 | 1953-57 Average | 1958 | 1953-57 Average | 1958 |
| USSR | 61,000 | 92,500 | 37,000 d/ | 47,500 d/ | 98,000 d/ | 140,000 d/ |
| Northern Satellites | | | | | | |
| Czechoslovakia | 2,380 | 2,270 | 2,620 | 2,600 | 5,000 | 4,870 |
| East Germany | 2,820 | 2,940 | 1,980 | 2,160 | 4,800 | 5,100 |
| Poland | 8,430 | 9,700 | 3,430 e/ | 3,850 e/ | 11,860 | 13,550 |
| Subtotal | 13,630 | 14,910 | 8,030 | 8,610 | 21,660 | 23,520 |
| Southern Satellites | | | | | | |
| Albania | 90 | 110 | 190 | 170 | 280 | 280 |
| Bulgaria | 1,870 | 1,850 | 1,500 | 910 | 3,420 d/ | 2,810 d/ |
| Hungary | 2,470 | 1,860 | 3,600 | 3,660 | 6,140 d/ | 5,600 d/ |
| Rumania | 3,240 | 3,280 | 4,550 | 3,640 | 7,830 d/ | 6,950 d/ |
| Subtotal | 7,670 | 7,100 | 9,840 | 8,380 | 17,670 d/ | 15,640 d/ |
| Total | 21,300 | 22,010 | 17,870 | 16,990 | 39,330 d/ | 39,160 d/ |
| Grand total | 82,300 | 114,510 | 54,870 | 64,490 | 137,330 d/ | 179,160 d/ |

* Footnotes for Table 2 follow on p. 12.

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Table 2

Estimated Production of Grain in the USSR and European Satellites a/
1953-57 Average and 1958
(Continued)

- a. Including grain sown in the fall of 1957 and the spring of 1958 and harvested in 1958.
- b. Wheat and rye.
- c. Including barley, oats, corn, millet, buckwheat, and other miscellaneous grains and grain mixtures.
- d. Including rice. In 1953-57, average annual production of rice was as follows: USSR, 300,000 tons; Albania, insignificant quantities; Bulgaria, 49,000 tons; Hungary, 71,000 tons; and Rumania, 43,000 tons. In 1958 the USSR produced 300,000 tons of rice; Albania, insignificant quantities; Bulgaria, 50,000 tons; Hungary, 80,000 tons; and Rumania, 29,000 tons. In this table, rice is included with coarse grains only in the data for the USSR.
- e. Barley and oats only.

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estimated production of grain was only 75 percent of that in 1957* and 88 percent of the average in 1953-57. East Germany was the only Satellite to achieve a slight increase in production of grain in 1958. Except for East Germany, yields of grain were lower than in 1957, especially in the southern Satellites. Only minor shifts occurred in the area sown to grain throughout the Satellites.

In 1958 the estimated harvest of bread grains throughout the European Satellites was slightly more than the average in 1953-57. In the northern Satellites, estimated production of bread grains was 9.4 percent more than the average in 1953-57 and almost equal to the good crop in 1957. In the southern Satellites, however, estimated production was about 7 percent less than the 5-year average and 17 percent less than that in 1957. Damage by the drought in the southern Satellites and excessive rainfall in the northern Satellites at harvest time probably reduced the milling quality of stored grain. Bread grains sown in the spring, which account for only a small portion of the total, were more severely damaged by the drought than were those sown in the fall.

Estimated production of all coarse grains throughout the European Satellites in 1958 was about 5 percent less than the average in 1953-57 and 19 percent less than that in 1957. In the northern Satellites, production of coarse grains in 1958 exceeded the average in 1953-57 by 7.2 percent but about equaled that in 1957. On the other hand, the southern Satellites, traditionally the principal producers among the Satellites, suffered a severe setback in 1958 and produced less coarse grains than the northern Satellites. The estimated production of coarse grains in the southern Satellites in 1958 was only 68 percent of that in 1957 and only about 85 percent of the average in 1953-57. The total area sown to coarse grains in the Satellites did not change significantly in 1958. The area planted to corn decreased in Bulgaria and Hungary, but increased slightly in Czechoslovakia, East Germany, and Rumania, and the area sown to barley increased in Hungary.

Root and Forage Crops. Total production of the major root crops -- sugar beets and potatoes -- and of other roots used as fodder in the European Satellites declined in 1958. In the northern Satellites, the area planted to sugar beets was expanded in spite of the late spring, but there is evidence that yields were somewhat less in 1958 than in 1957, so that the crop in each country was about average. The sugar content of beets probably was

* Estimated decreases in production by individual countries were as follows: Albania, 15 percent; Bulgaria, 30 percent; Hungary, 20 percent; and Rumania, 37 percent.

slightly less than that of the crop in 1957, when production of sugar was above average. Thus production of sugar in the northern Satellites probably declined in 1958. In the southern Satellites, decreased yields resulted in a smaller sugar beet crop, although the area planted was expanded slightly. It is unlikely that the slight increase in sugar content of the crop in the southern Satellites compensated for the reduced production, and thus production of sugar in the southern Satellites probably was less than that in 1957. Production of fodder roots, which are grown primarily in the northern Satellites, was less in 1958 than in 1957, because of reductions in both the planted area and the yield.

Potatoes were planted later in the spring of 1958 because of unfavorable weather. As a result, the supply of early potatoes was smaller, and some temporary local shortages occurred. The estimated production of potatoes in the Satellites in 1958 was less than that in 1957. This reduction was only slight in Poland, but amounted to about 10 percent in East Germany, about 18 percent in Czechoslovakia, about 20 percent in Rumania, and about 25 percent in Albania. Because of the late spring, plans for planting potatoes were not fulfilled in most Satellites and, except for Hungary and Poland, some reduction in the planted area occurred. Although yields in Poland were about equal to those in 1957, they were somewhat less in the other Satellites.

Forage crops (alfalfa, clover, grain and vetch mixtures, silage mixtures, and meadow grasses) fared much better in the northern than in the southern Satellites. Pastures in the northern Satellites provided an abundance of feed following the late spring and during their extended period of mild weather in the fall. Although the quality of feed was impaired by rain at the time of cutting, there was a larger supply of feed for livestock in the northern Satellites in 1958 than in 1957. In the southern Satellites, pastures and meadows were inadequate, compared with 1957, and some supplemental feeding of hay and concentrates probably was necessary. Also, except in Hungary, production of hay and other forage crops was substantially below that in 1957, which was above average. In Albania and Rumania, supplies of feed were limited but apparently sufficient to carry the livestock through the winter on reduced rations. In Bulgaria, which suffered the sharpest reduction of feed crops among the Satellites in 1958, there appeared to be inadequate supplies of feed to carry the livestock satisfactorily through the winter.

3. Other Crops.

In the northern Satellites, the principal oilseed produced is rape. In Poland and East Germany, production of rape declined slightly in 1958, mainly because of a reduction in the area planted,

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but in Czechoslovakia an increase of 16 percent in the area planted resulted in a slightly larger harvest in 1958. Production of flax and hemp was about equal to the average crop in 1957. In the southern Satellites, except for Hungary, production of fibers and oilseeds, chiefly sunflower seed, probably was below average. Production of oilseeds and fibers (flax and hemp) in Hungary in 1958 about equaled that in 1957; an increase in the area sown compensated for lower yields.

The late spring reduced the crop of early vegetables throughout the Satellites. In the northern Satellites, however, a good crop of late vegetables increased the total harvest of vegetables in 1958 to about the level of 1957, when an average crop was produced. Except in Bulgaria, where an increase in the planted area and irrigation resulted in a crop about equal to the good one in 1957, production of vegetables in the southern Satellites was somewhat less in 1958 than in 1957. One favorable result of the late spring was the retardation of the blossoming of fruit trees until after killing frosts. As a result, the northern Satellites, having an abundance of moisture, harvested one of the best crops of fruit since World War II, particularly apples and pears. Compared with 1957, the crop of fruit was smaller in 1958 in the southern Satellites.

C. Livestock and Livestock Products.

Total numbers of livestock in the European Satellites probably decreased during 1958. There were, however, slight increases in the numbers of several types of livestock in various Satellites, as follows: cattle and milk cows, hogs, sheep, and horses in Hungary*; sheep and cattle in East Germany; cattle in Czechoslovakia; and milk cows and horses in Poland.** The shortage of feed in most of the southern Satellites was a major factor influencing production of livestock during the year. Because of a scarcity of feed in Bulgaria, for example, excessive slaughtering of livestock probably occurred in the last quarter of 1958 and may continue in the first quarter of 1959. The reduction in the number of hogs in Poland and Czechoslovakia in 1958 and in East Germany in 1956-58 indicates little improvement in supplies of feed, and also some adjustments in animal breeding. Increases in the number of milk cows in Poland and Hungary have resulted mainly from changes in governmental policies -- revocation of delivery quotas, higher prices for milk, and more freedom at the farm level in planning production.

* Except for sheep, however, the number of livestock has not regained the levels reached before the revolution of 1956, despite government efforts to increase certain categories of livestock, especially milk cows.

** See Table 1, p. 3, above.

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Production of meat, meat products, and slaughter fats in the consumption year 1958/59 is expected to be slightly in excess of that in 1957/58. In most of the European Satellites, a higher proportion of livestock may be slaughtered in 1958/59. In the northern Satellites, production of meat is expected to be about equal to that in 1957/58, in spite of slightly fewer animals. Because of fewer animals in Albania and Rumania, less production of meat and slaughter fats is expected in those countries than in the 2 previous years. In Hungary, however, output of livestock products under the accelerated program for livestock is expected to be greater than that in 1957/58, particularly in regard to meat and slaughter fats, although smaller than in 1956/57. Production of meat in Bulgaria probably will increase because of the likelihood of forced slaughtering resulting from shortages of feed. Production of poultry and eggs in all the Satellites is expected to be greater in 1958/59 than in the 2 previous years.

Output of dairy products also is expected to increase in 1958/59 and may be the largest in the European Satellites as a whole since World War II, even though output is expected to be below average in Albania and Rumania. Shortages of feed in some southern Satellites may curtail production of milk in the first quarter of 1959.

Production of wool in the European Satellites as a whole was estimated to be less in 1958 than in the 2 previous years, in spite of small increases in the number of sheep in East Germany and Hungary. Output of other animal products from domestic sources, especially hides and skins, is expected to be about equal to that in 1957/58.

D. Trade.

Patterns of trade in agricultural commodities in 1958/59 in the European Satellites are not expected to vary appreciably from those in previous years, but some changes are expected to occur in the volume of trade. Traditional imports of agricultural commodities probably will increase, whereas exports are expected to decrease. Requirements for imports of grain in 1958/59 throughout the Satellites probably are somewhat less than those in 1956/57, when between 4 million and 5 million tons were imported. The northern Satellites, traditionally the major importers of grain in the Satellites, again will import large quantities of grain in 1958/59. Bulgaria, Hungary, and Rumania, normally exporters of grain, may be deficit areas in 1958/59. Hungary already has contracted for the importation of 200,000 tons of grain from the USSR. Bulgaria and Rumania probably will not be able to fulfill export commitments of grain negotiated early in 1958 and may be forced to import small quantities. Imports of grain by Albania are expected to be about the same as in 1957/58.

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Czechoslovakia and East Germany, which traditionally import large quantities of livestock products (meat, slaughter fats, butter, and other milk products), are expected to import slightly larger quantities of these products in 1958/59 than in 1957/58. The increase may be only slight in East Germany because efforts are being made to reduce imports of these commodities. Exports of meat from Poland and the southern Satellites probably will be larger in 1958/59 than in 1957/58, because meat is an excellent source of foreign exchange and has received a high priority for export. Exports of meat by Bulgaria probably will be increased somewhat if excessive slaughtering of livestock occurs.

Requirements for imports of vegetable oilseeds and vegetable oils by the northern Satellites will increase in 1958/59 because of continued high demand for these products and some reduction in the current domestic crop of oilseeds. Exports of oilseeds from the southern Satellites will decline because of a smaller crop in Bulgaria.

Exports of sugar, a major export of the northern Satellites, are expected to remain at about the same level in 1958/59 as in 1957/58, when about 670,000 tons are estimated to have been exported. In the southern Satellites, imports of sugar into Rumania and Albania are expected to remain at about the level in 1957/58, but such imports into Hungary probably will be less because of some carry-over stocks from the previous year. Bulgaria, which has been a net exporter of sugar during the past 2 years, is not expected to have an exportable supply of sugar.

E. Supplies of Food, 1958/59.

Except in Hungary, supplies per capita of basic foods (grain, potatoes, meat, fats and oils) derived from domestic production in the southern Satellites will be significantly less in 1958/59 than in the 2 previous years. The decline in the supply of food in Albania, Bulgaria, and Rumania is more significant because of the likelihood of a proportionately larger reduction in quality foods. Local shortages of food may occur before the harvest in 1959, because efforts will be made to fulfill current export commitments and because customary imports of certain foods are not expected to offset the decline in domestic production of those foods. The supply of food per capita from domestic production in Hungary will be considerably greater than in the other southern Satellites but may not be so great as in 1957/58. Because of expected imports, however, supplies of food per capita in 1958/59 should be about the same as in 1957/58. Carry-over stocks of sugar should be sufficient to compensate for expected reduced imports of sugar, and the supply of dairy products for consumption is expected to exceed that in 1957/58; but the increase expected in output of other animal products, particularly meat and meat products, probably will be exported.

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Supplies of food in the northern Satellites in 1958/59, probably will be about equal to those of the 2 previous years. In East Germany, larger quantities of foods of higher quality are expected to be available for consumption than in the past 2 years. As in the past, imports of the customary basic foods into East Germany will continue at a high level. Because of recent governmental policies, such as rationing of foods, it is not expected that central stocks of foods will be greatly increased because of the larger crop in 1958. In Czechoslovakia and Poland, where the average daily supply of food per capita is larger than in East Germany, little change from the 2 previous years in the quantity available for consumption is expected in 1958/59. Because consumption of food in these countries already is at a comparatively high level, modifications in the diet are expected to consist of increased consumption of foods of higher quality. Such an improvement may not occur in Poland in 1958/59, however, because of the higher priority attached to exports of quality foods, such as livestock products. In Czechoslovakia, increased imports of basic foodstuffs and carry-over stocks of some foods, such as sugar, should bolster domestic production of foods and thus maintain supplies per capita at about the level of 1957/58. A more varied diet should be available throughout the northern Satellites because of the good crop of vegetables and an unusually good crop of fruit in 1958.

III. Production of Crops in Communist China, 1958.

There are indications that harvests in Communist China reached record levels in 1958, although it is extremely doubtful that production approached the levels claimed. Reported production of 375 million tons of grain is more than double the figure of 185 million tons estimated for 1957. Reportedly the cotton crop in 1958 amounted to 3.35 million tons (ginned weight), an increase of 104 percent over the estimated 1.64 million tons produced in 1957. Claimed production of grain and cotton in 1958 is compared with estimated production in 1957 in Table 3.* Tubers and rice account for the largest share of the increase of grain in 1958. The increased production of tubers and rice lends credence to reports that the Chinese are shifting from low-yielding crops to these high-yielding crops.

The big agricultural advance claimed by the Chinese Communists in 1958 reportedly was made without the use of many tractors or large amounts of chemical fertilizer but has been based mainly "on the initiative and creativeness of the peasants, and on water conservancy, natural manures, deep plowing, soil improvement, the popularization of selected seed, close planting, pest and disease control, careful tending of the land, and tool improvement."

* Table 3 follows on p. 19.

Table 3

Production of Grains and Cotton in Communist China
1957 (Estimated) and 1958 (Claimed)

| Crop | 1957 (Million Metric Tons) | 1958 a/ (Million Metric Tons) | Increase in 1958 (Percent) |
|---------------|-------------------------------|----------------------------------|-------------------------------|
| Grains | | | |
| Wheat | 23.5 b/ | 40.0 | 70.2 |
| Rice | 86.7 c/ | 150.0 | 73.0 |
| Tubers d/ | 20.3 e/ | 88.1 | 334.0 |
| Other f/ | 54.5 g/ | 96.9 g/ | 77.8 |
| Total | 185.0 h/ | 375.0 | 102.7 |
| Ginned cotton | 1.64 i/ | 3.35 | 104.3 |

a. Based on data in source

b.

c.

d. In Chinese statistics, tubers are included as grain at the ratio of 4 tons of tubers to 1 ton of grain. Tubers include Irish potatoes and sweet potatoes.

e.

f. Including barley, corn, buckwheat, millet, proso-millet, kaoliang, broadbeans, and field peas.

g. Derived by deducting the figures for wheat, rice, and the grain equivalent of tubers from the figure for all grains.

h.

i.

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Although sufficient supplementary information is not yet available to make reliable estimates of production of agricultural commodities in 1958, there is abundant evidence to support the contention that Chinese Communist claims for production of agricultural commodities in 1958 are grossly exaggerated. A number of reasons for not accepting official claims are included in the information which follows.

Production of 375 million tons of grain in 1958 would have required doubling the average yield of 15 quintals per hectare achieved in 1957, a virtual impossibility in light of the measures claimed to have been utilized. The yields required to achieve the claimed production of crops in 1958 are compared with the yields attained in 1957 in Communist China, Japan, and the US, in Table 4.

Table 4

Yields of Grain and Cotton in Communist China
in 1957-58 and in Japan and the US in 1957

| Crop | Yields in 1957 | | | Claimed Yields in 1958 | |
|------------------|----------------------------------|-----------------|-----------------|------------------------|--------------------|
| | US <u>a/</u> | Japan <u>b/</u> | China <u>c/</u> | China <u>c/</u> | Increase over 1957 |
| | (Quintals per Hectare) <u>d/</u> | | | (Percent) | |
| Grain | | | | | |
| Wheat | 14.6 | 21.6 | 8.5 | 15.0 | 76.5 |
| Rice | 36.1 | 44.3 | 26.8 | 43.1 | 60.8 |
| Tubers <u>e/</u> | 48.2 | 40.4 | 19.3 | 59.9 | 210.4 |
| Other | N.A. | N.A. | 10.9 | 19.8 | 81.7 |
| All grain | N.A. | N.A. | 15.4 | 30.0 | 94.8 |
| Ginned cotton | 4.3 | N.A. | 2.8 | 5.6 | 100.0 |

a.

b.

c. Calculated from information on area and production.

d. One quintal equals 100 kilograms (220.46 pounds).

e. In Chinese statistics, tubers are included as grain at the ratio of 4 tons of tubers to 1 ton of grain. Tubers include Irish potatoes and sweet potatoes.

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Although climatic conditions from the fall of 1957 through the summer of 1958 fluctuated considerably, the over-all effect of weather on production of crops was favorable. The winter wheat crop in particular suffered from the severe drought, which occurred from the time of sowing in the fall of 1957 to the beginning of the rainy season in April 1958, especially in the main wheat-producing provinces of Hopeh, Honan, Shansi, and Shantung. This drought probably accounted for the reported 3.3 percent decrease in the area sown to wheat in 1958 compared with 1957. In general, rainfall beginning in April and continuing throughout most of the spring and summer appeared to be adequate for the growth of crops.

A relatively small increase in production of grain probably resulted from an increase in the area sown in 1958. The area reportedly sown to grain in 1958 totaled 125.0 million hectares,* an increase of 4.5 million hectares, or 3.7 percent more than that in 1957. The estimated total cultivated land** in 1958 was only 0.6 percent more than that reported in 1957, and therefore the increase in the area sown to grain most probably resulted from an expansion of double cropping.

Apparently there was a tremendous amount of labor expended in irrigation and water conservancy in the countryside and in the collection and application of organic fertilizers and other soil-building materials. Some additional improvements may have resulted from the use of improved seed, closer planting, and the application of new techniques.

According to recent reports the irrigated area in Communist China increased from 34.6 million hectares in October 1957 to 66.6 million hectares in September 1958, an increase of 32 million hectares, or 92 percent. It is claimed that irrigation and water conservancy resulted in the saving of 15 million to 20 million tons of grain from drought and flooding in 1958. Visitors traveling through China have been very much impressed with the extent of irrigation works and the mass of organized labor seen working on such projects. In many formerly dry areas, water was seen stored in ponds and reservoirs. There is little doubt that the effort devoted to irrigation and water conservancy in 1958 enabled the Chinese to expand their irrigated area significantly. It is questionable, however, whether the irrigated area could be expanded by 92 percent in 1 year by means of local small-scale projects. Furthermore, the degree of permanency of these projects is questionable because most of the dams were constructed of mud and dirt.

* Including land sown to Irish potatoes and sweet potatoes, which in Chinese statistics are included as grain at the ratio of 4 tons of potatoes to 1 ton of grain.

** Land planted to crops; does not include double cropping.

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Claimed applications of 150 tons of organic fertilizer* per hectare in 1958 were said to be about double those of a normal year. It is doubtful that increased applications of organic fertilizer would account for any substantial increases in yields. For centuries, Chinese farmers have depended on this type of fertilizer to maintain the fertility of the soil. The quality of this fertilizer in terms of plant nutrients is low, and heavy applications usually are necessary to maintain average yields. A German authority who recently completed a tour of the Chinese mainland stated that the campaign for the collection of organic materials in the winter of 1957/58 had not been an unqualified success. In spite of Chinese Communist claims that collections in 1957/58 were double those of a normal year in terms of nitrogen content, this source reported a much smaller increase. This observation substantiates statements by other visitors that some crops show obvious nitrogen deficiencies throughout the agricultural areas of China. The increased supply of chemical fertilizer has not been sufficient to augment the supplies of organic material to the extent necessary to increase yields significantly. The total amount of chemical fertilizer available to agriculture in 1958 has been estimated at only about 2.8 million tons, an increase of 1 million tons over 1957 but still far below estimated requirements.

Claims by the Chinese Communists of increases in agricultural production are not borne out by observations by recent visitors to China. Although favorable weather in the latter part of the year, together with the tremendous expenditure of labor in the countryside, undoubtedly increased agricultural production, most of the claims seem grossly exaggerated. These claims appear to be based on generalizations drawn from particularly favorable results attained on experimental plots. A Westerner, well qualified to appraise agricultural conditions, visited several important farm areas of China in September. He reports that the immense quantity of labor that the Chinese are putting into the effort to increase agricultural production is extremely impressive and probably brought about sizable increases. He observed nothing, however, that would substantiate the over-all claims for agriculture by the Chinese. He also noted that many of the innovations in farm techniques being applied to small experimental plots were impractical and were designed primarily to dramatize to the peasants the potential productivity of the land. As a result, competition between experimental units was keen, and the increases in yield obtained on the small plots apparently are being interpreted as a nation-wide achievement. The source also observed that some of the techniques being emphasized by the authorities, such as deep plowing, close planting, and intercropping, have become fetishes and apparently are carried out without scientific

* Mostly in the form of river and pond mud, which undoubtedly has great variations in organic content.

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planning. Indeed, some of the techniques being advocated, when done haphazardly, may even have harmful effects on the future fertility of the soil.

agricultural advisory team, which returned from Communist China in October 1958, reported no indications of the fantastic yields of rice now claimed by the Chinese. Chinese official claims of 43.1 quintals of rice per hectare in 1958 are almost equal to the 44.3 quintals per hectare attained by Japan in 1957. Yields of rice in Japan, which averaged around 40 quintals per hectare in the 5 years 1953-57, were obtained primarily through much heavier applications of chemical nitrogenous fertilizers than were applied in China. As early as 1952, Japan applied an average of 375 kg of chemical fertilizer per hectare of planted area. In China as late as 1956 the rate was only 10 kg per hectare. There has been no significant increase in the supply of chemical fertilizer in China since 1956. The observers were impressed with the progress in the cultivation of rice made by the Chinese during the past few years but consider that China still is greatly inferior to Japan in the cultivation of rice.

The claims for agriculture in 1958 by the Chinese Communist officials have not been substantiated by any large-scale increases in the supply of food or in the procurement of food crops by the state. The goal for collection of grain from the crop harvested in 1958 was revised upward from 44 million tons to 63 million tons of commercial grain. The indicated increase over 1957 is only 43 percent, compared with a claimed increase of more than 100 percent in production of grain. As of January 1959, only about 48 million tons reportedly had been procured. The government found it necessary to issue several directives calling for accelerated procurement in order to spur lagging deliveries of agricultural products to the state in the second half of 1958. Reports from Peking in December 1958 stated that during the previous 4 months there had been wide fluctuations in the supply of foodstuffs throughout China and that shortages of certain foods had occurred in Peking and in other large towns and industrial areas. More recent reports state that rations of flour have been reduced to the lowest level since food was first rationed in 1954 and that cabbage was rationed for the first time on 1 January 1959. These two staples are among the most important foods of North China. Furthermore, the effects of the new rations were not counterbalanced by increases in the distribution of other foods. Previously, it had been thought that food was being rationed in 1958 as a means of getting people in the cities to join communes; but this no longer appears to be the case, because the Central Committee of the Communist Party recently decided to postpone the establishment of people's communes in the big cities.

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Although some disruption in the procurement of crops may be attributed to transportation tieups and delayed harvesting, no extraordinarily large stores of grain have been observed by people traveling through China. Inasmuch as China has always been short of adequate facilities for storage of grain, a crop of the magnitude claimed by the Communists would hardly go unobserved.

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APPENDIX

SOURCE REFERENCES

Evaluations, following the classification entry and designated "Eval.," have the following significance:

| <u>Source of Information</u> | <u>Information</u> |
|------------------------------|--------------------------------|
| Doc. - Documentary | 1 - Confirmed by other sources |
| A - Completely reliable | 2 - Probably true |
| B - Usually reliable | 3 - Possibly true |
| C - Fairly reliable | 4 - Doubtful |
| D - Not usually reliable | 5 - Probably false |
| E - Not reliable | 6 - Cannot be judged |
| F - Cannot be judged | |

Evaluations not otherwise designated are those appearing on the cited document; those designated "RR" are by the author of this memorandum. No "RR" evaluation is given when the author agrees with the evaluation on the cited document.

All sources are evaluated RR 2 unless otherwise indicated.

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