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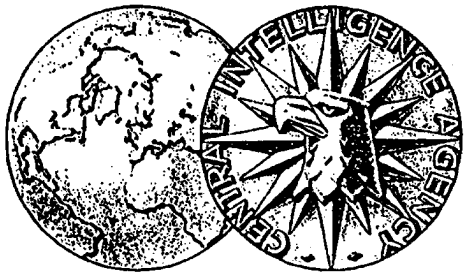
THE FOOD OUTLOOK FOR COMMUNIST CHINA



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THE FOOD OUTLOOK FOR COMMUNIST CHINA

SUMMARY

Widespread droughts and floods during 1949 will cause severe famine in China in 1950. Serious food shortages in the rural areas of poor harvests are a foregone conclusion. Although famine is a common historical experience in China, the new Communist regime will be put in a disadvantageous light by any comparison of 1949 harvests with the more favorable harvests of recent years under the Nationalists. Food shortages furthermore will delay the fulfillment of Communist promises to the rural population. Peasant rebellions, although not well organized and not ideologically inspired, already have been reported in several areas. Such uprisings may be further encouraged by the famine. Rural unrest may impede the establishment of political and economic stability in China, but it cannot be considered a serious threat to the power of the Communist regime. Continued peasant rebellion, however, may force the Communists to maintain larger armed forces than they had anticipated.

Despite Communist efforts to assure adequate food supply to key urban areas, the problem of shortages has tended to defeat Communist attempts at urban price control. Because wage payments are geared to food prices, the famine will result in increased prices of manufactured goods.

The Communists will not wish to utilize their meager foreign exchange resources for the purchase of food from the west. It is also unlikely that the Communists will seriously approach the US or other non-Communist countries for aid in meeting their current food deficits.

The Soviet-Manchurian trade pact concluded in July 1949 requires the export of Manchurian foodstuffs to the USSR. In an effort to counter unfavorable Chinese reaction, however, the USSR might relax these requirements for food exports or, more likely, might make highly publicized token relief shipments to China.

Note: The intelligence organizations of the Departments of State, Army, Navy and the Air Force have concurred in this report. It contains information available to CIA as of 23 January 1950.

THE FOOD OUTLOOK FOR COMMUNIST CHINA

As a result of widespread droughts and floods during 1949, the year 1950 should bring an exceptionally severe famine to China. While some areas have enjoyed a good harvest, others will suffer from serious food shortages, and many will face famine conditions.*

North China suffered a particularly poor crop year in 1949, but droughts and floods also cut into harvests in many areas of Manchuria, Central China, and South China and drove millions of families from their homes. North China's production of food crops in 1949 was about 20 percent below the level of the previous year, with the lower Yellow River valley and eastern Hopei hard hit by drought in early summer and floods later in the year. Other areas in China which suffered poor harvests include the lake areas of the Central Yangtze Valley, northern Kiangsu, northern Anhwei, parts of Honan, Shansi, and Chahar, northern Manchuria and the lower Liao River valley of Manchuria. Because of their comparative isolation and insufficient modern transport facilities, many distressed localities will be unable to count on a sufficient quantity of commercial or relief shipments from food surplus areas. (For a more detailed discussion of the areas affected, see Appendix.)

The Chinese Communists are thus likely to be faced with peasant unrest in 1950. Peasant rebellions, although not well organized and not ideologically inspired, have already been reported in several areas and may be encouraged further by the disappointments and pressure on living standards resulting from poor harvests. In some areas, peasant hostility will take the form of passive resistance and noncooperation. In a few localities resistance to increased tax burdens may take such overt forms as the murder of tax collectors and open insurrection. The Communists will have to postpone complete pacification in traditionally bandit-ridden areas because of the high cost of policing them.

Despite such patterns of unrest it is not likely that Chinese Communist political control will be seriously threatened. Famine is a common occurrence in China, and consequent disorders are traditionally localized in character. The Communists must necessarily suffer, however, from any comparison of current harvests with those in recent years under the Nationalists; and Chinese peasants, prone to regard omens and auguries seriously, will inevitably make the comparison. Food shortages will delay both the fulfillment of Communist promises to the peasantry and the agricultural programs. In order to cope with peasant unrest in and out of the bandit areas, the Communist government must keep, at some cost, a large armed force in being which it will employ against any resistance that may develop. In their concern about feeding the urban populations, as well as their increased military forces, the Communists may be forced to make increased levies on the peasantry.

In 1948 the difficulties besetting the Nationalists in bringing food to the cities were alleviated by CRM and ECA which supplied nearly three-fourths of China's rice and the bulk of its wheat flour imports. With this assistance now cut off, the Communists must mobilize and transport supplies from the countryside—a task, however, that they are performing with more efficiency than did the Nationalists. It is probable that the most serious food shortages in 1950 will occur, not in the cities, but

* Some light is thrown on the extent and seriousness of the famine threat by recent broadcasts over the Communist radio. According to a Peiping report in October, about 10 million peasants in North China alone had been affected by drought, storms, floods, and insect pests. Calamities in Manchuria and in several areas of Central China are affecting many millions more. To meet the famine threat, the Communists are reportedly mobilizing women and children for the collection of grass under the stimulus of such slogans as, "Mix bran and grass to tide over the famine," and "Eat leaves and grass this year, then grain may be eaten next year."

in those rural areas which suffered poor harvests and are relatively isolated by the lack of modern transport facilities.

Some of the hardships arising from the food shortages could be alleviated through commercial food imports. Because of their meager resources in foreign exchange, however, and their determination to use this foreign exchange as far as possible to import industrial goods, the Communists will keep food imports to a minimum. The Nationalist blockade, if it continues with moderate effectiveness in 1950, will also constitute a deterrent to food imports. It is highly improbable that the Communists will make a serious approach to the US or other non-Communist countries for aid in meeting their current food deficits.

Probably the most serious problems for the Communists in the cities will be those involving price control. Food shortage in China has tended to defeat all Communist measures to control prices. Upward pressure in the early fall of 1949 was disguised in part by the fact that crops currently being harvested were moving into the cities, in part by Communist skill in collecting supplies and dumping them on the market whenever prices threatened to rise rapidly. With supplies becoming scarcer, however, dumping has already become ineffectual as a means of controlling speculation. A rise in food prices is especially significant in China because wage payments are linked closely to the price of food; poor harvests will thus tend to increase the costs of manufacture and undermine the competitive position of such Chinese exports as textiles.

Poor harvests, furthermore, will impede initiation of Communist plans for industrialization. With agricultural exports necessarily reduced, Chinese ability to earn foreign exchange will be impaired, and foreign purchases will have to be deferred. If the reduced exports are directed in substantial part to the USSR at terms less favorable than offered on world markets, China's exchange earnings will be even further reduced.

The famine during 1950 may have some effect on Chinese relations with the USSR. Under the terms of the Soviet-Manchurian trade pact concluded in July 1949, Manchuria is required to ship food to the Soviet Union. Although this treaty has been publicized in the Chinese press as an example of mutually beneficial Chinese-Soviet trade, there is evidence of suspicion among many Chinese that the treaty actually favors the USSR at the expense of China. Should the USSR insist on continuation of food shipments from Manchuria, such suspicions would grow, and the whole Soviet policy toward China would become suspect among more and more Chinese. In an effort to counter unfavorable Chinese reaction, however, the USSR might relax these requirements for food exports, or, more likely, might make highly publicized token relief shipments to China.

APPENDIX

CROP ESTIMATES FOR MAJOR REGIONS OF CHINA

1. Manchuria.

a. Area.

Boundary revisions recently made by the Communists do not affect comparability of the 1949 statistics for Manchuria with those for earlier years. The major change—the transfer of part of Western Manchuria to the "Inner Mongolian Autonomous Government"—does not reduce the agricultural area of the region. The provinces of Jehol, Liaohsi, Liaotung, Kirin, Sungkiang, and Heilungkiang are covered in the statistics for Manchuria presented below.

b. Crop Estimates.

The following table presents estimates of crop production in Manchuria from 1934 through 1949. The statistics for the period from 1934 to 1945 were published by the Japanese authorities in Manchukuo. Current figures are derived from Communist reports of unproved reliability, but independent reports from US consular officials in China on weather and crop conditions tend to corroborate Communist crop reporting:

Table 1.—PRODUCTION OF FOOD CROPS IN MANCHURIA

(millions of metric tons)

Crop	*1934-38*	*1943-45*	*1947*	*1948*	*1949*
Kaoliang	4.0	5.2	*	*	3.1
Millet	2.9	3.6	*	*	2.1
Maize	2.0	3.7	*	*	3.2
Soy beans	3.9	3.3	*	*	1.8
Wheat	0.9	0.4	*	*	0.3
Other grains and beans	2.1	3.0	*	*	2.1
Total	15.8	19.2	12.1	13.4	12.6

* Not available.

Both acreage and yields have declined since VJ-Day. Although the 1949 acreage was probably well above the previous year's, adverse conditions reduced the expected yields per acre by possibly 20 percent. Total food production was some 35 percent below the wartime peak.

c. Factors Affecting 1949 Crops.

Drought in the north and floods in the south damaged Manchurian crops in 1949. Rain did not fall in Kirin until late July and not until early August in Heilungkiang and Sungkiang. In the more densely populated south, where kaoliang is the major crop, the Liao River basin was flooded by excessive rains in late June and July. Damage to nearly a million acres in Liaohsi province has been reported.

The continued absence of normal marketing outlets has forced the Manchurian farmer to strive for self-sufficiency and forego the advantages of specialization. The shortage of fertilizer puts a premium on the more reliable crops such as maize and millet. In the north where farm holdings are larger, the reduced number of draft animals has added to farming difficulties. The end of the civil war and improved transportation are virtually the only favorable elements in the agricultural picture for 1949.

2. North China.

a. Area.

Hopei, Shansi, Shensi, Kansu, Honan, and Shantung provinces are here considered as in the agricultural area of North China. The climate is dry, rainfall is extremely variable, and crop failures with consequent famines are frequent.

b. Crop Estimates.

Estimates of agricultural production in North China through 1948 are based on Nationalist Government crop reports. The 1949 estimates are based on Communist reports with some corroboration in the observations of US Foreign Service officers. Postwar data for North China have been less reliable than for other regions of China proper because of the lack of information about Communist-held territory.

A tentative estimate of the 1949 crop in North China falls about 20 percent below the previous year's total and about the same percentage below the 1931-37 average. Most of the drop occurred in Shantung and Hopei provinces, where over half of North China's food is grown.

c. Factors Affecting 1949 Crops.

Most of North China was affected by drought in the early part of the summer. During July, August, and September, the North China plain was deluged by torrential rains, the most severe in decades. By September, floods covered one-fourth of Hopei province and much of the lower Yellow River valley. Besides damaging the current harvest and forcing millions of farmers from their land, standing water hindered sowing during the fall for next year's crop. The total damage was offset to some extent by such factors as increased yields on higher land and the planting of rapidly maturing "catch" crops in drained land. The winter crops harvested in June, chiefly wheat and barley, fared only slightly better than the summer crops. Drought, hail, and insects reduced expected yields nearly 15 percent.

Table 2.—PRODUCTION OF FOOD CROPS IN NORTH CHINA

(millions of metric tons)

Crop	*1931-37*	*1947*	*1948*	*1949*
Wheat	11.5	10.1	12.2	10.5
Millet	5.7	5.0	5.3	4.0
Kaoliang	4.8	3.4	3.8	2.8
Other grains	7.2	6.4	6.8	5.5
Sweet potatoes & legumes*	2.9	2.9	3.2	2.7
Oil crops	4.8	4.0	4.7	3.7
Total	36.9	31.8	36.0	29.2

* Sweet potato tonnage is multiplied by 0.3 to obtain the approximate grain equivalent.

3. Central China.

a. Area.

Central China, covering the area drained by the Yangtze River, includes the seven provinces of Szechwan, Hupei, Hunan, Kiangsi, Anhwei, Kiangsu, and Chekiang.

b. Crop Estimates.

The crop estimates in Table 3 are based on Nationalist Government reports, adjusted tentatively for 1949 by independent observations on weather and crop conditions.

The 1949 production of food crops is estimated at 6 percent below the 1948 production.

Table 3.—PRODUCTION OF FOOD CROPS IN CENTRAL CHINA

	(millions of metric tons)			
Crop	*1931-37*	*1947*	*1948*	*1949*
Rice	29.0	28.4	29.5	27.6
Wheat	8.7	11.0	10.2	9.4
Barley	4.9	5.0	4.7	4.7
Other grains	8.1	7.2	7.1	6.9
Sweet potatoes & legumes *	6.3	6.6	6.6	6.2
Oil crops	5.8	6.7	6.3	6.1
Total	62.9	64.9	64.5	60.9

* Sweet potato tonnage is multiplied by 0.3 to obtain the approximate grain equivalent.
Note: Totals vary slightly from sum of figures because of rounding.

The principal declines occurred in the flooded middle Yangtze Valley provinces of Hupei, Hunan, Anhwei, and Kiangsi. However, over half the crops in the Central China region are produced in Szechwan at the western extremity and in Kiangsu on the eastern.

c. Factors Affecting 1949 Crops.

The 1949 summer floods were primarily responsible for the drop in crop production. The complicated system of dikes (which are used extensively below the Yangtze gorges to hold the river in its course during the summer high waters) has been deteriorating for many years, leaving Central China vulnerable to excessive spring and summer rainfall. The July floods in 1949 covered approximately the same area inundated in the great flood of 1931. This area included the Tungting and Poyang lakelands, the Han River plain, southern Anhwei and northern Kiangsu. Good yields, however, were obtained on higher lands. The typhoon which crossed Kiangsu in early October caused some damage. Conditions in Szechwan were average. The political turnover of Central China in 1949 may have had some depressing effect on spring planting, although there was in fact little violent fighting.

4. South China.

a. Area.

South China is here considered to be Fukien, Kwangtung, Kwangsi, Kweichow, and Yunnan.

b. Crop Estimates.

The crop estimates for the years through 1948 are based on Nationalist Government reports. Estimates for 1949, which were difficult to make because of the lateness of the fall harvests (November) and paucity of reports from the area, were derived on the basis of tentative adjustment of 1948 production figures on the basis of known weather conditions during 1949.

Table 4.—PRODUCTION OF FOOD CROPS IN SOUTH CHINA

	(millions of metric tons)			
Crop	*1931-37*	*1947*	*1948*	*1949*
Rice	16.0	14.7	15.1	14.7
Wheat	1.2	2.1	2.2	2.0
Other grains	3.0	2.6	2.5	2.5
Sweet potatoes & legumes *	2.2	3.0	3.2	3.1
Oil crops	1.4	1.6	1.6	1.6
Total	23.7	23.9	24.5	23.8

* Sweet potato tonnage is multiplied by 0.3 to obtain the approximate grain equivalent.
Note: Totals vary slightly from sum of figures because of rounding.

1949 crop output probably equals the average in prewar years, although it is perhaps 3 percent below the amount produced in 1948. A feature of the crop pattern in this region has been a shift away from rice to sweet potatoes, vegetables, and vegetable oil seeds.

c. Factors Affecting 1949 Crops.

Kwangtung and Kwangsi suffered from extensive floods early in the summer of 1949, and the rice crops were probably reduced 5 percent as a result. There is no information available on the second rice harvest in November 1949. Foochow in Fukien was also flooded. Upland harvests, however, were favorable, and Yunnan especially is reported to have had a good crop year. The political and military insecurity which plagued the area in 1949 probably did not affect crop production greatly, since it was unaccompanied by much violence beyond the guerrilla and bandit activities usual to the area.

5. Estimates for China as a Whole.

a. Area.

The estimates in Table 5 cover China proper, Manchuria, and the four border provinces of Tsinghai, Ninghsia, Chahar, and Suiyuan. Neither Taiwan nor the agriculturally insignificant provinces of Sinkiang, Tibet, and Sikang are included in the estimates.

b. Crop Estimates.

Prewar estimates for China and Manchuria were compiled by the Chinese Nationalist and the Japanese authorities respectively. Postwar estimates through 1948 were made by the Nationalist Government for China. Estimates of 1949 crops were based on Communist reporting of unproved reliability, weather conditions and other factors affecting crop production, and the observations in some areas of US Foreign Service officers. Communist sources were used for postwar Manchurian estimates.

Table 5—PRODUCTION OF FOOD CROPS IN CHINA

(millions of metric tons)

Crop	*1931-37*	*1947*	*1948*	*1949*
China excluding Manchuria:				
Rice	45.6	43.7	45.3	42.8
Wheat	21.7	23.6	25.0	22.3
Other grains	35.0	30.5	32.6	27.2
Potatoes & legumes *	15.1	15.3	15.8	14.8
Oil crops	13.6	13.5	13.8	12.4
Total for China excluding Manchuria	131.0	126.5	132.4	119.4
Manchuria	15.8	12.1	13.4	12.6
Total	146.8	138.6	145.8	132.0

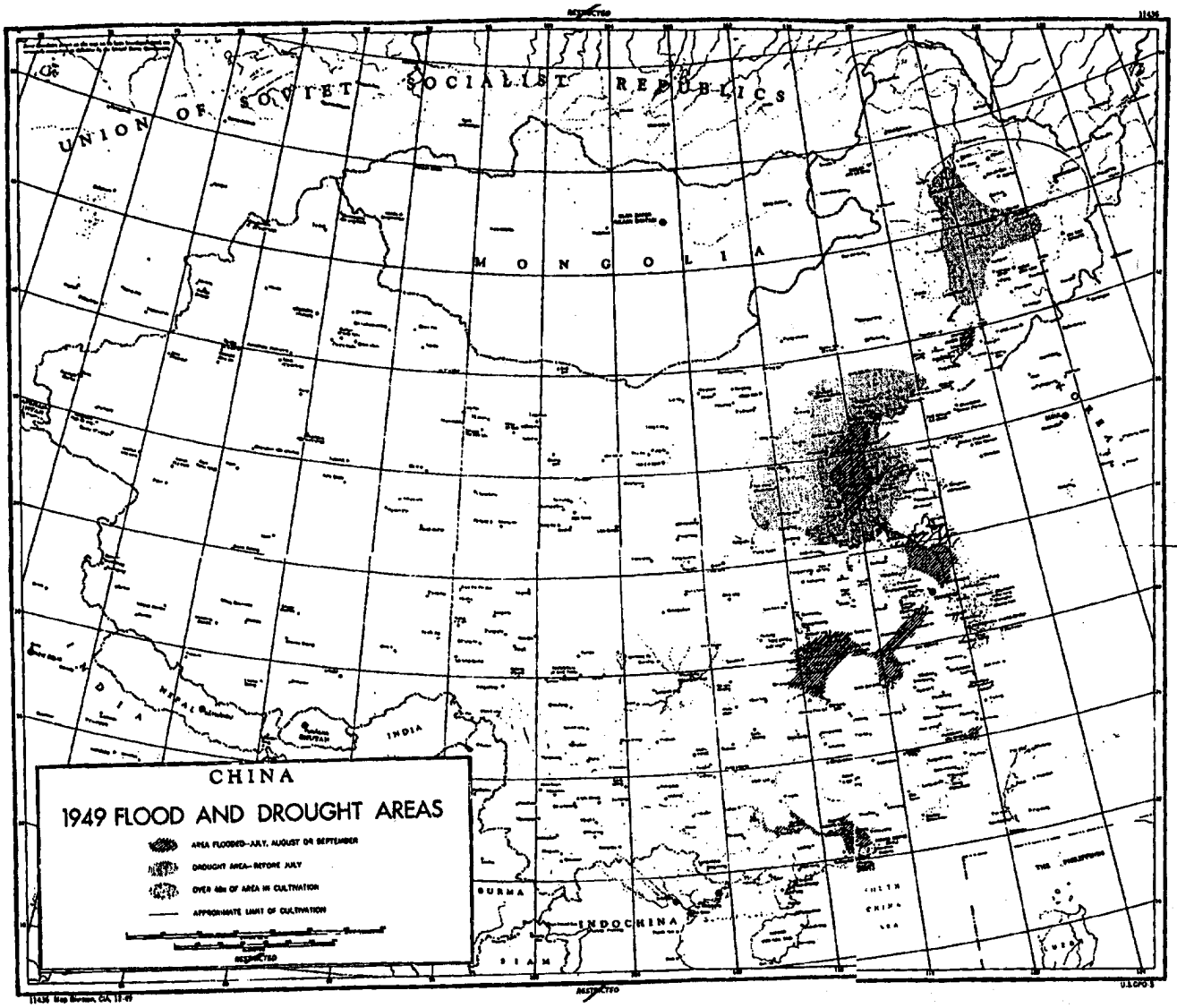
* Potato tonnage is multiplied by 0.3 to obtain the approximate grain equivalent.

Note: The sum of the totals presented in Tables 1 to 4 falls short of the totals shown in Table 5 for two reasons. First, Table 5, unlike the other tables, includes the four border provinces of Tsinghai, Ninghsia, Chahar, and Suiyuan, which are agriculturally unimportant. Second, some minor crops which are not reported by provinces are covered by Table 5 but not by the other tables. Totals vary slightly from sum of figures because of rounding.

c. Factors Affecting 1949 Crops.

Every important agricultural area except Szechwan was badly flooded in the summer of 1949; excess water was the single most destructive calamity in China. North China and Manchuria earlier in the growing season suffered severe drought and several lesser calamities such as hail, high winds, insect pests, and crop diseases. Military operations and Communist land reform policies had little effect on spring and summer planting, although

floods in the Yangtze Valley would probably have been less damaging if there had been no military interference with flood control and maintenance of dikes. On the other hand, in North China and Manchuria, the Communists have reportedly made strenuous efforts to increase food production and combat natural calamities.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1949 FLOOD AND DROUGHT AREAS
AREA FLOODED—JULY, AUGUST OR SEPTEMBER
DROUGHT AREA—BEFORE JULY
OVER 40% OF AREA IN CULTIVATION
APPROXIMATE LIMIT OF CULTIVATION