

China's foodgrain production: the webs of deception

by Ramtanu Maitra

With the harvest of summer grains nearing completion in China, the government has issued statements indicating yet another "bumper harvest." Citing the summer wheat output of 93.55 million tons, about 25% of annual grain production and 3.05 million tons more than last year's output, the government news service Xinhua, quotes experts proclaiming "a favorable turn for China's agriculture" and is also expected to be "a new turning point for agricultural development."

Whether such optimism is part of a deliberate attempt to tell the world that the democracy movement, allegedly a plot hatched by the urban elite with backing from the United States, has been crushed and things have come back to normal in China, or whether it is a web of deception to cover up the problems China's agricultural sector is facing now, is difficult to determine. Since the People's Republic of China (P.R.C.) government's credibility was badly damaged by the events of early June, it would not be surprising for the Communist Party of China (CPC) leaders to have to resort to the stale rhetoric of the hoary past to dupe outsiders. Needless to say, such tactics have worked well earlier with the Western media and the so-called China experts living in the West.

The statement issued by Xinhua may well turn out to be nothing more than miasma. The fact is that China's agricultural sector has remained a puzzle for years. Figures published by the P.R.C., and accepted by the Western experts without a whimper, indicate that China is not only self-sufficient in foodgrain production but, in fact, should be a major exporter of maize, wheat, and rice. While there is no way that the figures published by the P.R.C. can be verified, the nervousness that precedes every harvest in China is an indicator that China has very little food surplus. In all likelihood, the numbers are inflated to look good and show the world that the Chinese Communists have achieved a major success in alleviating the perpetual food shortage problem that haunted China over the decades.

On the issue of China's foodgrain production, there is a total unanimity between the Communist regime and the so-called China experts in the West. These "China experts" are occasionally invited by the P.R.C. leaders to act as mouthpieces of Beijing and tell the world how much the Chinese

Communists have achieved. Invariably, these experts are taken to a few model farms, strewn over the country, where agriculture is mechanized and productivity of land is significantly higher than in most of the rest of the country. While these experts have enough gray matter to realize that a handful of model farms does not represent China's agricultural sector, the prospect of another invitation from Beijing is tempting enough for these experts to endorse whatever foodgrain production figure Beijing puts out.

The cross-talk within China's own controlled media is a much better barometer of events taking place in China. A series of impassioned articles that appeared in the Chinese press on the state of agriculture is an indicator that China's agriculture has gotten into a rut. There is also an awareness among the Communist leaders that unless foodgrain production is increased significantly, the 800 million-plus peasants may collectively throw the Communist leaders out of business. It is most likely this worry that is reflected in the cross-talk that appeared in the Chinese press recently.

The fallacy of numbers

Over the years, much has been written about the success of China's agriculture. While it is a fact that the situation in the early 1980s was much better than it was in the early 1960s, when foodgrain production took a nosedive following the failure of Mao's infamous "Great Leap Forward," the amount of foodgrain production reported by the Chinese authorities remains suspect. It has been said that China's per capita foodgrain production climbed from 197.5 kg in 1952 to about 394 kg in 1984. In 1988, per capita foodgrain production shows a decline to 359 kg and this drop has often been cited as a subject of major concern of the Chinese leaders. In the 1970s China was still producing, according to the P.R.C.'s published figures, about 200 kg per capita and yet there were very few reports suggesting loss of lives in China due to lack of food. Why then, when per capita consumption drops from 394 kg to 359 kg—still more than 50% per capita higher than in the seventies, is there such concern?

Raw figures published by the P.R.C., and endorsed by every Western expert and by financial and academic institu-

tions, indicate that China's cereal production in 1988, which was considered a year of poor harvest, was 394 million tons. **Table 1** shows the overall and per capita cereal production of some rice-growing Asian nations in 1988. What is clear from these figures is that the people of these Asian nations, excluding China, consume between 200-280 kg of cereals per capita. In comparison, China's consumption is far higher—hovering between 350-400 kg per capita. China's per capita consumption, based on the released figures, is about 50% more than that in Indonesia and 80% more than that in India.

Since people in India, Indonesia, and the Philippines are not starving, it is rational to conclude that China is either exporting a large amount of grain, which they are not, or building up a huge grain reserve. The latter could not be true, however, based on what the P.R.C. authorities publish. According to official P.R.C. data, during the last four years China has drawn down its reserves considerably. These obvious contradictions, never addressed by either the World Bank or the so-called China experts, raise fresh questions on how reliable the Red Chinese-published figures are and what really is the state of affairs in China's agricultural sector.

The incessant double-talk

While there is ample reason to doubt the official figures on foodgrain production, there is hardly any doubt that China's agriculture has become stuck firmly in the mud of the Yangtze-Huai-Huang river basins. Overall foodgrain production has remained stagnant since 1984, and the signals indicating a sense of urgency among the Chinese Communists have become visible. What is amusing is that while the Deng Xiaoping-Yang Shangkun-Li Peng *troika* are trying to reassure the peasants that agriculture is the key to China's future, they are adopting measures to forcibly procure extra amounts of grains from the same peasants in order to pump

more grains into urban grain markets. The purpose is to keep the urban population well fed and impress upon the gullible foreign investors and tourists that China has abundant foodgrains. It is the same method of deception that led many Western investors to believe that China's economy was growing from strength to strength till the the boom came down in 1988.

The concern for the agricultural stagnation shows through everywhere. At the National People's Conference last spring, Premier Li Peng announced an increase in food procurement prices to the peasants, increased subsidies for various inputs, re-centralized distribution of fertilizers and pesticides (decentralization of both fertilizer and pesticides distribution a few years earlier had sparked off an underground black market which had deeply affected production), and called for a 14% increase in investment to the agricultural sector.

It is evident that none of these "plums" Premier Li Peng dished out have worked. Beside the warning issued recently that summer grain is only a small portion of the annual grain requirements, the P.R.C. leadership's double-talk has also since been criticized. In a Chinese-language newspaper, *Nongmin Ribao*, it was reported recently that although the state has increased the procurement price for grain by 18%, the inflated price of fertilizers, pesticides, water, and electricity has more than eaten away the promised benefit to the peasants. In the Jiangnan plain, a major commodity grain production area, the price of various fertilizers rose by 36-56% and the price of herbicides rose in some cases by as much as 77%.

The *Nongmin Ribao* on July 10, in an article entitled "Do Not Forget to Raise the Temperature After a Bumper Harvest," the commentator pointed out that to expect a bumper harvest this year is a little too optimistic. As an example, he pointed out that "fertilizer production in the country had decreased by 15.5% over the same period last year, and the shortfalls in the provinces of Shandong, Jiangxi, Hunan, and Hubei were "generally serious."

The commentator said: "There were 66 small nitrogen fertilizer factories in Hubei, but 29 stopped production in January and February this year due to shortage of power and coal, and 37 maintained half their production capacity. Although production was resumed in March, full operation was out of the question. Therefore, over 300,000 tons of rural-bound fertilizers were deducted from the original plan. The problem of pesticides was even greater. Not only was there a shortage, but required varieties were unavailable. In north China serious plant diseases and insect pests attacked this year. Agricultural departments estimated that at least several million tons of grain were lost due to shortages of pesticide. There was also a shortage of medium-size and small farm tools which should not have happened. According to statistics from the commercial departments, in the first quarter of this year, procurement of medium-size and small farm tools decreased by 14.4% over the same period last year."

TABLE 1
Total food production and per capita consumption of selected rice-growing Asian nations for the year 1988

| Country | Foodgrain (million tons) | Per capita (in kilograms) |
|-------------|-----------------------------|------------------------------|
| China | 394 | 359 |
| India | 170 | 212 |
| Indonesia | 42* | 240 |
| Philippines | 15 | 190 |
| Japan | 11 | 100 |
| Vietnam | 18 | 278 |
| Bangladesh | 21 | 200 |

* includes 15 million tons of cassava

Deliver now, get paid later

The problems associated with the agricultural sector are not confined to lack of inputs only. A major area of confrontation between the peasants and the Communist authorities is on the payment of grains. Last year, lacking funds, the government had handed over IOUs (called "white slips") to the peasants in lieu of cash against grain procurement, promising these will be redeemable by the next harvest season. If that was not bad enough, the peasants now complain that many

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of these "white slips" have not yet been redeemed.

It is evident that the peasants are not going to accept any IOUs this year. It seems that the government is aware of the peasants' mood. In order to assure peasants in advance, Ma Yongwei, president of the Agricultural Bank of China, told newsmen on July 19 that the supply of funds for procurement of agricultural and sideline products this summer is comparatively balanced and no "IOU bills" have been issued. He also promised that more agricultural loans will be arranged in the second half of this year.

One can only hope that Ma Yongwei was not indulging in the usual double-talk that the Chinese Communist leaders have mastered. In case the P.R.C. authorities choose to try the same trick this year following the autumn harvest, the Chinese peasants may create serious problems for the government. However, it is also to be seen whether Beijing can mobilize the necessary funds to buy sufficient grains from the peasants so that the much-vaunted urban areas do not face starvation. A commentator, writing in the *Nongmin Ribao* on July 11, warned that "the government, must, among other things, deliver all kinds of materials earmarked for agricultural production, and must not hand out 'white slips' as IOUs to peasants for their grain."

Besides the government's failure to provide the farm sector with adequate inputs, which has already provoked a general discontent among the peasants, there are indications

that the government is also taking a hardline approach toward the peasantry. At the end of July, a source in the State Land Administration Bureau reported that China's actual farmland is larger than the figure now available mainly due to the "false data on farmland provided by local authorities." Apparently a nationwide survey carried out by the bureau found that the verified farmland area of the counties surveyed were nearly "20 to 30% higher than the originally reported figures." Local authorities are reportedly interfering with the land survey, and as the bureau source cautioned: "Any person attempting to interfere in and obstruct the land survey or to provide false data with a selfish motive will be punished according to party discipline and state law." It is apparent that the government, failing to procure adequate amounts of grain, is now exerting pressure on the local authorities, who are all CPC cadres, to forcibly extract more grains from the peasants on the claim that they have reported a lesser amount of area as being under cultivation. What kind of trouble this will lead to, in case the local authorities respond to Beijing's demands, is anybody's guess.

Behind these deceptions of smoke and mirrors, what emerges is that China's grain production and procurement programs have a tough row to hoe. On one hand, Beijing can ill-afford under the present unstable circumstances to antagonize the large and numerically powerful peasantry. On the other, it is also important for Beijing to keep a facade of food normalcy in the cities where a large number of foreigners, tourists and investors visit and form their impression about China. A large number of Chinese, who fled the farmlands where they were forcibly put during the period of Cultural Revolution, in the wake of the "modernization and liberalization policies" of Deng Xiaoping, have congregated in urban centers. These individuals, numbering as many as 100 million, according to some estimates, have no papers and for all practical purposes are considered as vagabonds. Nonetheless these "illegal" citizens of China consume food and it remains unaccounted for. From time to time, the authorities pick up these illegals and dump them off into the rural areas.

As China's grain production program continues to be a source of worry for the authorities, a revealing article appeared in the Beijing *Rinmin Ribao* on July 24. The article, penned by Wang Xianjin, director of the State Land Management Bureau, analyzed China's agricultural problems. Wang said that in 1959, China's area of cultivated land stood at 111.9 million hectares and since then it is dwindling fast. He pointed out that due to land erosion, increased salinity of soil and waterlogging of arable land, China has lost about 42.3 million hectares. During the period, Wang pointed out, about 26.1 million hectares have been reclaimed through various measures. Nonetheless it is evident that China is losing more land than it is able to reclaim now. This is significant since China has a limited amount of arable land and unless the process is reversed, China may be heading toward a truly major foodgrain crisis. No deception will work then.