

SECRET TRAILS: FOOD AND TRADE IN LATE MAOIST  
CHINA, 1960-1978

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# Introduction

Food studies is an emerging sub-field in modern Chinese history. Historians are interested in how colonialism and nationalism changed cuisine, food supplies, and various regional food cultures in the early twentieth century.<sup>1</sup> In the post-1949 period, many studies of village and peasant life have focused on the socialist agricultural system such as land reform, collectivization, and rural communes.<sup>2</sup> My dissertation is inspired by the trend to consider the influence of the cold war into the framework of national food history. For example, we now have a better understanding of how cold war politics shaped Korean food, as well as U.S. food aid in Asia.<sup>3</sup> This dissertation examines the role of food and food production in the foreign relations of Maoist China. The substantive core of this dissertation begins in the early 1960s when China was badly hit by famine and ends in the late 1970s when the “Opening-up and Reform” started. One of the central government’s important decisions in 1961 was to alleviate the famine with purchases of large quantities of grain on the international market, from countries such as Canada and

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<sup>1</sup> Mark Swislocki, *Culinary Nostalgia: Regional Food Culture and the Urban Experience in Shanghai* (Stanford, 2008). Seung-Joon Lee, *Gourmets in the Land of Famine: The Culture and Politics of Rice in Modern Canton* (Stanford, 2011)

<sup>2</sup> Nicholas R. Lardy, *Agriculture in China's Modern Economic Development* (Cambridge, 1983), Kenneth Walker, *Food Grain Procurement and Consumption in China* (Cambridge, 1984), Philip C. C. Huang, *The Peasant Family and Rural Development in the Yangzi Delta, 1350-1988* (Stanford, 1990), Edward Friedman et al., *Chinese Village, Socialist State* (Yale, 1993) and *Revolution, Resistance, and Reform in Village China* (Yale, 2007), Chris Bramall, *Chinese Economic Development* (Routledge, 2008), Kimberley Ens Manning ed., *Eating Bitterness: New Perspectives on China's Great Leap Forward and Famine* (UBC Press, 2012).

<sup>3</sup> Katarzyna J. Cwiertka, *Cuisine, Colonialism and Cold War: Food in Twentieth-Century Korea* (Reaktion, 2012), Nick Cullather, *The Hungry World: America's Cold War Battle Against Poverty in Asia* (Harvard, 2010).

Australia. These purchases lasted for many years after the famine, which became both an economic and political matter in Maoist China.<sup>4</sup> Grain imports started as famine relief but later carried other meanings as well. This dissertation argues that foreign trade such as grain imports in the Mao era helped to fix and strengthen the socialist state system.

Made during the Cultural Revolution, the revolutionary modern Peking opera, *Haigang* (“On the Docks”), showcased the complicated relations between food trade and the Maoist politics. The story was set in the harbor of Shanghai in 1963 when a team of dockworkers was loading rice seed onto a foreign ship. The rice seed was going to Africa to help with agricultural production there. The work was treated as an important political task by the dockworkers. Meanwhile, there were also two thousand bags of wheat waiting in the open air to be shipped a few days later, and a ship from northern Europe was loading glass fiber. At this time, the weather forecast informed the harbor that there would be a typhoon coming up, so the dockworkers decided to move all the bags of wheat in the warehouse while continuing loading rice seeds. With the unusual workload, Fang Haizhen, the Communist Party secretary of the work team and the heroine of the play, mobilized her colleagues saying

Comrades, every bag of these rice seeds and wheat is closely related to the anti-imperialist struggle of the African people. Their strike is also a strong reinforcement for us. Now the northern European ship is loading a hazardous

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<sup>4</sup> Chad J. Mitcham, *China's Economic Relations with the West and Japan, 1949-79: Grain, Trade and Diplomacy* (Routledge, 2005). Famine is a common topic in Chinese history, see Pierre-Etienne Will, *Bureaucracy and Famine in Eighteenth-century China* (Berkeley, 1990); Lillian Li, *Fighting Famine in North China: State, Market, and Environmental Decline, 1690s-1990s* (Stanford, 2007); Kathryn Edgerton-Tarpley, *Tears from Iron: Cultural Responses to Famine in Nineteenth-Century China* (Berkeley, 2008); Frank Dikotter, *Mao's Great Famine* (Bloomsbury, 2010); Felix Wemheuer, *Famine Politics in Maoist China and the Soviet Union* (Yale, 2014).



item, the glass fiber. We must pay special attention to this when we are loading. Our time is tight, and our task is heavy. We are the Chinese working class armed by Marxism and Mao Zedong Thought. Hardship is nothing to fear, and our ambition can move a mountain!<sup>5</sup>

Here, food acted as a vital part of China's foreign aid for Africa, because China treated the decolonization movement in Africa as a revolutionary ally for its anti-imperialist nature in the communist mindset. Food trade was thus a way to voice political support for Africa and build alliances with other like-minded people.

Another theme of the play was class struggle, and this plot also unfolded around food. The villain in the play was a coordinator at the harbor, Qian Shouwei, who started working at the harbor before the communist revolution. As a hidden class enemy, Qian Shouwei hated revolution, and he schemed to sabotage the shipping. Seeing some of the glass fiber leaked on the ground, Qian secretly added some glass fiber into a loose bag of wheat and sent the bag of wheat to the rice ship. Fang Haizhen and her coworkers also noticed the glass fiber on the ground and the wheat spread nearby and realized that some glass fiber might be mixed into wheat, which made the food dangerous to eat. Fang figured out that behind the bag of wheat there was some class struggle going on, and Qian Shouwei seemed to be the person behind the mistakes. Fang decided to search the warehouse as soon as possible to find the bag of wheat, but only to realize that the bag of

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<sup>5</sup> Shanghai jingjutuan Haigang juzu, *Haigang* (Beijing: Renmin Wenxue chubanshe, 1974), 13. On China's economic aid to Africa in the cold war, see Shu Guang Zhang, *Beijing's Economic Statecraft during the Cold War, 1949-1991* (Baltimore: John Hopkins University Press, 2014), chapter 3. A review of the various foreign aid projects sponsored by Maoist China can be found in Julia Lovell, *Maoism: A Global History* (New York: Alfred A. Knopf, 2019).

wheat in question had been loaded onto the barge for rice export. Dockworkers hurried up to chase the barge in Huangpu River and found the bag of wheat. At this time, Qian Shouwei struggled to abscond to the foreign ship and attacked his coworkers in the river. After Qian was caught, his coworkers searched him and found evidence that Qian worked for foreign businessmen and the KMT. In other words, Qian was a traitor and class enemy.<sup>6</sup>

This play demonstrates how Maoism understood food trade in its mindset. At the beginning of the 1974 version of the script, the editor added a piece of Chairman Mao's Quote to point out the essence of the play which is "people who already won the victory of revolution should support the people who are still striving for liberation, which is our obligation of internationalism."<sup>7</sup> This play revealed China's political position in the postwar world: the Cold War put Western countries and capitalism as Maoist China's rivals; China supported revolutions and decolonization movements in the Third World to gain international solidarity and to advocate the benefits of socialist farming. Food, as well as the daily life/work of the working class, was placed in the center of these struggles which provided a stage to let these struggles happen. My dissertation will explore these themes of food politics in this play: the selection and treatment of various trade partners, the distribution of food in global connections, and the political meanings

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<sup>6</sup> *Haigang*, 19-20, 26, 28, 52, 60.

<sup>7</sup> *Haigang*, 1. *Haigang* was also one of the eight model operas promoted by Jiang Qing during the Cultural Revolution. A close reading of *Haigang*, especially about the female leader in the play can be found in Rosemary Roberts, *Maoist Model Theater: The Semiotics of Gender and Sexuality in the Chinese Cultural Revolution* (Brill, 2009). On the cultural life of this period, see Paul Clark, *The Chinese Cultural Revolution: A History* (Cambridge, 2008); Barbara Mittler, *A Continuous Revolution: Making Sense of Cultural Revolution Culture* (Harvard, 2013); Pang Laikwan, *The Art of Cloning: Creative Production During China's Cultural Revolution* (Verso, 2017).

of food trade in Maoist China. To explore these issues, it is necessary to discuss both the international and domestic situations of China.

## 1. Food Regimes

This dissertation deals with what had been left out in this play, which is what China needed from maintaining trade relations with the international market. It is a political and economic history of how Maoist China managed its food supplies and dealt with the various repercussions that came along with grain imports. It examines the complicated political environment both domestic and international, to showcase the various meanings of the food trade for China. Even though never celebrated as a big achievement for socialism, the wheat imports indeed functioned to consolidate the social order of China. This dissertation uses “secret trails” to refer to China’s food trade connections that were never celebrated in its culture but concealed under the complicated politics during the Maoist era. It focuses on the wheat trade with Canada and Australia first as famine relief during the Great Leap Forward movement in the 1960s and then analyzes why the import continued as an important part of China’s foreign trade throughout the years of the Cultural Revolution.

This dissertation has drawn some of its ideas from the discussion of “food regime” among sociologists and geographers. Harriet Friedmann and Philip McMichael created the concept of the food regime to historicize the changes in the global food system. In their analysis, the *first food regime*, circa 1870-1930s, referred to the food relations between Europe and its settler colonies and states in North America and the Asia Pacific. Grains, livestock, and tropical goods produced by the mono-culture

agriculture of the settler states were imported to Europe, especially Britain, to provide the food sources for the emerging industrial society. This food system underwent tremendous changes in the mid-twentieth-century. The *second food regime*, circa 1950s-70s, referred to the food surplus flowing from the United States during the Cold War. It was represented by the food aid program run by the American government to a few selected Third World countries to cope with food deficiency and promote economic development.<sup>8</sup> In this analysis, food production often took place within national boundaries but the consumption of it grew beyond the nation-state, which reflected the changes in the nation-state system.

International grain trade in the post-war era was under great influence of the U.S. food aid program. On July 10, 1954, Dwight D. Eisenhower signed the Agricultural Trade Development and Assistance Act, or Public Law (P.L.) 480. This bill was designed to allow food-deficient countries to accept American food imports using their currencies, simultaneously creating a market for American agricultural surplus. This policy enhanced American foreign relations during the Cold War and reduced the government-held food surpluses. India became the biggest receiver of American food under this program during the 1950s-60s.<sup>9</sup> Japan also imported large amounts of American wheat in the 1950s,

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<sup>8</sup> Harriet Friedmann and Philip McMichael, "Agriculture and the State System: The Rise and Decline of National Agricultures, 1870 to the Present," *Sociologia Ruralis* 1989. Vol. XXIX-2, 93-117. Philip McMichael, "A Food Regime Genealogy," *Journal of Peasant Studies* 36 (January 2009), 139-169.

<sup>9</sup> Barry Riley, *The Political History of American Food Aid: An Uneasy Benevolence* (New York: Oxford University Press, 2017), Chapter 10, 168-191. Nick Cullather, *The Hungry World: America's Cold War Battle Against Poverty in Asia* (Cambridge, MA: Harvard University Press, 2011).

which unexpectedly boosted the popularity of ramen in post-war Japanese society.<sup>10</sup> This type of foreign aid was not totally unprecedented in the US-China relations. For example, China had received wheat loans from the American government after a terrible flood in 1931.<sup>11</sup>

International grain trade developed with the expansion of the food aid program. Scholars such as Robert Paarlberg have discussed the US-USSR grain trade in the 1970s. The USSR started to import foreign grain from the 1960s to make up for the shortage of domestic production. In particular, imported grain in the Soviet Union was used as animal feed so that meat and dairy products could continue to be supplied to the population despite grain shortage. In 1972, Richard Nixon removed trade restrictions to the Soviet Union and China to promote American foreign trade and increase trade earnings. Business and politics soon became entangled when the Carter administration announced a short-lived embargo as a response to the Soviet invasion of Afghanistan in 1980. The Soviets quickly reacted with a diversified strategy to purchase grain from everywhere else including Europe, Canada, Brazil, and Argentina, and the embargo did not affect the Soviet policy on Afghanistan. Ronald Reagan canceled the embargo and resumed grain export to the Soviet Union in 1981.<sup>12</sup> Agricultural policy sometimes contradicted against foreign policy. Political scientists have been debating about the

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<sup>10</sup> George Solt, *The Untold Story of Ramen: How Political Crisis in Japan Spawned a Global Food Craze* (Berkeley: UC Press, 2014), Chapter 2, 43-71.

<sup>11</sup> Chris Courtney, *The Nature of Disaster in China: The 1931 Yangzi River Flood* (Cambridge: Cambridge University Press, 2018), 173-177.

<sup>12</sup> Robert Paarlberg, *Food Trade and Foreign Policy: India, the Soviet Union and the United States* (Ithaca and London: Cornell University Press, 1985), 63-98, 170-211.

effectiveness of economic sanctions lately, which remind us that trade connections probably could not be easily erased by politics.<sup>13</sup>

As part of the reshaping of food regimes, transpacific foodways also developed very fast in the post-war period. It is worth pointing out that Canada and Australia touched the Chinese and Russian grain markets in the 1960s, earlier than the Americans, because they also needed foreign markets to sell their grain surplus. Canada was more independent in the Cold War, as trading with the Chinese communists was not much a problem for the Canadians. The Canadian Minister of Agriculture could even visit Beijing in the early 1960s to pave the way for Canadian wheat sales with China. Although equally eager to sell grains to China, the Australian government found itself in a slightly awkward position because Australia was more convinced that communism was a threat to their national security. Australia joined the Southeast Asian Treaty Organization (SEATO) to block the expansion of communism in Southeast Asia in 1955. Australia also sent troops into the Vietnam War in the 1960s, which seemed rather contradictory when trading with another communist country at the same time. Australia in the Cold War was another example where its agricultural policy deviated from its diplomatic strategy, and Australia was not the only country whose trade interests clashed with its politics. China was in a similar situation.

## 2. The Essential Trade of Maoist China

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<sup>13</sup> Robert A. Pape, "Why Economic Sanctions Do Not Work," *International Security* Vol. 22, No. 2 (Fall, 1997), 90-136. Adrian U-Jin Ang and Dursun Peksen, "When Do Economic Sanctions Work? Asymmetric Perceptions, Issue Salience, and Outcomes," *Political Research Quarterly* Vol. 60, No. 1 (Mar., 2007), 135-145.

When we look at China and its foreign trade in the Cold War, most studies focus on the Chinese government's intentions when making its economic policy. Chris Bramall in his book *Chinese Economic Development* uses the phrase "Late Maoism" to describe the development strategies of China from 1963 to 1978. Bramall argues that the economic policies remained more or less the same in 1963-1978, despite the political upheaval of the Cultural Revolution. Bramall points out that the late Maoist development strategy aimed at "the modernization of the Chinese countryside through the expansion of education, rural industrialization, and collective farming."<sup>14</sup> Bramall argues that the "superstructural transformation was to be brought about by educational reform in the urban sector, and by using urban youth as teachers to bring about a vast expansion of schooling in the Chinese countryside."<sup>15</sup> Economic policy was one of the areas where Mao Zedong operated political struggles in the early 1960s. The beginning of late Maoism can be traced back to the economic adjustment in the wake of the Great Leap Forward (1961-62) when Mao was not satisfied with some of the economic policies in the adjustment, such as dissolving the rural communes and dividing farmland into each peasant household. From August to September 1962, Mao slammed these ideas as revisionism, a betrayal to the socialist road, and he argued that these debates about economic policy meant that class struggles still existed in socialist China, which became the theoretical foundation of the Cultural Revolution.<sup>16</sup> Foreign trade stood at an

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<sup>14</sup> Chris Bramall, *Chinese Economic Development* (London: Routledge, 2008), 152.

<sup>15</sup> Bramall, *Chinese Economic Development*, 152.

<sup>16</sup> Roderick MacFarquhar, *The Origins of the Cultural Revolution*, Vol. 3: *The Coming of Cataclysm 1961-1966* (New York: Columbia University Press, 1999), chapter 12, 274-285.

awkward angle to the Cultural Revolution, because foreign trade seemed irrelevant to class struggles and deviated from the focus of the Cultural Revolution.

Because of the long isolation in the Cold War, there has been a question about whether China was willing to develop foreign trade or not. As part of its economic policy, the Maoist regime's attitude towards foreign trade was rather unclear. Lawrence Reardon used "inwardly oriented development strategies" as the core idea to generalize the attitude towards foreign trade and its relationship to development. He argues that there were two contending views towards foreign trade among the top-level Communist Party elite. The first was akin to import substitution, which called for importation of foreign technology to develop Chinese industry. This was the basic model of the First Five Year Plan (1953-57) when China borrowed Soviet experiences in industrialization. The second development strategy he described was self-reliance, a semi-autarkic development that concentrated on domestic capital, manpower and technology. The key in Maoist economic doctrine was to rely on the wisdom and effort of the Chinese working class. Reardon argues that there was a "cycling" between these two different views during the 1960s and 70s. It seemed that self-reliance was more popular during the 1960s, but import substitution made its comeback in the 1970s amid the China-U.S. rapprochement and the "four modernizations" slogan.<sup>17</sup> There was an issue of willingness: whether the political leaders in the Communist Party favored foreign trade or not indeed had a great influence on trade policy.

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<sup>17</sup> Lawrence Reardon, *The Reluctant Dragon: Crisis Cycles in Chinese Foreign Economic Policy* (Seattle: University of Washington Press, 2002), 25-47.



However, there was also an issue of capacity. China did not have much strength or advantage to develop foreign trade from the 1960s, especially after the failed Great Leap Forward. Isolation was the first problem; the American embargo lasted until the early 1970s, and the split with the Soviet Union made the situation worse. Lack of export products was another problem. Both agriculture and industry were badly hit in the 1960s and slowly recovered afterward. With a limited export income, the PRC also lacked hard currency reserves to buy anything from abroad. PRC's Renminbi at the time was still a non-convertible currency, which did not help the situation at all. Food deficiency recurred several times after the famine, which meant that the Chinese government had to use its foreign currency to buy grains as the top priority in its trade plan, and everything else had to wait. Transportation was also weak. Railroads were overly crowded, congested, and slow. Harbors lacked docks, modern equipment, or adequate workforce. Foreign shipping companies did most of the overseas transportation for the PRC. Furthermore, the Maoist regime remained far away from the international financial market. After paying off all the debt to the Soviet Union in 1964, China did not want to generate any new debt or trade deficit and stayed away from any kind of foreign investment. These factors remained in China's foreign trade capacity throughout the late Maoist era.

Facing such difficulties, the question we should ask is why China bothered to maintain trade relations anyway? The first reason would be an increasing demand for food. Kenneth Walker compares grain output per capita in the 1950s and the late 1970s and points out that although the total grain production continued to grow in the thirty years, China did not become more self-reliant in grain. Rather, when looking at the number in each province, Kenneth Walker observes that more grain was used in animal

feed and seed which consumed a larger portion of the grain output. Also, grain production per capita in several provinces in the northwest and southwest China declined. In the 1950s, provinces such as Inner Mongolia, Gansu, Yunnan, and Sichuan all had grain surpluses, but in the 1970s there was no more surplus in these provinces. Thus, China still needed to import grains in the late 1970s.<sup>18</sup> In 1962, foodstuffs rose to 41.3% of the total value of China's imports, and in the 1970s, food imports gradually gave way to hardware, minerals, and chemical products, but remained at about 15%-20% of the entire import trade.<sup>19</sup> The need for food and the pressure to finance the expense of grain imports became the reason why China maintained its trade relations.

We need to consider China's trade partners as well because, in some crucial occasions, foreigners such as the Canadians took the first step to contact the Chinese traders to sell their goods. Some of China's trade relations were initiated by foreigners. When the second food regime tried to make China one of its markets, China made a positive response to it. In other words, the trans-Pacific foodways gradually developed in the postwar years and it took China under its influence. Neither the Cold War nor socialism could change the fact that China was a part of the international trade system.

However, this dissertation does not argue that Maoist China pursued very active participation in global capitalism. It would be more accurate to say that trade in Maoism worked as a tool to consolidate the independence of its economy. The fact that China did not want to rely on foreign grains is a good example. In the mid-1960s, when famine

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<sup>18</sup> Kenneth Walker, *Food Grain Procurement and Consumption in China* (Cambridge: Cambridge University Press, 1984), 165-198.

<sup>19</sup> *Dangdai Zhongguo Duiwai Maoyi*, vol.2, 382-393.

gradually faded away, China intentionally reduced the purchase of grain and shifted part of its foreign currency to buy more important things such as fertilizers, because fertilizers could help its agriculture. The Maoist economic doctrine certainly wanted China to have an independent and wholesome economic system, and foreign trade could help them achieve that goal. The trade might be relatively small in volume but in many ways was essential.

A significant feature in the foreign trade of the late Maoist years was the no-foreign-debt principle. The Chinese authorities have been saying that the debt issue was one of the causes of the famine since the 1980s.<sup>20</sup> Perhaps to avoid more debt, from the 1960s China conducted foreign trade on a limited scale. Import and export trade must be properly controlled so that there was no more deficit or debt. This was indeed the reality after 1960, with 1974 being the only year when China had a trade deficit. Fertilizer and textile industries received special treatment because fertilizers could support export-oriented rice farming, and textile had long been the pillar of Chinese export. Bolstering foreign trade income became one of the focuses of economic policy in the late 1970s and an important reason for the Reform and Opening-up in the 1980s.

### 3. The Multiple Meanings of Food Trade

Food trade was essential in Maoist China because of its multiple meanings. Its significance could be found as a form of famine relief, but as time went on it seemed

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<sup>20</sup> “Guanyu jianguo yilai dang de ruogan lishi wenti de jueyi,” June 27, 1981.

more and more reasonable to keep the trade continuing because it made sense in the economic system and people's livelihood.

Food trade was based on geographic thinking about where food was produced and how it was distributed in China. Generally speaking, food was imported for cities and consequently mitigated the peasants' burden of feeding the cities. The famine in the early 1960s had a great impact on the food supply system across the provinces. Due to the shortages in the countryside, there was not enough food that could be transferred from the provinces to places such as Beijing, Shanghai, and Tianjin. To offset the deficit in these coastal cities, importing foreign food such as Canadian and Australian wheat could be a solution. The central government bought wheat from abroad, and sent most of it to the major cities, rather than giving it equally to every province. Among the provinces, northern and northeastern provinces such as Hebei and Liaoning received special attention, because North China often was food deficient and relied on inter-province transfers. Furthermore, if the food needs of the cities could be solved by outside sources, then the rural area in the provinces could keep more of their food with less burden. Thus, part of meeting the food demand in North China cities relied on imports, and people in the countryside tried their best to produce food for themselves. The root of this situation was the weakness of Chinese agriculture. The economic planners in the central government deemed food imports as an indirect investment in agriculture, even though it was the cities that consumed most of it.

Food trade was also an important source of China's foreign income. Because buying wheat cost lots of foreign currency, China needed to export to maintain foreign income to pay for the import. Thus, since the 1960s, Hong Kong suddenly became

important in China's foreign trade because Hong Kong's currency was convertible to most currencies in the world, while China's renminbi was still not convertible. China relied on exporting foodstuffs such as rice and meats to Hong Kong to maintain its foreign income. As grain imports became regular, China had to keep up with an export trade that could be used to pay for the imports. In addition to Hong Kong, China accumulated a certain amount of debt to the Soviet Union and the other socialist bloc countries in the 1950s when China worked with them to build its industry. To clear the debt, China continued to export foodstuffs to the Soviet Union even during the famine in the early 1960s and finally paid off all the debt in 1964. Thus, food played an important role in China's foreign trade as an income source and transaction tool.

Food trade caused repercussions in both international and domestic politics. In the early 1960s, China was still under the American trade embargo while other countries attempted to recover trade with China without upsetting the United States. Thus, developing food trade was part of the effort to loosen up China's isolation in the international society. China also had a habit of sending food aid for its allies such as Albania and Cuba by diverting the wheat bought from Canada and Australia to these countries. In a way food trade was part of China's diplomacy. In domestic politics, the Cultural Revolution also had its impact on trade. Altercations about political ideas and food safety issues occurred at the Chinese harbors where the Chinese workers and foreign crew members met. As the Vietnam War and Sino-Soviet Split intensified in the late 1960s, China speeded up building its food reserves by continuing to import, in case of any sudden eruption of war.

Food constituted a starting point of China's trade system and reshaped the industrial development. This dissertation examines two related industries in late Maoist years - chemical fertilizers and synthetic fibers - both are important branches of today's petrochemical industry. Chemical fertilizer was an alternative form of grain in the eyes of the Chinese planners because they believed fertilizers could double the output of crops. But fertilizers were not very easy to acquire through trade, and China needed a lot of fertilizers. The sheer amount of fertilizer imports could not meet the entire needs, so China decided to develop its fertilizer industry by purchasing entire fertilizer plants in the 1970s. Synthetic fibers were the new direction in the textile industry which was a fundamental part of China's international income to pay for imported wheat. Under the stress of limited cotton supplies and domestic consumption, synthetic fibers were seen as a solution. The progress in the oil industry supported these two selected directions in the 1970s, which was driven by the pursuit of efficiency in food trade. The three commodities --grain, fertilizer, and synthetic fiber -- and the related technologies behind them, were the foundation of the trading system in the late Maoist era.

### 3. Outlines of the Dissertation

Chapter 1 examines the origins of China's grain trade with Canada and Australia in the 1960s. China formulated the idea of buying foreign wheat as famine relief for several of its largest cities, after being contacted by the foreign trade agents. The state-owned company, China Resource, in Hong Kong played an important role in building up the trade connections. The transportation route in Canada was reshaped and directed towards its west coast. Part of China's wheat purchases was also diverted to other countries such as Albania and Cuba as food aid, which represented the Chinese

diplomatic strategy to consolidate its international alliances. Canada and Australia also wanted to protect their business interests by separating wheat trade from the Cold War.

Chapter 2 analyzes how China exported food to provide the finance to pay for its wheat import. The Chinese government needed more funding to pay for the imported grains from the West, which made a burden on the state revenue because China lacked enough foreign currency for payment. In order to increase foreign currency earnings, China reinforced its export to Hong Kong because the HK dollar was an interchangeable currency that could help China's financial situation. My dissertation emphasized that the Chinese government relied on exporting food - rice and meat - to Hong Kong in the 1960s to increase its trade incomes and to balance the wheat trade. But exporting food during famine also caused discontent in the society especially in Guangdong where the exported food was extracted from.

The dissertation also focuses on how Maoist society interpreted the political meanings of its food trade. The Maoist economic doctrine was to build socialism and eliminate vestiges of capitalism, and develop on the basis of national self-reliance. Chapter 3 shows that food imports from the West caused political tension in China. Grain from abroad was not warmly welcomed; in some instances, it was given a cold shoulder to maintain the appearance of self-reliance. This chapter discusses various scenarios where food trade became a sensitive political matter. In the Chinese harbors where wheat was unloaded, there were altercations among Chinese dockworkers and the foreign sailors about different political ideas. Also, China and the U.S. grain companies argued over the quarantine of diseased crops found in the imported grains in the 1970s. This chapter examines several scenarios where foreign trade was questioned and challenged,

but these criticisms did not lead to a complete halt of trade. Facing potential war threats in the late 1960s, the central government still treated imported wheat as a valuable asset in building national stockpiles.

Chapter 4 examines how food imports reinforced the ability of the Chinese state to exercise social control. Most of the imported wheat was distributed to the coastal urban area as well as North China. For ordinary people living in these cities, the food rationing system still meant tight control over the food they could get, and the imported wheat certainly became a regular part of their rations. The Chinese government called on people to save their food in everyday life and advocated frugality as a moral value of socialist lifestyle. Furthermore, the rapid population growth after the famine exerted more pressure on maintaining the food supplies. With the reappearance of food deficit in the 1970s, the quantities of imported grain also climbed. The government in the late 1970s believed that importing more food could alleviate the poverty of the rural population, with less burden to supply food to the cities.

Chapter 5 discusses China's import substitute strategy related to its food supplies, which was to import chemical fertilizers and the petrochemical plants that produced fertilizers in the 1970s. Chapter 5 analyzes China's fertilizer trade and related technological development. Inspired by the Green Revolution, importing fertilizers and its plants was a vital part of the effort of the late Maoist regime to boost its agricultural performance. Building fertilizer plants was also one of the earliest examples of technological cooperation between China and the United States in the 1970s which was a symbol of détente.



Chapter 6 is about the rise of the synthetic fibers industry in China. Textiles have long been China's important export products, and China became aware of the new developments of synthetic fibers such as nylon and polyester. These new fibers constituted alternative sources of textiles as cotton production could not meet the domestic needs and export. A cotton-polyester blend fabric called *di que liang* became very popular in the 1970s and stimulated technological transfer. China sought to acquire petrochemical equipment from overseas with which to produce the fiber, marked by economic self-reliance as the principle in late Maoism. China tried to absorb the knowledge of both building the factories and the production of the fiber, which became an important method of technology transfer.

# 1 The Emergence of Transpacific Foodways

On June 5th, 1959, C. M. Forsyth-Smith, the Canadian Government Trade Commissioner in Hong Kong, reported to Ottawa about a conversation he had with Mr. Hou Chun, the Assistant Chief Delegate of the China National Cereal, Oil and Foodstuff Import Export Corporation, during Forsyth-Smith visit to the Canton Trade Fair. Hou Chun told Forsyth-Smith with satisfaction that “the Chinese were very happy with the wheat they purchased last year, and it was used for the manufacture of Chinese type bread and confectionery.” With a record crop in the Great Leap Forward, Hou Chun claimed that China would not buy more wheat from Canada, even though he had a deep impression about the good quality of the Canadian wheat.<sup>21</sup> However, the record crop turned out to be false. China’s real grain output of 1960 was 143.5 million tons, dropped from 170 million in 1959 and 200 million in 1958.<sup>22</sup> In 1961, the failed Great Leap Forward movement forced China to import a large amount of grain from Canada in order to deal with the famine caused by the disastrous agricultural policies of the Great Leap Forward. Despite the end of the famine in 1962, the purchase of grain from across the Pacific continued and lasted through the entire Cold War period even till today. This chapter examines the establishment of trade connections between China and

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<sup>21</sup> C. M. Forsyth-Smith, “Canadian Wheat,” June 5, 1959, Library and Archives Canada: RG25, vol. 818.

<sup>22</sup> China Statistics Bureau, *Zhongguo Tongji Nianjian 1983* (Beijing: Zhongguo tongji chubanshe, 1983), 158.

Canada/Australia under the Cold War background, and it argues that grain import has formed a transpacific foodway in China's coastal areas.

The rise of the Asian economies and the cold war were highly correlated. This chapter explores how China became an important market of wheat for Canada and Australia. Canada and Australia used to be exporting wheat to Europe, especially to the UK, but after WWII, the importance of the European market declined, as Europe became big producers themselves and also tried to export their farm surpluses. Asian countries received most wheat from the US under the PL 480 as food aid from 1954. China was an exception because since 1950 China was under economic embargo led by the US. By the late 1950s, most Western countries had gradually removed a strict embargo to develop trade with China, but the US government continued a strict embargo until 1972.<sup>23</sup> In an increasingly competitive global wheat market, Canada and Australia saw an opportunity in China. Of course, China needed wheat: first the famine, then the population growth which followed the end of the famine. And it also used imported wheat to build allied relations with Albania, Cuba and North Korea. In this chapter, we can see how Canada and Australia tried to carefully steer through the cold war to ensure the success of wheat deals.

## 1. Beijing's Problems

How bad were the harvests during the three hard years (1959-1961)? Statistics showed differences among various products. For example, wheat was hit slightly harder

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<sup>23</sup> On economic sanctions, see Shuguang Zhang, *Economic Cold War: America's Embargo Against China and the Sino-Soviet Alliance, 1949-1963* (Stanford, 2002).

than rice. In 1961, rice output was 66% of 1958, while wheat was 63%. Cotton and vegetable oil crops were doing much worse, decreasing more than half (1961 output was 41% and 38% of 1958 respectively). Fruits were not too bad (73%). Meat production also dropped. The total output of meat in 1962 was 49% of 1957.<sup>24</sup> These bad harvests had a tremendous impact on people's lives and the memory about hunger lasted many years. Lu Gusun, a well-known professor of English language and literature, recalls the famine years when he was a university student in Shanghai. In a 2007 newspaper column, Lu writes that in those days the school canteens provided meat dishes only once a week, and it would be either pigtailed or duck heads. Staple food was also meager and under tight control. When he went to Chongming Island to do manual labor - cutting down reeds to create new farmland, Lu and his classmates had two "golden buns" (made of corn flour) with a few pieces of pickled winter squash for each meal. The pickled squash was heavily salted so it would need a lot of buns to balance the salty taste. Once when he was hungry, Lu absent-mindedly waved the sickle onto his shoes and then fainted. Fortunately, his classmate noticed him and went to the cooks to negotiate for an extra bun, thus coped with the low blood sugar and preserved his life.<sup>25</sup>

The slowly growing literature of the Leap Forward famine gives the general impression that most of the deaths from malnutrition happened in rural areas, while the metropolises more or less escaped. The cities had better food sources, and this chapter will demonstrate that grain import for the urban population was the crucial factor behind these

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<sup>24</sup> China Statistics Bureau, *Zhongguo Tongji Nianjian 1983*, 158-159, 161, 178. More historical analysis on famine in China, see Lillian M. Li, *Fighting Famine in North China: State, Market and Environmental Decline, 1690s-1990s* (Stanford, 2007).

<sup>25</sup> Lu Gusun: "e guo duzi ma?" (Have you ever been starved?) See <http://www.infzm.com/content/7238>. (July, 2016)

sources. Under the grain procurement program in Maoist China, each province was responsible for supervising its grain production, and after harvest grain was gathered through procurement into the hands of provincial governments. The central government was responsible to provide food for the three metropolises, Beijing, Tianjin and Shanghai, plus the industrial province Liaoning (mainly Shenyang and Dalian), using the procurement from the provinces. Usually provinces with surplus food would receive commands from Beijing to transfer their surplus to the regions in need of food.<sup>26</sup> In the early 1960s, nearly 20 million urban residents relied on the interprovincial transfer of food managed by the central government.

In other words, the central government felt the pressure of famine when the cities ran out of food. We have sources showing the food shortages in the cities worried Beijing the most. For example, during the peak of the famine, July 1960, Vice Premier Li Xiannian wrote to report to the Central Committee that based on the statistics of July 22, grain storage in Beijing would last less than four days. Shanghai could be sustained for six days; Tianjin's storage would run out after seventeen to eighteen days. In Liaoning on July 20th grain stores and warehouses might last less than ten days. Li Xiannian believed that the key to this problem was transportation, that transport capacity was limited and the grain could not be delivered to the cities on time. He urged every province to put grain at the priority of their transportation plans, to support the cities. They should organize rural labor to put grain along the transportation lines for easy collection.<sup>27</sup>

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<sup>26</sup> Felix Wemheuer, *Famine Politics in Maoist China and the Soviet Union* (New Haven: Yale University Press, 2014), 121.

<sup>27</sup> "Ba diaoyun liangshi renwu fangzai di yi wei de baogao" (The Report on Putting Grain Transportation as a Top Priority), June 1960, *Jianguo Yilai Li Xiannian Wengao* (Beijing: Zhongyang wenxian chubanshe, 2011), vol. 3, 124.

Meanwhile, the Vice Premier even reached out to the army to borrow trucks. On May 7 of 1960, Li wrote to the commander of the Nanjing Military Region that Zhejiang province had 100 million *jin* (1 *jin* is approximately 1.3 pound) of rice to support Shanghai, but it was difficult to find the means of transport in Zhejiang. He wanted to borrow 200 to 300 military trucks from the commander for transportation.<sup>28</sup> The limitation of transportation capacity forced the central government to pull some strings via personal connections from the army.

However, squeezing the provinces only made things worse. Even though cities were its priority, the central government could not simply ignore the serious grain deficit in the provinces. In the latter half of 1960, the central government gradually accepted the fact that the transportation plan was unreal. For example, in November 1960, Guizhou only sent out 110 million *jin* of grain; the original plan of that year was for Guizhou to send 510 million to the central government. Beijing had to agree that Guizhou could cancel 200 million *jin* out of its plan.<sup>29</sup> As the grain production decreased during the famine, it was difficult to put pressure on the provinces to squeeze their grain. In order to find alternative food sources, the central government had to consider grain sources out of the country.

Chen Yun, the economic czar, suggested that the Ministry of Grain propose to import grain, and Li Xiannian accepted the Ministry's idea. On November 29th, 1960, Li wrote to Mao and the State Council, arguing that in order to overcome the shortages in next year's spring, it would be necessary to import at least 1.2 billion *jin* of grain. Li

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<sup>28</sup> *Li Xiannian Nianpu* (Beijing: Zhongyang wenxian chubanshe, 2011), vol. 3, 231.

<sup>29</sup> "Guanyu jinkou Liangshi de xin" (The Letter about Grain Import), *Jianguo yilai Li Xiannian Wengao*, vol. 3, 134.

analyzed that China's foreign trade had been exporting agricultural products and importing machinery, raw material, and equipment. Importing grain was only a temporary policy that was necessary to live through the famine. As long as the population had food to meet its minimum needs, the major force of agricultural production could, therefore, be maintained. It had both political and economic meanings for the construction of socialism. Li predicted that in the next year, a major part of foreign currency would be used for food and clothing, to support the daily life of the population. Mao and Zhou both agreed and authorized this proposal, with Mao commenting that it could be better if China imported two billion *jin*.<sup>30</sup> Finally, the idea of importing grain became the Party's policy.

With much of the decision-making taking place in Beijing, the actual trade talks mostly happened in Hong Kong. Under the planned economy, the private sector became extinct in China in the 1950s. Two of the state-owned companies became crucial agencies for Beijing to seek contact in the global market. The China Resource Co. (CIRECO) whose major business was import-export trade and was under the direct leadership of the Chinese Communist Party (CCP), set up its headquarter in Hong Kong in 1939. Ever since the war years, China Resources Co. had been purchasing medicines and medical instruments for the CCP to support its guerilla warfare and its rural base in North China. As the CCP took over China and the United States waged embargo on China since early 1950, China Resources Co. acted as an ordinary trade firm in the British colonial port, but managed the import-export business for the Chinese government. Hong Kong in the 1960s as a free port was without doubt a great place to collect business information and

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<sup>30</sup> *Ibid*, 135.

establish global connections. Even though the Chinese government was under the blockade from the Western bloc, Hong Kong provided the last exit to escape from the embargo. The grain business was also assigned to CIRECO, whose trade agents were organized to contact the Australian and Canadian Wheat Board. The Ministry of Foreign Trade sent a principal to Shenzhen to supervise the trade talks, and CIRECO reported to Shenzhen regularly.<sup>31</sup>

On January 17th, 1961, Li Xiannian declared in a State Council meeting that 340,000 tons of wheat, along with 40,000 tons of flour, had been purchased from abroad, but he believed this was not enough for the domestic needs, and decided that the Ministry of Foreign Trade should purchase at least two million tons and ship it back to China as soon as possible. Li also instructed the Ministry of Foreign Trade not to argue much about prices and took the initiative to guarantee the two million tons. With the two million at hand, the Ministry of Foreign Trade could take their time, and talked about the long-term importing plans in the next few years or even longer, maybe including the possibility of installment and delayed payment. Li also instructed the trade agents never to appear nervous or anxious during the talks, in case they would be manipulated; it would be ideal to let the Australians or Canadians feel that the Chinese were not very desperate.<sup>32</sup>

## 2. Here Come the Canadians

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<sup>31</sup> China Resource Co. has its own company history. Wu Xuexian: *Hongse Huarun* (Beijing: Zhonghua Shuju, 2010), 300-342.

<sup>32</sup> *Li Xiannian Nianpu*, vol. 3, 286-287.



Even though the famine was a Chinese one, one should not take the impression that grain import was solely based on the decision of Chinese leadership. As André Magnan points out, Canada had produced wheat for the European market, especially the UK, but European agriculture gradually recovered from the war and became more and more self-reliant in food.<sup>33</sup> Thus Canada had a large surplus of wheat to sell. The Diefenbaker administration was keen to improve the economy of the Western provinces, and the wheat sales to China were deemed as their signature moves. Trading with communist countries was not an issue, because Canada had already started to sell wheat to countries such as the USSR and Poland. A very important reason behind the enthusiasts of the government was that the Canadian government had been paying for the unsold wheat stored in silos. Canada had a program called the Temporary Wheat Reserve Act beginning in 1956 to compensate farmers for grain storage costs which helped the construction of storage facilities in the Canadian Prairies. It cost the Government a great deal of money and was one of the drains on its finances.<sup>34</sup> The financial pressure to keep its public welfare program going was an important factor for the Canadian government to decide to sell wheat to China.

In fact, as we have seen at the beginning of this chapter, Canadian trade commissioners in Hong Kong had been sending the message on different occasions in 1958-59 that Canada was willing to sell their grain to China. C. M. Forsyth-Smith, the Canadian Government Trade Commissioner in Hong Kong, was the key figure to spread

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<sup>33</sup> André Magnan, *When Wheat Was King: The Rise and Fall of the Canada-UK Grain Trade* (Vancouver: UBC Press, 2016), 68-71.

<sup>34</sup> Peter Stursberg, *Diefenbaker: Leadership Gained, 1956-62* (Toronto: University of Toronto Press, 1975), 136-138. Andrew Schmitz and Hartley Furtan, *The Canadian Wheat Board: Marketing in the New Millennium* (Regina: Canadian Plains Research Center, 2000), 90.

the signal that Canada was willing to sell grain to China. Record in the Canadian archives showed that he traveled to China in July 1960 to market Canadian grain, and at that time, his major marketing target was the China National Cereals, Oils and Foodstuffs Import Export Corporation (CEROILFOOD) which was the other major company in China managing the grain import business, whose head office was in Beijing. During his travel to China in 1960, Forsyth-Smith called on the head office and branches in Tianjin, Shanghai, and Guangzhou of CEROILFOOD, to discuss the potential of grain trade. The Chinese told Forsyth-Smith that crop prospects were good (which was not true), and the corporation had no plans to import. Even so, Forsyth-Smith at each branch of this corporation left a complete set of 1959 crop samples, hoping to attract some attention from the Chinese officials.<sup>35</sup>

The friendly gestures of the Canadians certainly were not ignored by the Chinese. Only one month later in August 1960, Forsyth-Smith was contacted by L. C. Pu (Pu Liangchou) from China Resources Co. that Pu's company had received a slight indication that they would be asked to purchase two cargoes of wheat in Canada.<sup>36</sup> The Canadians took another month to realize, in great surprise, that such a small amount of purchase was not delivered to China but Albania. The Canadians felt that they had accidentally witnessed something absurd inside of the Communist world. In the report to Ottawa they commented that "this is a rather curious situation and presumably results from the inexplicable mechanics of the Comecon system," and "to cap the absurdity of the whole

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<sup>35</sup> C. M. Forsyth-Smith, "Sales of Wheat and Flour to China," June 27, 1960, Library and Archives Canada: RG 25, vol. 818.

<sup>36</sup> C. M. Forsyth-Smith to James A. Roberts, "Sales of Wheat to China," August 29, 1960, Library and Archives Canada: RG 25, vol. 818.

question, the local Bunge (an American food company) representative has told us that his London office is now offering East German wheat for delivery to Albania on behalf of Communist China.” This was in September 1960 when Beijing was still not sure about importing, and the Canadians in Hong Kong were certain that China was under severe food shortages.<sup>37</sup>

Before we go on about the grain trade, it is worthwhile to discuss how Albania suddenly jumped into this story, which was quite surprising even to some historians.<sup>38</sup> In the 1950s, both Albania and China had depended on Soviet aid to develop, but they were also upset about Khrushchev’s de-Stalinization policy. China did not agree with Khrushchev’s theory of peaceful coexistence with the capitalist West and proposed a more belligerent stance towards the West. Albania was very alert about the rapprochement between the Soviet Union and Yugoslavia, with the latter being the major threat to Albania’s safety. Both Albania and China became closer to each other with dissatisfaction towards Khrushchev. The conflict was clearly shown in June 1960 at the Bucharest Conference of the ruling communist parties, during which the USSR and its East European allies led a general condemnation of the Maoist ideology. It was at this conference that Albanian representatives defiantly refused to join the Soviets in criticizing China. With the Sino-Soviet Split, Albania was almost the only windfall alliance that China could have as an outcast in the Soviet bloc.<sup>39</sup>

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<sup>37</sup> C. J. Small, “Chinese Enquiries for Wheat,” September 12, 1960, Library and Archives Canada: RG 25, vol. 818.

<sup>38</sup> Frank Dikötter, *Mao’s Great Famine* (London: Bloomsbury, 2011), chapter 19.

<sup>39</sup> Elidor Mëhilli, “Mao and the Albanians,” in Alexander Cook ed., *Mao’s Little Red Book: A Global History* (New York: Cambridge University Press, 2014), pp.168-172.

Following the Bucharest Conference, Moscow took a series of punitive measures against both Albania and China. Grants and credits from USSR were canceled; trade was reduced or canceled; all Soviet advisors, experts and technicians were withdrawn from the two countries. The withdrawal of Soviet experts and cessation of trade and aid frustrated the Albanian economy, especially in the industrial sector. The Albanian economy was further complicated by a severe drought and grain shortages in 1960.<sup>40</sup> Not surprisingly, the two countries' leaders became sympathetic to each other's situations, and the Albanian quickly switched the aid partner from the USSR to China. In August 1960, Zhou Enlai, upon a previous request, promised the Albanian Premier Mehmet Shehu that China would provide fifty thousand tons of wheat to Albania from August to December 1960. In October, Zhou noted that this year Albania suffered from the most serious disaster, and "our government has a principle," which was to first help brother countries who suffered from disasters.<sup>41</sup> It could be assumed that the two cargoes of wheat from Canada to Albania were part of the fifty thousand tons. The Albanian episode was a Cold War scenario in which we can see that the transpacific foodways connecting Canada and China were also partially created to meet the food inquiry within the communist world.

When we switch back to the Pacific, we can see a transpacific connection was established even before Beijing reached a decision. In October 1960, one month before Li Xiannian requested grain import, William C. McNamara, the Chief Commissioner of the Canadian Wheat Board, led a grain mission and arrived in Hong Kong to inquire into the

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<sup>40</sup> Elez Biberaj, *Albania and China: A Study of an Unequal Alliance* (Boulder: Westview Press, 1986), 28.

<sup>41</sup> *Zhou Enlai Nianpu* (Beijing: Zhongyang wenxian chubanshe, 1998), vol. 2, 337, 355.

real intention of the Chinese. McNamara arrived on October 8th, and right on that evening, C. M. Forsyth-Smith and C. J. Small, the two Canadian trade commissioners in Hong Kong, arranged a dinner party to introduce the guests to the officials of the China Resources Co. The General Manager of CIRECO, H. V. Chang (Zhang Huanwen, also named as Zhang Ping in Chinese sources) as well as other senior managers attended the dinner party which was described by Forsyth-Smith as “most cordial.” Of course, this dinner party was not merely about entertaining but also contained serious business talk. Chang and McNamara had a long conversation in which Chang indicated that China was unlikely to be in the wheat market immediately but quite possible in the next year. McNamara and his mission were not satisfied with just talking with CIRECO; they also planned to go to mainland China, especially Guangzhou, since it was the time of the Canton Trade Fair where they could meet with the senior managers of China National Cereals, Oils and Foodstuffs Import Export Corporation (CEROILFOOD). In this way, CIRECO in Hong Kong was almost like a reception hall for the Canadians to wait for their permission to enter mainland China.<sup>42</sup>

In the following trip to Guangzhou from October 14th to 18th of 1960, the Canadians got the impression that the Chinese were interested in import. The grain mission met with Hou Chun, the representative from CEROILFOOD, who had a long conversation with McNamara. At first, Hou mentioned nothing about food shortages but claimed that China was self-sufficient in wheat, and showed on interest to import. After giving a long lecture emphasizing that trade must be a two-way affair, Hou showed

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<sup>42</sup> C. M. Forsyth-Smith, “Grain Mission,” October 20, 1960, Library and Archives Canada: RG 25, vol. 818.

interest in things like grading and pricing. Hou seemed much more reserved than his colleagues in Hong Kong when facing the Canadians. McNamara replied that he was aware that China was a major wheat producer, but it was more reasonable to import wheat for certain areas. Hou also suggested that McNamara should do whatever he could to create a friendlier atmosphere for the trade; Hou even indicated that he would “use his influence with his superiors in an effort to persuade them to purchase Canadian wheat.” McNamara also said that the Board was prepared to enter into long-term agreements concerning specific quantities and prices, which was of great interest to Hou. This kind of serious conversation only happened once; for the rest of the trip the Canadians went sightseeing, accompanied by a senior manager from CIRECO, and there were more dinner parties before they left Guangzhou and Hong Kong.<sup>43</sup> A medium level state-corporation official like Hou Chun could propel the development of trade connections with the Canadians in Guangzhou, taking their initiatives even before Beijing made the decision. We can see how the two Chinese state-corporations, CIRECO in Hong Kong and CEROILFOOD in Guangzhou, worked together to treat the Canadians, using the free harbor and Canton Fair to make an epic business contact remain casual.

After Mao authorized the proposal of grain import, CIRECO sent a small group led by Liu Chaojin (L. Liu) to Winnipeg for negotiation with the Canadian Wheat Board in January 1961. The trade talks went quite slowly because the two argued about the price. According to Chad Mitcham, as Sino-Canadian grain negotiations continued, the Chinese signed additional contracts to purchase Australian wheat and flour. The Australians were not the only competitor, because food was not on the embargo list in the

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<sup>43</sup> Ibid.

1960s, even the Americans might join the game. On 25 January, the newly elected US President John F. Kennedy claimed in a news conference that if Beijing asked Washington for grain, the US government might consider the request very carefully. With the Canadians eager not to lose out to the Australians and Americans in the Chinese grain market, on 27 January the first CWB–CIRECO grain contract was concluded. The Canadians agreed to reduce prices slightly and sell the Chinese quantities of lower grade wheat, which was in great demand by other regular customers. They also accepted Chinese payments in British sterling. The Chinese purchased two kinds of wheat amounting to 660,430 tons and 101,605 tons from the Canadians.<sup>44</sup>

However, the Canadians released the news before Liu's supervisors in Hong Kong checked every detail, which upset the people at China Resource. The Canadian government wanted to release the news and make a statement about the contract; the statement was sent to the principles of CIRECO in Hong Kong via Forsyth-Smith, but they were given only 24 hours to approve it. Ottawa did not even wait for the Chinese principals to reply and made the statement and broadcast throughout the world. The CIRECO principals felt embarrassed, and the statement affected their ability to charter freight at reasonable prices. Furthermore, the principles of CIRECO were not satisfied with the timing of shipment, which was scheduled later than they had expected. In Forsyth-Smith's report to Ottawa, Liu of CIRECO did not return to Hong Kong with praise but rather with more pressure from his principals. Liu would phone Forsyth-Smith several times a day to ask if there was any chance to deliver some quantities of wheat

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<sup>44</sup> Chad J. Mitcham, *China's Economic Relations with the West and Japan: Grain, Trade and Diplomacy, 1949-79* (London: Routledge, 2005), 56-57.

prior to dates specified in the contracts. The Canadians' explanation of the news release was that regular customers in the west coast area needed to be advised that the supply might be curtailed in the future because a new big buyer was showing up, and railways and terminals had to be alerted to the magnitude of west coast movements following the contracts. As to earlier shipments, the Board found it difficult to meet the request, due to the limits of the capacity of the west coast, which had to first guarantee the needs of old customers who had formal agreements prior to CIRECO. In the end, Liu asked Forsyth-Smith if the Canadian Wheat Board could send an expert of loading and shipping to Hong Kong to discuss the shipping plans. The Chinese promised that they were not asking to reopen the negotiation of the contracts, and the Canadian technicians arrived in Hong Kong in February 1961. It seemed that the elevators in Vancouver alone could not deal with the needs of the Chinese, and the Canadians had to adjust their reserves and shipping plans to fit in the new trading opportunities.<sup>45</sup>

Upon the request from the Chinese, the Canadian Wheat Board sent Doug Treleven to Hong Kong to facilitate the shipping programs. Treleven told the CIRECO officials that they put four boats in Vancouver in a period of three days, which probably would cause loading delays and was against the interest of the Chinese because the shipping fees were paid by the Chinese; therefore a better coordination was needed. Treleven and the CIRECO officials went over the port facilities in detail, and the problem of keeping a continuous flow of grain from Canada through the terminals. It would be better if the Chinese could space the arrival of their ships, thus to encounter

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<sup>45</sup> Cable, Forsyth-Smith to Esdale, 2/6/1961, 2/9/1961, Library and Archives Canada: RG 25, vol. 818.



minimum delays and receive the greatest dispatch. Eventually the Chinese agreed to send ships to both Vancouver and Prince Rupert (930 miles north of Vancouver), to make full use of the capacity on the Pacific side and achieve efficient transportation. From the lengthy discussion of shipping programs, we can detect the emergence of a “food geography,” in which the trans-Pacific foodways were shaped by the shipping industry, as well as the location and transportation of food in Canada. For the Chinese, to build the trade relations was also to discover the knowledge of this food geography, and realize that the size of its needs would reshape the grain business of the Pacific world.<sup>46</sup>

### 3. Towards the Long-term Agreements

When staying in Hong Kong arranging for the shipping business, Doug Treleaven became more and more assured that the Chinese wanted to enter more trade relations. CIRECO made many indications that they would purchase more. Treleaven read reports in the Hong Kong press that China would not be able to meet her food requirement for more than a year, even if crop prospects improved greatly during the current growing season. News about the Chinese purchasing more barley from the Australians, as well as food riots in several Chinese cities, were also circling in the Hong Kong business world, as Treleaven put in his report to Ottawa, that “the boys here say there is no doubt that their needs are great for additional quantities.”<sup>47</sup>

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<sup>46</sup> Correspondence, D. Treleaven to W. McNamara, February 17th, 1961, Library and Archives Canada: RG 25, vol. 818.

<sup>47</sup> Correspondence, D. Treleaven to W. McNamara, February 20th, 1961, Library and Archives Canada: RG 25, vol. 818.

To further develop the trade, there was one major obstacle that China had to overcome, which was the fact that China did not have a handsome reserve of foreign exchange for international trade. This was not a problem that only China had in the 1960s; in fact, nearly all the Third World countries, as well as the Soviet bloc states had to face the shortage of hard currency in the immediate aftermath of the post-WWII years. Oscar Sanchez-Sibony in his recent study of the Soviet foreign trade points out that when facing the shortage of hard currency, the Soviets would choose to do barter trade to get what they needed. The Soviets would export their steel and machinery for the food and agricultural products from newly independent Asian and African countries; later they also use their natural gas to pay for the cost of building trans-Europe gas pipelines. Within the Comecon system, barter trade was perhaps the main form of trade, with little facilitation of currency among the socialist countries. Apart from barter, another way to facilitate trade was to get credit from government-guaranteed banks. One famous example in the post-war years would be the Import-Export Bank in Japan which greatly helped the revival of the Japanese industry by controlling permits of foreign currency for the Japanese importers and exporters.<sup>48</sup> The bottleneck in finance was the major obstacle in the development of trade for an economically weak country like China.

Barter trade and credits were the two options the Chinese could seek at this time if they made additional purchases. At the beginning of 1961, the Chinese already bought \$60 million (Canadian dollar, CAD) worth of grain, and they would have to sell a great

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<sup>48</sup> The USSR's foreign trade is discussed in Oscar Sanchez-Sibony's *Red Globalization: The Political Economy of the Soviet Cold War from Stalin to Khrushchev* (New York: Cambridge University Press, 2014), chapter 5. For the Japanese banking system, see Chalmers Johnson, *MITI and the Japanese Miracle* (Stanford: Stanford University Press, 1982), chapter 6.

volume of goods to the world market if they were to balance their trade and purchase more. Therefore, when they finally raised the proposal of a long-term agreement, purchasing additional quantities in the last half of 1961 and 1962 - 63, the CIRECO officials requested of Canadian representative two beneficial conditions: one was the “assistance in the development of trade in Chinese products to Canada so that they could earn more exchange to help pay for the wheat,” and the other one is “more flexibility in payment arrangements - in short credit up to one year on their purchases.”<sup>49</sup> In other words, these two conditions were just barter and credit, which were the basis of a long-term agreement, a three-year plan.

When hearing this request, Doug Treleaven felt it necessary to convey to the Chinese some basic commercial knowledge, that these conditions were not very practical for the Canadian Wheat Board. Treleaven explained that the CWB was an agency established under an act of parliament for the sole purpose of merchandising wheat, oats, and barley produced in western Canada. Therefore, it had no authority to enter into any bilateral trade involving any goods other than the Canadian grain. Even so, Treleaven was not going to reject the future business; he still expressed the hope of negotiating a plan for additional purchase, and that the CWB would try to facilitate the grain trade with China. The CIRECO officials were not disappointed either; they appreciated Treleaven’s willingness to assist trade and understood that they could not enter into barter arrangements on a direct basis. As for credit, the CWB Chief Commissioner William McNamara’s personal opinion was that credit could not be considered before Canada

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<sup>49</sup> Memo, Treleaven to McNamara, February 28th, 1961, Library and Archives Canada: RG 25, vol. 818.

established diplomatic relations with China, because a government to government guarantee would have to be involved.<sup>50</sup>

At this time, China was seeking any possible means to gather funds to pay the grain. The Canadians got information from London that China was unloading a significant amount of silver in the London bullion market. According to a source in the British Customs, imports of refined Chinese silver into Britain were 3.1 million troy ounces in December 1960, value £1.02 million, and 2.1 million troy ounces in January 1961, value £690,000. "It was thought that China may have substantially run through these and other reserves after two or three bad months in which export fell and commodity imports were abnormally large. London's opinion is that China is turning to silver in some desperation as a source of external funds."<sup>51</sup> The grain imports were indeed a looming burden for its economy.

From March 1961, a new round of trade talks took place first in Hong Kong and then in Beijing, and finally the 1961- 63 long-term agreement was signed in Beijing in April 1961. Barter was ruled out in this round, and the Canadian government finally agreed to extend credits to the Chinese, based on the condition that the Chinese would first pay 25% as a down payment. This time the Chief Commissioner William McNamara led the CWB mission to negotiate with CIRECO. During these negotiations the major point of disagreement was the period for which credit would be extended. The Canadian banking tradition usually held at six months maximum, while CIRECO pressed for nine

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<sup>50</sup> W. McNamara, "Re: China Resource Company," February 24, 1961, Library and Archives Canada: RG 25, vol. 818.

<sup>51</sup> J. L. Mutter, "Communist China's Foreign Exchange Earnings," March 9th, 1961, Library and Archives Canada: RG 25, vol. 818.

months. The Canadian cabinet determined that if the agreement could not be concluded on the basis of a credit period of six months, the Minister of Agriculture should instruct McNamara to agree, as a last resort to a credit period of nine months; and the Minister of Finance would be authorized bank loans to the Canadian Wheat Board in an amount not to exceed \$50 million (Canadian dollar, CAD).

C. J. Small, the trade commissioner in Hong Kong, appreciated the compromise as a reasonable one. In April 1961, Small suggested that Canada should make some friendly gestures if possible to consolidate the trade relations with China:

“Although a six-month credit period would be easier to operate and offers a number of advantages from the Canadian standpoint, it seems clear that the Chinese require a longer period. This is understandable because six months would hardly allow them enough time to market this year's agricultural exports abroad in sufficient volume to commence repayment of the credit. A nine-month period would probably provide them with just enough time to do so. It is quite possible that they may agree to the six-month period if the Wheat Board holds out but, in my personal opinion, it would be a mistake to do so because of China's poor economic situation at the present time. If we press them into six months against their wishes and needs it will be remembered and held against us when future trade is considered.”<sup>52</sup>

Eventually, the two sides signed a long-term agreement in April 1961. The Canadians committed under this long-term agreement to provide China up to six million

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<sup>52</sup> C. J. Small, “Canadian Wheat Board Mission to China,” April 19th, 1961, Library and Archive: RG 25, vol. 818.

tons of barley, wheat and flour, covering the period from June 1, 1961 to December 1963. In a report to the Canadian House of Commons on May 2, 1961, Alvin Hamilton, the Minister of Agriculture, announced the deal was worth approximately \$362 million (Canadian dollar, CAD).<sup>53</sup> At the time McNamara estimated that it was probably the biggest wheat sale in Canada's history.<sup>54</sup> The long-term agreement was a master plan, under which numerous contracts would be signed between the Canadian sellers and Chinese buyers during the three years, and they would negotiate with respect to the specific prices and quantities.<sup>55</sup>

Alvin Hamilton, who supported the grain deals with China, firmly believed that the agreement would bring great benefit to Canada, as he told the representatives in the House of Commons in May 1961 that "not only will it provide a welcome increase in western farm incomes, but this, in turn, will release new purchasing power for the goods and services required by farmers from the business community at large; additionally, the sale will generate increased employment for the country and terminal elevator operators, railways and dock workers, and others engaged in the domestic handling and export movement of grain and flour." The grain sales to China would significantly increase Canada's earnings from export and stimulate the economy.<sup>56</sup> A Canadian historian describes the impact of these big contracts in Canada as "raining money in the parched

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<sup>53</sup> "Statement by Hon. Alvin Hamilton, Minister of Agriculture, to House of Commons," May 2nd, 1961, Library and Archive: RG 25, vol. 818.

<sup>54</sup> Cable, McNamara to Esdale, April 26th, 1961, Library and Archives Canada: RG 25, vol. 818.

<sup>55</sup> Cable, McNamara to Esdale, April 26th, 1961, Library and Archives Canada: RG 25, vol. 818.

<sup>56</sup> "Statement by Hon. Alvin Hamilton, Minister of Agriculture, to House of Commons," May 2nd, 1961, Library and Archive: RG 25, vol. 818. On Alvin Hamilton, see Li Jiechuan, *Rang Zhongguo Chongfan Xifang Shichang* (Beijing: Zhongguo shehuikexue chubanshe, 2005).

desert of western Canadian agriculture...Purring with satisfaction, prairie wheat farmers voted Conservative for a generation.”<sup>57</sup>

However, there were also questioning voices and debates in Canada surrounding the grain sale to China. Some of the questions were about whether China would fulfill its commitment to purchase; others were concerned about China’s capacity to pay. In February 1962, just before the initial payment under the nine-month credit was due, the *Toronto Telegram* published an article saying that the Chinese had placed three firm orders, and a fourth order was ready to go, but “the Government and the Canadian Wheat Board are waiting to see whether the Chinese make good on their initial credit payments before entering into any new contracts.” It was also pointed out that under long-term agreements, China was not bound to buy. If China stopped purchasing, it would become a huge problem in Canada. At the same time, CIRECO’s new general manager Ting Ke-chien (Ding Kejian) anxiously asked the Canadian representative in Hong Kong why the CWB still did not mention anything about the trading plan in the second half of 1962. Given the buyer’s firm intention of ongoing purchase, the CWB decided to continue giving credit to the Chinese. Fortunately, the purchasing and payment went smoothly as in the original agreement.<sup>58</sup>

The Cold War narratives were never far away from the grain deals, which formed another major questioning voice outside the purely commercial considerations. In the

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<sup>57</sup> Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984* (Vancouver: UBC Press, 2007), 155.

<sup>58</sup> Newspaper clipping for the Department of Agriculture, “Sour Grapes on Wheat for China” by George Brimmell, *Toronto Telegram*, February 15th, 1962. Library and Archives Canada: RG 25, vol. 2781. Memo for Alvin Hamilton, February 21, 1962, Library and Archives Canada: RG 25, vol. 2781.

early 1960s, China was still an enemy of the free world. Mrs. Attilia Scott, a disappointed voter for the Conservative Party, wrote to Prime Minister John Diefenbaker in May 1961 and accused him of this “traitorous” deal. In this letter, Mrs. Scott argued that selling wheat to China would strengthen communism. She also believed that the grain sale to an enemy country only proved the economic weakness and desperation of Canada, saying “when a government is so weak that it cannot solve its internal economic problems in any other way than by SELLING OUT TO THE ENEMY, it makes of itself an object of scorn and disgust to its people and the rest of the world, even the enemy with whom such a government collaborates will regard it with contempt.”<sup>59</sup> The anti-communist sentiment in Canada made the wheat trade with China a sensitive topic. But it was an exaggeration to say that some Canadian wheat could strengthen the economic machine of communism.

When receiving such bitter criticism, the Minister of Agriculture suggested the PM’s secretary reply from several aspects that hopefully would appeal to some broad-mindedness. Canada ought to offer help to a country that was suffering from hunger, out of conscience and humanity as a good Christian. In their reply, the secretary queried “How could a nation professing Christianity turn its back on any people, regardless of race or religion or politics, in desperate need of food.” The Canadian Government believed that goodwill rather than hostility was the reasonable way to seek world peace, and they admired the recent foreign policy of the British government which was to seek friendly relations with hostile countries. In the case of Communist China, the United Kingdom had not only traded with them but had recognized them, and “many people

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<sup>59</sup> Attilia Scott to John Diefenbaker, May 18, 1961, Library and Archives Canada: RG 25, vol. 2781.



believe that if Britain's policy or friendship with Japan had been followed by some nations, Japan would not have waged the aggressive war in 1941." And since Canada already had traded with Poland since 1954, then trading with another communist country should not be a problem. The reply concluded with the belief that only talking and trading with potential enemy countries could promote world peace.<sup>60</sup> From this episode, we can tell that détente had been growing out of the pure confrontation at the beginning of the Cold War. Canada was switching its foreign policy from following the United States as a Cold War warrior such as sending troops to the Korean War, to releasing more depolarized goodwill in the budding transpacific trade during the détente.

People had always been curious about who in China could obtain imported wheat. Rumor in Canada said that a major part of the wheat exports to China went to the Communist Chinese Army. In February 1962, the *Leader-Post*, a newspaper in Regina, Saskatchewan, used a source from a freelance Canadian writer Jack MacBeth, who asserted that ordinary people in China could not get the grain from Canada. MacBeth lived in Hong Kong at that time; he interviewed more than a dozen people including refugees, missionaries and government officials and came to the conclusion that the bulk of the wheat went straight to the army, the police, party cadres and other preferred groups upon whom the regime placed heavy reliance.<sup>61</sup> The Canadian government insisted that this kind of statement was unfounded; when this was questioned by ordinary citizens, the Canadian government would reply quoting Alvin Hamilton, the Minister of Agriculture, that "no evidence has been presented in support of this contention," and in fact, China

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<sup>60</sup> Neil S. Crawford to Attilia Scott, June 5, 1961, Library and Archives Canada: RG 25, vol. 2781.

<sup>61</sup> Newspaper clipping for the Department of Agriculture, "Ordinary People not Getting Wheat" by Robert Moon, *Leader Post*, February 22, 1962, Library and Archives Canada: RG 25, vol. 2781.

was also purchasing substantial supplies of wheat from other exporting countries such as Australia and France, “the volume of which suggests that the needs of the population at large are being taken into consideration by the Chinese purchasing authorities.”<sup>62</sup>

Apart from the questioning voice from its people, Canada also had to deal with the trade embargo of the United States. The Foreign Assets Control Regulations, based on the United States’ Trading with the Enemy Act, asserted that it was illegal for any United States citizen or an enterprise owned by United States citizens to trade with mainland China. The Chinese had chartered some Norwegian and British ships to transport the grain, but the Imperial Oil Company informed the Canadian government that it might be difficult to sell bunker oil to these ships unless a clearance could be obtained by its American parent company. Some ships also required special unloading equipment, a suction device called vacuator, which had been ordered from a United States manufacturer by the shipowners. In June 1961, the agents of the vessels phoned the Canadian Government to say that the vacuators were being held up in the Canadian port on the basis of Foreign Assets Control Regulations. The vacuator manufacturer’s representative was ordered by the United States Treasury to send it back. John Diefenbaker “found this intolerable,” and he says in his memoir that “I would not consider having the Canadian government request an exemption under United States regulations for the sale of Canadian oil by a Canadian company to carry out the export of Canadian grain.” The Canadian ambassador was instructed to inform the US government that “any effort to intervene in these important and essentially Canadian transactions

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<sup>62</sup> R. M. Esdale to Alan Munro, October 26, 1962, Library and Archives Canada: RG 25, vol. 2781.

would have serious consequences.” Finally, the US government simply exempted Canadian subsidiaries from its Foreign Assets Control Regulations.<sup>63</sup> Canadian historians believe that the Americans were “mildly obstructive” in this controversy. They point out wheat sales with China showed that national interests were more important than the US - Canada Cold War solidarity.<sup>64</sup>

#### 4. The Australian Way

If the wheat deals with China were to succeed, then both Canada and Australia would have to separate trade from Cold War politics. Australia was as important as Canada in providing wheat to China every year, with the total amount probably even slightly higher than Canada. But the Liberal-Country Party coalition, in power in Australia since 1949, often depicted China as a security risk to Australia and condemned communism in general. However, using trade income from China to support anti-communism was completely fine and reasonable for Australia. In this situation, the Australian government decided to see China wheat deals as purely commercial and tried not to sabotage the sale by political matters.<sup>65</sup>

The initial contract for Australian wheat sales to China also involved Albania. In December 1960, China Resources (CIRECO) initially was negotiating two cargoes of wheat shipment, 20,000 tons, to Albania through Collin & Coy (Sydney) and Jardine

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<sup>63</sup> John Diefenbaker, *One Canada: The Years of Achievement 1957-1962* (Toronto: Macmillan of Canada, 1975), 179-181.

<sup>64</sup> Robert Bothwell, *Alliance and Illusion: Canada and the World, 1945-1984*, 154. Greg Donaghy and Michael D. Stevenson, “The Limits of Alliance: Cold War Solidarity and Canadian Wheat Exports to China, 1950-1963,” *Agricultural History* 83 (Winter, 2009):1, 29-50.

<sup>65</sup> Henry Albinski, *Australian Policies and Attitudes toward China* (Princeton, 1965), 249-335.

Matheson (Hong Kong).<sup>66</sup> The Australians did not have much knowledge about the relations between China and Albania, but they knew that the Mediterranean markets were usually supplied by the London Wheat Committee of the Australian Wheat Board, and the Board would not sell to China. Thus, ordering wheat from Australia and Canada could put China into the Mediterranean in competition. Later they learned that there was a barter deal in which China provided wheat to Albania, but there were difficulties for the Australians to charter a ship. Eventually the Chinese themselves found a ship to charter in the Baltic, so the wheat was sold in f.o.b. price, which meant the Chinese did not have to pay the shipping fee to the Australians.<sup>67</sup> This seemed to be a pattern of all the shipping later, that the Chinese chartered foreign ships to transport the wheat from Australia and Canada.

The Australian Trade Commissioner in Hong Kong G. Patterson got wind of the news that the Chinese were buying, and soon General Manager C. J. Perrett of the Australian Wheat Board (AWB) arrived in Hong Kong to have lunch with the China Resources (CIRECO) managers, assuming that China might make further purchases. A further purchase did happen very soon. Perrett arrived in Hong Kong on Thursday (December 14, 1960) and the discussion with the Chinese started on Sunday, in which China Resources intended to buy another 240,000 tons of wheat for China proper. But the Chinese never admitted that there was any pressing need for food in the negotiation. Rather, the reason they gave to the Australians was that China intended to export a

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<sup>66</sup> "Hong Kong," National Australian Archives, A1804, 201/12/1 PART 1, Wheat and Flour - China.

<sup>67</sup> J. V. Moroney, "Wheat - Mainland China," September 5, 1960. "Wheat: China," October 13, 1960. G. R. B. Patterson, "Wheat - China," December 19, 1960. National Australian Archives, A1804, 201/12/1 PART 1, Wheat and Flour - China.

similar or greater quantity of rice to various countries around Asia, and they had sufficient stocks to do so but could do better with more wheat, now with the income of rice sales. The Chinese emphasized that 240,000 tons of wheat did not materially mean much to their community, considering its huge population and cereal production.<sup>68</sup>

There was always a bargaining process with the Chinese on bulk purchases. The Chinese already knew the price of the Australian wheat at £20 per ton, but they stated that they demanded a reduced price for such a large purchase. Perrett said they would allow a discount of ½ % which was normally a commission paid to the intermediaries. But the Chinese negotiator came back with a request of 2 ½% discount, which Perrett could not accept. In the end, both sides agreed to a 1 ½% discount. The whole negotiation was finished within a week which was fast.<sup>69</sup> It was a good price for both, and they were very happy to sign the contract and looked forward to future trade. Not until the negotiations were almost over did the Australians notice that on December 29, 1960, *People's Daily* had published the news about the unprecedented natural disaster and agricultural failures in China.<sup>70</sup> China speeded up the purchase. By February 1961, China had ordered about one million tons of wheat and 40,000 tons of flour from Australia, to be shipped by the end of June. These purchases were paid in cash for about £27 million.

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<sup>68</sup> G. R. B. Patterson, "Wheat - China," December 19, 1960. National Australian Archives, A1804, 201/12/1 PART 1, Wheat and Flour - China.

<sup>69</sup> "Hong Kong," National Australian Archives, A1804, 201/12/1 PART 1, Wheat and Flour - China.

<sup>70</sup> C. J. Perrett, "Hong Kong," "Communist China - Agricultural Situation II," January 11, 1961, National Australian Archives, A1804, 201/12/1 PART 1, Wheat and Flour - China.

Australia had a really good harvest that year and was confident to sell more to cope with its surplus wheat.<sup>71</sup>

The heavy cash purchase caused a shortage of foreign currency for China, and the question of credit sale was put on the table. When negotiating for the import for July-December 1961, the Chinese requested that this part of the purchase, roughly about another million tons, should be paid for in deferred payment made within twelve months; otherwise there would be no deal. The Australian negotiator did not accept this request because he only had the authority for cash sales, while credit sales needed a Board decision. When he left Beijing and returned to Hong Kong, the Australian negotiator learned that the Canadians were also negotiating credit sales with the Chinese and that the Canadians had indicated that they might agree on a six month credit, with 50% cash, 50% paid in six-months. This offer had such a great influence on the Australians that they believed that their payment terms should be as favorable as the Canadians. And the Australian negotiator doubted that the Chinese were even able to pay 50% cash up front, so they prepared two plans. One was the same as the Canadians, with a 5% interest rate for the deferred payment. As the Chinese always intended to bargain for a better offer, the Australians also prepared another plan: 20% cash up front, 40% in six months, and the remaining amount after twelve months. A credit sale was unprecedented in AWB's sales history which caused lengthy discussions in the Board. Eventually on February 27, 1961, the payment terms were negotiated to 10% cash on shipment, 40% in six months,

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<sup>71</sup> "China's Boost to Our Wheat Exports," *Sydney Morning Herald*, February 8, 1961, clippings from National Australian Archives, A1804, 201/12/1 PART 1, Wheat and Flour - China.

and 50% in twelve months.<sup>72</sup> Given the advantageous conditions of Australian transportation and shipping, it was not a surprise that they were able to deliver more wheat than the Canadians.

However, the Australian Wheat Board was not very optimistic about the future of the China trade in the early 1960s; they were not sure if the Chinese would continue to buy, and also were not sure if they were able to supply wheat in such large quantities every year, considering the fluctuations of their harvest each year. In contrast with the Canadians, the Australians did not enter any kind of “long-term agreement” with the Chinese. In 1961, they told the Chinese that a long-term agreement was not very practical because of the variations from year to year in their crop realizations and of their normal commitments to traditional markets which had been purchasing for years.<sup>73</sup> Without any long-term promises, the Australian thought they could adjust the contract on quantity and terms every year, but this was not well-accepted in China. In January 1962, the Australians originally offered 250,000 tons of F.A.Q. (“fair average quality”) wheat for payment in cash, and/or 250,000 tons of off-grade wheat on extended payment terms. The negotiators of China Resources were surprised that both the quantity and payment terms had significantly retreated from the previous year’s larger sale (2 1/4 million tons in total). Meanwhile both Canada and France voluntarily offered better payment terms this year (1962). The Chinese were disappointed that the Australians did not offer the same

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<sup>72</sup> “Australian Wheat Board General Manager’s Visit to Hong Kong and China February - March, 1961,” “Minutes of Special Meeting Held in Melbourne 27th February, 1961,” National Australian Archives, A1804, 201/12/2 PART 1, Wheat Sales to Mainland China.

<sup>73</sup> “Australian Wheat Board General Manager’s Visit to Hong Kong and China February - March, 1961,” National Australian Archives, A1804, 201/12/2 PART 1, Wheat Sales to Mainland China.

payment terms as the Canadians and the French did, so the discussion reached a deadlock.<sup>74</sup>

So the Australians explained. First of all, the 1962 crop was smaller than that of 1961, a reduction of about 80 million bushels, which left them about 3.3 million tons for export. Then they had to supply countries like Rhodesia and New Zealand which had traditionally looked to Australia for their total requirements. Moreover, Australia had government trade agreements with countries like U. K. (750,000 tons) and Japan (300,000 tons) that they could not escape, which left them 1.6 million tons for all other markets and a substantial proportion had already been sold. It was not possible to supply China with more than 500,000 tons. China Resources was not entirely happy to accept that fact that the Australians treated them as a less important customer. They raised the question: "is it the Board's idea simply to use China as an avenue for the disposal of embarrassing surplus stocks which cannot be sold elsewhere and when the Board's stock position improves is China to be cut altogether. If that is the position then China is not prepared to accept that role." China wanted to be treated as the most important client by the AWB, at least as important as the U.K. or Japan; so if there was a reduction then everyone was equally reduced. Eventually AWB increased the quantity of off-grade wheat up to 400,000 tons, and gave China the same payment terms as the previous year.<sup>75</sup>

The pressing need for more wheat was still real for China in 1962.

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<sup>74</sup> G. R. B. Patterson: "Trade with China - Wheat," January 16, 1962, National Australian Archives, A1838, 766/1/4 PART 2, Economic Relations - China -Sale of Wheat by Australia.

<sup>75</sup> "Report of Visit of Australian Wheat Board Delegation to Hong Kong - January 1962," January 25 1962, "Report on the General Manager's Visit to Hong Kong and Japan February 1962," March 8 1962, National Australian Archives, A1804, 201/12/1 PART 2, Grains - Wheat and Flour - Overseas - China.



Long-term agreements could help ease the sudden cut as happened in 1962, and the Chinese raised the question again in 1963. They wanted to ensure their supplies over several years, because it could help with their agricultural planning, according to China Resources. The importing of large quantities of wheat had been absorbed into long-term economic planning in China. They told the Australians that they were not pressing for a formal type of agreement with definite quantities yearly, but they would like some firm indication as to availability based on their output. Again, the Australians did not make any promises because they were not sure about the volume of their future deliveries.<sup>76</sup>

Various sources confirmed that China would continue to buy Australian wheat even without any natural disasters. A Chinese commercial counselor in Paris told the editor of the *Far Eastern Economic Review* in May 1964 that there was no intention of suspending wheat purchases in the foreseeable future. China found it expedient to continue buying for two reasons. One was to maintain a variation in supply, which was to buy wheat from Australia and Argentina during the offseason in China. The second reason was that purchasing wheat enabled them to sell surplus rice and soybeans, for which they could obtain a higher price than the cost of wheat purchases, thus earning foreign exchange.<sup>77</sup> This idea of “variety adjustment” indeed made sense to the Australians, as shown in a document stating that “imports of wheat have in fact been directed largely towards North China, which would reduce the North’s demand upon the rice-growing regions of the South, and to some extent, relieve pressure on the strained

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<sup>76</sup> “China,” October 31, 1963, National Australian Archives, A1804, 201/12/1 PART 3, Wheat and Flour - China.

<sup>77</sup> F. R. Dalrymple: “Australian Wheat Sales to mainland China,” May 28, 1964, National Australian Archives, A1838, 766/1/4 PART 4, China -Sale of Wheat by Australia.

Chinese transport system taking rice to the North,” and this was not regarded as abnormal or uneconomic, because “the U.S.S.R. has exported wheat from the Black Sea area while importing wheat into its Far eastern area.”<sup>78</sup>

## 5. Steering through the Cold War

Trade with mainland China needed to be carried on under the watchful eyes of the U.S. government. In 1961, the U.S. government was concerned about the precarious state of South Vietnam and the possibility of increased Communist Chinese participation in Viet Cong activities. In January 1962, Under Secretary of State George Ball summoned both the Canadian and Australian ambassadors in Washington to discuss the possibilities of using Western sales of grain to Communist China to further Western political objectives in Southeast Asia. Ball recognized the attractiveness of sales of grains to China and was very clear that the State Department was not in any way critical of Canadian and Australian sales. However, he believed that they should explore the possibility of using grain as a means of restraint upon the Communist Chinese, considering the growing influence of China in Vietnam. He suggested that the three governments should set up a group to study the possibility of cooperation.<sup>79</sup>

The Australian government usually did not intervene in the wheat trade and let the AWB make decisions on commercial interests. Since 1961, the Australian Cabinet had decided that there would be no political objection to the sale of wheat to Mainland China,

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<sup>78</sup> “Sales of Wool and Wheat to Communist China,” National Australian Archives, A1838, 766/1/4 PART 4, China -Sale of Wheat by Australia.

<sup>79</sup> “Wheat Sales to Communist China,” January 16, 1962, National Australian Archives, A1838, 766/1/4 PART 2, Economic relations - China - Sale of wheat by Australia.

and this decision had governed their subsequent attitude (“Decision 1245 of March 2, 1961”). As to this “group study” proposal, after careful discussion among themselves and consultation with Canada, the Australian authorities informed the Americans that in their view, tripartite talks would be “inappropriate.” The Australians argued that wheat supplies were not an effective tool in politics, because it would not significantly affect the military capacity of the Chinese, and the Chinese could undoubtedly obtain grain supplies from other sources. They argued that Chinese purchases of Canadian and Australian grain were only marginally important to China’s total food supply and requirements, and withholding wheat sales could also be portrayed in propaganda to the disadvantage of Australia.<sup>80</sup>

There were moments when the wheat trade became a sensitive issue because of the diversion of shipments to other countries. We have seen that the Chinese bought wheat for Albania. In October 1963, China wanted to divert a shipment of 12,232 tons of wheat from Newcastle, Australia to Cuba, which stirred the nerves of Australian and American diplomats. This load of wheat was part of the purchase made by the Chinese under the deferred payment terms. Informed by the Australian Wheat Board about the diversion, the Australian government decided that the Wheat Board should not be advised against diversion. This decision was made in the light of “Canadian Agreement to ship Soviet purchased wheat to Cuba; the United States’ decision to sell wheat to the U.S.S.R and Eastern Europe; and the devastation caused by the hurricane in Cuba and the Food

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<sup>80</sup> “Australian Trade with China and the United States Attitude to It,” National Australian Archives, A1838, 766/1/4 PART 4, China -Sale of Wheat by Australia. “Wheat Sales to Communist China,” National Australian Archives, A1838, 766/1/4 PART 2, Economic relations - China - Sale of wheat by Australia.

and Agricultural Organization's proposed food aid under the World Food Program." But this happened only one year after the Cuban Missile Crisis, so the Australian government soon informed the American government. Subsequently, the U.S. Embassy replied that they took no exception to it, but they also wanted to make it known that they were not happy about the diversion. The American attitude on this matter "should not be construed as a relaxation of the United States policy of isolating Cuba economically and politically from the free world."<sup>81</sup> Taking care of the Americans' attitude towards sensitive issues like Cuba was quite necessary.

The story did not end there, however. The ship, S. S. Yanxilas, was Greek-owned and Lebanon registered, and chartered by the Chinese. When loading was finished, the captain refused to take instructions from the charterer to sail to Cuba and referred the matter to the Greek owners. This ship stayed outside Newcastle for about a week, and the Australians only wished that the ship could leave to provide room for others. Eventually it seemed that the owners gave final instructions to sail to Cuba.<sup>82</sup>

The attitude of the crew members could also be an issue. Crew members sometimes were quite serious about their anti-communist attitude, and nothing could cause more sensation than Vietnam. In September 1967, a group of British merchant seamen quit their ship, the Hope Peak, in Sydney and flew back to London. They told the press in London that they quit the job because of the humiliating experiences to which they were subjected while in Chinese ports. They also claimed that grain shipped from

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<sup>81</sup> "Wheat Sales to Cuba," October 24, 1963, "Diversion of Wheat Purchased by China to Cuba," October 25, 1963, National Australian Archives, A1838, 766/1/4 PART 4, China -Sale of Wheat by Australia.

<sup>82</sup> "China and Cuba: Yanxilas," "Wheat: China- Cuba," October 29, 1963, National Australian Archives, A1804, 201/12/1 PART 3, Wheat and Flour - China.

Australia to China was being sent straight on to North Vietnam. One of them said, “I have watched grain going off our ship on conveyor belts and straight into bags stamped North Vietnam. Our ship was being used to take grain from Australia to feed the North Vietnamese. It’s disgusting.”<sup>83</sup> The Minister of Trade and Industry received an inquiry about the truth of the story in Parliament, to which the Minister pointed out that when they left Australia, the seamen only told the Australian press that they suffered such intolerable maltreatment in various Chinese ports that they were fearful about going back. But after they arrived in London, Vietnam was added to their story. Thus the Minister claimed that he did not know the facts and did not want to challenge this story, but it seemed to him that their claims about Vietnam seemed to be an “afterthought.”<sup>84</sup>

Australia was involved in the Vietnam War by sending its troops to Vietnam, which sometimes made the China trade seem paradoxical to the press. There were some sources in 1965 saying that China was not happy about Australia’s involvement, and even suggested that they might reconsider the trade plan, to buy wheat from France rather than Australia, to put pressure on Australian foreign policy. But the Australians doubted whether China would put foreign policy before economic needs.<sup>85</sup> In April 1966, the then Prime Minister Harold Holt visited Saigon and hosted a press conference there, during which he was asked: “while you are providing so much assistance to Vietnam to fight the communists, why are you engaging in trade with communist China?” Holt explained that

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<sup>83</sup> Newspaper clipping, “China Wheat Shipped to Vietnam,” National Australian Archives, A1838, 766/1/4 PART 6, China -Sale of Wheat by Australia.

<sup>84</sup> “Question without Notice - House of Representatives, Tuesday, September 26, 1967 Wheat Exports to North Vietnam,” National Australian Archives, A1838, 766/1/4 PART 6, China -Sale of Wheat by Australia.

<sup>85</sup> “China: Wheat Purchase from Australia,” October 5, 1965, National Australian Archives, A2051, S325 PART 7, Wheat - Communist China.

Australia did not sell strategic material to China, and China could buy grain from any other country in the world. And just because it was able to build up its economy and its export income, Australia was better equipped to give military assistance and material assistance. It made sense to the Prime Minister.<sup>86</sup>

There were quite some people in Australia who agreed that they were selling wheat to the enemy, and sometimes they suggested that Australia should trade with their friends, which, in the context of the sixties, usually meant trade with India. In 1962, China and India had a brief border conflict (“Sino-Indian War”), which was at that time frequently interpreted as an example of communist aggression. Subsequently, in July-August 1964, some concerned Australian citizens sent letters to the Ministers criticising the Australian government for selling wheat to China, and many of these letters included a proposal that their government should give one million tons of wheat to India.<sup>87</sup>

However, the Wheat Board did not agree with this idea at all, and the reason behind it was related to the competition with the Americans in the world market. A “gift” of wheat would mean an economic loss to the Board, and India did not need wheat from Australia. Most of India’s import requirements of wheat were obtained from the United States under the Surplus Disposals Program (P. L. 480). The American wheat was made available to India for payment in local currency and a condition to the sales was that India should purchase a comparatively small commercial quantity of wheat in the world

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<sup>86</sup> “Prime Minister’s Visit,” April 25, 1966, National Australian Archives, A1313, 1969/8353 PART 1, Export of Wheat to Mainland China.

<sup>87</sup> “Australia Should Give Wheat to India,” in *The Canberra Times*, July 3, 1964, “Plea for Wheat Gift to India,” in *Age* (Melbourne), July 1, 1964, “Sales of Australian Wheat to China,” August 10, 1964, National Australian Archives, A1838, 766/1/4 PART 5, Communist China - Economic - Sale of Australian Wheat.

market, which had been from Australia. Also in the past, Australia had made gifts of wheat and flour to India under the Colombo Plan totaling 113,200 tons. But once in 1960 the Indian authorities preferred to replace the wheat and flour with other items, as their wheat requirements were met within the P. L. 480 arrangements. And since that time India had never requested wheat and flour as foreign aid from Australia.<sup>88</sup> The reason why China became a big market for Australia partially resulted from the competition with the Americans in the world market because of the P. L. 480 plans. Since the U.S. was still on a full embargo with China in the 1960s, Australia had to grab the opportunity.

What upset many ordinary Australians in the wheat deals was that the price of wheat sold to China was low, at least lower than the price paid to Australian growers. In April 1965, a resident in Western Australia wrote to the Parliament, saying that “I was surprised to learn recently that a large sale of wheat had been made to communist China at a price of 13/7 per bushel. I understand that the guaranteed price to the farmer is 1/- per bushel above this price and that the Commonwealth Government (ourselves) needed to find an amount of £4,000,000 to make up the difference...We have apparently reached the stage where we are prepared to supply cheap wheat to strengthen an enemy who has sworn to destroy us.”<sup>89</sup> The Government disagreed with this idea, emphasizing that China was not granted any concessional or special prices. The price in the international market was driven by competition from countries including the U.S., Canada and France. Since Canada and the U.S. reduced their prices by increasing subsidies and forcing other

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<sup>88</sup> Correspondence, R. A. Woolcott to Fredrick Howard, August 20, 1964, National Australian Archives, A1838, 766/1/4 PART 5, Communist China - Economic - Sale of Australian Wheat.

<sup>89</sup> W.S. Clegg to J.M. Hallett, April 23, 1965, National Australian Archives, A1838, 766/1/4 PART 5, Communist China - Economic - Sale of Australian Wheat.

countries to reduce prices, all sales had been based on the minimum prices associated with the International Wheat Agreement<sup>90</sup>. The higher price paid to the growers should be seen as a subsidy to the growers. And the Government believed that the subsidy was worth it, because “if the wheat, which was already grown and harvested, had not been sold to China and others (even at a price lower than that paid to the growers), the cost to the taxpayers would have been much higher. The taxpayers would have to pay for storage of the wheat and, in one way or another, for the loss of income to Australia resulting from failure to dispose of the crop.”<sup>91</sup> Thus, the Australian Government believed that the subsidy for export was small money, while the cost of building more storage facilities for unsold wheat was much more expensive. Objections to the wheat trade with China were no good for Australia, and that was what the Government tried to pacify among its people.

Opposition to China sales was never really successful because nobody in Australia had any constructive ideas on what to do with the ever-increasing wheat surplus. Stimulated by China sales, Australia’s wheat acreage was growing. In 1960, the wheat acreage was 13.4 million; while only six years later it increased to 20 million. According to an economic expert, there was only one alternative to stopping the sales to China, and that was “wheat acreage reduction.”<sup>92</sup> In reality, nobody in Australia reduced their crops. In 1969, the Government stated that the Wheat Board faced great pressure

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<sup>90</sup> The International Wheat Agreement was a multilateral agricultural treaty that guided the quantities and prices of wheat trade among a few countries. It was administered by the International Grains Council in London. China was not a member of this treaty.

<sup>91</sup> G.N. Upton to Robert Brewer, National Australian Archives, A1838, 766/1/4 PART 5, Communist China - Economic - Sale of Australian Wheat.

<sup>92</sup> “It’s China or Cut in Crop,” August 17, 1966, National Australian Archives, A1838, 766/1/4 PART 6, China -Sale of Wheat by Australia.



and serious difficulties in finding remunerative markets for prospective deliveries of about 435 million bushels. The problem of surplus remained in the industry. The carry-over at the end of the season would be twice as great as before. The Minister of Primary Industry emphasized, “this is for growers to consider. It is up to them to decide how to use the resources which they have at their disposal.”<sup>93</sup>

Even though people tried their best to keep the business out of any political interventions, there were exceptions, albeit rare. One example was the trade talks in May 1967 during the Hong Kong Riots, when the Australians offered 1.1 - 2 million tons of wheat and the Chinese seemed keen to buy. When the two parties were negotiating about the price, the British High Commissioner delivered a message to the Australians asking that the signing of the contract be delayed to put some political pressure on Beijing, because the British believed that Beijing was behind the riots in Hong Kong. The Australians never intended to withdraw their offer or jeopardize the contract with the Chinese, but their Prime Minister (Harold Holt) decided to pass the following instruction to their negotiator in Hong Kong that

“the Government is aware that the Board is in the process of negotiating a substantial wheat contract and, while the Government, as a practice, does not interfere, the Board must let the Chinese know how the Government feels about developments in the area and that if the threats to security and stability persist, the Government would wish to review total export policies in relation to China.”<sup>94</sup>

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<sup>93</sup> “Wheat: Sale to Mainland China, Statement by the Minister for Primary Industry, Hon. J.D. Anthony,” January 28, 1969, National Australian Archives. A1313, 1969/8353 PART 1, Export of Wheat to Mainland China.

<sup>94</sup> P.J. Lawler: “Note for File,” May 23, 1967, National Australian Archives, A1209, 1967/7395 PART 1, Sale of wheat to mainland China - Policy.

Thus, the Australians did not really delay the negotiation as suggested by the British, but on the very occasion when the contract was finally signed, the Australian negotiator made the speech as instructed, and in return “had a vitriolic lecture from the Chinese about what Australia is doing in Vietnam.”<sup>95</sup> Even though the political message was passed out over the trade talk, we can still see that the Australians were careful enough to carry over the business first. Inside the Wheat Board, people were wondering about the wisdom to do so, because the Chinese could turn to other suppliers if Australia refused to sell, and it was quite unlikely that Australia could find another big buyer like China.<sup>96</sup> As two Australian historians state in their book, the Wheat Board dearly wanted to avoid entering the political limelight, whose only wish was that “the politicians would be quiet and stop arguing over the pros and cons of wheat sales to China.”<sup>97</sup>

The most significant setback of Australia’s wheat trade with China happened in 1971 when China did not purchase any wheat from Australia. Because Canada recognized the People’s Republic of China in 1970, China purchased 3 million tons of wheat solely from Canada in that year. The Chinese trade authorities indicated that political considerations deriving from Australia’s failure to recognize the PRC government was behind the Chinese decision. But China still bought metal and textile fibers from Australia that year. Subsequently in the next year, the opposition party leader

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<sup>95</sup> P.J. Lawler to Mr. Griffith, May 24, 1967, National Australian Archives, A1209, 1967/7395 PART 1, Sale of wheat to mainland China - Policy.

<sup>96</sup> J. McEwen to Paul Hasluck, July 5, 1967, National Australian Archives, A1209, 1967/7395 PART 1, Sale of wheat to mainland China - Policy.

<sup>97</sup> Greg Whitwell and Diane Sydenham: *A Shared Harvest: The Australian Wheat Industry, 1939-1989*, (South Melbourne: Macmillan Education Australia 1991), 236.

Gough Whitlam won the Australian election and established diplomatic relations with Beijing, and the wheat trade continued into the 1980s.

Table 1.1 Wheat Trade in the 1960s

	Total grains import, tons	Wheat import tons	Total value of grain imports, million dollars	Total value of all imports, million dollars	Grain consumption per capita, <i>jin</i>
1961	5809700	3881700	384.68	1445	318
1962	4923000	3535600	360.51	1173	329
1963	5952000	5587700	398.43	1266	329
1964	6570100	5368700	500.81	1574	364
1965	6405200	6072700	460.45	2017	366
1966	6437800	6213800	467.97	2248	379
1967	4701900	4394600	356.41	2020	372
1968	4596400	4451400	325.79	1945	348
1969	3786300	3740200	221.83	1825	348
1970	5359600	5302100	277.04	2326	374

Sources: *Zhongguo Duiwai Jingji Maoyi Nianjian 1984* (Beijing: Zhongguo duiwaijingjimaoyi chubanshe, 1984), IV-3, IV-118. Ministry of Agriculture (China) ed., *Nongye Jingji Ziliao 1949-1983*, n.a., 434, 538.

## 2 Food, Finance and Political Critique: Food Export to Hong Kong in the 1960s

On one hot summer day in 1997, the year of Hong Kong's handover to China, the Chinese Minister of Foreign Trade Wu Yi inspected trains delivering fresh goods to Hong Kong and Macau, at the Guangzhou North Railway Station. Wu Yi boarded train No. 8753 which carried cattle bound for Hong Kong. Inside the hot, smothering and smelly carriage, Wu Yi had a working lunch with the staff on the train, and appreciated their hard work for this project. For nearly thirty-five years since 1962, three express trains delivered foodstuffs from the mainland to Hong Kong every day, which, according to the media, reflected "the deep affection and kindness towards the Hong Kong and Macau compatriots."<sup>98</sup> Food supplies have served as an emotional bonding between China and Hong Kong cultivated during the Cold War years, and the political gesture of Wu Yi's inspection represented the connection between China and Hong Kong. The Chinese government acted as a generous and caring figure, which fostered a public opinion about the legitimacy and necessity of the 1997 handover. But it was another matter whether Hong Kong fully believed in this caring image of the PRC government.

In the Cold War years, Hong Kong remained under British colonial rule, while the communist revolution had built a socialist state on the mainland. Hong Kong was particularly valuable to China because China earned foreign trade income by exporting mainland goods to Hong Kong at a time when China was isolated by a trade embargo and other restrictions in the Cold War. Food export was an important part of the trade

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<sup>98</sup> Wang Cong: "cong wu buzhang ya zhuche shuoqi," *Zhujiang Jingji*, 1997 no.7, 48.

connection between China and Hong Kong. This chapter explores how food export shaped the relations of China and Hong Kong in the 1960s.

Previous studies were aware of the economic relations between China and Hong Kong in the 1960s. Economists point out that Hong Kong enjoyed a stable supply of foodstuffs from mainland China which contributed to its economic growth.<sup>99</sup> However, the exports generated controversies when China was still trying to recover from the destruction of famine in the early 1960s. As historians point out, famine and hunger could inspire strong political critique. For example, Irish and Indian nationalists in the nineteenth and twentieth century argued that famine represented the inhumanity and incompetence of the British rule.<sup>100</sup> In the case of Hong Kong, the criticism around food was pointed to China and communism rather than the British. Hong Kong had long been criticizing the communist politics in mainland China, but it has not been fully examined in how food trade provided sources for political critique.<sup>101</sup> This chapter demonstrates that China formed a special trade strategy that obtained foreign currency by exporting food in Hong Kong, but the poverty in mainland China provided ground for alternative political interpretations in Hong Kong, even though China did not have much political motives behind the export. Hong Kong's political critique was an unexpected consequence of China's food export.

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<sup>99</sup> A. J. Youngson ed., *China and Hong Kong, The Economic Nexus* (Hong Kong: Oxford University Press, 1983), James T. H. Tsao, *China's Development Strategies and Foreign Trade* (Lexington, MA.: Lexington Books, 1987), Frank Dikotter: *Mao's Great Famine* (London: Bloomsbury, 2010), 108-110.

<sup>100</sup> James Vernon, *Hunger: A Modern History* (Harvard, 2007), 41-80.

<sup>101</sup> Christine Loh, *Underground Front: The Chinese Communist Party in Hong Kong* (Hong Kong University press, 2010).

This chapter will first discuss China's trade strategy and how Hong Kong became important in China's foreign trade in the 1960s. China observed the consumption trends in Hong Kong and tried to produce and export certain kinds of foodstuffs that were well-received and sold well in Hong Kong, which included cultivations of specific breeds of rice or swine. Poor in foreign currency reserve, China was eager to export foodstuffs to Hong Kong to raise funding to pay for the wheat imported from Canada and Australia. One important factor neglected by previous studies is that Hong Kong dollars were convertible currency which turned out to be very useful to the PRC in international payment.<sup>102</sup> This kind of trade strategy represented the effort to reshape part of the socialist agriculture for a capitalist society, so that China could increase its trade income. The nexus with Hong Kong suddenly rose to a high level in the early 1960s when China was in urgent need to finance its import of wheat.

Hong Kong's political critique could be traced back to the Chinese people who complained about the low living standard and criticized that food export exacerbated the food shortages, especially in the 1960s when Hong Kong residents mailed many food parcels to their relatives in China. Under the influence of anti-communist sentiment in the 1960s, Hong Kong was skeptical about the real functions of the socialist economic system. Thus, food crossed the borderline in both directions, and put the trade strategy and political critique in contrast. This chapter highlights the gap between these two different ideas about the food conditions in the 1960s to reveal a sense of alienation between China and Hong Kong. These two opinions (pro-export and anti-export), though

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<sup>102</sup> Siu-Keung Cheung, "Reunification through Water and Food: The Other Battle for Lives and Bodies in China's Hong Kong Policies," *The China Quarterly*, December 2014, No. 220, 1012-1032.

both concerned with food export, had different aims, with the former focusing on how to secure foreign currency earnings for the Chinese government, while the latter spoke to the hardship in the living experience of Chinese people; thus for the same matter they reached opposite conclusions. This chapter argues that even though economic ties represented by the food export were carefully cultivated, the political tension between China and Hong Kong still could not be erased.

### 1. Wheat and Rice

The story starts with the purchasing of food from overseas markets in the wake of famine in China. In November 1960, the Chinese government decided to purchase wheat from Canada and Australia. China Resource, a Chinese state-owned company based in Hong Kong, sent its representatives abroad to arrange the purchase and shipping. China and Canada signed a three-year agreement to purchase up to six million tons of barley, wheat, and flour, worth approximately \$362 million (Canadian dollar).<sup>103</sup> Most of these imports were allocated to the main cities such as Beijing, Tianjin and Shanghai, for the provinces did not have any surplus to feed the cities during the famine.

The question remained of how to pay for such large purchases in a short time. China's wheat purchase in 1961-62 had cost a fair amount of foreign currency reserves. At the height of the Great Leap Forward movement (1958-1960), China sold its gold and silver reserve up to US\$ 230 million to pay for the steel, nonferrous metal and large machines it needed for industrial construction. Then, under the threat of famine, China

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<sup>103</sup> Chad Mitcham, *China's Economic Relations with the West and Japan, 1949-1979* (London: Routledge, 2005), Chapter 3.

continued to sell its gold reserves, up to US\$ 186 million, to purchase wheat from Canada and Australia. The financial pressure could be found in recently published documents written by Li Xiannian who was the Vice Premier of the PRC operating the economic system in the 1960s-70s. “Comrades, our gold and silver reserve are now very meager,” as Vice-Premier Li Xiannian admitted in a conference in May 1962, when he also emphasized that the wheat purchase caused short-term debt as well, in the form of deferred payment worth US\$162 million. Bank of China was in charge of the payment for the wheat because it managed China’s foreign currency reserves. The deferred payment in the wheat contract meant that part of the cost of the wheat did not have to be paid instantly, and China usually could have six months to raise the funding. The payment was not immediate, but it brought extra interest to pay, about \$8-9 million.<sup>104</sup> Payment for wheat purchase was very urgent because if China could not meet the deadline of payment, the sellers could declare Bank of China bankrupt, which was not what the Chinese government wanted to see.<sup>105</sup>

Hong Kong suddenly became important this time because of the advantage of its currency in international trade. China’s purchases from Canada and Australia were denominated in British pounds, yet the Renminbi was a non-convertible currency in the 1960s. Moreover, not all of China’s foreign currency reserves could be used in global payments. First of all, China held Russian rubles from the socialist bloc countries that could only be used in the country where it was from. Also, the trade earnings from Asian,

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<sup>104</sup> Li Xiannian, “Waimao chukou qingkuang he yao jiejie de wenti,” May 7, 1962, in *Jianguo Yilai Li Xiannian Wengao*, v.2, 182-183.

<sup>105</sup> Li Xiannian, “Waimao chukou qingkuang he yao jiejie de wenti,” May 7, 1962, in *Jianguo Yilai Li Xiannian Wengao*, v.2, 184.



African and Middle Eastern countries such as Indonesia, Myanmar, Ceylon, Morocco, and the United Arab Republic were also non-convertible, and could not be used as payments for the third party.<sup>106</sup> Only the currencies from a few capitalist countries that still kept trade relations with China such as Switzerland and Scandinavian countries were convertible in international trade. The PRC had been under trade embargo with many European countries such as the UK and France in the 1950s, and when the embargo was lifted in the early 1960s, trade relations were only slowly recovering. The US trade embargo lasted another ten years into the 1970s. Shaped by the Cold War, China's trade earnings were very limited, especially in regards to convertible currencies.

The Hong Kong dollar was also a convertible currency which could be changed into British pounds or US dollars. Under the financial system of the PRC, Bank of China was the national bank that specialized in foreign currency transactions. Bank of China had offices abroad such as Hong Kong, Singapore, Calcutta, and London. The London office enabled China to participate in international financial transactions which was why the wheat sales were denominated in British pounds. Bank of China was also an important bank in Hong Kong, managing foreign currencies transactions for China's foreign trade in Hong Kong.<sup>107</sup> Due to the political rift of the Sino-Soviet Split, China's trade with the socialist bloc declined, and Hong Kong became increasingly important in the 1960s. In May 1962, China held about US\$400 million of convertible currency, and the wheat purchases cost about \$300 million each year, so there was an urgent task to

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<sup>106</sup> Li Xiannian, "Waimao chukou qingkuang he yao jie jue de wenti," May 7, 1962, in *Jianguo Yilai Li Xiannian Wengao*, v.2, 182-183.

<sup>107</sup> On the Bank of China, see Sun Changji ed., *Zhongguo Yinhang Hangshi 1949-1992* (Beijing: Zhongguo jinrong chubanshe, 2001), v.1, 346-361.

export goods to Hong Kong and Macau to earn currency to pay for the wheat purchases.<sup>108</sup>

Hong Kong and Macau were important trade partners of the PRC, and food trade played an important role. For China, the USSR had been the no.1 export destination (by value) from 1951-1963. Beginning in 1964, Hong Kong and Macau replaced the USSR and became China's no. 1 export destination. The total value of China's export to Hong Kong and Macau grew in 1961-1975 from US\$189.76 million to US\$1,719.43 million.<sup>109</sup> Based on the statistics from the Hong Kong government, foodstuffs including rice, cattle, poultry, fish, and vegetables constituted almost half of the total value of all the commodities from China in the 1960s. For example, Hong Kong's food imports from China were HKD\$538.11 million in 1960, while total imports from China in 1960 were HKD\$1,185.91 million. In 1967, the value of food imports increased to HKD\$1,105.47 million, while total imports reached HKD\$2,281.90 million.<sup>110</sup> Roughly one-third of mainland China's foreign currency income came from Hong Kong. Most of these earnings were converted into British pounds or even US dollars to meet China's international payments.<sup>111</sup>

To support exports to Hong Kong, even domestic consumption in China had to give way to export. At a foreign trade conference in July 1961, Li Xiannian emphasized

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<sup>108</sup> Li Xiannian, "Tiaozheng waimao gongzuo de fangzhen zhengce," July 31, 1961, in *Jianguo Yilai Li Xiannian Wengao* v.2, 152.

<sup>109</sup> Dangdai zhongguo congshu bianjibu ed., *Dangdai Zhongguo Duiwai Maoyi* (Beijing: Dangdai zhongguo chubanshe, 1992), vol. 2, 371, 383.

<sup>110</sup> Census & Statistics Department, Hong Kong Statistics 1947-1967, 1969, 102-103, 110. [https://www.statistics.gov.hk/pub/hist/1961\\_1970/B10100031967AN67E0100.pdf](https://www.statistics.gov.hk/pub/hist/1961_1970/B10100031967AN67E0100.pdf), Dec 7, 2019.

<sup>111</sup> Guangdongsheng difang shizhi bianzuan weiyuanhui ed., *Guangdong Sheng Zhi - Yue Gang Ao Guanxi Zhi* (Guangzhou: Guangdong renmin chubanshe, 2004), 163.

that export was now the first priority, and it was essential to continue the export to Hong Kong and Macau, because it meant an income of USD\$250-300 million annually. But the influence of famine was still an impediment, with many provinces complaining that they could not provide adequate goods for export. Nevertheless, the central government still hoped to export as much as possible, even if it meant to tighten the belts of domestic customers. The strategy was to “squeeze” the domestic market to meet for export. Cloth was on ration and the ration could be further reduced and provide cloth for export. Li Xiannian suggested that the domestic market could stop selling miscellaneous items such as walnuts, almonds and melon seeds and export all of them.<sup>112</sup> The central government was aware of the accumulating resentment faced by the foreign trade department when they took the food away. But meanwhile, the Chinese government was pro-export, because export could help import more wheat which was necessary for the economic adjustment. But in one or two years there would be difficulties. In an export work meeting on March 11, 1961, Li Xiannian encouraged cadres to have more confidence in their work when facing questions about the meaning of their jobs. He emphasized that the goal of export was to gather \$350 million to finance the import of 5 million tons of grain, and the import would continue for a few years.<sup>113</sup> Beijing believed that by importing wheat, the government could reduce the amount of procurement from the countryside, which was all it could do for the peasants. They understood how difficult and

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<sup>112</sup> Li Xiannian, “Tiaozheng waimao gongzuo de fangzhen zhengce,” July 31, 1961, in *Jianguo Yilai Li Xiannian Wengao*, v.2, 150-152.

<sup>113</sup> Li Xiannian, “Yao tiaozheng he nongmin de guanxi,” March 11, 1961, in *Jianguo Yilai Li Xiannian Wengao*, v.2, 139, 142.

controversial the export was at this moment, but it was necessary for economic adjustment to alleviate the damages of famine.

What could be squeezed for export also included the rice in storage. The logic of exporting this was because rice brought a higher price than wheat in the international market, so selling rice to buy wheat seemed reasonable. The Chinese government sometimes called it “variety exchange,” as a way of financing its food reserves. The Ministry of Grain provided this piece of information to Chen Yun in 1960, that every unit of rice was worth the same price of 2 - 2.5 unit of wheat. Exporting rice made sense to the officials in the Ministry of Grain. “In 1961-65, we imported 54.7 billion *jin* of grain in total and exported 12.7 billion *jin*... In the 12.7 billion export, except for small amounts of soybeans and coarse grains, most of it was rice - to use the rice in state reserves to trade for wheat.”<sup>114</sup> Using what was in storage for export seemed to be a practical idea, even though it was also quite controversial that the food was exported rather than used for feeding people. Exchanging rice for wheat was changing one item in storage into another one with the quantities mildly increased. It did provide more food for Beijing or Shanghai but the rest of the country did not benefit much.

To meet the urgent need for foreign currency, exports to specific areas like Hong Kong were not cut back but increased in 1962. China’s shipments of white rice to Hong Kong amounted to 2,792,261 cwt (1 cwt = 100 pounds) in 1962, compared with

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<sup>114</sup> Chen Guodong and Zhao Fasheng were the ministers. Zhao Fasheng, “yi chen yun tongzhi dui liangshi gongzuo de zhidao,” in Zhongyang wenxian yanjiushi ed., *Mianhuai Chen Yun* (Beijing: Zhongyang wenxian chubanshe, 2000), 185. Also see Shang Changfeng, “1961 nian liangshi jinkou dui zhongguo duiwai maoyi de yingxiang” [Impact of Grain Imports in 1961 on China’s Foreign Trade], in *Dangdai Zhongguo Shi Yanjiu* [Contemporary China History Studies] 17 (May 2010):3, 72-78.

2,425,158 cwt in 1961.<sup>115</sup> Singapore also reported the same trend. Chinese shipments of rice to Malaya rose in value from SGD\$4.5m in 1959 to SGD\$12.9m in 1960 and SGD\$25.3m in 1961.<sup>116</sup> Hong Kong's large import was also because its local production in 1962 was down about 25 percent because of the shortage of rainfall.<sup>117</sup> Besides rice, Hong Kong also re-exported other foodstuffs from mainland China to Southeast Asia, such as bean noodles, preserved vegetables, dates, honey, rice flour, and various other ingredients for Chinese cooking. It was estimated that the re-export business also increased between 15 and 20 percent in 1962 compared with that of 1961.<sup>118</sup> China's overseas connections in food became the route of an export-oriented food regime.

Such an arrangement – importing wheat while exporting rice – was by no means temporary. Even in the case of good harvests, China might find it advisable to continue to do so, because the transactions could lead to the earning of foreign exchange.<sup>119</sup> This became clearer as famine gradually ceased in 1963, but the wheat deals with Canada and Australia continued into 1965/66. The newspaper in Hong Kong thus commented that China exported rice for policy reasons.<sup>120</sup>

As rice became the key item in food export, the Chinese government treated rice export with special care. One important step was to distribute fertilizer to peasants who grew rice for export. In the 1960s, China's industrial sector still could not produce

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<sup>115</sup> "Big Increase in China's Food Exports to Hong Kong," *South China Morning Post*, March 6, 1963.

<sup>116</sup> "China Increases Exports to Malaya," *South China Morning Post*, July 11, 1962.

<sup>117</sup> "N.T. Farmers and Competition from China," *South China Morning Post*, November 17, 1962.

<sup>118</sup> "Re-export of Chinese Foodstuffs," *South China Morning Post*, January 18, 1963.

<sup>119</sup> "China's Trade with Western Europe," *South China Morning Post*, February 9, 1962.

<sup>120</sup> "China Makes Sure of Its Wheat Supplies," *South China Morning Post*, November 25, 1965.

enough fertilizers and relied on imports. The distribution of fertilizer had to be carefully considered and controlled by the state. The basic idea was that these fertilizers had better be used for export agriculture so that the cost of import would eventually be compensated by the export of rice. Using fertilizer as a reward to maintain certain kinds of famous rice brands could be found in Guangdong.<sup>121</sup> For example, *Zengcheng Simiao* is a kind of jasmine rice grown in Zengcheng County of northern Guangdong. With its natural aroma and pleasant texture, *Zengcheng Simiao* enjoyed a long reputation in the Cantonese food culture. In the 1960s, the Hong Kong food market had a great demand for this particular kind of rice, importing 1.7 million *jin* annually from Guangdong. Zengcheng County treated this export brand as a political task: to mobilize peasants, the local government gave 15 *jin* of fertilizer as a reward for every 100 *jin* of this rice; and all of the rice would be processed for export only, not allowed to circulate among local people. The Guangdong Provincial Government made a specific report about this reward plan to the State Council in Beijing, requesting for more distribution of fertilizer.<sup>122</sup>

But in the story of *Zengcheng Simiao*, fertilizer was not omnipotent. Because this breed had been planted for so many years, in the early 1970s Zengcheng Si Miao appeared to be in obvious degeneration - low yielding, with its long stalk easy to fall over. When they faced the mounting task to hand over more rice to the government, peasants gradually focused on growing other newly developed high-yielding breeds and gave up on this ancient breed in the mid-1970s, in spite of reward. But the market in

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<sup>121</sup> Guangdongsheng difang shizhi bianzuan weiyuanhui ed., *Guangdong Sheng Zhi - Duiwai Jingji Maoyi Zhi* (Guangzhou: Guangdong Renmin Chubanshe, 1996), 151.

<sup>122</sup> Song Donghai: "Zengcheng Si Miao Chongsheng ji," in *Guangzhou Wen Shi*, no.79 (Guangzhou: Guangdong renmin chubanshe, 2015), 354.

Hong Kong for this type of rice remained very strong, so the government had to organize agricultural technicians to cultivate new seeds to revitalize this breed to meet export.<sup>123</sup> Cultivating food items for export relied on the cooperation of many different departments in the government.

## 2. Understanding the Food Market in Hong Kong

Hong Kong had a fast-growing food market in the 1960-70s. Its population increased in 1961- 1971 from 3.1 million to 3.9 million, and reached 4.4 million in 1976.<sup>124</sup> Because of its small territory, Hong Kong could not produce all of its food. Studies have shown that approximately 16%-22% of its food was locally produced in this period of time, and the rest of them came from export.<sup>125</sup> Statistics show that in addition to China, Hong Kong also imported food from many other countries including Thailand, Australia, Japan, and the United States.<sup>126</sup> The Hong Kong government encouraged free trade and did not set up any import quota on any goods except rice. Traditionally as a tourist resort in the British Far East, the city was known for its gourmet food. And in the post-war industrialization period, the city had to feed its fast-growing working class. Not surprisingly, mainland China wanted to be the food supplier. The state-owned company

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<sup>123</sup> Song Donghai: "Zengcheng Si Miao Chongsheng ji," 355-356. Sigrd Schmalzer writes about rice breeding in the Maoist era, see *Red Revolution, Green Revolution: Scientific Farming in Socialist China* (Chicago: University of Chicago Press, 2016), chapter 3.

<sup>124</sup> Census & Statistics Department, *Hong Kong Annual Digest of Statistics*, 1978 Edition, 23. [https://www.statistics.gov.hk/pub/hist/1971\\_1980/B10100031978AN78E0100.pdf](https://www.statistics.gov.hk/pub/hist/1971_1980/B10100031978AN78E0100.pdf), Dec 7, 2019.

<sup>125</sup> L.C. Chau, "Imports of Consumer Goods from China and the Economic Growth of Hong Kong," in A.J. Youngson ed., *China and Hong Kong: The Economic Nexus* (Hong Kong: Oxford University Press 1983), 187.

<sup>126</sup> Census & Statistics Department, *Hong Kong Statistics 1947-1967*, 1969, 110.

China Resources focused on dealing with grain business, and the Ng Fung Hong became the company that was the largest distributor of fresh meats in Hong Kong. Both companies were under the supervision of the Ministry of Foreign Trade. This kind of business connection put socialist agriculture into the frame of a capitalist market. China needed to understand the consumption habit in Hong Kong and make changes in its farming for this market.

The food trade was shaped by the Cantonese cooking and eating habits. Cantonese food culture emphasizes slaughtering animal/fish on-spot in the market or in restaurants. Live animals and fresh vegetables became vital in food export to Hong Kong. Traditionally, frozen meats were treated as second class goods, with frozen foods price  $\frac{1}{3}$  lower than the fresh ones. And the food market in Hong Kong pursued high-end products. Expensive goods with better quality were always in great demand; while frozen goods with lower prices usually did not sell well.<sup>127</sup> Hong Kong as a free harbor had many choices in food suppliers and was not limited to mainland China. The competition was fierce, with Southeast Asian countries being potential suppliers. In 1962, an internal document reported that Hong Kong imported live pigs from Cambodia, Thailand, Taiwan, South Korea, Indonesia, and Vietnam. And much to the surprise of Chinese officials, all these suppliers were quite experienced in sea travels. They had better methods to transport live animals - before shipping, all livestock were put into rectangular-shaped wooden cages. Pigs were able to keep standing up, eating and drinking in these cages even with the ships shaking in waves. However, at that time the

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<sup>127</sup> Ministry of Foreign Trade and Ministry of Railway (China) ed., *Jiwangkailai Santang Kuaiyun Huowu Lieche Kaixing Ershiwu Zhounian Jingyan Jiaoliuhui Wenjian Huibian*, 1987, 19.



animals from mainland China, whether via railway or waterways, were wrapped in soft skin, round-shaped bamboo cages, in which the poor animals would easily crowd together and suffocate when the train carriages or ships shook. Therefore the document pointed out that a certain kind of “tall feet pig” from the Zhanjiang area sold very well in Hong Kong, presumably because it was more suitable to long-distance transport, while pigs from the Chaoshan area with a bigger belly and more fat than lean meat were prone to die in long-distance transport.<sup>128</sup>

China also had some cultural advantages, especially because Hong Kong celebrates many traditional Chinese festivals with specific kinds of food. Important festivals in Hong Kong are usually battlefields in the food market. Food prices and demand vary differently before and after the festivals. Pork and duck before the Dragon Boat Festival, crab and mooncakes before Mid-autumn Festival are in high demand, and their price will fall within the few days after the festival day. Food traders have to be prepared to catch the short time period before the festival.<sup>129</sup> Usually, China had to supply its market at the same festivals, so it was distracted before the festivals, leaving some opportunities for other suppliers. The trade and railway departments in China had to pay careful attention to the schedule to catch up with these valuable timings to sell a better price.

Providing fresh goods, food sources for Hong Kong, used to be part of the Guangdong regional trade. But with the famine still lingering, Guangdong itself could not provide all the food sources. The neighboring provinces along the Beijing-Guangzhou

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<sup>128</sup> “1962 nian shangbannian xianggang shichang shengzhu qingkuang,” September 1962, Guangdong Provincial Archives, 325-1-655-017~023.

<sup>129</sup> Wu Xuexian, *Hongse Huangrun* (Beijing: Zhonghua shuju, 2010), 330.

Railway line - Hunan, Hubei, Henan – also provided goods for export. Livestock including pigs, chickens, eggs, ducks, and cattle, were acquired from these provinces and transported to Hong Kong. Despite terrible food shortages, the provinces along the railway were responsible to provide the fresh goods to export. These provinces were responsible for organizing the “production base of export goods” in several counties to provide goods. For example, in 1962, the Ministry of Foreign Trade planned to supply 900,000 pigs each year for export, and Guangdong Province was supposed to provide 350,000 heads, gathered from ten of its counties.<sup>130</sup> If a commune or a farm was chosen to be the “production base,” all the pigs raised by them were handed up for export only, and not for domestic sales anymore. To encourage production, peasants could receive fodder such as barley as subsidy. But if the production base produced more than the planned quantities, the overproduced pigs would not be granted a subsidy, probably because the animal feed was also in short supply.<sup>131</sup>

Export trade changed the animals raised by state farms. Hong Kong favored live pigs with a higher percentage of lean meat, but local breeds in China’s Hunan and Jiangxi were fatter with thicker skin. The pigs exported to Hong Kong in 1962 were raised by peasants who did not even have enough food for themselves. Not surprising, the trade department reported that pigs from Jiangxi and Hunan were thin and small, with a low percentage of edible meat.<sup>132</sup> Once they noticed the problem, the foreign trade office of

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<sup>130</sup> The ten counties were Huiyang, Zhongshan, Dongguan, Chenghai, Puning, Haifeng, Lufeng, Haikang, Xuwen, Sanshu.

<sup>131</sup> The Chinese Academy of Social Sciences and The Central Archives ed., *1958-1965 Zhonghua Renmin Gongheguo Jingji Dang'an Ziliao Xuanbian, Duiwai Maoyi Juan* (Beijing: Zhongguo caizheng jijing chubanshe, 2011), 230-231.

<sup>132</sup> “1962 nian shangbannian xianggang shichang shengzhu qingkuang,” September 1962, Guangdong Provincial Archives, 325-1-655-017~023.

Hunan province invited agricultural technicians to crossbreed commercial hogs that had a higher percentage of lean meat. Trade and agriculture department acquired a few head of more popular breeds such as Large White and Yorkshire to crossbreed with native swine, and gradually developed several mixed-bred hogs that were more suitable for export.<sup>133</sup> In mainland China, lean pork was not popular yet, because edible oil was in short supply and customers preferred fattier pork so that the lard could supplement oil in their dishes. The eating habits in China were different from the trend in Hong Kong.

Apart from supervising production for export, the Chinese government also arranged special transportation, such as railway express delivery, to facilitate the export. Due to the qualities of the goods – being live and fresh, the trains should be express, to cut short detours as much as possible, so that when they arrived, the food could still be fresh and sold at a good price. There were bad examples in which the train was stuck on the busy railway lines. In the summer of 1961, a train carrying live pigs departing from Wuhan once spent three days to leave the Wuhan metro area which caused many animals dead in the delay. Thus, an express train with as few layovers as possible was ideal to transport the live goods. The first express No. 751 embarked in March 1962, departing from Wuhan. In December the same year, another two express trains, No. 753 from Shanghai and No. 755 from Zhengzhou started to run along the Shanghai-Hangzhou Railway line as well as the Zhejiang-Jiangxi line. All these railway lines were the busiest in China, connecting economic centers in central and south China. In the days before the express, transportation ability was highly limited, with fresh goods waiting for the

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<sup>133</sup> “1962 nian shangbannian xianggang shichang shengzhu qingkuang,” September 1962, Guangdong Provincial Archives, 325-1-655-017~023.

carriage in urgent needs but left rotten. Now with the special-use express, food trains usually enjoyed priority to run on these busy lines. For almost thirty years, the three express trains never canceled their operation. Even with the Yangtze River flood cutting off the railway lines now and then during summers, the three express trains were usually the first to run through once the railway lines were fixed. Thus, the traditional Guangdong-Hong Kong trade greatly expanded via railway lines into an even larger hinterland.<sup>134</sup>

It may seem odd for China to sell millions of dollars' worth of food to Hong Kong and then turn around and buy wheat. There was a plausible explanation, as *South China Morning Post* commented in 1962 that, "China is apparently selling as much high-priced food as possible in order to buy a substantially larger quantity of low-priced food. For every pound of pork-on-hoof that she is selling to Hong Kong, China is able to buy 10 pounds of wheat with 18 times as many calories as the original pound of meat. By switching poultry into wheat, she is able to get 31 times as many calories and by switching fish into wheat the gain is 15-fold. Although the extra calories are obtained at a sacrifice of animal protein, this is, on balance, the better choice."<sup>135</sup>

### 3. Famine, Revolution and Political Critique

In general, China's foreign trade in the 1960s did not generate more debt. All the efforts for organizing food export paid off. China's foreign trade was balanced; exports

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<sup>134</sup> Wu Xuexian, *Hongse Huarun*, 326-330.

<sup>135</sup> "N.T. Farmers and Competition from China," *South China Morning Post*, November 17, 1962.

exceeded imports every year in the 1960s, which reached the goal of the central government.<sup>136</sup> But this came at a huge cost. Tightening their belts for export during severe food shortages caused discontent in society. China's food regime was successful in terms of the trade balance, but it also had to face negative comments in Guangdong and Hong Kong. This chapter now turns to a political critique that challenged China's effort to promote trade. Hong Kong's reactions to Chinese food export was based on the poor living conditions of the mainland residents which was depicted in Hong Kong press by various reports from the mainland.

Life under severe food shortage was difficult. Grain ration in Guangzhou was cut down to a very low level during the famine. Liu Zehua, a historian from Nankai University in Tianjin, visited Sun Yat-sen University in Guangzhou for advanced studies in Chinese intellectual history, starting from October 1959. In May 1960, Liu was diagnosed with tuberculosis. As he recalled, malnutrition was an important reason for his poor health. Before going to Guangzhou, Liu's grain ration in Tianjin was 36 *jin* per month, which was enough for him. But in Guangzhou, Liu's grain ration was adjusted to 24 *jin*/month (12 kg/month, 400 grams/day), which made him always feel hungry. Liu was a tall guy and had a big appetite as someone who grew up in the countryside, so very soon he lost more than ten pounds in Guangzhou. For the sake of his health, Liu decided to leave Guangzhou and went back to Tianjin. He never understood why Guangdong, with a reputation of being the land of fish and rice, could have such a low ration.<sup>137</sup>

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<sup>136</sup> Hunan Sheng difang zhi bianzuan weiyuanhui ed., *Hunan Sheng Zhi - Duiwai Jingji Maoyi Zhi* (Changsha: Hunan renmin chubanshe, 1999), 38-39.

<sup>137</sup> Liu Zehua, "Changting huishou duanting yao," in *Shuzhai*, 2016, no.4, 28-29. On life in Guangzhou, see Ezra F. Vogel, *Canton under Communism* (Harvard, 1969).

Guangzhou Gazetteer shows that in June 1960, the ration standard in Guangzhou was adjusted to a lower level to cope with the difficult situation. An office worker's grain ration was reduced to 13.5 kg/month. Alan Piazza estimated that the national average level of food energy per capita was 1578 kcal in 1960, 1763 kcal in 1961, and remained under 2000 kcal before 1964.<sup>138</sup> The nutrition level was poor in the 1960s.

Liu was not the only one who felt the pressure of food shortage. On October 21-24, 1960, the finance and trade departments of Guangzhou City Government convened a conference of lower-ranking cadres to discuss the current economic situation. Some of them complained that their grain ration was low and they were so hungry that they felt weak and discouraged. They noticed that, even though the food shortages were so pervasive, Guangdong continued to export rice and meat. A staff member from the trading company suggested that since the domestic supply of grain was so tight in these years, maybe the exports should halt.<sup>139</sup>

Discontent was pervasive in Guangdong during the severe shortages in 1960-62. The food rations in Guangzhou city was disappointing, and it was not any better in the countryside. Some urban-dwellers also noticed the terrible food situation among their rural relatives, and frankly speaking, the government did very little to help out the peasants. In October 1960, an ordinary worker at a slaughterhouse in Guangzhou shared his thoughts in a work meeting:

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<sup>138</sup> Guangzhoushi difangzhi bianzuan weiyuanhui ed., *Guangzhou Shi Zhi* (Guangzhou: Guangzhou chubanshe, 1996), vol. 6, 528. On the national average nutrition level, see Alan Piazza, *Food Consumption and Nutritional Status in the PRC* (Boulder: Westview Press, 1986), 77, 92.

<sup>139</sup> "Sanji ganbu dahi qingkuang fanying di yi qi," October 21, 1960, "Caimao xitong sanji ganbu huiyi sixiang qingkuang zhaiyao," October 24, 1960, Guangzhou City Archives, 12-1-135.

“In the last few years, the food issue has not been solved. It only becomes worse; this year some even eat only 4-5 *liang* of rice per day. In my hometown, peasants say each year is worse than the last, and they might be starved to death. I think that in the past under the Japanese occupation, only poor peasants suffered. Now everybody looks terrible. Nobody looks fine in the village. It is even worse than the days under Japanese occupation. Dozens of them even starved to death. Why? Peasants say that they were not starved to death all of a sudden. The food ration does not even reach a standard level. They eat less and less day by day, with only wild vegetables, which makes them lose weight, become skinny, and gradually die. I sympathize with them, why does the Party not solve this?”<sup>140</sup>

This same person also suggested that export should slow down to meet the domestic needs first. “Is everything now taken away for export? ...The imperialist countries still try everything possible to invade us. Therefore, we now export in huge amounts to secure our market shares in foreign trade. But our people’s lives are miserable. On the one hand, we need to support the daily life of six hundred million people. On the other hand, we are exporting to trade for foreign currency. Of course, the construction of our country would be faster in this way, but our people’s lives must be hard. Why don’t we slow down a little bit?”<sup>141</sup> But export was still an important part of the economic plans of Guangdong, so any ideas against export were deemed as wrong. This Guangzhou worker’s speech was labeled as “a rightist-leaning speech,” and as a

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<sup>140</sup> “Sanji ganbu dahui qingkuang fanying di san qi,” October 22, 1960, Guangzhou City Archives, 12-1-135.

<sup>141</sup> “Sanji ganbu dahui qingkuang fanying di san qi,” October 22, 1960, Guangzhou City Archives, 12-1-135.

punishment, the worker lost his chance of a promotion.<sup>142</sup> Suppressing anti-export ideas became necessary to ensure the implementation of export.

A year after the grain import, in the spring of 1962, a refugee crisis hit Guangdong. Because Guangdong was squeezed to provide rice for export, the famine was not relieved even with the grain import. Hungry souls from all over the province tried to sneak into Hong Kong via Bao'an County, today's Shenzhen. On May 5, 1962, a refugee wave quickly flooded Bao'an County, with thousands of people crossing the border each day. At first, the British did show some generosity to refugees, with shelters set up near the border to provide the first decent meal to the hungry people. Also, Hong Kong was experiencing its economic take-off and might have been able to absorb the refugees into its labor force. However, the generosity did not last very long and was replaced by panicking when facing the seemingly unstoppable human flood. From May 14th, the Hong Kong authorities declared to restrict its border control and repatriate the Chinese, but some courtesy remained, the repatriated people could still receive a decent meal before they were put into the train back to China.<sup>143</sup>

China also tried everything to stop the fleeing, because it could be interpreted as a failure of the Maoist regime. Borders were closed and added more patrols. Now there was a real crisis for the Chinese authorities; to stop the human wave was not easy. The climax was the Guangzhou Railway Station Riot. On June 2, 1962, an estimated ten thousand people flocked into the train station, demanding tickets to Shenzhen. But the ticket office

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<sup>142</sup> "Sanji ganbu dahui qingkuang fanying di san qi," October 22, 1960, Guangzhou City Archives, 12-1-135.

<sup>143</sup> Chen Bing'an: *Da Tao Gang* (Hong Kong: Hong Kong Open Page Publishing Co., 2011), 231-236.



refused their requests. Angry people smashed the station and refused to leave; they crawled into the trains heading for Hong Kong by smashing the windows. Guangzhou Railway Station lost control and the transportation was disrupted. The mob also smashed police cars, and the violence continued until the provincial government sent the army to surround the train station two days later.<sup>144</sup>

Journalists in Hong Kong received first-hand information about the starvation in China from these refugees, and they questioned the effects of China's food policy. In June 1962, peasants in the Huizhou area only had 13 *jin* of sweet potatoes for an entire month. It was not just hungry peasants who decided to run, lots of refugees were also unemployed factory workers and low-level cadres. Many factories in Guangdong, Wuhan, and even Zhengzhou had halted operation due to lack of raw material. Without employment, factory workers and managers were evacuated to the countryside to take care of themselves, and they joined the refugee wave as well.<sup>145</sup> These stories negated the meaning of the wheat import. People now suspected that food did not go to hungry people but probably went to the Chinese army instead. In August 1962, some Chinese Canadians gathered in front of the Vancouver hotel where the Chinese trade delegation stayed and protested that the Chinese communists should give food to ordinary people

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<sup>144</sup> Chen Bing'an: *Da Tao Gang*, 216-219. "Zi sui di aomen nanmin tan guangzhou baodong jingguo," *The Kung Sheung Daily News*, June 12, 1962. Zeng Sheng: *Zeng Sheng Huiyilu* (Beijing: Jiefangjun chubanshe, 1991), 674-676. Chi-kwan Mark, "The Problem of People: British Colonials, Cold War Powers, and the Chinese Refugees in Hong Kong, 1949-62," in *Modern Asian Studies* 41 (Nov. 2007):6, 1145-1181.

<sup>145</sup> "Ru guojun xiang dalu jinju, baimi fan shenguo zhadan," *The Kung Sheung Daily News*, June 11, 1962.

rather than the army. The assumption was based on the fact that the people who arrived in Hong Kong looked desperate, and seemed that they did not receive any solid relief.<sup>146</sup>

The refugee wave at the Hong Kong border opened new ground for the Guangdong provincial government and the central government in Beijing. The reason for the refugee wave was a food problem, and to deal with the situation, Guangdong had to protect its food output, keep its grain in the province rather than transferring it to other places or to export. Zhao Ziyang, the Party secretary of Guangdong, telephoned Beijing on May 18th, 1962 to request that in the next year Guangdong reduce the amount of grain transfer out of the province from 500 million *jin* to 400 million *jin*. But his request was vetoed by Li Xiannian because previously Zhou Enlai had agreed to reduce the amount of grain transfer out of Guangdong from 600 million *jin* to 500 million *jin*. In reality, Guangdong exported rice of 213 million kg (426 million *jin*) in 1963. Li Xiannian admitted that the situation at the Hong Kong border -- 16,000 people had fled -- was rather bad, and sympathized that Guangdong indeed had a heavy burden to supply grain for the central government. But Li also worried that with less rice from Guangdong, the Ministry of Foreign Trade might have difficulties to gather other goods as a replacement to export and fulfill its annual plan.<sup>147</sup> Beijing had to balance the interests between a province and the nation.

Another way to survive famine used by ordinary people was to send food parcels from Hong Kong to their starving relatives in the mainland. On one hand, foodstuffs were exported to Hong Kong; on the other hand, food counter-flowed back to mainland China

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<sup>146</sup> "Jianada huaqiao fandui shougei zhonggong xiaomai," *Wah Kiu Yat Po*, August 26, 1962.

<sup>147</sup> *Li Xiannian Nianpu*, vol. 3, 454-455. *Guangdong Sheng Zhi – Liangshi Zhi*, 231.

through these food parcels. The renowned writer Eileen Chang happened to visit Hong Kong in 1961 to collect sources for a novel, and she witnessed how her host family in Hong Kong prepared food packages for their relatives in the mainland, as she wrote in her essay “A Return to the Frontier”:

“We’ve grown poor from sending parcels,” my landlady told me once with a little laugh. She never could leave off explaining why they had to take in a lodger. She and her husband sent both sets of parents and other dependents noodles, pop rice, preserved meats and herbs, sugar, soy, peanut oil, and soap each month and clothing in season. Of one brand of British-made chicken cubes, her mother-in-law had written ecstatically: “These cubes have solved all the problems of our two meals a day.” The sugar they dissolved in water and drank as a tonic. Her brother, in a labor camp for harboring a friend accused of being a Nationalist spy, is still able to write her asking for pills for his ailing kidney and swollen legs. . . . I was there to see a great packing. The landlady had a relative going back - a woman in her seventies - who could take things in for them. The landlady’s husband wrestled with loads and ropes all over the kitchen floor.<sup>148</sup>

Hong Kong sent 13.6 million two-pound food parcels to China through post offices in 1961, and 11.9 million food parcels in 1962. It was estimated that all of the food parcels sent in 1962 were worth HK\$83 million. The wave of food parcels reached its peak in December 1962 when 2.13 million parcels were sent out to China in one single month. It was an incredible workload for the postal system in Hong Kong, as “post offices in densely populated districts and the postal vans touring the rural areas have been

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<sup>148</sup> Eileen Chang, “A Return to the Frontier,” *The Reporter*, March 28, 1963, 39.

besieged almost daily by packet senders.”<sup>149</sup> Of all the foodstuffs in parcels, some of them might even have originated from the mainland. Sending these parcels represented a voiceless criticism of the low living standard in mainland China and the shortfall of the socialist economy.

But the food parcels did not escape from the government control on the China side. Apart from the postal system, the Chinese authorities also allowed the many food provision stores in Hong Kong to send larger packets to China via their own couriers, but the senders would have to pay extra for the customs duty. Later in 1963, these provision stores were organized into four syndicates, and the food parcel services were supervised by the China Travel Service. People in China were restricted to receive only a maximum of 20 kilos of food each month through the syndicates. In the case of postal 2-lb parcels, each person was restricted to receive one packet a month.<sup>150</sup>

The economic failure in the mainland and the responsibility of the Chinese government were widely discussed in Hong Kong. News reports provided fodder for anti-communist tirade, as a right-wing newspaper in Hong Kong criticized in its editorial:

“In the mainland under the communist rule, due to long term famine caused by natural disasters and human errors, people trapped in the iron curtain face desperate situation, while the overseas compatriots living in the free regions are also implicated to add burdens in their life. On one hand, the Communist Party exported grains to exchange for foreign currency; on the other hand it used

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<sup>149</sup> “\$83m Worth of Food Parcels Sent to China in 1962,” *South China Morning Post*, January 4, 1963.

<sup>150</sup> “New Arrangement for Sending Food Parcels to China,” *South China Morning Post*, February 22, 1961, “China Travel Service Takes over Food Parcel Trade,” *South China Morning Post*, January 21, 1963.

drastic methods to force overseas Chinese to mail or bring food parcels back to the country to save lives, meanwhile taking the chance to extract heavy tax. To say the Communist Party uses political methods to murder mainland compatriots is indeed not exaggerating.”<sup>151</sup>

Even though Hong Kong received food supplies from China, newspapers in Hong Kong still reached the conclusion that the economic policy driven by the communist party was quite a failure. Another right-wing newspaper in Hong Kong *Wah Kiu Yat Po* published an editorial in June 1962 which argued that sending food parcels had become an exploitation of the overseas Chinese people. The editorial noted that for the working mass in Hong Kong these days, their life was quite hard but still had to save money from their daily expenses to send food parcels to help their relatives. Because when people were facing the threat of hunger, their families and friends would not just sit back and watch, which was part of human nature. The editorial argued that the Chinese Communist Party took advantage of this kind of psychology and deliberately implemented the food parcel policy. Thus, the overseas Chinese people suffered from exploitation by paying shipping fees, taxes, and prices of the food. To change this situation, the editorial had a bold idea which was to topple communism and supported the idea of retaking the mainland by the Chinese Nationalist government in Taiwan.<sup>152</sup> Right-wing newspapers in Hong Kong criticized communism and used hunger in the mainland to support their argument. Hunger or famine could lead to the collapse of communist regime was a common argument in the Cold War, but it was not always the reality. The British colonial

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<sup>151</sup> “Kan dalu de jihuang,” *The Kung Sheung Evening News*, May 14, 1961.

<sup>152</sup> “Jiyun liangbao boxue jimin boxue huaqiao,” *Wah Kiu Yat Po*, June 16, 1962.

authorities in Hong Kong were not willing to support any military escapades waged by the Nationalists from Taiwan. Hong Kong disliked the communist regime, but Hong Kong would never join any military actions with Taiwan.

Even facing the criticism, export must continue. The collapse of the communist regime did not come after the famine as some predicted in Hong Kong. Rather, what happened was the Cultural Revolution in China and the 1967 Riots in Hong Kong. The coexistence of economic nexus and political alienation could also be found during political upheavals. The colonial authorities certainly detested the protests, civil unrest and the left-wing politics in Hong Kong, and believed that the Chinese Communist Party operated all of these activities. But on the other hand, Hong Kong could not afford to cut off its ties with the mainland, especially the food supplies. The communists led the labor strikes and “anti-British resistance” in Hong Kong but also had to protect their images. The protesters needed to justify their actions while not being seen as a group of saboteurs that intended to hurt Hong Kong. Both sides needed to carefully consider their tactics.

Hong Kong gradually noticed that the delivery of food was under the influence of the revolution in the mainland. A fierce clash between workers and pro-Maoists broke out in Guangzhou on July 23 of 1967, and many shops there remained closed after the clash. Railway workers and Red Guards also fought against each other to control the Guangzhou-Hong Kong railway line, and railway transport was halted for three days. Many Hong Kong residents were stranded in Guangzhou. The railway transport of food resumed almost a week later.<sup>153</sup> By August 1967, it had become clear that fewer food

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<sup>153</sup> “Supplies of Food from China back to Normal,” *South China Morning Post*, July 29, 1967. On the armed fights in Guangzhou in 1966-68, see Di Jiu and Zhi Wu, *Xue Yu Huo de Jiaoxun - Wenge Zhongda Wudou Can'an Jishi* (Urumuqi: Xinjiangdaxue chubanshe, 1993), 118-142.

supplies were coming by railway from China. But Hong Kong's food position was balanced by increased shipments from the sea. It appeared that the Chinese made some efforts to use more boats to transport pigs, fish, and vegetables, to make up for the road disruptions. It was estimated that railway transport carried about 20% of total export from the mainland, 68% came to Hong Kong by boat, and 12% came through road via the Man Kam To checkpoint. With railway delivery reduced, the export still kept about 80% of its usual workload. There was no sign that China had any intention to stop food supplies to Hong Kong, even in a difficult time.<sup>154</sup>

Food export was inevitably involved in the political unrest. At the Hong Kong-China border, a group of Chinese protesters clashed with the colonial police at the Man Kam To checkpoint in August and October 1967, causing the Hong Kong authorities to close the checkpoint from October 15 to November 25. Man Kam To also happened to be a transport hub; 12% of fresh goods from the mainland were carried to Hong Kong through this small town via road.<sup>155</sup> Given all the disruptions of food transportation in the mainland, the Hong Kong government was also looking for more ways to import foodstuffs from other places. For instance, Hong Kong used to import rice from Thailand and China, but China reduced shipment and Thailand rice was at a high price. Thus, Hong Kong turned to the United States and South America to import rice, which secured

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<sup>154</sup> "More Food Arriving by Sea," *South China Morning Post*, August 11, 1967. "Dalu yun gang huo sui jianshao fushi gongying wu da yingxiang," *The Kung Sheung Daily News*, August 12, 1967.

<sup>155</sup> Shenzhen Museum ed., *Bao'an Sanshi Nian Shi* (Beijing: Wenwu chubanshe, 2014), 311-313. "Wenjindu jiaotong zao wuli fengsuo fushipin shu gang shou yingxiang wufenghang ti yanzhong kangyi," *Ta Kung Pao*, August 16, 1967. "Gangying suo zao shipin jinzhang jumian huiyin wenjindu chongkai er zhuan huan," *Ta Kung Pao*, August 27, 1967. "Gangying you zu wo fushipin shugang," *Ta Kung Pao*, October 10, 1967. "Zaici fengsuo wenjindu wu wo fushipin gongying tongbao," *Ta Kung Pao*, October 16, 1967.

its supplies. Market reports also pointed out that China would not like to give up its market share. In October 1967, China tried to promote a new breed of rice in Hong Kong at medium price level to compete with American rice. The *Kung Sheung Evening News* criticized that Chinese exports disturbed Hong Kong's food market by deliberately lowering its prices.<sup>156</sup> Hong Kong's food sources were embedded in its political relations with China; revolutions in the mainland left Hong Kong to wonder whether China was able to maintain its trade capacity. In October 1967, Malcolm Shepherd, the British Minister of State for Commonwealth Affairs, visited Hong Kong to assess the political situation. Malcolm Shepherd told the press that he did not think Hong Kong's situation was in much danger, but he hoped that in the foreseeable future, the relations between China and Hong Kong could recover to the previous level for the benefits of Hong Kong's economy.<sup>157</sup> Both China and Hong Kong would like to keep the food supplies stable for Hong Kong, once the political upheaval ended food trade would carry on. But we could imagine the wariness behind food and politics in Hong Kong.

#### 4. Conclusion

This chapter reviews some of the unique strategies of China's foreign trade such as the exchange of rice and wheat and the focus of Hong Kong as a key trade destination. Both of these strategies were shaped by the restrictions during the cold war when China was still quite an outsider in terms of international trade. To set a foot into the global

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<sup>156</sup> "Zhonggong huifu daliang chanpin yun gang shi wei daluan xianggang jingji duji," *The Kung Sheung Evening News*, October 15, 1967.

<sup>157</sup> "Shi Baode xunjue reng jianchi jijian," "Ying zhengfu xiwang xianggang yu zhonggong guanxi neng jinsu huifu zhengchang," *The Kung Sheung Daily News*, October 21, 1967.



trade system, China decided that Hong Kong could mean an opportunity and adjusted its relation with Hong Kong, which resulted in the food export described in this chapter.

China's export strategy focused on how to produce the foodstuffs that could sell better in Hong Kong, which represented the determination that China wanted to keep its position in Hong Kong's economic system.

If we look at the repercussions behind the food export, we might say that it was not entirely successful. Indeed, foodstuffs were sent to Hong Kong and the Chinese government earned foreign exchange currency, so in the eyes of the Chinese government, this policy had reached its goals. However, people questioned the rationality of exporting food at a very sensitive time. What people complained about was not really about trade, but actually about the low living standards that pervaded in China during and after the famine in the 1960s. Whatever the Chinese government did to survive the famine, people did not believe it was effective enough to improve their living conditions and save them from poverty. The effectiveness of the socialist economic system was still in doubt; at least Hong Kong seemed to think so, with all the news reports about refugees and food parcels. Hong Kong's reactions to the food from China represented in the political critique in this article was something that China did not foresee. China could maintain its food regime, but it was difficult to control all the unexpected political influence following the food regime. The competing voices in food export indicated that political distance between China and Hong Kong during the cold war was subtle and persistent.

### 3 Anti-capitalism at Home: Food Trade and Maoist Politics

In the 1970s the United States removed the trade embargo and started to export grains to China, but it did not go as well as expected. For instance, three children were diagnosed with food poisoning in Zhoushan, Zhejiang in May 1974. The origin of the poison was traced back to the soybean products they ate. It turned out that there were some datura seeds mixed in the soybeans that caused the poisoning, and the beans were imported from the United States.<sup>158</sup> The two countries had lengthy negotiations about the quality of the American grains. Dockworkers, port authorities, and cereal companies in China seemed to agree that the imported grains from the United States were often unclean and of low quality. For various reasons, part of the grain contracts ended up being canceled.

This chapter focuses on how the Maoist society coped with the fact of food imports. With the Cultural Revolution coming, food was also politicized, because the Cultural Revolution was a struggle between socialism and capitalism, between the proletariat and the bourgeois. The economic doctrine of Mao was to develop socialism and eliminate capitalism, and self-reliance was its method/goal. Thus, as this chapter shows, the Maoist society did not embrace foreign grains with admiration or gratitude. In fact, foreign trade created various opportunities for political struggles in China.<sup>159</sup> This

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<sup>158</sup> “Yi jiu qi si nian shang ban nian jinkou liangshi jieyun gongzuo huibao,” July 29, 1974, Shanghai Municipal Archives: B135-4-649-19.

<sup>159</sup> Lawrence Reardon, *The Reluctant Dragon: Crisis Cycles in Chinese Foreign Economic Policy* (Seattle: University of Washington Press, 2002).

chapter examines the working environment of harbor workers and how they found political struggles within their heavy labor. The power struggle inside the bureaucratic system during the Cultural Revolution also had an impact on grain imports. But trade continued through these upheavals because China started to focus on war preparation in the 1960s and imported grains to reinforce its national stockpiles.

### 1. When the Ships Arrive

Famine is a harsh trial for any society. Even if the food that can alleviate hunger was just at its doorway, it still felt as if another problem had come ashore. When the grain ships arrived at east coast cities like Tianjin in 1961, it was not purely happy news. The huge amount of grain required a corresponding labor force to unload, transport and stockpile, while hunger had severely weakened both the physical strength and morale of the labor force at the harbor. How to organize and discipline the dockworkers became a problem due to the famine. Meanwhile, food riots and theft were still pervasive when the grain ships arrived, and the Chinese authorities decided to try their best to keep the hungry mass away from the grain trucks and keep the entire import business as secret. As long as there was little public attention, there would be little food theft near the harbor area, and the authorities would not suffer from massive doubt about the feasibility of socialism. The grain ships were never simply understood by the Chinese as a kind blessing from the other side of the Pacific. Rather, the Chinese authorities realized the political meanings of the foreign ships. They would not allow anyone to use the famine or

grain import to argue that the communist state was doomed to fail; instead, the Chinese authorities were ready to deal with the ideological debate that came with the imported grain.

Generally speaking, Beijing was satisfied with the grain trade, not only because it provided food for its population, but also helped to consolidate the national grain storage; therefore, Beijing continued to import grain even though the famine was over. In 1967, five years after the famine, Vice-premier Li Xiannian reported to the Central Committee that China had recovered to be self-sufficient in grain. In the 1966 grain year (April 1966 to March 1967), the national output of grain was 82.2 billion *jin*, and the national consumption of grain was 79.5 billion *jin*, which had a surplus of 2.7 billion *jin*. In the same year, China imported grain 6.1 billion *jin*, and all of it was put into storage, which increased the national grain storage into 63.2 billion *jin* and made the highest records since 1949. The State Council also decided to continue purchasing wheat and sell rice, because, in the world market, beans and rice had a higher price than wheat, about one *jin* of rice could be traded for one and a half *jin* of wheat; therefore using rice to trade for wheat was profitable. The price gap between rice and wheat became the reason for Beijing to continue the grain import annually.<sup>160</sup>

However, the satisfaction of the top-level leaders always meant incredible workload for the lower-level cadres. As one of the harbor cities that received imported grain since the 1960s, the Tianjin Municipal Government was responsible for unloading the grain ships. Since all the grain ships were booked and paid for by the Chinese, the

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<sup>160</sup> “Shixian liangshi ziji de baogao” [The Report on the Fulfillment of Grain Self-reliance], April 29, 1967, *Jianguo yilai Li Xiannian Wengao*, vol. 3, 49-50.

sooner the ships were unloaded the better, for the Chinese had to pay for the demurrage<sup>161</sup> if the ships were detained in their hands for too long. In this case, the managers at the harbor cared about how to improve the speed of unloading. For the first grain ship to arrive in Tianjin, it took 164 hours to unload 11684 tons of wheat, using grab cranes, cargo nets, and barges. The second ship, carrying 3531.6 tons of wheat and 7384.28 tons of bagged flour, stayed in Xingang for 61 hours to finish unloading, which was faster than the first one. The authority organized “production competition” among the teams of dockers to see who was the fastest. One docker lost his balance and fell off the train when he tried to reach a flour bag dropping from the lifting hook; he died after being sent to the hospital. In order to pacify his family, the harbor authority decided to provide a pension to his wife and promised to offer his only daughter a job at the harbor in the future.<sup>162</sup>

Delays sometimes happened. Because grabbers and hooks would accidentally hit the train and cause damage, the harbor introduced vacuum suction machines to transfer grain from ships to trains. The suction machines did not work very fast in the beginning because of low power. Once in August 1961, there were three ships waiting at the same time, and there were only two machines that could work properly. One of the ships waited 42 days and still did not finish unloading, and the harbor estimated that they had to pay demurrage worth thousands of pounds. The harbor authorities realized that

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<sup>161</sup> Demurrage means “a charge payable to the owner of a chartered ship in respect of failure to load or discharge the ship within the time agreed.” (Oxford Languages)

<sup>162</sup> “Jieyun di yi tiao zhuankou liangchuan kelannuo hao de chubu qingkuang baogao” (The Preliminary Report of Receiving the First Grain Ship S. S. Kleno), February 9, 1961, “jiexie zhuanyu dimiteluosi hao lunchuan jinkou liangshi baogao” (The Report of Unloading the Grain Ship S. S. Dimitris), February 28, 1961, “guanyu xingang zhuangxie gongren Wang Chaoyin gongshang siwang shigu de baogao” (The Report of the Injury and Death of the Docker Wang Chaoyin in Xingang), February 28, 1961, Tianjin Municipal Archives: X95-1-925.

Chinese dockers could not get any benefits for working faster, therefore they suggested that when booking ships later, the contracts should require that ships carry their suction machines and the crew on the ship were responsible for unloading, and the harbor should get part of the demurrage if delaying happened. To further improve the efficiency, the harbor authority decided to use boxcars which could be locked and better sealed against minor thefts, with door-shaped funnels to improve the continuity of unloading.<sup>163</sup>

However, when trains arrived in the storage facility, unloading grain from trains into the warehouses still demanded human hands and shoulders, for elevators were not very common in China in the 1960s. The work was heavy. Tianjin opened four warehouses to receive the imported grain, and once there were 9450 workers on sites. In October 1961, they worked about 15 to 18 hours a day, with no weekends. All workers in Dazhigu Warehouse did not have any breaks or holidays for nine weeks, and they were very upset. Cadres in Liutan Warehouse could not sit idle in their offices either; they were all assigned labor work to unload grain. Temporary workers who did not have their households registered in Tianjin could not have ration tickets for shoes, cloth, or soaps. In their dismay, many of them turned sick when cold weather came; absence increased, and efficiency dropped.<sup>164</sup>

With such heavy work, the supervisors of warehouses believed that reliable workers could only come from those people with good political backgrounds. The

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<sup>163</sup> “Guanyu youlun zuoye qingkuang de baogao” (The Report of Operation on the Tankers), September 21, 1961, Tianjin Municipal Archives: X95-1-925. “Guanyu jieyun jinkou liang gaiyong pengche” (On Using Boxcars to Transport Imported Grain), December 4, 1961, Tianjin Municipal Archives: X95-1-910.

<sup>164</sup> “Guanyu dangqian jixie zhuanyun zhuankou liangshi gongzuo qingkuang de baogao” (The Report of Current Situations in Unloading Imported Grain), Tianjin Municipal Archives: X95-1-923.

personnel office in Dazhigu Warehouse did a background check of all the 772 new workers who were transferred from other working units, and found out that four people were of bad class origins (landlords, capitalists, etc.), eight people had “political problems,” thirteen people had criminal records, and two people were “disappointed with reality.” The supervisors of warehouses believed that all the other working units understood that supporting grain reserves was a serious political matter, and besides all the party members and youth league members among the 772 workers, most of them had been background-checked before they were chosen to make sure that they were hard-working people who could keep their feet on the ground, willing to receive assignments, and did not fuss about personal gains. However, one party member who was disappointed about being pushed out of his old unit, went to the personnel office to argue that his food ration should be raised. The supervisors of warehouses also found minor theft, with people stealing beans and yams from storage. Therefore, the Chinese authorities had their reasons to understand the grain import work as a political issue. They believed that workers with better political background and ideological training, plus a leadership from capable cadres could work more efficiently and complain less. Among the new workers in the Liutan Warehouse, only 14 percent of them were Party and League members, thus Liutan was poorly disciplined with all kinds of irregular absences.<sup>165</sup> Stressing political purity and discipline gradually became the key to facing the harsh work during the famine. The grain trade unexpectedly intensified the need to ideologically discipline the

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<sup>165</sup> “Zhiyuan baoliang ren yuan de shencha baogao” (The Report on Background Check of the Reinforcement Workers), January 24, 1961, Tianjin Municipal Archives: X95-1-921. “Guanyu jiexie zhuanyun diyichuan kelannuo hao jinkou liangshi gongzuo qingkuang de zongjie huibao” (The Conclusive Report of Receiving the First Grain Ship S. S. Kleno), Tianjin Municipal Archives: X95-1-925.

domestic working class in China so that they could be more cooperative to overcome the hardship.<sup>166</sup>

The harbor had to protect grain transport from food theft. Jeremy Brown's study of Tianjin in the Maoist era mentions that during the peak of the famine, hungry peasants rushed into Tianjin, gathering in the vicinity of the train station to look for food, and the city was in danger of food riots.<sup>167</sup> Now with large amounts of grain carried in trains to Beijing from the harbor, upgraded security methods were necessary to keep the railway lines from food theft; the authorities assigned armed police to stay on each of the grain trains. Even so, the grain remnants in the empty trains still became targets of food theft, mainly because there were no police to guard the empty trains. The train station in the harbor attracted more than a few people to try their luck. In August 1961, the security office of the train station estimated that each day about 200 people would visit these empty trains to glean; almost everybody could find something. It was mostly school children during the day because it was summer break, and workers/cadres during the nights at three to five a.m. Employees from the ship factory, the port bureau, the navigational administration, and even the train station joined the theft. Individuals caught at the crime scene would include the head of the railway engineer team, maintenance workers, and port bureau's canteen chef, who used sticks to pry on the train to make it leak. A group of six disguised as staff from the grain bureau to get into train cabins to swipe. Some children after being caught admitted that they were ordered by their parents

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<sup>166</sup> On the security network in the economic sector, see Michael Schoenhals, *Spying for the People: Mao's Secret Agents, 1949-1967* (Cambridge, 2012).

<sup>167</sup> Jeremy Brown, *City versus Countryside in Mao's China: Negotiating the Divide* (New York: Cambridge University Press, 2014), chapter 3.



to do so. One of them told the police that his parents made small pockets for him to carry the grain and if he could fill the pocket, on that day he was allowed to eat as much as he wanted, otherwise his meal would be reduced.<sup>168</sup>

Sabotage of trains was also pervasive, not only in Tianjin, but also along the Beijing - Tianjin rail line. Fengtai Station was one of the major transfer stations where all the empty trains would stay for hours. During the nights, workers in the nearby steel factory were caught when they were prying off the straw mats and steel planks inside the cabins. By sabotage, they hoped that next time when the train went by, the grain would leak from the train so that they might find it along the rail line.<sup>169</sup> Restoring social order relied on these deep observations of the authority, and the grain in transport had become a source of anxiety, more than just relief.

It was not just the Chinese working class who had a tough time during the famine. Foreign seafarers who arrived in China together with the grain vessels also found their situation unpleasant, and their reactions to the famine blended with a touch of the bitterness of the Cold War, thus were quite different from the thrilled Canadian politicians. In 1962, a Hong Kong newspaper, *Overseas Chinese Daily News* (*Wah Kiu Yat Po*), reported minor strikes among the sailors who refused to go to China again. In Vancouver, nine sailors refused to work on a grain ship headed to China: two of them eventually returned to work, and the other were arrested. Just when the ship was about to sail, seven more left the ship but three of them later returned to work. In Sydney, six

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<sup>168</sup> “Guanyu jinkou liangshi anquan zhuanyun qingkuang yiji jinyibu jiaqiang huliang gongzuo gongzuo yijian de baogao” (The Report on the Safety Issues of Grains and Consolidating the Protection of Grains), August 30, 1961, Tianjin Municipal Archives: X95-1-815.

<sup>169</sup> “Shi liangshiju wuyuefen cheliang jianxiu gongzuo zongjie” (The Municipal Grain Bureau’s Report of Vehicle Maintenance in May), June 1, 1961, Tianjin Municipal Archives: X95-1-921.

Canadian sailors left their ship; they resigned and asked to be paid, but the Australian immigration office repatriated them. At that time a grain ship usually had crew members about 40 people. A British ship lost the Chief Officer and sixteen seamen, who told journalists that if the ship were going to the communist countries, they would rather go to jail than work on the ship. They claimed they had been insulted at the harbors of communist countries; sometimes not allowed to disembark, and the food was terrible, there was not enough beer, and no entertainment. Once in Dalian, the telegraph operator had to apologize to the Chinese officials, for the map in his office showed Tibet and mainland China in different colors. Some sailors were forced to write repentance letters for throwing empty wine bottles into the sea.<sup>170</sup>

Terrible food and not enough beer were not difficult to imagine, for it was indeed a famine after all. The reason why the sailors found that unexpected because nobody talked about the famine at all; there was no news about the reality in China. In fact, the Chinese authorities would refute anyone who hinted about the famine. A British captain talked to the Chinese saying that China had not imported grain for almost a decade, whereas all the imports now were caused by the Soviets; he was not anti-China but anti-USSR. The Chinese were irritated by this speech which was “slander and political provocation,” intended to smear the relationship between China and the Soviet Union.

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<sup>170</sup> “Guowuyuan guanyu gaishan gangkou dui wailun jiqi chuanyuan de guanli gongying he jiedai gongzuo de tongzhi” (The State Council’s Announcement of Improving the Treatment of Foreign Ships and Sailors), May 19, 1962, Tianjin Municipal Archives: X53-2-1803.

The Chinese made a resolute retort that China had no famine or food shortage at all; the import was for mutual benefit, variety exchange, and self-sufficiency.<sup>171</sup>

Maps caught the attention of the Chinese too, which the foreign seafarers would never imagine causing political trouble for them. A Norwegian ship used a 1958 US made map showing mainland China in green and Taiwan in red, and Taipei/Hong Kong/Lhasa as capital cities. When they found out about this map, the Chinese told the captain that this map was the American scheme to fabricate “two China,” which was a vicious slander against China and USSR, sabotaging the solidarity among the socialist countries. Chinese people were against these schemes, and hanging this map was an unfriendly gesture to the Chinese people. The captain of the Norwegian ship took the map off the wall and apologized. The flag of Republic of China (Taiwan) was also taken off once it was discovered.<sup>172</sup> The Chinese authorities believed that they had to make themselves clear about their political opinions: they did not welcome any funny remarks about what was happening in China or the socialist world, and they were definitely against “the other China” and its American supporters. Hosting foreign ships was a good opportunity to disseminate political messages from the People’s Republic to the international world.

Entertainment was meager. It was estimated that every three months there would be 720 sailors arriving in Tianjin, while there was only one sailors’ club in the harbor, a bar which could host about 60 people. The Chinese tried their best to host these

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<sup>171</sup> “Guanyu jieyun liangshi qingkuang zhong shewai gongzuo qingkuang baogao” (The Report on Foreign Affairs in Receiving the Grain Ships), May 9, 1961, Tianjin Municipal Archives: X95-1-925.

<sup>172</sup> Ibid.

people. In the first half of 1961, they showed eight movies in total, about 100 people watched them in the small movie theater which was hot and stuffy during the summer. A trip to Beijing was organized, and 25 sailors signed up; impressive dinner parties were hosted for captains and chief officers. The harbor decided to expand their sailors' club. Once an ethnic Chinese sailor who worked on the Sydney-Tianjin lines gathered some scattered wheat on deck, dried it, and put it into bags. The Chinese authorities noticed this and gave him ten cartons of cigarettes as a reward. However, if they refused to show their immunization documents, crew members were not allowed to get off the ship by order from the State Council.<sup>173</sup>

In the first few years of the Cultural Revolution, port authorities in the Chinese encountered revolt because of the various rebel groups trying to grab power.<sup>174</sup> For these rebels, crew members on foreign ships became an easy target of political struggle in the Chinese ports, some of which involved the rituals of Mao-worshipping. The *Guardian* in July 1968 reported various incidents in which foreigners were detained in ports. For example, a British captain found a huge portrait of Mao Zedong, accompanied by militant anti-British slogans, plastered on his cabin door shortly after his ship arrived in Whampoa, Guangzhou. He ripped the poster down and threw it overboard. Soon his Chinese crew members surrounded him and threatened to march him ashore and turn him to the Chinese authorities for a “treasonous insulting act against Chairman Mao and the

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<sup>173</sup> “Guanyu xinjian xingang guoji haiyuan julebu de yijian” (The Opinions about Rebuilding the Xingang International Seafarers’ Club), October 6, 1961, Tianjin Municipal Archives: X44-1-18. “Guanyu jieyun liangshi qingkuang zhong shewai gongzuo qingkuang baogao” (The Report on Foreign Affairs in Receiving the Grain Ships), May 9, 1961, Tianjin Municipal Archives: X95-1-925.

<sup>174</sup> Wang Qingpu, *Qinhuangdao Gangkou Zhi* (Dalian: Dalian haishidaxue chubanshe, 1997), 29.

glorious Chinese people.” The captain was forced to stand on deck, wearing a Mao badge and holding a copy of Mao’s Thoughts, and to apologize for his behavior. In other cases, foreigners were made to recite quotations from Mao’s little red book and study communist pamphlets and magazines. Some of the officers brought troubles to themselves by getting drunk, starting fights, and tearing down posters of Mao. Another captain was deported to Hong Kong because his engine broke down. Another officer was detained and lectured on the evils of capitalism because he pinched a girl’s bottom outside of the Seamen’s Club in Shanghai. Some foreigners started to wear Mao badges as well, because “if you can’t beat ’em, join ’em.” Some of them were detained in lengthy periods and refused to go back to work in China. The unloading work thus slowed down. One Hong Kong ship owner believed that a three-or-four-days demurrage in China ports was extended to a month or so.<sup>175</sup> The Cultural Revolution at harbor seemed to be charades, but these charades did disturb the capitalist shipping system.

The slowdown of dock work in ports had become a recurring problem that the State Council took years to deal with. During the 1967 “power-seizing” in Tianjin, some ships could wait for almost a month in the sea before heading into the harbor, water and food service stopped for nearly ten days.<sup>176</sup> But the slowdown was not solely because of the political upheaval. The outdated harbor facilities were another important reason. For example, a manager of the Shanghai harbor pointed out that the port should not be blamed for the congestion; it was the fault of the railway and shipping department.

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<sup>175</sup> “British Ships’ Officers in Revolt after Maoist Humiliations,” *The Guardian*, July 4, 1968. On various activities of the Mao cult, see Daniel Leese, *Mao Cult: Rhetoric and Ritual in China’s Cultural Revolution* (Cambridge: Cambridge University Press, 2011).

<sup>176</sup> Gao Feng, *Lin Haiyun Zhuan* (Beijing: Duiwai jingji maoyi daxue chubanshe, 2000), 469.

Because the railway department was also deep in factionalism, goods could not be transported immediately so the dock was stuck with unattended cargoes, which disrupted the schedule of unloading. The manager of the Guangzhou harbor also argued that they should have more budget to build more facilities for imported grains. The outdated facilities in the harbor also caused the slowdown and made the political situation even more complicated.<sup>177</sup>

## 2. Politics of Quality Control

The harbor and the customs office were political spheres where the socialist state practiced its power on people and goods on a daily basis. One of the ways in which the Maoist society filtered its food imports was through quality inspection when wheat arrived at the ports. It started from the contacts in which China usually required that the imported wheat should not contain TCK (*tilletia contraversa kuhn*) which was a fungus spore also known as wheat smut. TCK as a crop disease could reduce yields and was fairly common in the United States western white wheat. It is non-toxic, although American millers normally wash this wheat before processing it into flour. However, TCK did not exist in China, thus PRC quarantine regulations prohibited its import - the Chinese authorities did not want this foreign crop disease to spread into China.<sup>178</sup>

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<sup>177</sup> “Shanghai shi jinkou liangshi jieyun bangongshi guanyu jinkou liangshi jieyun gongzuo de baogao,” September 7, 1968, Shanghai Municipal Archives: B135-4-85-17. “Guanyu sheng jinkou liangshi jieyun gongzuo huiyi qingkuang he tiqing shengwei jingji gongzuo xiaozu jie jue de jige wenti,” October 10, 1974, Guangdong Provincial Archives: 300-A2.2-13-22. On the various rebels in the Cultural Revolution, see Yiching Wu, *The Cultural Revolution at the Margins* (Harvard, 2014), Elizabeth Perry and Li Xun, *Proletarian Power: Shanghai In The Cultural Revolution* (Westview, 1997).

<sup>178</sup> “Travel of USDA Scientist Dr. James A. Hoffman,” September 25, 1973, “Major Problem Looms for US Wheat Exports to PRC,” October 10, 1973, Electronic Telegrams, 1973; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59;

In 1973, China purchased more than 3 million tons of wheat from the United States through four companies including Dreyfus, Cargill, Bunge, and Cook Industries. In September, CEROILFOOD (China National Cereals, Oils and Foodstuffs Import and Export Corporation, or *zhongliang*) notified Dreyfus and Cargill that several shipments of US western wheat were quarantined in Chinese ports because they contained TCK. CEROILOOD asked Dreyfus and Cargill to take measures to alleviate the problem including the dispatch of a team of experts on crop disease to China. The firms were anxious not to jeopardize future US wheat sales and to maintain flexibility on types of wheat shipped. A USDA scientist, Dr. James A. Hoffman, went to China with Dreyfus and Cargill representatives, and was shown adequate evidence to establish the presence of TCK in six shipments. Hoffman said Chinese inspection of the cargo was very thorough. In the end, the Chinese agreed to accept the six shipments, and Dreyfus and Cargill agreed to pay for the washing of the contaminated cargoes after unloading. At the same time, the Chinese made it clear that any future shipments of TCK-contaminated wheat would not be accepted. The Chinese refusal to accept future shipments of TCK-contaminated wheat posed quite a pressure on exporters. 90 percent of US western wheat was winter wheat, subject to contamination. And it was virtually impossible for exporters to guarantee any shipment of US western wheat could be totally TCK free. Thus, Dreyfus and Cargill would have to supply China with US spring wheat, shipped out of Gulf Coast ports, or transported overland from the Midwest to the west coast for shipment. This

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National Archives at College Park, College Park, MD. Also see Nicholas Lardy, *Integrating China into the Global Economy* (Washington, D.C.: Brookings Institution Press, 2002), 95.

raised the cost of US wheat export to China and made US wheat uncompetitive because Canada and Australia wheat were both TCK free.<sup>179</sup>

The Chinese mainly worried about the crop reduction caused by TCK. In October 1973, the State Council of China issued a document to inform all the ports to reinforce the quarantine work of imported grains. The document emphasized the hazards of crop reduction of TCK, stating that certain varieties of wheat could suffer a reduction of about 50 percent. The spores can survive in the soil for six to seven years and spread with soil and seeds. All the TCK-contaminated wheat must be sterilized under high temperature in ports, and imported wheat was not allowed to be used as seeds at all.<sup>180</sup>

The TCK problem resurfaced in March 1974, when CEROILFOOD refused to accept two TCK contaminated shipments. Cargill representative Jeremy Lang speculated that this smut did not originate from the wheat itself but was being picked up en route from the dust of railcars, docksides, and ship holds, because they had shipped only Midwestern winter wheat since the previous talk last year, and the USDA quarantine service had certified all these shipments TCK free. CEROILFOOD told the Americans that the decision to reject was now firm and implied that it came from higher authorities. In April 1974, Cook Industries also had one of their two shipments to be inspected with traces of TCK. Cook was reluctant to continue shipping the rest of the contract because rejections would cost the company about one and a half million dollars per shipment. Dreyfus, Cargill, and Cook all reached an impasse with CEROILFOOD. The Chinese

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<sup>179</sup> "Major Problem Looms for US Wheat Exports to PRC," October 10, 1973, Electronic Telegrams, 1973; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>180</sup> "Guowuyuan wenjian 1973(147) hao guanyu jiaqiang jinkou liangshi jianyi chuli gongzuo de tongzhi," October 18, 1973, Shanghai Municipal Archives: B170-3-183-108.



asked for the fulfillment of the contracts but showed absolutely no intention to modify their standard of inspection. And the Chinese did not recognize the possibility that smut might come from the bags they used to take samples or from their facilities. The Cook team visited the Shanghai port and found the facilities for grain handling were dirty and inefficient.<sup>181</sup>

The Americans speculated that the current political campaign in China (“anti-Lin Biao, anti-Confucius” campaign, *pi lin pi kong*) might be an important factor behind the inflexible Chinese stance. The senior CEROILFOOD official told the Americans in a private conversation that the grain matters were out of his hands, because they received instructions from higher authorities that they were unhappy about the smut infected wheat, and some people even believed that the United States was intentionally shipping bad wheat to China. This Chinese official was also very nervous and upset in this conversation. He told the Americans that Chinese dockworkers considered some of the US corn so dirty and dusty that they were reluctant to handle them. The Cook officials were also given lectures about wheat smut by local cadres and dock officials when visiting the Shanghai port. In May, two Bunge officials also went to China to negotiate the TCK problem in their wheat, and they told the USLO (the US Liaison Office in Beijing) that one of the Chinese participating in their talks, not the principal negotiator, was a “political commissar type” of person who gave stern lectures at appropriate points in the discussions.<sup>182</sup> CEROILFOOD, along with the Foreign Trade Ministry, were

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<sup>181</sup> “Further TCK Smut Contamination in US Wheat Shipments to China,” March 14, 1974; “TCK Wheat Smut Problems - Cook Industries,” April 29, 1974; Electronic Telegrams, 1974; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>182</sup> “TCK Wheat Smut Problems - Cook Industries,” April 29, 1974; “TCK Wheat Smut Problem,” May 3, 1974; Electronic Telegrams, 1974; Central Foreign Policy Files, created 7/1/1973-

sandwiched between dockworkers/Shanghai port authorities and some top-level power figures. Li Xiannian also supported the idea of rejection.<sup>183</sup>

Soon the Chinese found more evidence to support their argument. In September 1974, the Chinese informed Cook Industries that they had found poisonous datura seeds in Cook soybean shipments to the PRC. A significant number of people in Hebei and other provinces had been hospitalized after eating bean curd made from Cook delivered soybeans. No deaths were resulting, but the intestinal problems caused by the datura seeds were severe. Therefore, CEROILFOOD decided to cease the importation of soybeans from the United States. Meanwhile, the Chinese also had a very good idea to deal with the soybeans. They told the Cook representative that they had already arranged with the Dreyfus representative to resell to Dreyfus the entire amount of soybeans (appr. 650,000 tons, \$120 million) which Cook sold to China in June 1974. Because the soybean price in the international market was rising, CEROILFOOD earned \$35-40 million in this transaction. The Cook representative believed that Dreyfus should have little difficulty selling the beans in third-country markets.<sup>184</sup> It seemed that the Chinese had a clear impression that the Americans sold them low-quality goods.

Even the Americans admitted that they themselves had found TCK. In November 1974, the Chinese decided to refuse two, out of twenty, shipments of Dreyfus wheat due

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12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>183</sup> "Renzhen zuo hao jinkou liangshi de jianyi gongzuo," February 19, 1974, *Li Xiannian Lun Caizheng Jinrong Maoyi* (Beijing: Zhongguo caizheng jingji chubanshe, 1992), vol 2, 286.

<sup>184</sup> "PRC Halts Imports of US Soybeans, Defers Some US Wheat Deliveries Until 1975," September 25 1974; Electronic Telegrams, 1974; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

to the TCK problem, and asked them to resell on behalf of the Chinese. Dreyfus could not be a customer, and then the Chinese said they could take one cargo and Dreyfus take the other back, with Dreyfus paying for the sterilization costs for the cargo and demurrage charges for both ships. Dreyfus rejected this proposal, said they sold the wheat at FOB price (the Chinese paid for the shipping fees), and was not liable for demurrage costs. Dreyfus representative said every precaution was taken on the US side to prevent TCK infected wheat. In fact, three Dreyfus shipments were found to have TCK prior to their departure from the US. Two shipments did partial unloading and reloading with TCK free wheat, and the third one was diverted to another destination. Thus the handling cost was high, and Dreyfus would not accept Chinese rejection. The talk reached an impasse. Ironically, the Dreyfus representative heard that the Chinese also rejected wheat sold by a French firm, Soules. The French insisted that France did not have TCK and the Chinese did not provide adequate proof, and in the end, the Soules Group simply left China insisting there was nothing further to discuss.<sup>185</sup>

In January 1975, Dreyfus and Cook canceled their grain contracts with China, and switched to North Korea to sell some French wheat there. Various sources confirmed that China would not continue to import grains from the United States. TCK was one of the problems. Other reasons included that China had a trade deficit in 1974, so they were cutting down expenses to save their foreign currency reserves. China in 1974 also had a reasonably adequate grain harvest. But the Chinese continued to buy wheat from Canada, Australia, and Argentina in the seventies because these countries had three-year long-

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<sup>185</sup> "More TCK Problems," November 18, 1974; Electronic Telegrams, 1974; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

term agreements with China. Cook Industries was fed up with the Chinese quality complaints and was glad to cancel.<sup>186</sup>

Indeed, the Chinese treated grain inspection work as a political matter. A report in Guangdong in 1975 pointed out the low quality of American wheat and beans: live worms, crop disease, and poisonous seeds. And the report stated that, “the quarantine work for foreign plants is a political and economic struggle against imperialism and revisionism, which is to protect our nation’s sovereignty and to safeguard our socialist revolution and construction...We realize that imperialism and all reactionaries, colluded with the class enemies within the country, in this time of peace, are very likely to use international trade to spread hazardous worms into our country, which is a plot to subvert our proletarian dictatorship and restore capitalism. This is biological warfare that could be easily overlooked. We must reinforce our mind of class struggle, be alert, and cannot have any negligence.”<sup>187</sup> This report had a serious misjudgment about the real intention of the Americans, but it more or less reflected the sentiment of anti-America during the Cultural Revolution.

### 3. Power Struggle in the Cultural Revolution

What happened at the harbor was part of the radical influence in the Cultural Revolution. The Ministry of Foreign Trade was not a quiet place in the upheaval. The

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<sup>186</sup> “PRC Cancels US Grain Contracts,” January 28, 1975; “Australia Sells One Million Tons of Wheat to PRC,” February 1, 1975; “More Details on PRC Cancellation of 600 Thousand Tons of US Wheat,” February 14, 1975; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>187</sup> “1974 nian jinkou liang jianyi gongzuo zongjie,” May 14, 1975, Guangdong Provincial Archives: 300-A2.3-6-51.

leadership of the Ministry was under attack by rebels. The old minister Ye Jizhuang as well as other directors and managers were criticized for carrying out the revisionist lines of Liu Shangqi and Deng Xiaoping. Ye Jizhuang was in charge of the Ministry since the 1950s, but he was criticized for promoting cadres who had a complicated past or suspicious class backgrounds. Rebels were also very critical about the alleged corruptive lifestyles of these directors.<sup>188</sup> Ye himself lost his position and died in 1967. Two managers in the Ministry suffered from severe struggle sessions and committed suicide. Even the leading negotiator Pu Liangchou who had negotiated with the Australians for quite a few years in the China Resource Company also committed suicide after he was transferred to Beijing.<sup>189</sup> The entire leadership of the Ministry was reshuffled during the Cultural Revolution. Bai Xiangguo, a commissar from Guangdong and a member from the Lin Biao faction, acted as the Minister in 1970 - 73.<sup>190</sup> But after Lin Biao disappeared from the political arena, Bai Xiangguo also lost his position in the Ministry.

Importing wheat was not a heated topic in these political upheavals, but the rebels in the Ministry of Foreign Trade did not forget about this matter. They listed importing wheat as one of the revisionist policies of the Ministry, and blamed Chen Yun for “exaggerating the effects of imported wheat.”<sup>191</sup> Chen Yun had left the political center

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<sup>188</sup> Sources on the rebels in the Foreign Trade Ministry could be found in zhongwen chubanwu fuwuzhongxin ed., *Zhonggong Zhongyao Lishi Wenxian Ziliao Huibian* (Los Angeles, 2002), series 20, no.116. Also see “Li Xiannian jiejian waimaobu geming zaofanpai daibiao de jianghua,” February 22, 1967, The Chinese Cultural Revolution Database.

<sup>189</sup> Wu Xuexian, *Hongse Huarun*, 391.

<sup>190</sup> On the political purges inside the Foreign Trade Ministry, see Gao Feng, *Lin Haiyun Zhuan* (Beijing: Duiwai jingji maoyi daxue chubanshe, 2000), 461-464, 475-479, 482-485.

<sup>191</sup> Zhongwen chubanwu fuwuzhongxin ed., *Zhonggong Zhongyao Lishi Wenxian Ziliao Huibian* (Los Angeles, 2002), series 20, no.116, 21.

since 1962 because of his bad health. Though also a supporter of wheat import, Li Xiannian was left out of criticism probably because Li was still in charge of the economy during the Cultural Revolution. Both Li Xiannian and Zhou Enlai continued to defend their policy and argued that importing wheat was necessary.

It seemed that Mao Zedong emphasized the importance of self-reliance in the economy and asked to reduce importing grains, even before the Cultural Revolution started.<sup>192</sup> Li and Zhou certainly could only follow Mao's idea and dare not argue against him. For example, Li Xiannian reported to Mao on April 29, 1967 that China had achieved self-reliance on grains in 1966 and "did not eat imported grains." But this report also admitted China still imported grains from foreign countries in 1966, which was net import 6.1 billion *jin*. Li Xiannian explained that imported grains were not for domestic consumption; they were purely for the national stockpile. With the imported grains, national grain reserves reached a historically high level, which accorded with Mao's idea of building national grain reserves. Furthermore, Li also mentioned the effect of "exporting rice + importing wheat" to increase grain reserves.<sup>193</sup> In October 1967, Zhou Enlai also stressed that importing grains was not for consumption but for stockpiling so that some of their foreign trade policies could fit in the new political atmosphere of the Cultural Revolution.<sup>194</sup>

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<sup>192</sup> Probably in the 1965 Central Work Conference, see *Li Xiannian Nianpu*, vol. 4, 325.

<sup>193</sup> "Shixian liangshi ziji de baogao," April 29, 1967, *Jianguo Yilai Li Xiannian Wengao*, vol. 3, 49-50.

<sup>194</sup> "Zhou Enlai Zhang Chunqiao dui quanguo liangshi gongzuo huiyi he tielu gongzuo huiyi daibiao de jianghua," October 28, 1967, The Chinese Cultural Revolution Database.

Large purchases continued during the revolution. China was in the middle of a long-term agreement with Canada from August 1966 to October 1968, with a total of 4.7 million tons.<sup>195</sup> With Australia, China bought about 3.3 million in 1967, despite a row over Hong Kong.<sup>196</sup> In March 1968, China bought 1 million tons from Australia again, with shipments arranged in March to September of 1968.<sup>197</sup>

From 1973, the new Minister Li Qiang and Vice Minister Yao Yilin were both survivors of the Cultural Revolution who had worked in the foreign trade and commerce field before the Culture Revolution. This was also the time when the Gang of Four tried to spread their influence in the Central Government. There was more than one way to interpret all the fuss around TCK. Yao Yilin, the Vice Minister of Foreign Trade at that time, talked about this incident in his memoir and claimed that it originated from their struggle with Gang of Four.

Yao Yilin believed this was a political struggle using the food problem as an excuse. Yao Yilin stated in his memoir that the Gang intended to promote someone in their faction as a new Vice Minister for foreign trade, but Li Qiang and Yao Yilin were both very reluctant about it and the promotion never happened. Therefore, the Gang held a grudge and kept an eye on the Foreign Trade Ministry, and insisted on rejecting the TCK-contaminated wheat.<sup>198</sup> One can interpret the incident as a fight between the Chinese communists and international capitalists over some dirty wheat, or as another episode of a factional struggle inside the late Maoist government, which all depended on

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<sup>195</sup> "Canadian Wheat Sales to China," December 14, 1967, *South China Morning Post*.

<sup>196</sup> "Australia Sells More Wheat to China," May 27, 1967, *South China Morning Post*.

<sup>197</sup> "Australia Sells Wheat to China," March 6, 1968, *South China Morning Post*.

<sup>198</sup> Yao Jin, *Yao Yilin Bai Xi Tan* (Beijing: Zhonggong dangshi chubanshe, 2008), 251-252.

which angle the observer chooses. But regardless of the factionalism, rigid inspection on imported wheat seemed to be Beijing's final solution.

#### 4. Cold War and Stockpile

Imported grain was also used for building national grain reserves, especially after 1963. The idea of building grain reserves was a reaction to the famine. When the food situation became better, part of the imported grains was not consumed immediately but used for rebuilding the grain reserves. For example, Harbin kept its imported wheat in warehouses as reserves in 1963.<sup>199</sup> Lanzhou did the same in 1965.<sup>200</sup>

Building grain reserves soon became an important national policy from 1965 when Beijing called out the entire nation to prepare for war. In April 1965, the Central Committee sent out instructions to reinforce the war preparation, based on the fact that the Vietnam War was escalating. This announcement stated that "American imperialism is now taking the measure of expanding the war in Vietnam and directly invading the Democratic Republic of Vietnam, which is a serious threat to our national security...We are prepared to fight along with the Vietnamese people at any time. We also need to be prepared in case the American imperialists brought the blames of war to our land." This announcement instructed rural areas to increase grain reserves for both the communes and the country.<sup>201</sup> The National Finance and Trade Conference in 1965 also stressed that

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<sup>199</sup> Harbin shi difangzhi bianzuan weiyuanhui ed., *Harbin Shi Zhi - Liangshi Gongxiao Hezuo She* (Harbin: Heilongjiang renmin chubanshe, 1997), 40-41.

<sup>200</sup> Lanzhou shi difangzhi bianzuan weiyuanhui ed., *Lanzhou Shi Zhi - 20 Juan - Liangshi Zhi* (Lanzhou: Lanzhoudaxue chubanshe, 2008), 108.

<sup>201</sup> "Zhonggong zhongyang guanyu jiaqiang zhanbei gongzuo de zhishi," April 12, 1965, Zhongyang wenxian yanjiushi ed., *Jianguo Yilai Zhongyao Wenxian Xuanbian* (Beijing: Zhongyang wenxian chubanshe, 1998), vol. 20, 141, 144.



“the arrangement of all work must be based on war..., using war preparation as a force to promote the development of agriculture, industry, and infrastructure.” The conference also decided that it was time to “pay close attention to the storage and evacuation of materials. All the materials including grains, cotton, cloth, salt, oil and coal, we must squeeze and store some of them for future use.”<sup>202</sup> Later this instruction was condensed and rephrased as one of the most significant Maoist slogans “*bei zhan bei huang wei renmin*” [prepare for war, prepare for famine, for the people]. War preparation reached its peak in 1969-70 during the Sino-Soviet Border Conflict.

Throughout the 1960s and 70s there had been several programs of grain reserves. The Ministry of Grains and Central Military Committee in 1962 informed Jiangsu to preserve grains for 500,000 people to eat in six months. In 1964, the Ministry of Grains instructed Jiangsu that the national reserves should be kept in separate locations and separate accounts, which was called “*jia zi liang*.” After a period of disruption and mismanagement in 1967-1970, the State Council informed the rural area to build increased grain reserves in December 1972. Jiangsu in the 1970s built such a good grain reserve that the Ministry of Commerce borrowed 500,000 tons of rice from Jiangsu’s reserve to export in exchange for wheat in 1974, because the price of rice was at a high point and the rice-wheat exchange could earn more foreign currency.<sup>203</sup>

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<sup>202</sup> “Zhonggong zhongyang pizhuan guanyu yijiuliuwu nian caimao gongzuo de liangge wenjian,” May 29, 1965, in Zhongyang dang’anguan and Zhongyang wenxian yanjiu shi ed., *Zhonggong Zhongyang Wenjian Xuanji 1949.10 - 1966.5* (Beijing: Renmin chubanshe, 2013), vol.48, 341-342.

<sup>203</sup> Jiangsu sheng difangzhi bianzuan weiyuanhui ed., *Jiangsu Sheng Zhi - Liangshi Zhi* (Nanjing: Jiangsu renmin chubanshe, 1994), 222-225.

Of all the southern provinces, Fujian was worth mentioning because it faced Taiwan on the Cold War front. During the Second Taiwan Strait Crisis in August 1958, the Chinese Communist and Nationalist forces fired artillery at each other in the Kinmen and Matsu area of the Fujian coast. There was still tension across the Taiwan Strait during the 1960s when shelling at each other was much reduced. Food supplies in Fujian became part of the effort to consolidate a military defense line. Fujian usually could receive food from Jiangxi because Jiangxi was self-reliant in grains. Also, the two cities in Fujian, Fuzhou and Quanzhou, often could receive imported wheat from Shanghai via railroad or ships. The procurement and transportation of grains in Fujian were once disrupted by the armed fights in 1967-68 which caused grain shortage. In August 1967, Fuzhou's storage was running low. In this case of emergency, the State Council had to use foreign currency in national funds to charter foreign ships transporting wheat from Shanghai. But probably because Fujian only had one railroad connecting with the outside world, the transportation was a bottleneck; in 1975, Xiamen port was opened to receive wheat for Fujian.<sup>204</sup> Consolidating the food supplies on the China side of the Taiwan Strait also needed reinforcements from foreign trade.

In hindsight, importing food from foreign countries caused all sorts of reactions from different people in China. As what we can see from the altercations in the harbor, there was a sense of distrust with the foreigners, their food and their politics. The Chinese were quite alert to any foreign influence during the revolution; they had no means to

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<sup>204</sup> Fujian sheng difangzhi bianzuan weiyuanhui ed., *Fujian Sheng Zhi - Liangshi Zhi* (Fuzhou: Fujian renmin chubanshe, 1993), 64-65, 162-163, 165. Fuzhou shi difangzhi bianzuan weiyuanhui ed., *Fuzhou Shi Zhi* (Beijing: Fangzhi chubanshe, 2000), vol. 4, 715. Quanzhou shi difangzhi bianzuan weiyuanhui ed., *Quanzhou Shi Zhi* (Beijing: Zhongguo shehui kexue chubanshe, 2000), vol.2, 1457.

challenge the global capitalist economy worldwide but at least they wanted to avert any negative influence that might be brought into China. Eventually, the policy of importing grains could survive the Cultural Revolution probably because policymakers such Zhou Enlai and Li Xiannian found out the alternative way to explain its effect. They argued that these grains were not for consumption but for building national reserves and war preparations, which surprisingly put foreign trade into the framework of economic self-reliance. The next chapter will turn to the topic of consumption in the Maoist society in the 1970s.

# 4 Filling the Gap: Consumption, Social Control and Its Limits

Economist Nicholas Lardy once compared the Great Leap Forward with the Great Depression in the United States and pointed out that it took a long time for the two economies to recover from the abyss.<sup>205</sup> The grain consumption (per capita) in China was a useful example to support this statement. Grain consumption per capita was 409 *jin* in 1956, and the next time it exceeded this level was in 1979.<sup>206</sup> In other words, the grain consumption level in the 1960s-70s was kept at a level not much better than the 1950s.

People would naturally assume that a country imported foodstuffs for consumption, but the situation in the Maoist regime was not really the case, because the Chinese government controlled consumption by the food ration system and intentionally kept the living standard at a rather low level. Food trade was not to encourage consumption but to reinforce the government's capacity of social control. After all, the socialist state was fully engaged in people's everyday life, and never really wanted to loosen up the control. Food imports helped consolidate the social order of the Maoist society rather than indicated its collapse or transformation.

## 1. The Reoccurring Deficit

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<sup>205</sup> Nicholas Lardy, "The Chinese economy under stress, 1958-1965," in Roderick MacFarquhar, John K. Fairbank ed., *The Cambridge History of China*, Volume 14, The People's Republic, Part 1, The Emergence of Revolutionary China, 1949-1965 (Cambridge: Cambridge University Press, 1987), 395-397.

<sup>206</sup> Ministry of Agriculture ed., *Nongye Jingji Ziliao 1949-1983*, n.a. 434, 538.

China's agricultural production encountered a slump in 1968-69. Judging by the numbers, total grain output in 1968-69 was lower than 1966-67. Even the amount of sown area of certain crops slightly decreased in these two years, which probably meant that there was somewhat a disruption in contrast with normal years.<sup>207</sup> Grain consumption per capita also dropped. Zhou Enlai in early 1968 assessed that the agricultural production in 1968 would certainly suffer from the disruption due to the political upheavals in 1967.<sup>208</sup> Ordinary people's lives probably were not easy at that time, even if not they were not disturbed by the revolution. To cite just one example, sociologist Guo Yuhua interviewed a peasant in northern Shaanxi who recalled that he was so hungry in the entire 1968 that in June he decided to leave the village and went away for begging in the rest of the year.<sup>209</sup> And there were more examples in similar situations.

The Chinese state media did not reveal any information about the food deficit, but foreign media sensed something wrong behind the propaganda. In 1969, China signed a series of new contracts to purchase wheat. On January 28, 1969, the Australian Wheat Board announced a contract of 2.2 million long tons of wheat with China, covering February 1969 to March 1970. In March 1969, France signed a wheat sale deal of 0.8 million tons with China, covering April to June of 1969. Next in September, Canada sold China 2.34 million tons. And before the year 1969 ended, in December China signed another wheat contract with Australia again for 2.2 million tons, with shipments in

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<sup>207</sup> Guojia tongji ju, *Zhongguo Tongji Nianjian 1983* (Beijing: Zhongguo tongji chubanshe, 1983), 155, 158.

<sup>208</sup> *Zhou Enlai Nianpu*, vol. 3, 221.

<sup>209</sup> Guo Yuhua, *Shoukuren de Jiangshu* (Hong Kong: The Chinese University press, 2013), 133-134.

1970.<sup>210</sup> The unusual urgency of these purchases prompted China watchers to give a few explanations. Some of them linked the purchases to war preparation, while others suspected that the harvest was probably not that good.<sup>211</sup>

## 2. Distribution

Ever since the entitlement theory of Amartya Sen came out, scholars have been inspired to pay attention to not just the quantities of food but also the access to food during famine.<sup>212</sup> This point is quite important when we consider who could get famine relief, because many factors could interfere. In our case, the government decided where the wheat should be sent, as the transportation sector was also under central command in the planned economy. Imported food was not evenly distributed among the population; rather, it was sent to mostly urban areas. Rural residents barely benefited from this policy in its beginnings. It is fair to say that imported grain was to reinforce social control in urban areas, to keep people fed so there would not be unrest. In 1961-63, Imported wheat was supposed to supply for the three mega cities, Beijing, Tianjin and Shanghai, as well as the industrial cities in the Northeastern provinces (Liaoning, Jilin, Heilongjiang). The rest of the country did not get as much, and usually to the provincial capital and important industrial/mining towns received the opportunity. It was not intended for rural

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<sup>210</sup> "Big Australia Wheat Sale to China," January 29, 1969, "France Has New Wheat Sale Deal with China," April 1, 1969, "Big Wheat Sale to China," September 27, 1969, "Australia Sells Wheat to China," December 9, 1969, "China Bumper Harvests from Abroad," December 10, 1969, *South China Morning Post*.

<sup>211</sup> "Canadians in China for New Wheat Deal Talks," September 9, 1969, "China Bumper Harvests from Abroad," December 10, 1969, *South China Morning Post*.

<sup>212</sup> Amartya Sen, *Poverty and Famines: An Essay on Entitlement and Deprivation* (Oxford: Oxford University Press, 1982).

areas. And generally, the northern half of China got more than the southern half, and the eastern coast got more than the western provinces.

The uneven distribution was shaped by transportation. The first few ports receiving wheat were Tianjin, Qinhuangdao, Dalian, Shanghai, which was three in the north, one for the south. In the mid-1960s, Qingdao, Guangzhou, Zhanjiang were opened to receive wheat shipments. Xiamen was open in the mid-1970s. These were the starting points of the transportation. Tianjin was for Beijing and itself. Qinhuangdao covered Hebei, Shanxi, Shaanxi, Inner Mongolia. Dalian was for the northeast. Shanghai served the rest of the country, using the Yangtze River system and railroads. Guangzhou and Zhanjiang worked for South China and the southwest. Qingdao and Xiamen mainly worked for their own provinces.

Beijing and Shanghai both heavily relied on imported grain. In 1961-69, 43.7% of the grain (4.55 billion kg) that were transported into Beijing was from import. The remaining 7.1 billion kg were from other provinces. In 1970-76, Beijing received 3.66 billion kg from import and 4.375 billion kg from domestic provinces.<sup>213</sup> It was easier for Shanghai to get more rice from the nearby rice provinces, but its wheat and flour relied on import. Flour milling was one of Shanghai's pillar industries from the early twentieth century. Shanghai's flour mills relied on imported wheat to operate. In the total 1,852,130 tons of wheat supplied to all the flour mills in 1961-63, 1,500,290 tons were imported wheat (81%). In 1966-1970, Shanghai consumed 4,275 tons of domestic wheat, and 1,514,830 tons of imported wheat. In 1971-76, Shanghai imported 2,131,250 tons of

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<sup>213</sup> *Beijing Zhi Shangye Juan Lianyou Shangye Zhi* (Beijing: Beijing chubanshe, 2004), 46, 48.

wheat.<sup>214</sup> The need for food was growing with the population in the 1970s. An Australian Wheat Board team visited China in February - March, 1961 and inspected one mill in Beijing and another one in Shanghai. The Beijing mill had a daily capacity of 500 tons of flour with wheat silo capacity of 16000 tons, and it was using Chinese wheat but intended to use Australian wheat at a later date. The Shanghai mill (*Fu Feng*) had a bigger capacity of 2500 tons of flour a day with wheat silo capacity of 23000 tons. At the time of inspection, the Shanghai mill was using Australian wheat which had arrived quite recently. Both of the mills were working full time.<sup>215</sup>

Tianjin received similar amounts to Beijing. In 1962-65, Tianjin kept about 2.3 million tons for itself, and sent about 1.8 million tons for Beijing. Tianjin also sent Hebei 1.19 million tons in the four years, mainly to Shijiazhuang, Baoding and Handan. Hebei received a larger than usual amount (0.48 million tons) in 1964, because of the serious floods in the previous year. Apart from these regular recipients, Tianjin also transported a small amount to Shanxi in 1963-64. Shaanxi received 0.13 million tons of wheat from Tianjin in 1965, probably because of the serious drought that year in its Yulin District.<sup>216</sup> Therefore, even though the overall picture was recovering, grain shortage in some areas could also lead to more imports. Tianjin temporarily stopped accepting wheat in 1967-69 because eating imported wheat was deemed as “revisionist” in the cultural revolution. From 1970, Tianjin continued to accept imported wheat to supply the two cities, and

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<sup>214</sup> *Shanghai Liangshi Zhi* (Shanghai: Shanghai shehuikexueyuan chubanshe, 1995), 409, 423.

<sup>215</sup> “Australian Wheat Board General Manager’s Visit to Hong Kong and China February - March 1961,” National Australian Archives: A1804, 201/12/2/PART 1 Wheat sales to mainland China.

<sup>216</sup> Guo Fengqi: *Tianjin Tongzhi - Shangye Zhi Liangshi Juan* (Tianjin: Tianjin Shehuikexueyuan chubanshe, 1994), vol 5, 188. Shaanxi sheng difangzhi bianzuan weiyuanhui ed., *Shaanxi Shengzhi Juan 32 Liangshi Zhi* (Xi’an: Shaanxi luyou chubanshe, 1995), 83.



Shanxi plus Inner Mongolia. In 1970-74 Tianjin received 9.22 million tons of wheat (it was 5.62 million in 1962-65).<sup>217</sup>

Besides the three cities and Hebei, the three provinces in the northeast received large amounts of wheat. Liaoning was a regular recipient of imported wheat, transported from Dalian, which seemed to only stop for one year in 1969. Liaoning was never self-reliant in food, besides importing from abroad, it also sent out grain agents in various provinces throughout the country to organize transshipments of grain. In 1960-67, Liaoning received imported wheat of about one million tons each year; in 1972-73, it received even more than 1.5 million tons each year. In other years it could be about 0.5 million tons a year. The wheat was distributed to almost all of its major cities.<sup>218</sup> Wheat could be a new thing for these cities, because the Northeast used to eat rice and sorghum. The industrial city Benxi built a new flour mill to process the imported wheat in 1962.<sup>219</sup> The unusual large amount of wheat flour also had to fit in the old eating habits. Grain agents in Shenyang even went to the countryside using their wheat flour to exchange for rice and miscellaneous grain from the peasants in 1964.<sup>220</sup>

Even Jilin and Heilongjiang, two major exporters of corn and soybeans, also received imported wheat from Dalian, usually as a way to encourage their export. Heilongjiang received wheat and buckwheat from the Soviet Union through Manzhouli in 1961, and more than 200,000 tons of wheat and corn from Dalian and Qinhuangdao in

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<sup>217</sup> *Tianjin Tongzhi - Shangye Zhi Liangshi Juan*, 189.

<sup>218</sup> Liaoning sheng difangzhi bianzuan weiyuanhui, *Liaoning Sheng Zhi, Juan 41 Liangshi Zhi* (Shenyang: Liaoning daxue chubanshe, 2000), 94, 112, 125.

<sup>219</sup> Liu Henghua ed., *Benxi Shi Zhi* (Shenyang: Liaohai chubanshe, 2002), vol 3, 526.

<sup>220</sup> Shenyang shi renmin zhengfu difangzhi bangongshi ed., *Shenyang Shi Zhi Juan 9 Shangye* (Shenyang: Shenyang chubanshe, 1999), 406.

1962, sometimes even from North Korea (20,000 tons of corn and rice, 1967).

Heilongjiang had to export grain following national plans made by Beijing, thus if there was a bad crop, the export had to continue because the province was not the decision-maker. The only remedy it could do was to ask Beijing for imported wheat or from other provinces when there was a deficit.<sup>221</sup> Harbin itself also owned many flour mills so the processing capacities also attracted grain to it. Other industrial cities in North China often could obtain wheat from imports. Xi'an, Hohhot, Datong all became regular recipients from the sixties.<sup>222</sup>

The southern half of China relied on Shanghai as the only port to distribute wheat for a few years, mainly through the Yangtze River system, but also reached into many remote areas. The result was that in the early 1960s Shanghai's distribution to every province was quite thin. In the early 1960s when famine was still lingering, Shanghai transshipped to more provinces, quite a few of them were in the northwest. But in the late sixties, most transshipments were concentrated to Shanghai's nearby provinces. Shanghai continued to supply the northwest from the mid-seventies.<sup>223</sup> Guangzhou and Zhanjiang also participated in the transshipping of imported wheat for south China in the 1970s, which took away part of Shanghai's workload. The work plan for all the ports in 1971

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<sup>221</sup> Jinlin sheng difangzhi bianzuan weiyuanhui ed., *Jinlin Sheng Zhi, Juan 32 Guonei Shangye Zhi Liangshi* (Changchun: Jilin renmin chubanshe, 1991), 123. Heilongjiang sheng difangzhi bianzuan weiyuanhui ed., *Heilongjiang Sheng Zhi, Juan 38 Liangshi* (Harbin: Heilongjiang renmin chubanshe, 1994), 235-236.

<sup>222</sup> Xi'an shi difangzhi bianzuan weiyuanhui ed., *Xi'an Shi Zhi* (Xi'an: Xi'an chubanshe, 2004), vol 4, 483. Hohhot difangzhi bianxiu bangongshi ed., *Hohhot Shi Zhi* (Hohhot: Neimenggu renmin chubanshe, 1999), vol 2, 451-452. Yao Zijin and Yao Bin ed., *Datong Shi Zhi* (Beijing: Zhonghua shuju, 2000), vol 2, 705.

<sup>223</sup> From various annual reports, Shanghai Municipal Archives: B135-1-909, B135-1-1192, B135-4-85-17, B135-4-649-19.

was 1.1 million tons for Tianjin, 810,000 tons for Shanghai, 600,000 tons for Qinhuangdao, 180,000 tons for Guangzhou, 60,000 tons for Zhanjiang, 50,000 tons each for Qingdao and Dalian.<sup>224</sup> Northern China got more wheat.

Imported wheat was used as a supplement to the food sources in the South, because the South usually provided rice to export. For example, Huiyang county in Guangdong grew high quality rice and exported about 212,710 tons of rice every year in 1963-1979. But wheat flour was also part of the eating habits. Without growing wheat by itself, Huiyang usually received imported wheat to process in its own flour mill built in 1963 to supply the local residents.<sup>225</sup>

When flour was almost the only ingredient in daily cooking in North China, it created more work for women who cooked for her family, because processing flour took a lot of time; and flour was not easy to generate satiety (the feeling of fullness after eating). A resident in Beijing wrote in his family letter that in 1961, “our food rations in April and May are 40% flour, 30% rice, 30% coarse grain like barley flour, soybean flour, sorghum flour. With less rice, your mother uses flour and coarse grain to make porridge, steam buns, *bing*, noodles all day long. She is so busy, yet everyone feels hungry. Not enough nutrition. Restricted by the food ration, we can do nothing about it.”<sup>226</sup> Many people believed that more ration of edible oil each month would be much better, because edible oil could make people feel satiety. But the ration of edible oil

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<sup>224</sup> “Guanyu 1970 nian quanguo jinkouliang jieyun gongzuo jingyan jiaoliu huiyi qingkuang huibao,” March 17, 1971, Shanghai Municipal Archives: B135-4-255.

<sup>225</sup> Huiyang shi difangzhi bianzuan weiyuanhui ed., *Huiyang Xian Zhi* (Guangzhou: Guangdong renmin chubanshe, 2003), vol.1, 700.

<sup>226</sup> Xu Xiuli, “geming niandai de yinshi ernv - du zhang ruirong jiaxin,” *Shi Xue Yue Kan*, 2017(4), 49-63.

remained very low throughout the late Maoist years. The feeling of hunger also came from a reduced food variety.

Eating imported wheat sometimes could be a novel experience in the south. A particular way to consume the imported grain in the 1960s was to make biscuits and crackers, with sugar imported from Cuba and dates imported from Iraq. Sugar and dates were both obtained through barter trade: Cuba got rice from China and gave China sugar.<sup>227</sup> Shanghai in 1962 received 1,459,216 tons of grain, 358,627 tons of sugar, and 57,208 tons of edible oils (from Indonesia).<sup>228</sup> Tianjin in the first half of 1965 received 764,203 tons of grain and 15,316 tons of dates.<sup>229</sup> People in Zigong, Sichuan once jokingly referred to these cookies as “one bite of three countries” (*yi kou yao san guo*) - Canadian wheat, Cuban sugar and Iraqi dates.<sup>230</sup>

### 3. Food Ration and Social Control

Population growth in the 1970s added more pressure on food supplies. Grain deficit came back in 1972. In 1972, the number of people who lived upon the food ration supplied by the state, workers and employees, had reached more than 50 million, and the grain sales also surpassed 80 billion *jin* (48 million metric tons). The grain deficit

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<sup>227</sup> Li Zheng: *Lu Xuzhang Zhuan* (Beijing: Zhongguo shangwu chubanshe, 2004), 318-328.

<sup>228</sup> “1962 nian du jinkou liang tang youzhi huafei jieyun gongzuo de zongjie,” December 12, 1962, Shanghai Municipal Archives: B135-1-1070.

<sup>229</sup> “1965 nian shangbannian jieyun gongzuo baogao,” August 4, 1965, Tianjin Municipal Archives: X95-1-1026.

<sup>230</sup> Zigong shi liangshi ju ed., *Zigong Shi Liangshi Zhi* (Chengdu: Sichuan cishu chubanshe, 1992), 146.

(consumption number minus the grain output) in 1972 reached 14.9 billion *jin*. The deficit was covered up by eating up part of the grain reserves and by importing. In the 1970s, a few provinces such as Sichuan, Guizhou, Xinjiang, Inner Mongolia, which had in the past been self-sufficient and had a food surplus, became reliant on imports.<sup>231</sup> In this situation, the Chinese government again remembered the benefits of rice-wheat exchange. In 1971-1976, China imported 51.4 billion *jin* of wheat and corn and paid \$3.22 billion, and exported 32.71 billion *jin* of rice and miscellaneous beans and earned \$3.95 billion, which increased both grain quantities and foreign currency earnings.<sup>232</sup> But food consumption remained a political problem. The government had to improve agricultural production, and meanwhile regulate urban consumption through the ration system.

Food ration system was established with household registrations in 1957. Every family received their own ration license each year from the local government, with their names, address, and each person's ration quota marked in the license. And every family had been assigned a nearby grain store to pick up their rations each month. The license also marked the name and address of the store, so people could not go to another grain store to pick up food. In those years, every grain store had a fixed group of customers. Staff members in grain stores and residents were very familiar with each other. Grain store staff knew a lot about their customers, not just the names, jobs, eating habits, but also about their visiting relatives, family struggles, and their political backgrounds.

Occasionally the staff would like to do match-making for the children of their customers

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<sup>231</sup> Dangdai zhongguo congshu bianjibu ed., *Dangdai Zhongguo de Liangshi Gongzuo* (Beijing: Zhongguo shehui kexue chubanshe, 1988), 143-144.

<sup>232</sup> *Dangdai Zhongguo de Liangshi Gongzuo*, 163-164.

and even succeeded.<sup>233</sup> Each month on the 24th was the first day to pick up next month's ration, and people started lining up in front of the grain store before it opened on that morning. Controlling food was to control the population.

In the Mao era, grain stores were a political sphere. The *People's Daily* in 1970 published a series of articles to discuss what was essential to operate a store under socialism. The newspaper believed that all economic work had to follow Mao Zedong's Thought - "political work has to be the lifeline of all economic work," which meant that even a grain store had to highlight proletarian politics and revolutionize the minds of its staff members. The newspaper reported a few examples, the Suzhou No. 57 Grain Store and the Xi'an No. 19 Grain Store, which all educated their staff members with Mao Zedong Thought and stressed that socialist commercial work was to serve the revolutionary mass - workers, peasants and soldiers. The Xi'an No.19 Grain Store had a special work method which was to visit all the families in their serving range and learn about their basic situations. They provided special delivery service to families of military personnel and revolutionary martyrs, demonstrating that they had a very good comprehension of the political background of their customers. And they also taught their customers to make their own food saving plans.<sup>234</sup>

Saving food was a frequent topic in the Central Committee's documents. For example, in January 1966, the Central Committee emphasized that "we have to control the sales of grain whether in the city or in the countryside. In urban areas we should strictly control the growth of non-agricultural population (meaning people who had food

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<sup>233</sup> Mu Jinsheng, "Liangdian Shenghuo," *Zhongguo Liangshi Jingji*, 2008(11), 20.

<sup>234</sup> *People's Daily*, August 6, 1970; September 7, 1970.

ration from the state), and absolutely not increase the ration standard, strictly enforce food saving, and fight resolutely against any behavior of food wasting. We are going to organize an inspection on the false report of food rations in the cities and fix all the loopholes.”<sup>235</sup> In April, another document stressed that opposing the waste of food and extravagance must be raised to the level of class struggle and the fights between the two roads (socialist vs. capitalist). To save food one must emphasize politics.<sup>236</sup> All of these assertions were based on the fact that food supplies were still strained even with the food imports. Thrift was a moral requirement of Maoist society.

Food saving took place simultaneously with importation. North China endured a long drought in 1972, and the rice fields in Tianjin area had a bad harvest. Thus, in the last three months of 1972, Tianjin planned to receive 200,000 tons of imported grain. In the meanwhile, the city government discussed the possibility of cutting down food ration citywide: every resident tried to save about 0.5 *jīn* from August to next April. All neighborhoods needed to verify their residents ration quota. Only workers with heavy labor work could have higher ration. If a worker had been promoted to cadre status, or their work intensity had been reduced by mechanization, then their food ration should be reduced to the right level. All warehouses should go through an inventory to see if they had any surplus that should be returned.<sup>237</sup>

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<sup>235</sup> “Zhonggong zhongyang guanyu dangqian liangshi gongzuo jige wenti de tongzhi,” January 27, 1966, *Zhonggong Zhongyang Wenjian Xuanji 1949.10 - 1966.5*, vol.50, 138.

<sup>236</sup> “Zhuajin jieyue yong liang yange kongzhi xiaoliang,” April 29, 1966, *Zhonggong Zhongyang Wenjian Xuanji 1949.10 - 1966.5*, vol.50, 348.

<sup>237</sup> “Tianjin shi jieliang jieshui jiedian dongyuan dahui,” August 30, 1972, “Fushi diaopei qingkuang,” October 12, 1972, Huadong shifandaxue zhongguo dangdaishi yanjiu zhongxin ed., *Tianjin Mou Liangguan Ganbu Gongzuo Biji Zhaibian 1951-1973* (Beijing: Dongfang chubanshe, 2018), vol. 2, 449-451, 473.

In November 1972, Tianjin carried out an inspection citywide to verify household registration and ration quota, which gave us a glimpse into the reality of socialism. Even though they did not find out much problems in grain stores, the Tianjin Grain Bureau found out that people would alter their background information to get more food under the ration system. They found out a few examples in which rural residents managed to live in the city through their relatives in the city. A person who lived Dali Dao Street in Heping District pulled some strings to bring his sister who was a rural resident into the city without following any correct procedures. Four people in a construction company and a Chinese Indonesian person in a costume factory went abroad but did not cancel their registration. In some cases, there were people who moved to provinces at the frontier such as Ningxia, Xinjiang, and Inner Mongolia, but managed to receive food ration from Tianjin.

There were also numerous loopholes to squeeze a little extra ration. In a steel processing factory, some seventy workers changed their work type in their licenses to “extra-heavy transport worker” so that they could have a higher ration each month. A field buyer in a repair shop changed his work type in his license to benchwork and raised his food ration from 33 *jin* to 42 *jin* per month. A group of people from the No. 24 Middle School went to work in civil air defense construction (digging underground shelters) in Xiaoshulin Street. They complained to the director of civil air defense and asked to have food subsidy. The director agreed and cooperated with the coil factory to report them as student workers and receive food subsidies as they wanted. Food processing shops often hoarded extra grain, or grew peanuts in their own small plots and distributed among their workers. The inspection also found out that some of their former



workers in a food shop who had been fired still could eat snacks in these shops. A stationery factory used to have three cattle. They sold one in 1968 but continued to receive its fodder grain. Some villages in the suburbs made fake numbers of their animals to require more fodder. One reported that they raised 150 heads of pigs but actually only had 54. These loopholes implied that people needed more food and ration was inadequate.<sup>238</sup>

Apart from the backdoor access of the ration system, ration tickets could have other usages based on the regional differences in food supplies. In those years, grain rations usually consisted of two parts - 60% “coarse grain” and 40% fine grain. “Fine grain” usually meant wheat flour, which could be made from the imported wheat. We have evidence that showed imported wheat was processed into a top-quality flour called “*fu qiang fen*,” which was only in supply in the new year. Steam buns made of *fu qiang fen* were a special treat for Chinese New Year in the 1970s. Two less refined wheat flour were more common: the “white flour” was used to make noodles, steam buns, and dumplings, and the “black flour” (whole wheat flour) could be used to bake *lao bing*. In Beijing, the combination of grain ration was 20% flour, 20% rice, and 60% coarse grain, usually corn flour. For many families with lots of children, the ration ran out very fast before the next month came.<sup>239</sup>

Tianjin was then an attractive place to live within the North China region, because Tianjin grew rice and provided it to its residents. A part of the coarse grain was rice in

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<sup>238</sup> “Liangshi zhengdun faxian wenti juli,” November 15, 1972, *Tianjin Mou Liangguan Ganbu Gongzuo Bijì Zhaibian 1951-1973*, vol. 2, 485-493.

<sup>239</sup> Wang Peiren, *Liushi Niandai Shengren Chengzhang Shi* (Beijing: Zhongguo qingnian chubanshe, 2007), 94-95, 108-109. “Guanyu jinkou mianfen tongxiao jiage he gongying duixiang de tongzhi,” October 11, 1962, Tianjin City Archives: X95-1-838.

Tianjin, which was counted as nice food at the time. In contrast, Inner Mongolia only provided corn flour as the 60% coarse grain. A Hohhot resident Han Liming had some unpleasant memories about the corn flour. Han Liming worked in an electricity construction company and had a grain ration of 40 *jin* a month which was higher than average because his work type was heavy labor. But in fact he could not consume all of his ration because he really disliked the corn flour. The corn he ate was a variety of dent corn grown in the Northeast, and it was very coarse, full of fiber but very little protein and fat. Corn flour was made into *wotou*, a kind of steamed corn bread in the shape of a small hollow cone. It did not taste good and was hard to swallow as he recalled, and most of his coworkers could not eat all the ration because of it.<sup>240</sup>

Ration coupons had a hierarchy, too. The electricity company operated their own canteens and managed ration tickets in their canteens. The canteen tickets could only be used in their company's canteens, but there were also interchangeable tickets which could be used in their province ("local coupons"), or nationwide ("national coupons"). Because there was always part of the ration he could not finish, Han Liming would save it and change the canteen coupons into interchangeable coupons which he could occasionally visit other delis and restaurants in the city to enjoy some *baozi* or noodles. One year he even managed to save about 120 *jin* of national coupons and gave them to his mother to save for emergencies. In 2010 he found out these coupons were still kept in his mother's personal belongings after she passed away.<sup>241</sup>

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<sup>240</sup> Han Liming, *Qiang Feng Li De Mimi* (Taipei: Showwe Information Co., 2014), vol.1, 478.

<sup>241</sup> Han Liming, *Qiang Feng Li De Mimi*, vol.1, 479.

Apart from these regular items in rations, many other kinds of food only surfaced in the market as special treats for the Chinese New Year. Artist Chen Danqing recalled in the 1970s' Shanghai, mundane things such as peanuts, prunes, watermelon seeds, and bean sprouts were only supplied once in a year. Every person had 0.5 *jin* bean sprouts for four cents. Ever since they received the coupons, Chen saw his family members frequently took out the coupons from the deep end of drawers, counting, discussing, and then hiding them back again. At the moment of paying, the coupon was torn up and next time to see it would be next year.<sup>242</sup> Statistics show that soybeans were in short supplies in Shanghai throughout the 1960-70s, lower than the best record of the 1950s.<sup>243</sup>

Meat was relatively expensive for many people, and the way people consumed meat was shaped by the shortage of various ingredients. Wang Peiren grew up in 1970s Beijing when his parents worked in a foundry. Wang remembered that his family never bought any pork ribs because ribs were 0.54 *yuan/jin*, which was deemed as expensive and a luxury on his parents' wages. His family, like many others, usually bought the cheapest kind of pork at 0.2 *yuan/jin*. This kind of pork was half lean and half fat, which was very popular at that time. Because cooking oil was under ration and never adequate, the fat in pork acted as an important replacement of cooking oil. Either stir fried with vegetables or made into cabbage pork dumplings, the lard made food taste better.<sup>244</sup>

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<sup>242</sup> Chen Danqing, "Xingkui nianqing," in Chen Danqing, *Huangfei Ji* (Guilin: Guangxi shifan daxue chubanshe, 2009), 359.

<sup>243</sup> Huang Hengquan ed., *Shanghai Fushipin Shangye Zhi* (Shanghai: Shanghai shehuikexueyuan chubanshe, 1998), 218-220.

<sup>244</sup> Wang Peiren, *Liushi Niandai Shengren Chengzhang Shi*, 93.

With many ingredients under ration, it was difficult to make nice meals by home cooking. One of the results of the food ration in China was the rise of canteens in the city. Canteen, or collective dining, has been viewed as one of the hallmarks of socialist lifestyle in the Soviet Union.<sup>245</sup> Besides the ideological reason, canteens had better access to many ingredients and thus could make better food. Wang Peiren had very fond memories of the canteen in the foundry where his father worked, “one of my favorite places in my childhood.” His father used to bring him to the canteen for a good meal; the enticing smell, and the people there talking and laughing, all made him excited. The eggplant cooked with lard in the canteen left a deep impression. He remembered even the boiled cabbages made by the canteen tasted better than home-cooked ones. Wang believed that the canteen probably used bone broth or MSG to cook the cabbages, and those were not easy to find at home.<sup>246</sup> Canteen food was not bad when home cooking was in decline, a result of food sources being concentrated into public authorities.

The food ration system also tried to limit the movements of people, especially prevent rural residents from going to the urban area in search of food. Under collectivization, rural residents received their portion of ration from their harvest, which in theory, did not require the state to provide food for them. Chen Danqing also had a story about how food was controlled to regulate the movements of rural residents. As a sent-down youth in Jiangxi, Chen got an opportunity to leave the village and work on propaganda posters for a publisher of the province. Sent-down youth received their food ration from the villages, while the publisher can provide food coupons temporarily for

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<sup>245</sup> Rachel Laudan, *Cuisine and Empire: Cooking in World History* (Berkeley: UC Press, 2013), 318.

<sup>246</sup> Wang Peiren, *Liushi Niandai Shengren Chengzhang Shi*, 96.

him, but leaving the village was not easy because he had to move his food with him. Chen went back to the village, and took out his rations for several months from the warehouse in the village. Then the village picked a peasant as a porter to carry Chen's ration (rice) for him, and the two of them walked to their destination, and sent the ration into the warehouse there. The porter received one yuan as his reward, which was a rare cash income for a peasant. The porter happily changed the money into coupons, and ordered a nice meal - one *jin* of rice, a plate of pig blood curds, and a bowl of spinach pig liver soup - which the porter quickly finished all of them. That was a nice meal for him.<sup>247</sup>

#### 4. A Growing Country

The political atmosphere in China was slowly changing in the 1970s. One of the changes was that people became increasingly impatient and dissatisfied about the low living standard. The population became more and more vocal to express their living situation because the size of the population had expanded tremendously. If any social control could eventually work out, then policymakers had to take the growing needs of the population seriously. Complaints about short supplies surfaced in state media in the 1970s, which propelled the government to provide more food, rather than simply let people tighten their belts. *People's Daily* once published a short article written by a Party secretary of Yantai, Shandong. The official noticed that people were lining up at a grocery store for vegetables, and he wanted to know what caused the short supply. The

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<sup>247</sup> Chen Danqing, "Xingkui nianqing," in *Huangfei Ji*, 359, 361.

grocery store believed that transportation was sluggish and they cannot have adequate supplies. The official further investigated the problem, and he found out that vegetables were limited by agricultural policy. The policy leaned towards grain and cut back the sown area of vegetables which caused shortages.<sup>248</sup> Finding new sources of food to reinforce food supplies was inevitable.

The loudest complaint in the nation came from a schoolteacher named Li Qinglin in Fujian, who wrote a letter to Mao Zedong on December 20, 1972 about his children who had been sent down to a poor village in Putian County. Li told Mao that his child did not have enough food in that village. In the best harvest, the food ration for his child was 200 *jin* wet rice, with 200-300 *jin* sweet potatoes and 10 *jin* wheat for a whole year. 200 *jin* wet rice after processing was only about 100 *jin* edible rice, which was far from adequate. Also, his child did not get any cash income from his agricultural work. All the living expenses - grocery, clothing, medical care, and even haircut - depended on his parents sending money to him. Mao responded by sending 300 *yuan* to Li Qinglin on April 25, 1973, and required all levels of government to investigate treatment of sent-down youth.<sup>249</sup>

Food imports were once reduced in the early 1970s when the harvest was relatively good. The harvest in 1970 seemed better than the previous two years, thus wheat import slowed down a bit. In October 1970, China signed the only wheat deal with Canada that year, ordering 2.5 million tons of wheat from Canada, starting from

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<sup>248</sup> Cong Junzi, "Guanyu diaocha yanjiu de tihui," November 28, 1972, *People's Daily*.

<sup>249</sup> "Zhonggong zhongyang zhuanfa li qinglin laixin he mao zhuxi de fuxin," The Chinese Cultural Revolution Database. Also see Elya J. Zhang, "To Be Somebody: Li Qinglin, Run-of-the-Mill Cultural Revolution Showstopper," in Joseph Esherick et al ed., *The Chinese Cultural Revolution as History* (Stanford: Stanford University Press, 2006), 211-239.

November 1970 to September 1971.<sup>250</sup> China did not sign any new contract with Australia in 1970-71. Beijing wanted to protest the Australian foreign policy on Vietnam, and also because Australia objected to Beijing's seat in the United Nations. Australia had been a supporter of Taipei on that matter.<sup>251</sup> Thus, Canada became China's first choice for wheat. In November 1971, China signed a new wheat contract of 2.8 million tons with Canada. At that time, Canada had 22 million tons of wheat in her silos.<sup>252</sup>

The poor harvest in 1972 was not something only happened in China, which set off an alarm that food surplus would not always exist in the world. Quite a few countries in Asia were adversely affected by poor weather and encountered a bad harvest that year which resulted in big sales of wheat worldwide; for instance, even the Soviet Union bought a massive 11 million tons of U.S. wheat in 1972. All of a sudden, it was hard to find a supplier. In August 1972, Li Xiannian made a report about grain imports to Zhou Enlai, in which Li said Canada and Australia did not have much wheat on hand and their prices were high, so Li suggested that China could purchase American grain.<sup>253</sup> In September 1972, China bought 500,000 tons of American soft red wheat, also called "cookie and cake wheat" through French commodities houses. In October, China bought another 300,000 tons of "noodle wheat," namely the Pacific white wheat, arranged and financed by a Japanese trading company.<sup>254</sup> The U.S. Agriculture Department predicted

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<sup>250</sup> "China Orders 2.5m Tons of Canada Wheat," October 31, 1970, *South China Morning Post*.

<sup>251</sup> *Li Xiannian Nianpu*, vol. 5, 67. "Wheat Deal Failure May See Political Crisis in Australia," April 22, 1970, *South China Morning Post*.

<sup>252</sup> "Canadian Wheat Mission," November 24, 1971, *South China Morning Post*.

<sup>253</sup> *Li Xiannian Nianpu*, vol. 5, 212.

<sup>254</sup> "China Buys US Wheat through Japanese," October 26, 1972, *South China Morning Post*.

that China would buy more grain in 1973.<sup>255</sup> Almost at the same time, there was a dock strike going on in Vancouver harbor in August 1972, where at least seven Chinese ships were waiting for the end of the strike, so that they could load 3.5 million bushel of wheat from the contract signed the previous year.<sup>256</sup> Food deficit was directly linked to the fast-changing international market.

Trade with the Americans had its psychological effects in China. There seemed to be growing reliance on foreign trade. A few provinces had seen that the Central Government was willing to spend foreign currency to buy food, which gave them an idea that Beijing had more sources to solve food problems. From February to August 1973, Xinjiang, Inner Mongolia, Jilin, and Ningxia all asked Beijing to transfer some extra grain to them. These provinces reported short supplies in the spring and early summer of 1973, indicating the food deficit of 1972 persisted.<sup>257</sup> Li Xiannian usually gave them what they requested, but he was not happy about it. For example, Li was especially disappointed about Ningxia because he remembered Ningxia used to have a grain surplus, but in recent years Ningxia fell into deficit and relied on inter-provincial transfer.<sup>258</sup> Under these circumstances, all he could do was to repeat the old speech of sales control and thrift.

Li Xiannian noticed in September 1973 that some people in China wanted to rely on imports to solve the problems of grain, rather than tackle the problems from domestic production. Li believed that this tendency was “dangerous and should not be allowed.”

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<sup>255</sup> “China may Step up Wheat Imports,” December 3, 1972, *South China Morning Post*.

<sup>256</sup> “Wheat Shortage Threat to China,” August 27, 1972, *South China Morning Post*.

<sup>257</sup> *Li Xiannian Nianpu*, vol. 5, 258-259, 263, 312-313, 315.

<sup>258</sup> *Li Xiannian Nianpu*, vol. 5, 315.



But Li still suggested that China should buy about 2 million tons of American corn, not for consumption but to reinforce grain reserves.<sup>259</sup> By August 22, 1973, China had bought 3.2 metric tons of wheat, 630,000 tons of corn, 950,000 tons of soybeans, and 755,000 bale of cotton from the U.S., thus making it China's second largest trade partner.<sup>260</sup>

Foreign media was confused at these purchases. Despite regularly declaring to be food self-sufficient and a record best crop in 1973, China still made three-year agreements on wheat imports with Canada, Australia and Argentina in 1974. Some suspected that it must have something to do with the rapid growth of population. Statistics show that the Chinese population stood at 700 million in 1964 and rose to 900 million in 1974, which meant that each year China had about 20 million more mouths to feed. This number was not far away from Canada's total population in 1974 which was 22.81 million. Under this circumstance, maintaining a normal level of agricultural production was not enough, but a breakthrough remained remote.<sup>261</sup>

Inside the top-level leadership of the Party, some older officials such as Chen Yun came back to work in 1973-74 after the hiatus in the revolution. In July 1974, Chen Yun talked to the supervisors from the Ministry of Foreign Trade and revealed his thoughts about the capitalist system. Chen Yun believed that overproduction was still a problem in the capitalist countries, and in this circumstance, China should absorb some of the surplus from the capitalist world if necessary. Chen's vision was that exporting rice in exchange for wheat imports should be set up as a principle for at least three years to increase grain

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<sup>259</sup> *Li Xiannian Nianpu*, vol. 5, 321.

<sup>260</sup> "U.S. Becoming China's No.2 Trade Partner," August 23, 1975, *The New York Times*.

<sup>261</sup> "China Cutting It Fine on Food," July 30, 1974, *South China Morning Post*. Population numbers see *Zhongguo Tongji Nianjian 1983*, 103.

stockpile. In this way China could still be fine even with bad harvests for two or three years.<sup>262</sup> Chen Yun reused his old ideas from the early 1960s, and China entered a new round of purchasing.

China and Australia signed a long-term wheat agreement for up to 4.7 million metric tons on October 23, 1973. Canada and China made a similar deal in 1973 as well. By the end of 1976, China bought 4.8 million tons from Canada under the three-year agreement, and another million tons extra outside of the agreement. During these years, Canada was troubled by labor strikes and an unusual late and heavy spring rain in 1974, which caused a decline in its output. With China being a loyal customer, the Canadian wheat stocks were reduced to the lowest level in ten years (1976).<sup>263</sup>

A weather-related commercial pattern has become recognizable. In the spring of 1977, drought returned to China's winter wheat area. On April 11, 1977, the Foreign Agricultural Service in the US Agriculture Department reported that in the first few months of 1977 China had bought 5.1 million tons of grain, higher than 1976 (2.1 m) and 1975 (3.4m). The report said, "China has regularly imported grain, primarily to supplement grain rations in northern cities...The quantity of imports in any given year has tended to fluctuate with the size of grain harvest in the north China plain."<sup>264</sup> Much of north China had been unusually dry in the spring of 1977, and this region's grain harvest would appear likely to fall short of the good harvest of 1976. The irregularities in climate

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<sup>262</sup> *Chen Yun Nianpu*, vol. 3, 190.

<sup>263</sup> "China Wheat Agreement," October 23, 1973, "Hopes Wane for Large Canadian Wheat Harvest," August 20, 1974, "Canadian Wheat Virtually Sold Out to Chinese," February 29, 1976, "China Buys More Canadian Wheat," December 9, 1976, *South China Morning Post*.

<sup>264</sup> "China: Rain Holds Grain Imports Key," April 12, 1977, *South China Morning Post*.

and agricultural production in the 1970s caused China to keep a connection with the international grain market.

With the end of Maoist era, China's isolation in the cold war also reached its final chapter. Policies practiced for the cold war also started to change. For example, China decided to reduce its foreign aid for Vietnam since the war was over. On August 12, 1977, Li Xiannian had a meeting with the Vietnamese Vice-Premiere Le Thanh Nghi in Beijing, during which Li was very honest that there were some problems about the new aid plan for Vietnam and China could not provide everything that Vietnam needed. Li said, "Comrade Le Thanh Nghi mentions the problem of grain, and I think it is hard to solve it. You know that we actually import grain from Canada, Australia and Argentina. Of course, we also export, but import more. Surely I have to report this idea to Chairman Hua and the Central Committee but I think it will not be solved...We now have difficulties in grain, but with even bigger issues in yarn and cotton cloth that we have to import cotton. This has never happened before. We have some difficulties in your new aid plan. Please understand."<sup>265</sup> Li Xiannian seemed to be genuinely upset when he knew that there was a grain deficit of 18 billion *jīn* (9 million tons) in October 1977.<sup>266</sup> Another round of food deficit was looming in the late 1970s, and this time it occurred with the change of an era.

The start-up of the Reform and Opening-up also required imported grain, as part of the agricultural policy. In October 1978, China again ran a grain deficit of 17 billion

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<sup>265</sup> *Li Xiannian Nianpu*, vol.5, 510.

<sup>266</sup> *Li Xiannian Nianpu*, vol.5, 528, 531.

*jin* (8.5 million tons). The basic guideline of agriculture that the Politburo agreed on in October 1978 was to fix the relations between the Party and peasants, which would be helpful to the Four Modernizations. The living standard for a hundred million peasants was still very low and had to be solved. The grain output of 1978 was about 580 - 590 billion *jin*. The state purchased 96 billion *jin* from the countryside via procurement, but urban sales needed 113 billion *jin*, which left a deficit of 17 billion *jin*. The grain storage was also limited. Thus, China had to import about 9 -10 million tons, or even 10.5 million tons if still inadequate, which could offset the domestic deficit and export.<sup>267</sup>

Importing grain was Chen Yun's old idea, and he brought it back. Back to the leadership at the Central Work Conference on December 10, 1978, Chen Yun came up with his "Five Points on the Current Economic Problems," of which the first point was to import more grain. Chen suggested that China should annually import 20 million tons of grain in the next three to five years so that peasants could receive some relief, making their lives easier. When they had adequate food, peasants could grow more cash crops such as cotton. Chen pointed out that thirty years after the PRC was established, some peasants were still begging for food. If the food problem was not solved, peasants would rebel. Eating imported grain should not be criticized as revisionism, but should be the most important item in economic policies.<sup>268</sup> In the end, China imported 8.8 million tons in 1978, 12 million tons in 1979, and 132 million in 1980 (See Table 2). Importing grain

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<sup>267</sup> *Li Xiannian Nianpu*, vol.5, 663.

<sup>268</sup> *Chen Yun Nianpu*, vol.3, 228-229.

was thus an important state investment in agriculture that helped boost grain production in the beginning years of Reform and Opening-up.<sup>269</sup>

This chapter argues that food imports were not meant to encourage consumption in late Maoist society. Rather, due to the short supplies, the socialist state encouraged frugality and regulated people’s consumption behavior via the ration system. Thus, food imports reinforced the food ration system in the cities so that the supplies could continue and not be disrupted by poor harvest. The policy of leaning towards cities was changing in the late 1970s, when grain imports were also treated as a form of agriculture investment. Ensuring adequate food supplies for peasants could buttress farming and make their lives easier. Food trade was an integral element in a mammoth undertaking to reduce poverty and stabilize the country.

Table 4.1 Distribution from Shanghai

1961 Imported grain from Shanghai, February - December, tons	Henan 109,446	Anhui 104,760	Gansu 92,127	Fujian 86,586	Jiangsu 33,216
	Shandong 30,969	Qinghai 26,706	Liaoning 24,010	Jiangxi 12,257	Shaanxi 11,869
	Hunan 10,315	Guangdong 6567	Inner Mongolia 5000	Zhejiang 4987	Guizhou 4989
	Hubei 3489	Guangxi 1497			
1963 Imported	Jiangsu 186,441	Fujian 71,389	Shaanxi 24,442	Henan 20,962	Gansu 20,045

<sup>269</sup> “Jingji xingshi gongzuo renwu he bixu jianchi de yuanze,” in *Li Xiannian Lun Caizheng Jinrong Maoyi*, vol.2, 509.

grain from Shanghai, tons	Jiangxi 19,950	Hunan 15,419	Sichuan 14,955	Zhejiang 13,140	Guangxi 10,000
	Liaoning 9980	Anhui 6966	Hubei 4979	Qinghai 2193	
1968 Imported grain from Shanghai, January - August, tons	Fujian 35,541	Anhui 26,868	Zhejiang 18,992	Hunan 8170	Jiangxi 7425
1971 Imported grain from Shanghai, tons	Hunan 67,500	Fujian 62,500	Zhejiang 35,000	Jiangxi 21,500	Anhui 17,500
	Henan 17,500				
1974 Imported grain from Shanghai, January - June, tons	Zhejiang 93,000	Fujian 76,000	Anhui 72,500	Gansu 64,000	Jiangsu 55,000
	Jiangxi 425,000	Xinjiang 31,000	Ningxia 22,500	Qinghai 14,000	Shaanxi 7500

Table 4.2 Grain Import and Consumption in the 1970s

	Total grain import, tons	Wheat import, tons	Total value of grain import, million dollars	Total value of all imports, million dollars	Grain consumption per capita, jin
1971	3173200	3022000	196.39	2205	377
1972	4756200	4333600	303.37	2858	345
1973	8127900	6298500	831.11	5157	383
1974	8121300	5383400	1235.80	7619	375
1975	3735000	3491200	574.83	7486	381
1976	2366500	2021900	354.39	6578	381
1977	7347800	6875800	778.94	7214	384

1978	8832500	7667300	1001.70	10893	391
1979	12355300	8709800	1644.22	15675	414*
1980	132429300	10971700	2258.46	19550	428

\*: Grain consumption per capita was 409 *jin* in 1956. 1979 was the first time to exceed the level in 1956.<sup>270</sup>

Sources: *Zhongguo Duiwai Jingji Maoyi Nianjian 1984* (Beijing: Zhongguo duiwaijingjimaoyi chubanshe, 1984), IV-3, IV-118. Ministry of Agriculture ed., *Nongye Jingji Ziliao 1949-1983*, n.a., 434, 538.

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<sup>270</sup> Statistics from *Zhongguo Duiwai Jingji Maoyi Nianjian 1984* (Beijing: Zhongguo duiwaijingjimaoyi chubanshe, 1984), IV-3, IV-118. Nongmuyuyebu jihuasi ed., *Nongye Jingji Ziliao 1949-1983*, n.a. 434, 538.

## 5 Chemical Fertilizers, Socialist Agriculture and Multinational Chemical Industry

Trade relations in the Maoist era could be revealed by trivial little things like in this story. In May 1964, a rural co-op (*gong xiao she*) located in Yuhuan County, Zhejiang Province, accidentally found a woman's wristwatch mixed in a 12.5 kg bag of chemical fertilizer. The fertilizer was made in Japan. In the 1960s, a watch was still considered as a personal valuable, at least among the Chinese working class. The staff in the co-op decided to return the watch back to its owner. It was a sign of the times that the story was carried in October 1964 by both the *Da Gong Bao* in China and *Asahi Shimbun* in Japan, less than two decades after the end of WWII. The co-op sent the watch to their headquarter office in Beijing - the All China Federation of Supply and Marketing Cooperatives. This was a nationwide state-owned franchise established in 1953 to serve China's rural area since the Collectivization (1953), by providing daily necessities to millions of peasants. The headquarter office contacted the Liao Chengzhi Office in Tokyo and sent the watch to Japan. The newspapers that reported the story did not tell us if the watch found its owner or not. The seemingly whimsical story of the woman's watch found in a bag of Japanese manufactured chemical fertilizer delivered to a remote commune in Zhejiang in 1964 contains wider meaning.

It sounds at first uncanny that a watch could find its way from Yuhuan County back to Japan. But the fertilizer bag in which it was found provided clues to its owner's whereabouts. The newspaper told us that the fertilizer was produced by Mitsubishi Chemical Corporation and Japan Gas Industry Corporation and shipped from Japan to Shanghai in October of the previous year. This bag of fertilizer came to China via a



specific route; and by returning the watch, the co-op staff confirmed that they knew the overseas channel through which the fertilizer came in. The lost-and-found story was part of the budding relations between the PRC and Japan in the 1960s. This chapter examines that relationship and growing trade between Maoist China and the multinational chemical industry.

In the 1960s, the chemical fertilizer industry was still relatively young, having emerged alongside the oil industry during the Cold War. Searching for stable suppliers/buyers was the key part of the commodification process. China stood out as a market potentially so vast that no single global supplier could easily meet all its needs. Chinese planners soon faced the question of how to move from an importer to a producer. To produce chemical fertilizers, however, required both the immediate technologies for its manufacture but also the technologies for a mature upstream petrochemical industry. To move from a consumer to a manufacturer, China fostered ties with the multinationals in the petrochemical industry in an effort to attain the necessary skills and capital goods.

Fertilizer is not entirely a new topic in world history. For example, guano, the accumulated excrement of seabirds and bats, is a highly effective fertilizer. In the nineteenth century, Chincha Islands in Peru became an important supplier of guano for farmers in England, Germany and the United States. With their increasing farming needs in these countries since the Industrial Revolution, North American and European powers came to depend on this fertilizer to develop their agriculture. As historian Gregory Cushman points out, the production and commodification of guano has shaped the

modern Pacific Basin and the world's relationship to the region.<sup>271</sup> And thanks to the colonization in North Africa, France became a leading country of phosphate rock mining in the 1920s.<sup>272</sup> Searching for fertilizers has become embedded within the development of international relations in the modern world. China certainly needed fertilizer for its own agriculture, and the process of its search was also embedded in the changing relations in the Pacific Basin in the cold war years.

### 1. Socialist Agriculture and Capitalist Fertilizers

Chemical fertilizers were still new to farming in China in the 1950s-60s; manure and organic compost were still the main ways by which peasants sustained yields.<sup>273</sup> Making compost was probably the most unpleasant farm work. During the Cultural Revolution, Mu Hui, a former editing staff of the *Hongqi* journal, was sent down to a May 7th cadre school in the outskirts of Shijiazhuang to receive labor reform, where he learned the job. Peasants went out to collect fallen leaves and grass early in the morning before dawn, and returned with loaded carts, then had breakfast. There was no compost bin or bucket; all the matter was simply tossed into the pigsty, blending with animal feces and urine to be trodden and fermented. When needed, a person had to step into the filthy mixture in the pigsty with barefoot, and used a pitchfork to throw the muck over the wall

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<sup>271</sup> Gregory T. Cushman, *Guano and the Opening of the Pacific World: A Global Ecological History* (New York: Cambridge University Press, 2013).

<sup>272</sup> Marion W. Dixon, "Chemical Fertilizer in Transformations in World Agriculture and the State System, 1870 to the Interwar Period," *Journal of Agrarian Change* 18, no. 4 (October 2018): 768-786.

<sup>273</sup> On scientific farming and the Green Revolution in Maoist China, see Sigrid Schmalzer, *Red Revolution, Green Revolution: Scientific Farming in Socialist China* (Chicago: University of Chicago Press, 2016).

of the pigsty. Because the wall was about six feet five in height, one had to lift the heavy fertilizer above their heads, at which moment some would sprinkle all over the person working. Human waste could not be discarded, either. As Mu Hui remembered, pits where human waste was collected would be filled with rainwater after a storm. They were ordered to take out all the diluted waste in buckets, carried them on their shoulders and walked to the fields; each bucket weighed about sixty to seventy pounds. It was heavy labor, and Mu Hui soon caught diarrhea. In an age when all farming work was done by hand, organic farming was perhaps far from being idyllic, while chemical fertilizers could help to improve efficiency.<sup>274</sup>

In the wake of the 1959-1961 famine, the introduction of chemical fertilizers increasingly became an urgent issue when considering how to develop agriculture. Beijing changed planning direction to emphasize agriculture over heavy industry, to solve the immediate shortages of food and clothing material. The two pillars in solving the food problem were fertilizers and irrigation. In December 1963, Deng Xiaoping estimated that China needed at least 70 million tons of chemical fertilizer per year, but the annual domestic production was only about 2 million tons. The demand of fertilizer was huge - 68 million tons, while the production fell way behind. Since China could not produce enough chemical fertilizers, both organic compost and chemicals were equally important.<sup>275</sup>

The emphasis on fertilizer did not suddenly come out of nowhere. It was probably inspired by the Soviet Union. Coincidentally around the same time in the early 1960s,

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<sup>274</sup> Mu Hui, *Lou Wang* (Zhengzhou: Henan renmin chubanshe, 1997), 152-156.

<sup>275</sup> *Deng Xiaoping Nianpu 1904-1974*, vol.3, 1782.

Khrushchev was calling for greater reliance on chemical fertilizers in his agriculture policy, based on his study of American farming. Growing corn required intense application of fertilizers, which the USSR still lacked. Agriculture had long been a weak spot in the Russian economy, and the communist bloc understood the roots of the problem were stemming from an under appreciation of the importance of the chemical industry and its meaning to farming.<sup>276</sup> It was not surprising that China paid attention to this trend in the Soviet agriculture, and decided to catch up as well.

Consequently, chemical fertilizers were ranked as a high priority in PRC's trade plan since 1962. In fact, importing fertilizers was determined to be a more reasonable choice than importing wheat. In his 1962 speech, Li Xiannian argued that from the perspective of yields, one *jin* of imported chemical fertilizer usually raised yields at least two to three *jin*, sometimes even four to five.<sup>277</sup> Statistics from USDA showed that in the 1960s nitrogen fertilizers was about \$100 per ton, while wheat per ton was about half that price, thus importing fertilizers did make sense. Fertilizer in the 1960s was at a low price in general.<sup>278</sup>

But the fertilizer market was also different from wheat - there was not that much fertilizer in the global market for the Chinese to purchase at all. In the early 1960s global trade could provide 1.8 million tons of chemical fertilizer per year, which was a tiny amount in contrast with China's actual needs of 68 million tons per year. Thus in 1962,

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<sup>276</sup> William Taubman, *Khrushchev: The Man and His Era* (New York: W. W. Norton & Co., 2003), 607.

<sup>277</sup> *Jianguo Yilai Li Xiannian Wengao*, vol. 2, 185.

<sup>278</sup> Harry Vroomen, "Fertilizer Use and Price Statistics, 1960-85," United States Department of Agriculture, Economic Research Service 1987.

China still focused on buying wheat instead of fertilizer, because even the international market could not supply enough chemical fertilizers for Chinese agriculture in the early 1960s.<sup>279</sup> Two years later, when the food crisis seemed to have been mitigated, Deng Xiaoping suggested to import less wheat, and to distribute more foreign currency to import chemical fertilizers and chemical industry materials.<sup>280</sup>

The scale of China's needs was registered in global markets. China has become one of the biggest buyers of chemical fertilizers in the international market since the 1960s. The China National Chemicals Import & Export Co. (today's Sinochem), was the state-owned company in charge of China's fertilizer trade. The big fertilizer contracts signed by Sinochem typically shocked the international chemical industry. In 1957, Sinochem sent a delegation to visit Japan, and discussed import plans with the joint delegation of the Japanese fertilizer industry. At first the Japanese chief negotiator was very optimistic about Japan's ability to meet China's needs. But when the Chinese delegation requested 400 thousand tons, the Japanese delegation apologized and admitted that they were not able to supply that much. In the end, the contract was signed for half of the requested amount, 200 thousand tons.<sup>281</sup>

China faced difficulties securing sufficient imports. It was a big buyer, but also a latecomer to the trade, restricted by an international embargo in the 1950. Within East Asia, Japan was the exclusive exporter, providing chemical fertilizers for Taiwan, Korea, and Southeast Asia. The Taiwanese newspaper *Lianhe Bao* remarked following China's

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<sup>279</sup> *Jianguo Yilai Li Xiannian Wengao*, vol. 2, 185.

<sup>280</sup> *Deng Xiaoping Nianpu 1904-1974*, vol.3, 1803.

<sup>281</sup> *Zouxiang Shijie - Zhongguo Huagong Jinchukou Zong Gongsi 40 Nian* (Beijing: Gaige chubanshe, 1990), 49.

1957 purchase, that it would change the regional market shares. *Lianhe Bao* predicted that Japan would probably reduce its supply to its older customers like Thailand/Indonesia/Malaysia, and pass these on to China; thus Southeast Asian customers would turn to Hong Kong for imports from UK/Germany.<sup>282</sup> Until regional output grew, any new buyer was simply forcing a redistribution of what Japan was able to produce.

Yet, the fertilizer trade created an opportunity for the development of new relations between the People's Republic and Japan. In the 1950s-60s, Japan acknowledged Taipei as the legal representation of China in the international society, and had no formal governmental relations with Beijing, which was the usual diplomatic strategy during the peak of the Cold War. But China's need for large quantities of fertilizers, as well as the daunting task of the Japanese chemical industry to sell their products, raised a new question for the Japanese government: should Japan develop relations with both Taipei and Beijing? Prime ministers had their own policies; for instance, the Kishi Nobusuke cabinet (1957-60) was anti-communist and pro-Taipei, while its successor Ikeda Hayato cabinet (1960-64) suggesting that politics and economy should be considered as separate issues, intended to consider more possibilities on trade with Beijing.

While politicians dragged out the debate over the pros and cons of closer ties, Japanese trading houses moved fast. Japanese fertilizer industry organized their own "fertilizer delegation" to visit Beijing to negotiate about each year's trade plan. The first time a fertilizer delegation ever signed a contract in Beijing, through a small number, was

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<sup>282</sup> *Lianhe Bao*, October 23, 1957.

in 1956. Beijing welcomed pro-PRC businessmen from Japan, allowing them to enter the PRC in the name of “friendly firms”. Not surprisingly, Japanese fertilizer manufacturers were important names of the list of friendly firms. Under the promotion of the Ikeda cabinet, China and Japan signed the Memorandum Concerning Sino-Japanese Long-Term Comprehensive Trade (hereafter as “LT Trade”) in November 1962, and set up trade representative offices in both Beijing (“Takasaki Office”) and Tokyo (“Liao Chengzhi Office”), named after the two representatives who signed the Memo. The two trade representative offices would serve as the quasi-embassy for the next ten years before the normalization in 1972.<sup>283</sup> The agreement was an opportunity for Beijing to break the stalemate in PRC-Japan relations, and made headway against the Cold War embargo.

As an active supporter of the trade embargo, however, Taipei watched the trade relations between Beijing and Tokyo closely. When Taipei heard about the intentions of the trade agreement, they expressed their concern to Tokyo. Though Taipei was not able to stop the happening of the trade agreement, Taipei’s attitude still meant something to Japan, as Taipei was the “real” China acknowledged by Japan in the 1960s. Considering Taipei’s attitude and other reasons, the Japanese MITI determined that Beijing should not be granted certain trade benefits, including the ability to make delayed payments for its purchases of fertilizers. The form of the “LT Trade” was barter - Beijing used its grains and coal to exchange for fertilizers and steel from Japan.<sup>284</sup> Taipei played the role of disrupting Beijing’s trade relations, which reflected the standoff in East Asia during the Cold War.

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<sup>283</sup> See Mayumi Itoh, *Pioneers of Sino-Japanese Relations: Liao and Takasaki* (New York: Palgrave Macmillan US, 2012).

<sup>284</sup> *Lianhe Bao*, October 18, 1962.

Barter played a vital part in facilitating trade, especially as a payment method in the early stage when China lacked foreign currency. Grains were used to trade for fertilizers and pesticides. In 1964, China used 280 thousand tons of soybean, 250 thousand tons of corn, 30 thousand of miscellaneous beans, 750 thousand tons of salt, and 500 tons of tin, in exchange for Japanese fertilizers/pesticides worth about \$1.77 million.<sup>285</sup> In 1965, rice produced in Tianjin and elsewhere was added into the barter list, suggesting food production was getting better. Because trade with Japan was deemed as progress for the PRC to further break through the trade embargo since the 1950s, thus in this context, rice exports to Japan was understood as a political victory over Taiwan, for Taiwan usually was the big rice supplier to Japan.<sup>286</sup> Facing competition, Taiwan criticized Beijing's grain export as an inhuman policy of "hunger export," commenting that the corn and soybeans exported in 1962-63 could be used to solve PRC's own food problems. The Taiwanese newspaper also pointed out that the Japanese industry was not entirely satisfied about the quality of the raw ores of coal and iron from China in exchange for their steel.<sup>287</sup> But as Taiwan and South Korea could gradually produce their own fertilizers, China's market value could not simply be ignored.

## 2. Price and Negotiation

The Japanese fertilizer manufacturers grew increasingly dependent on the China market, as the trade numbers skyrocketed. In 1961, Japan sold about 100,000 tons, and

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<sup>285</sup> *Asahi Shimbun*, December 4, 1964.

<sup>286</sup> "Guanyu dui riben chukou dami wenti de baogao" [The Report on Exporting Rice to Japan], April 14, 1965, Tianjin Municipal Archives: X95-1-1026.

<sup>287</sup> *Lianhe Bao*, November 26, 1962; May 19, 1964.



only five years later in 1966, the number reached 1,500,000 tons.<sup>288</sup> Along with the fast expansion of its domestic chemical industry, foreign markets including India, Indonesia and China became of great value to Japan to deal with its fertilizer surplus, just as Canada needed China to release its wheat surplus.

The most difficult part in every year's trade talk was price. With such a huge quantity to purchase each year, the Chinese always wanted to make sure they could buy at a lower price. In general, the fertilizer price in the 1960s international market was not going up, basically staying at a rather low level, which indicated that the global demand of fertilizers was not very strong. Thus, during negotiations, the Japanese usually suggested that the price would increase, even just a little bit each year. However, the Chinese often emphasized the fact that fertilizers were overstocking, and they would like to make a nice gesture by increasing their ordering amount each year, to exchange for a more favorable price, usually slightly lower than the previous year. The trade talks usually took a long time, and ended up with the Chinese winning the deal, while the Japanese feeling complicated about the growing size of fertilizer trade. Of course, it was wonderful to see the sales in foreign market growing steadily, which was well received among the manufacturers. But it was also complicated because the Japanese were worried that it would impact the sales with other large buyers like India/South Korea, who might demand favorable terms on price as well.<sup>289</sup>

In addition to the price in the international market, China's payment ability in fertilizer trade was influenced by barter, especially by the grains it could export to pay for

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<sup>288</sup> *Asahi Shimbun*, January 9, 1962 & January 13, 1966.

<sup>289</sup> *Asahi Shimbun*, January 13/15/18, 1966.

the fertilizer. Since the Chinese agriculture was still recovering, the grain supply as a payment method was not always stable. Fighting for a bargain on fertilizers would also mean less burden on domestic agriculture. Indeed, there was an awkward moment in early 1966 when Beijing found out that there was not enough rice ready to export to Japan, which indicated that payment ability still could be an issue.<sup>290</sup> In general, the amount of rice ready for export determined the amount and price of fertilizers that China was able to purchase. Of course, the possibility of rice export was also determined by how much rice the Japanese were willing to buy. Rice export became a difficult issue in the negotiations for the 1967 contract, which was rather time-consuming.<sup>291</sup> Thus, bartering was not ideal as a payment method.

The other way to look for a better price was to contact suppliers other than the Japanese fertilizer delegation. Chemical industry was a small circle. The European manufacturers also heard that the Chinese were buying, and were very interested to get a foot into the China market. The Chinese were also glad to know that they could find suppliers other than the Japanese. The European manufacturers sought for solidarity among themselves in a cartel specifically for nitrogen fertilizers called Nitrex, which was started by three West German companies and was headquartered in Geneva. In December 1966, when the China-Japan negotiation was still in a stalemate, Nitrex and Sinochem almost rushed to reach a deal of three million tons; a month later, the British company ICI also signed a £1 million contract with Sinochem. Shocked by the news, the Japanese negotiators felt difficult to continue, considering the Chinese were now in a more

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<sup>290</sup> *Li Xiannian Nianpu*, vol.4, January 1, 1966, 296.

<sup>291</sup> *Asahi Shimbun*, November 21, 1966.

favorable situation to demand a lower price. They had to suspend the negotiation and flew back to Tokyo for further discussion.<sup>292</sup>

Facing international competition, the Japanese delegation was not really in the position of dominating fertilizer trade with China. The price offered by the European manufacturers was much lower than the Japanese could offer, which caused great pressure on the Japanese negotiators. Having signed deals with the Europeans, the Chinese still intended to buy, but now they were more able to make the Japanese further cut down their price. The Japanese finally gave in, on the condition that the Chinese paid slightly higher than the European price. Taking the 1967 contract as an example, China eventually bought 2 million tons of ammonium sulfate and urea from Japan, which increased from the previous year, but at a lower price. In the end, the total cost for the Chinese remained almost at the same level, but for a larger quantity.

This situation was the result of the expansion of the chemical industry worldwide in the mid-1960s, in which many fertilizer manufacturers were building new plants with higher productivity. To keep the operation rates of chemical plants at full scale, manufacturers were willing to thin out their profits, though they were obviously not happy about it. They were also worried that the domestic price might be falling as well.<sup>293</sup> If the operation rates were at full scale, then perhaps the owner of the wristwatch in the beginning of this chapter would feel more secure about their job position. This situation was good news for the Chinese as long as their payment ability was stable. The Japanese chemical industry and the Chinese agriculture were tied together.

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<sup>292</sup> *Asahi Shimbun*, November 29, December 7/14, 1966; January 28, 1967.

<sup>293</sup> *Asahi Shimbun*, January 28, February 9/12/17, 1967.

Even though the negotiations were tough, the Japanese still had faith in the expansion of the China market. In 1968, chemical fertilizer exports grew up to 2.25 million tons; in 1969, they reached 3.2 million tons, which was record-breaking in each year, with the price basically remaining at the 1967 level. The Japanese manufacturers believed that they had more advantage in shipping, considering the Suez Canal closure in the Arab-Israeli wars. The closure of the Suez Canal would increase the shipping cost from Europe, shipping from Japan was obviously more convenient.<sup>294</sup>

But the prime minister Sato Eisaku (1964-72 in office) was not keen about developing relations with the PRC. The Sato cabinet preferred to consolidate Japan's relation with Taipei, and side with the U.S. in the Vietnam War, which angered Beijing. In 1968, the Sato cabinet once interrupted the arrangement of a Japanese industry fair in Beijing, saying that certain items displayed in the fair were on the embargo list, thus refusing to let these cargo go to Beijing.<sup>295</sup> As the Cultural Revolution swirled throughout China, the Sato cabinet was often condemned in the revolutionary rally. The Cultural Revolution, plus the Vietnam War, created more political pressure in the trade, if not only because of a conservative prime minister. In April 1970, Zhou Enlai raised four requirements for the Japanese traders, that the PRC would not trade with companies that either supported or invested in Taiwan or South Korea, or provided military material for the US Army in the Vietnam War, or any subsidiaries of an American corporation.<sup>296</sup> With no more developments in the political relations, fertilizer manufacturers had to

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<sup>294</sup> *Asahi Shimbun*, May 4, 1968, June 20/22, 1969.

<sup>295</sup> *Renmin Ribao*, December 31, 1968.

<sup>296</sup> *Zhou Enlai Nianpu*, vol.3, 363.

worry about how to keep the Chinese buying, and showed their deep concern to the media about the tension between the Sato cabinet and Beijing. Most fertilizer manufacturers voiced support for Zhou Enlai's four-point principles, with Taipei soon cutting off all business connections with these Japanese companies. The U.S. government also added pressure and once prohibited an Alaska plant owned by the Japan Gas Co. to re-ship the fertilizers to China.<sup>297</sup>

In the beginning of the 1970s, China purchased almost half of the fertilizers made in Japan, and consolidated its status as the biggest buyer of fertilizer in the global market. With about three million tons to ship within a year, each day there would be ten thousand tons of fertilizer waiting to be shipped to China. Bags and bags of fertilizers piled up at Japanese harbors, making the manufacturers worried that the urea might absorb water due to rainfall, and then lose its function. On the other hand, the Chinese even once suggested further cutting down shipping cost by transporting fertilizers without bags. All these noises subdued in the Oil Crisis, and the fertilizer price finally started to soar.<sup>298</sup>

### 3. Oil Crisis and New Visions

Due to the inadequate supply of gas from the early 1970s, the chemical industry worldwide had reduced the production of chemical fertilizers and raised the prices. Taiwanese media reported that, in 1972 Japanese and European manufacturers received more orders than usual from developing countries including India, Brazil, Mexico, but it was estimated that the amount of supply would be inadequate. It was reported that

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<sup>297</sup> *Jingji Ribao (Taiwan)*, July 23, 1970. *Asahi Shimbun*, October 29, 1969.

<sup>298</sup> *Asahi Shimbun*, July 25, 1969, February 11, 1970.

fertilizer prices had doubled from the previous year, in some of the recent contracts. Beijing also noticed that the 1972 contract with Japan reduced about one million tons; and the European manufacturers did not even bother to come to Beijing to sell their products in that year.<sup>299</sup> The slow sale of fertilizers throughout the 1960s seemed to reach its end. FAO (Food and Agriculture Organization of the United Nations) experts suggested that Asian countries should combine both organic compost and chemical fertilizers in farming, for modernization had its own bottlenecks.<sup>300</sup>

The Oil Crisis so disturbed both the production and trade that even a signed contract could become invalid. The 1973 fertilizer contract with Japan was signed in May, with China buying almost the same amount of fertilizers (ammonium sulfate 600 thousand tons, urea 1.5 million tons), but the price being raised 35%. However, the news came out in November that Japan was not able to complete the original production plan, thus not able to deliver the entire amount to China on schedule, because the supply of naphtha, the raw material to make fertilizers, to Japan was cut down by 10%. The uncertainty of the production plan made it difficult for Japan to even carry out the contract with China. In addition to schedule, the hike of naphtha price also increased the cost of fertilizers, thus the Japanese wanted to renegotiate the price, in spite of the contract. They hoped that the Chinese could understand the “force majeure”. The Chinese negotiators said they understood the situation, but insisted that the Japanese should finish the delivery, even if it would be delayed about a month. For price, the goods delivered in

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<sup>299</sup> *Li Xiannian Nianpu*, vol.5, p.223.

<sup>300</sup> *Jingji Ribao (Taiwan)*, May 11, 1972. April 12, June 25, September 17, 1974.

January to March 1974 would be raised 30%.<sup>301</sup> Even though fluctuations in the foreign market made it harder to do so, China still sought a long-term stable supply of fertilizers.

Also, the Oil Crisis alerted China to examine its trade balance. Purchasing huge amounts of fertilizers would increase its burden and cause a trade deficit. The price of the 1974 contract doubled than the previous year, but the Chinese cut down the purchasing by about one million tons. It was estimated that Japan had to first guarantee its own farmers. Three months later after the contracts were signed, China asked to postpone the shipment of fertilizers from November. The chemical industry supposed that China had difficulty in payment with its trade deficit growing. *Asahi Shimbun* quoted American sources that China's trade deficit in 1973 was US\$229 million, and in 1974 it was estimated at about US\$735 million.<sup>302</sup> The deficit number seemed to reach US\$1.2-1.4 billion in August 1974, which also caused great concern in Beijing that the trade deficit must be compressed.<sup>303</sup>

To ease out its trade deficit, China tried out different payment methods. In the November negotiation, Chinese negotiators came up with a plan of delayed payment: delayed for a year, paid in Japanese Yen, and with interest rate 11%. The Japanese manufacturers were very reluctant about this idea, because they would have to apply for a huge bank loan - JP¥50 billion - to cover their costs during the delay, and the loan was too much for the Bank of Japan to authorize. The negotiation fell into stalemate until February 1975, when the Chinese gave up their idea of delayed payment. They came up

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<sup>301</sup> *Asahi Shimbun*, May 10, 1973, November 15/20, 1973, February 14/28, 1974.

<sup>302</sup> *Asahi Shimbun*, August 31, September 12, November 12, 1974.

<sup>303</sup> *Jianguo yilai Li Xiannian Wengao*, vol.3, 304.

with a new proposal - instant payment, but re-calculate the contract in US dollars, for the USD just depreciated against the Yen. The new plan was eventually accepted in Japan.<sup>304</sup>

A more effective way to balance China's trade was to export its oil. With the discovery of several oil fields in the 1960s, China became an oil country. With its oil surplus, exporting oil would make a fortune during the Oil Crisis. Naturally, China decided to export oil to Japan to cover the trade balance. The oil was produced from Daqing in Heilongjiang, and delivered through pipelines to Dalian, and then shipped to Japan. The oil export made a great contribution in the 1970s trade balance of China. It came with cost; ultra-leftists in Beijing were profoundly unhappy about sending oil for a capitalist country. The ultra-leftists criticized oil export and the trade department as "donating blood for capitalism" and tried their best to pressure upon and disturb the export, making a big splash in the ideological warfare during the last few years of the Cultural Revolution. Within the petrochemical industry, some people also believed that the Chinese oil should be reserved for domestic use like refineries and chemical processing. Despite the different voices, oil export was eventually perceived as a vital part of diplomacy - the normalization of diplomatic relations with Thailand and the Philippines both came through after some oil export contracts in 1975. Even Hong Kong was excited about buying oil from mainland China in the 1970s.<sup>305</sup>

#### 4. To Make Our Own Fertilizers

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<sup>304</sup> *Asahi Shimbun*, December 13, 1974, February 14/25, 1975.

<sup>305</sup> *Zouxiang Shijie -- Zhongguo Huagong Jinchukou Gongsì 40 Nian* (Beijing: Gaige chubanshe, 1990), 31-35.



With the development of its oil fields, China of course could now consider producing its own fertilizers. Indeed, large scale industrial projects had disappeared from the state budget about ten years since the famine. Standing in 1972, with the most tumultuous days of the Cultural Revolutions over, planners were keen to bring back some industrial projects - oil related industries including fertilizers, plastics and fibers seemed particularly interesting. Thus, the oil industry became the last heritage from the Maoist era.

To be fair, China had the ability to produce chemical fertilizers before the 1970s. It had two factories from the prewar years - one in Dalian and one in Nanjing. During the first two Five Year Plans, China built three new fertilizer factories in Taiyuan, Lanzhou and Jilin, with Soviet aid. Each of them could produce about 50,000 tons per year. All of them used coal to make ammonia and nitrogen fertilizers. The whole set, or plant, was a complicated maze-like pipe world standing on the ground, quite magnificent to look at. This coal-based technique was basically figured out by the Chinese, and they built several similar ones during the 1960s, even though much key equipment of this kind of plant could not be manufactured in China but had to be imported.<sup>306</sup>

Self-sufficiency in fertilizers used to be a goal in the Maoist agricultural practices. Mao once hoped that every commune could produce their own fertilizers during the Dazhai Agricultural Campaign, and in the 1970s, many small-scale fertilizer factories appeared in the countryside, using similar techniques. But many of these small factories were criticized for their low efficiency - they wasted lots of coal but produced very few

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<sup>306</sup> *Dangdai Zhongguo de Huaxue Gongye* (Beijing: zhongguo shehui kexue chubanshe, 1986), 45-51.

fertilizers; in the countryside they were also in short of qualified technicians for operation. Even so, the entire fertilizer output was still way behind the actual need.<sup>307</sup>

With the development of oil and gas production in the 1970s, China decided to try new techniques to produce fertilizers, using its own oil and gas. During the 1970s when the U.S.- China relations gradually normalized, the Planning Committee in Beijing chose to work with an American company M.W. Kellogg (and its Dutch subsidiary Kellogg Continental) to purchase equipment for eight ammonia/urea plants, in total worth more than \$200 million. Because Kellogg owned the technology, China also paid Kellogg a patent fee in order to use their technology. These plants were designed to produce 1000 tons per day, and their output and efficiency exceeded all the previous fertilizer factories. Along with Boeing, M.W. Kellogg was also one of the first U.S. companies that received business orders from the PRC, after the Nixon visit and the removal of the trade embargo.<sup>308</sup> The new fertilizer plants were also part of the later called 4-3 Plan (“*si san fang an*”) which was PRC’s second wave of introducing industrial projects from abroad.<sup>309</sup>

A Chinese American businessman played an important role in building up the ties. Philip Hsing Chieh Liu, the Vice President of M.W. Kellogg, a 71-year-old chemical engineer had been attempting to visit China on Kellogg’s behalf. He received a visa

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<sup>307</sup> Ibid, 56-57.

<sup>308</sup> “People’s Republic Of China Economic Review 8,” April 21, 1973; “Kellogg Sells Five More Ammonia Plants to China,” November 9, 1973; Electronic Telegrams, 1973; “Secretary Kreps Meeting with Li Qiang, Minister of Foreign Trade,” May 10, 1979; Electronic Telegrams, 1979; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>309</sup> Chen Jinhua, *Guoshi Yishu*, Beijing: Zhonggong dangshi chubanshe, 2005, 1-17. Chen Jinhua, *Chen Jinhua Wenji*, vol.1, Beijing: Zhongguo shihua chubanshe, 2013, 10.

through the China Resources Co. in Hong Kong to attend China's 1972 National Day celebration in Beijing, as an overseas Chinese. Liu's personal connection facilitated the trade talk.<sup>310</sup> Philip Liu was born in China in 1926, and left China in 1949 after obtaining a degree from the University of Nanjing. He briefly worked for Ta Kung Dyestuff Manufacturing in 1948-49.<sup>311</sup>

The Chinese did not give all business to the same American company: Toyo Engineering from Japan also signed for two sets of ammonia/urea plants. Toyo's technology was originally acquired on license from Kellogg, which Toyo paid Kellogg a flat fee of \$3-4 million for the right to provide it to China.<sup>312</sup> The financing would be on an installment basis calling for a 20 percent down payment and the remainder over five years at six percent interest. And in 1974, a French firm Heurtey sold three plants to China, with design and technology to be provided by the Danish firm Haldor Topsoe.<sup>313</sup> The thirteen large sets of fertilizer plants became China's signature industrial projects in the 1970s. The Americans realized that it was the Chinese intention that they did not want to give all business to US suppliers, even if Kellogg had the most up-to-date technology

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<sup>310</sup> "American Business Visitors to China," September 26, 1972, folder: "FT 2 CHICOM-US 1/1/70," Box 1058, Subject Numeric Files, 1970-73, Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>311</sup> Priscilla Roberts ed., *Window on the Forbidden City: The Beijing Diaries of David Bruce, 1973-1974* (Hong Kong: Center of Asian Studies, The University of Hong Kong, 2001), 149.

<sup>312</sup> "Sino-U.S. Trade: M.W. Kellogg and RCA Representatives in Peking," June 8, 1973, folder: "FT CHICOM-US," Box 1057, Subject Numeric Files, 1970-73, Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>313</sup> "Moscow Narodny Bank Report of PRC Ammonia," February 25, 1975; Electronic Telegrams, 1975; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

in the industry. The Chinese seemed to prefer to deal with non-US, often European, subsidiaries of US firms.<sup>314</sup>

In hindsight, it was probably because European firms could offer lower prices, and after a series of big contracts, China was running short of funding. Money was the reason a French company got the last three contracts. In 1973, Techimport was negotiating with an Italian firm Snam for the plant built in Anqing, but the Chinese could not accept the price offered by Snam. The French government introduced Heurtey Industriel, because President Pompidou was quite keen to improve trade relations with China in the 1970s. Heurtey offered a much lower price, and eventually replaced Snam. Heurtey also suggested that if the Chinese purchased more than one set of ammonia plants, they could cut back another 10% on their original price. Jiangsu and Guangdong Provincial Government quickly took the chance to convince Beijing to add two more plants, one built in Nanjing, one in Guangzhou. Techimport signed the contract in a hurry in February 1974, for the value of Franc was rising at the time.<sup>315</sup> Short of funding was a problem which everybody tried to ignore.

It took the Americans quite a while to understand why the beginning of US-China trade was led by a group of ammonia plants. The American mindset was: since the embargo was lifted, the Chinese should have an interest in buying all kinds of American products. But in the rest of 1970s, the trade, especially what China would buy from the U.S., focused on these chemical plants and some oil-drilling sets, and grains, which

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<sup>314</sup> "Problems and Prospects in Sino-US Trade," January 18, 1975; Electronic Telegrams, 1975; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>315</sup> Han Wenguang, *Huagong Zhuangzhi Shiyong Caozuo Zhinan* (Beijing: Huaxue gongye chubanshe, 2001), 724.

seemed quite disappointing. They thought a whole new market was opening, but was it? In November 1976, three years after the ammonia plant deals, American senators (Birch Bayh and Carl Curtis) visited Beijing and asked the Vice Premier Li Xiannian, what would you buy next? Li Xiannian then probably realized that the American saw the ammonia plants as no different from any other commodities. So the Vice Premier mentioned Mao's teachings, even though the late chairman passed away two months ago, and said, "in making economic plans, we must first think of the 800 million people and bear in mind the food, clothing and housing problems of 800 million people. So we plan the economy in the orders of agriculture, light industry and heavy industry. This was consistent with the teachings of Chairman Mao that we must first develop agriculture...If agriculture is developed, it is easier to develop light industry, and heavy industry will have a solid foundation. So we make our plans according to this principle".<sup>316</sup> This "principle" of Li Xiannian was still the one made fourteen years earlier, in the wake of the Great Leap Forward in 1962, which proved how profoundly the famine had reshaped the economic mindset of Beijing. Historian Robert Marks argues that these American fertilizer plants in China meant a "break with Maoism," but we can see that the post-Mao leadership probably would emphasize that it was a continuation rather than a break with Maoism.<sup>317</sup> This conversation illustrates the moment when "free trade" met "planned economy" -- two different types of economic system tried to make sense to each other.

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<sup>316</sup> "Transcript of Li Hsien-Nien/Codel Curtis Conversation," November 16, 1976; Electronic Telegrams, 1976; Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>317</sup> Robert Marks, *China: Its Environment and History* (Lanham, MD.: Rowman and Littlefield, 2012), 316.

Both the Americans and the Chinese intended to downplay any controversial side effects in the technical collaboration. Once the deals were signed, Chinese engineers and technicians ought to go to the U.S., to inspect all the equipment they ordered, to supervise the shipping process (all equipment was huge in size), and most important of all, to learn how to operate and maintain these plants. From 1974, Chinese trickled into America, most of whom stayed in Houston where the M.W. Kellogg headquarters was and the equipment was manufactured. They also went to Enid, Oklahoma to receive onsite training at a running Kellogg plant there. Before entering the U.S., Kellogg made one little requirement to all Chinese, that they should not wear Mao suits while in America. Kellogg explained, not because they had any problems with Mao Zedong himself, but they believed that the American society was not ready to accept the fact that a U.S. firm was now training communists to use American technology. This suggestion was accepted, because the Chinese wanted to avoid any public exposure in the U.S. as well. The Chinese blended well in Houston, spending most of their time learning, rather than sightseeing. But once they did go to see a rodeo in Texas. Almost all activities in Texas and Oklahoma were in such a hush-hush style, dodging any unwanted political comments.<sup>318</sup>

American technicians went to work in this communist country as well, during the building process, and the Chinese certainly tried their best to host them. The eight ammonia plants were all built near oil/gas fields, and close to harbors, convenient for transport, which also meant that they were often built in the middle of nowhere -- none of

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<sup>318</sup> "The Chinese in Houston -- In Neckties," *New York Times*, Nov 30, 1975, page 197.  
"Technicians from China to Train in Enid," *The Ada Evening News* (Ada, Oklahoma), June 10, 1975, page 9.

them was close to any big cities. Kellogg believed that it was important to provide possible amenities to keep up the morale of their men, since they worked in isolation, geographically and culturally. Kellogg technicians could bring their wives and children to the worksite if wanted, and books, magazines, shortwave radios, tape recorders for their own use. But the Chinese balked at the Kellogg suggestion to provide each project site with a cassette TV set -- TV was still rare in China in 1974. Take the Luzhou Gas Chemical Factory in Sichuan as an example. In 1974, it took an 8 ½ hour drive from Chengdu, the Sichuan provincial capital, to the worksite in Naxi county. Before the works started, there was even no telephone line that foreigners could use. A Kellogg technician's wife wrote a letter to the U.S. Liaison Office in January 1975 that she and her husband had settled well in Luzhou, "liking each day better". They lived in a three-story guest house surrounded by green terraced hillsides, with a view of a river from their sitting room balcony. They found the local people were "genuinely friendly," and the cook did a great job at making the 1974 Christmas dinner. The other white people they knew at the worksites were Dutch technicians.<sup>319</sup> What the Kellogg technicians enjoyed was the part of the social welfare that the Maoist China could possibly provide to its foreign friends.

The amenities like the cozy guest house did not come out of nowhere. Before the foreigners arrived, the Chinese construction team had to create the conditions to host the

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<sup>319</sup> "M.W. Kellogg Plant Construction in PRC," February 16, 1974, "M.W. Kellogg Negotiations on Amenities for Technicians Working in China; Construction in Szechuan to Begin in November," October 3, 1974, Electronic Telegrams, 1974; "M.W. Kellogg Personnel Pleased with Conditions and Surroundings in Szechuan," Electronic Telegrams, 1975, Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD. On the life experience of foreigners in Maoist China, see Beverley Hooper, *Foreigners under Mao: Western Lives in China, 1949-1976* (Hong Kong University Press, 2016).

purchased machines - from the factory to the guest housing - and it was not easy. Due to the stagnation of any income growth, the morale of the working class in China was low - for example, a series of strikes hit Hangzhou in 1974 when workers petitioned for higher wages, not to mention daily slowdowns and absenteeism.<sup>320</sup> In this case, mobilizing Chinese workers to these projects built in the middle of nowhere was also difficult. The civil works of the Liaohe Fertilizer Factory was built by a construction company from Deyang in Sichuan Province. The company was ordered to move itself entirely to Panshan, Liaoning, which took them almost a year to resettle themselves. Far from any cities, the workers and staff had to live sporadically in this cold, undeveloped oilfield area, in peasants' homes or even motels for caravans, to wait for the dorms being built, and their equipment and tools transported from Sichuan to Liaoning! And there was no warehouse to put their tools, so they had to keep them in the train station. Most people in the construction team also suffered in the Cultural Revolution because of their "bad" class origins; in a low morale they took the transfer as an exile. A year later, the first arrived American technicians were astonished to see no factory buildings whatsoever and questioned the Chinese managers how the construction even started. In fact, even the guest house was completed in a hurry before the American arrived.<sup>321</sup>

The appearance of the American technicians obviously created pressure for the Chinese managers to speed up the construction. To comfort their complaining workers, the managers decided to give daily allowance (¥0.6 per day! Worth a pound of meat in

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<sup>320</sup> Lowell Dittmer, *China's Continuous Revolution: The Post-liberation Epoch, 1949-1981* (Berkeley: University of California Press, 1989), 165-168.

<sup>321</sup> Ma Dapei: "Liaohe huafeichang shigong huigu" [Construction Review of the Liaohe Fertilizer Factory], in Wang Shouzhong ed., *An Kexue Guilu Zuzhi Shigong* (Beijing: Zhongguo jianzhu gongye chubanshe, 1989), 144-149. Ma Dapei was the supervisor of the construction team.



the 70s) for everyone onsite to cover their expense of lodging and dime, which helped to keep them at work from leaving Panshan. Even during the 1975 Haicheng Earthquake when the worksite was shaken, nobody requested to leave. More importantly, the Chinese supervisors also relied on the workers themselves to come up with construction plans on a daily basis, because the supervisors had no good solutions about how to speed up the construction, and the workers knew much better about what should be done onsite. The Americans were quite impressed about the Chinese workers being the “boss” to decide what to do. Fully trusting the workers’ initiatives, the construction team came up with special ideas to cope with unusual situations. For example, a pelletizing tower had to be built in the below freezing weather of the late autumn/early winter in 1974, which would cause the concrete material to freeze or collapse. The construction team added a layer of thermal cover and heating pipes outside of the concrete wall to keep it from freezing. When building the urea factory, the construction team did not have the most updated machine crane to lift the entire giant steel structure. Instead, the team decided to place a lifting mast on top of the already finished pelletizing tower (the urea factory was next to the pelletizing tower), and then lifting every part of the steel structure, piece by piece, to the required position and then assemble. Eventually, the construction caught up with the original schedule.<sup>322</sup> By including workers’ opinions in decision-making and the speed-up of construction, the late Maoist society consolidated the working class onsite.

Calling for the patriotic passion among the Chinese workers does not explain the success of the projects, however. When the machines and equipment arrived in China, installation required the cooperation of both the Chinese and the foreign technicians.

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<sup>322</sup> Ibid.

Close cooperation was necessary because there were more problems to confront. Among all the thirteen plants, the three French plants built in Nanjing, Anqing and Guangzhou encountered serious problems, mostly because the equipment provided by the Heurtey Industriel was far from perfect. When the installation was complete, the entire plant simply did not work properly. The plant in Nanjing broke down four times before it officially started up, which cost more than a year (517 days) for everyone to figure out solutions. The broken machines in the plant include syngas compressor (the blades in its turbine machine broken into pieces), various pumps on key positions (bearings burning, leaking, abrasion on the balance disks), valves (leaking), pipe explosion, underqualified screw bolts, and even the fan on top of the cooling tower was broken. Most problems could be derived from either faults in design or inappropriate material, which required quick fix or even redesign.<sup>323</sup>

But technical problems came with human troubles, for Heurtey did not design or make most of the machines; they did not own techniques, either. In fact, Heurtey was a contractor who subcontracted to various makers, and supervised the installation. Before the China projects, Heurtey only did three other ammonia plants in their history, two in France, one in Poland, and the China projects were bigger than any of them. In other words, not just the Chinese team, even Heurtey was not a veteran, either. Sometimes the problems directly came from Heurtey, because these machines, made by so many different subcontractors (154 in total) not originally designed to work together, did not match with each other very well, which was why some valves/pumps on the connection

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<sup>323</sup> Han Wenguang, *Huagong Zhuangzhi Shiji Caozuo Jishu Zhinan* (Beijing: Huaxue gongye chubanshe, 2001), 703-744. Han Wenguang was the supervisor of the Chinese team on the Nanjing Qixiashan Fertilizer Factory.

points were broken. But mostly, Heurtey had to find out the third-party manufacturer, invite their experts to go to China to figure out why. It took a long time to locate the real expert on each machine, arrange visa and flight tickets, and then figure out whose faults: either the Chinese worker made mistakes in installation, or the machine itself had problems. Of course, the French representative onsite was slow to take any faults that seemed to be theirs, often insisting that any changes/redesign must report to Paris and wait for permission. Deciding whose fault was also related to who would cover the unexpected expenses, especially on the redesign or even change of machines. Heurtey was a small firm; they were very reluctant to take on any extra cost on these third-party experts. They always arrived late and were sent back home by Heurtey in a hurry. Not surprisingly, money was also an issue for Heurtey as well. No wonder it took 517 days during the trial period.<sup>324</sup>

It must be agitating for the Chinese to see these expensive giants could not work for a year and a half. To speed up the fixing, and probably to kill the time for waiting foreign experts, the Chinese technicians tried to figure out solutions. For example, the Chinese took the fault for water - the PH number of Yangtze River water was different from the conditions on the contract, which required an extra water processing system. The Chinese team admitted the mistake and made a processing system, before Paris even gave any permission. Sometimes they were tired of playing the blame game; for example, the broken fan on the cooling tower was redesigned by the outside experts invited by the Chinese team, when the fix plan provided by the French did not work. But the most disturbing failure - the broken syngas compressor - could not be fixed by the Chinese

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<sup>324</sup> Ibid.

experts either. In the end, Nanjing had to borrow a spare set from the Anqing project; while Anqing first used a compressor compensated by the French, and then changed to one designed by Chinese manufacturer, and years later bought another from Japan. Purchasing extra parts cost a lot for the three French plants. Considering all these issues, it was amazing that the Chinese did not break up the cooperation with Heurtey. In 1982, news came that Heurtey manager on the China projects was fired, and the company merged with another company, Technip.<sup>325</sup> It seemed that the Chinese indeed wanted the plants to work, no matter what kind of trouble they had. The trial period was during 1977-78 when the political atmosphere in China was also changing rapidly, so the Chinese chose to work with, rather than criticizing, the French. Among all the Kellogg plants, the two plants built in Hubei and Hunan encountered delays in construction, because at first they were designed to use natural gas from Sichuan, but the Sichuan gas never made it to the two provinces, so the entire plant was rebuilt to use oil instead.<sup>326</sup> All the push-and-pull between the Chinese team and the foreign experts involved further engagement into the updates in chemical engineering.

## 5. Consequences

By the end of 1977, the construction of all Kellogg's plants was finished and they started to produce fertilizers, which was a big achievement in socialist industrial construction. But reading through the Chinese state media, the US diplomats realized that American connection was hardly mentioned in the news report. Daqing, the oil city built

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<sup>325</sup> Ibid.

<sup>326</sup> Zhongguo renmin jianshe yinhang touzi xinxi zhongxinzhuan ed., *Quanguo Danfei Chanye Xinxu*, 1985, 55-59.

by the Chinese workers as a national pride in the late Maoist society, partially benefited from Kellogg's plant -- one of the thirteen fertilizer plants were built there. When the state media reported the beginning of production, Kellogg's name was not mentioned. The article only admitted that "some of the necessary techniques and equipment" were imported. In the National Conference on Learning from Daqing in Industry (May 1977), the plant was "identified -- once -- as a product foreign technology," from somewhere. The media still gave credit to the late Chairman Mao's great leadership, and the Gang of Four was criticized as the obstacle in the construction that had to be removed.<sup>327</sup>

Downplaying American connection was not news. To be fair, in February 1976, Jiang Qing indeed talked about some "American equipment installed in Daqing". She said it was not a good idea, because Daqing was the model of self-reliance established by the Chairman himself. She was not against the idea of importing technology, but foreign equipment in Daqing would lose Chinese people's face if foreign tourists found out about it. Fortunately, Jiang Qing was not very specific about what equipment she was talking about, and obviously nobody made her words into actions; it was just a thought of her own, never became the decision of the Party Central. But downplaying the American contribution seemed to continue into the Hua Guofeng period.<sup>328</sup>

In hindsight, fertilizers had long been an important aspect in the Chinese farming. Chemical fertilizers were something fairly new in China since the PRC was founded.

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<sup>327</sup> "PRC Media on Kellogg Fertilizer Plant," January 3, 1977, "Taching Conference," May 19, 1977, Electronic Telegrams, 1977, Central Foreign Policy Files, created 7/1/1973-12/31/1979; Department of State, Record Group 59; National Archives at College Park, College Park, MD.

<sup>328</sup> "Jiang Qing zai dazhaohu huiyi qijian shanzi de shi'er sheng qu huiyi shang de jianghua jilu gao," February 2, 1976, in Zhou Liangxiao and Gu Juying ed., *Shinian Wenge Zhong Shouzhang Jianghua Zhuan Xin Lu* (Hong Kong: Newland Press Limited, 2008).

Chemical fertilizers were monopolized by the co-op system since the collectivization, and it was the co-op that promoted the use of these chemical products in the countryside. It took a long time for rural society to learn about the effects of different types of fertilizers, and the most popular kind of fertilizers changed during this time as well. For example, in the Harbin area during the 1950s, peasants were unfamiliar with this new thing - ammonium sulfate, which was provided only for high-yielding crops such as rice and hemp. The price was relatively high and the amount of supply was limited. After the famine, chemical fertilizer soon became a hot topic in agriculture, and Heilongjiang started to expand the use of chemical fertilizers into all the dry land farming in 1963. Also, in the 1960s, Heilongjiang could obtain imported urea from Japan. After many experiments in the fields, peasants found out a satisfying combination for fertilizing: using urea as a layer of base fertilizer under the ground, and then ammonia water as top dressing when sowing seeds or after rain. Urea established its reputation in Chinese farming, which was why China kept importing urea from Japan in the 1960s. But when urea was in short supply, the replacement was either ammonium sulfate or ammonium nitrate. The prices of these fertilizers were different, too. In 1967-1970, ammonia water was the cheapest, about 90-125 *yuan*/ton; ammonium sulfate was 270-330 *yuan*/ton; ammonium nitrate was about 310-410 *yuan*/ton, urea was the most expensive, 450-660 *yuan*/ton. In 1976, the Kellogg plant in Daqing was completed, and the supply of urea became self-reliant. The need for nitrogen fertilizers continued to grow in the 1980s. With easy access to chemical fertilizers, co-ops sent out their service teams into the

countryside to teach peasants how to use these products.<sup>329</sup> American influence was ignored in this process because, unlike industry where Chinese and American worked together, the methodology of fertilizing and farming was explored by Chinese peasants and co-op staff together where there was little American intervention.

As time turned from the 1970s to the 80s, revolution was not equal to class struggle anymore; rather, it meant to liberate the forces of production. Every ammonia/urea plant became the main supplier of nitrogen fertilizer in its province, for example the Dongting Nitrogen Fertilizer Factory produced 40% of the fertilizer in Hunan Province. Chemical fertilizer finally became widespread in farming. In 1981, China was the third biggest nitrogen fertilizer producer in the world, and its amount of nitrogen fertilizer used per acre had even surpassed the United States. As the Canadian scientist Vaclav Smil comments, China in the early 1980s has broken through the nitrogen bottleneck.<sup>330</sup> However, the grain yielding per acer was still lower than the United States. Using the same kind of fertilizer year after year could even cause negative effects on soil like compaction. Agricultural experts believed that China had enough nitrogen fertilizer, but not enough phosphate and potash fertilizer, which was deemed to be the reason why the growth of yielding was not entirely satisfactory. There are always loopholes in the human effort of mimicking nature, so the next step is to produce phosphate and potash fertilizers and increase the mixing.<sup>331</sup>

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<sup>329</sup> Harbin shi difangzhi bianzuanweiyuanhui ed., *Harbin Shi Zhi - Gongxiao Hezuoshe* (Harbin: Heilongjiang renmin chubanshe, 1997), 525-526, 679.

<sup>330</sup> Vaclav Smil, *China's Past, China's Future: Energy, Food, Environment* (New York: RoutledgeCurzon, 2003), 115-116.

<sup>331</sup> Zhongguo renmin jianshe yinhang touzi xinxi zhongxinzhuan ed., *Quanguo Danfei Chanye Xinx*, 1985, 9-10, 62.

Not just for farming, every fertilizer plant became the leading chemical company in local society. Because their products were so popular among the peasants, every factory was lucrative. The Cangzhou Fertilizer Factory in Hebei started production from February 1977, and by December 1980, it already made enough profit to cover all the investment. Even the three French plants were estimated to earn back all the investment near the end of the 1980s. They made sense in the industrial economy as well.<sup>332</sup>

And every plant brought a new company town, which re-started the urbanization postponed by the Cultural Revolution. The Hubei Fertilizer Factory was built in Zhijiang County, which was a small town in the outskirts of Yichang. Zhijiang, located on the banks of the Yangtze River, was where the Jiaozuo-Liuzhou Railway Line (built during the Cultural Revolution) went across the Yangtze River. Zhijiang County in the early 1970s was a small town with about five thousand residents, where one barely saw any people at night. The factory was built upon the wasteland out of the town, where it scattered a wild lake, a detention center, and a few huts. The factory completely changed the area and expanded the town. In 1987, the factory could afford to build two 15 storey high-rise buildings as its staff residence. The factory also invested in the town, brought a knitting mill, a hospital, a stadium, a water factory, etc. In the flooding season, the factory workers were mobilized to reinforce the embankment along the Yangtze River. The factory still worked as a typical socialist state-owned-enterprise, to bring social welfare to the local society.<sup>333</sup>

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<sup>332</sup> Ibid., 28-29, 48-49.

<sup>333</sup> Zhang Dongping: "Jiyi zhong de Hubei Huafei Chang," in Zhengxie Zhijiangshi wenshiwei ed., *Zhijiang Wenshi Ziliao*, no.16, 140-144.



The two less developed provinces - Yunnan and Guizhou - also acquired two new company towns with their factories. The two provinces - close to the gas field in Sichuan - proposed to Beijing to build their own fertilizer plants, right on their border with Sichuan. These borderline areas were usually neglected by their own government, struggling in poverty. Guizhou built the plant at Chishui County, right next to the Chishui River where Mao made a military victory during the Long March. Yunnan even acquired land from Sichuan to set up a new county called Shuifu to construct the plant. Along the river, the new town stretched on a small piece of flat land surrounded by mountains, with the city facing the river, and the plant standing behind the city. Probably because of the limited space, the city only had three avenues, about the same size as the factory area. The factory and the city therefore had to share such a crowded space. The odor of ammonia - from the exhaust gas and water originated from the plant - lingered in the area. But the poverty of the area was at least changed by the economic success of the factory. With railway line and river transportation, Shuifu became a small buzzing town of commerce.<sup>334</sup>

To sum up, China's special attention to fertilizer reflected the slow recovery of the Chinese economy in the 1960s-70s. The initial logic of buying fertilizer from abroad was to find a replacement for buying wheat, so China could use its foreign currency in a more efficient way. But due to the strong need of fertilizer in China, obtaining fertilizer

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<sup>334</sup> Shuifu xianzhi bianzuan weiyuanhui ed., *Shuifu Xianzhi* (Kunming: Yunnanrenmin chubanshe, 1996), 1-3. On industrialization and urbanization in Maoist China, also see Hou Li, *Building for Oil: Daqing and the Formation of the Chinese Socialist State* (Cambridge MA.: Harvard University Press, 2018).

through foreign trade was far from adequate. Thus, China gradually switched to buying fertilizer plants for the provinces so that China could have a more stable supply of fertilizer, and the countryside could also benefit from the development of industry. The international cooperation in the fertilizer industry also signified the detente in the Cold War. New industrial projects also created training and working opportunities for the Chinese workers, and they built the foundation of China's oil industry for the future.

## 6 New Fiber: Novelty and Daily Wearing

In a time when daily life was highly politicalized, choosing what to wear was a political issue in Maoist China. But politics was not the only factor behind fashion trends. This article explores the popularity of synthetic fiber, especially polyester, to discuss how the technology and consumption trends also played important roles in the changes of fashion in Maoist China.<sup>335</sup> For most people who tried to live through the economic hardship during the 1960s-70s, poverty and shortages shaped the consumption of clothing as well. Almost all kinds of clothing material were in chronic shortages; people's choices were limited. Fully making use of any possible sources to dress their body could be a soul-searching problem. The beginning of this article borrows the life experience of a young actress who worked in a "Mao Zedong Thought Arts and Literature Propaganda Team" in the early 1970s to illustrate the frustration. The team belonged to the Pingyin County in Shandong Province, and their job was to perform *yangbanxi*, revolutionized Peking Opera, for the peasants in the countryside within the county area. The actress, aged seventeen in 1970, remembered that her stipend was not enough to pay for the food, let alone other living expenses or clothing. Most people in her team wore only two sets of clothes all year long: a shirt and one pair of trousers, single-layered for the warm season, and another set of a cotton puffer jacket and trousers for the winter. With nothing to change within each season, their clothes were usually dirty, did not fit well, and needed

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<sup>335</sup> On the history of clothing during the Mao era, see Antonia Finnane, *Changing Clothes in China: Fashion, History, Nation* (New York: Columbia University Press, 2008), Chapter 8-9. Karl Gerth, *Unending Capitalism: How Consumerism Negated China's Communist Revolution* (Cambridge: Cambridge University Press, 2020), 76-92, 126-129, 180-184, 195-198. Sun Peidong: *Shishang yu Zhengzhi: Guangdong Minzhong Richang Zhuozhuang Shishang, 1966-1976* (Beijing: Renmin chubanshe, 2013).

mending.<sup>336</sup> Her supervisors understood the psychological significance of decent clothes for both their actors and socialist propaganda. Because Pingyin County had a fairly small budget for their propaganda team which could be spent recklessly, after racking their brains, the team leaders pulled some strings and got a pack of imported Japanese fertilizer bags at a very low price. Fertilizer bags usually were not suitable for clothing material, but these imported bags were very special because they were made of nylon. These nylon bags were dyed a light grey color and then made into trousers. Every team member got one pair, and they felt awesome after putting them on. The actress remembered that they felt really good about themselves in these pants when they walked in the streets and attracted envy from the passers-by. The trousers were also very sturdy, which did not wear out after three or four years. To keep the crease straight, they usually folded them and put them under their pillows or used mugs with hot water to flatten them during nights.<sup>337</sup> In this story, hunger and poverty, striking as it may sound, went hand in hand with a desire for clothing.

Wearing nylon bags was a way to cope with the scarcity of clothing material. It reminds us of the reuse of flour sacks in the U.S. during the Great Depression when many families sewed clothing from used flour sacks.<sup>338</sup> It was a piece of material culture created by the rural poor population to deal with the economic stress they faced every day. It was a different kind of fashion that existed outside of the high-brow culture

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<sup>336</sup> Dong Xianyun, "Huashuo Mao Zedong sixiang wenyi xuanchuandui," in He Lihua and Yang Shousen ed., *Qimeng yu Xingdong: Qingnian Sixiangjia 20 nian Wenxuan* (Jinan: Shandongdaxue chubanshe, 2006), p. 87.

<sup>337</sup> Ibid. 88-89.

<sup>338</sup> National Museum of American History, "Feedsack Dress," [https://americanhistory.si.edu/collections/search/object/nmah\\_1105750](https://americanhistory.si.edu/collections/search/object/nmah_1105750). [accessed 30 December, 2020].

represented by fashion weeks and celebrity designers. Cases of using nylon bags as clothing material can also be found in different regions in China but it was not widespread in the countryside because most peasants did not have access to the nylon bags. In historian Sun Peidong's study about the ordinary clothing in Guangdong during the Cultural Revolution, she emphasizes that usually only rural cadres could have access to the nylon bags, thus ironically, wearing nylon bags was a privilege that belonged to the lower cadres in the countryside.<sup>339</sup> This chapter wants to emphasize the degree of shortage and discuss the efforts of finding and reusing alternative clothing material. In particular, it discusses why fabrics made of synthetic fibers, polyester in particular, could become so popular in the 1970s China when both poverty and foreign material/techniques played important roles in the making of this kind of material culture.

Through the lens of synthetic fiber, this article argues that people's choice was a fundamental force to shape the wearing in Maoist China. In the case of polyester, people's choice of this fabric was not dominated by politics, but mainly under the influence of trade, technology, and ration system. This article argues that the popularity of synthetic fibers also shaped the governmental decision on how to develop the textile industry. In other words, the trend of embracing new fibers emerged first, then the state-controlled economy followed this trend and pushed the development of the chemical industry. The story of polyester in Maoist China was a convergence of people's choices and state socialism in which the ordinary people unconsciously instructed what kind of socialism they wanted.

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<sup>339</sup> Sun Peidong: *Shishang yu Zhengzhi*, 186-187.

## 1. Polyester on the Trade Route

Fashion could be seen as a form of cultural encounters between China and the West in the twentieth century. Suits and shirts already became men's formal outfits in treaty ports such as Shanghai on the eve of the communist revolution. Since the 1930s, China had been producing its shirts in the thriving textile industry of Shanghai.<sup>340</sup> Although suits and ties were once replaced by Sun Yat-sen suits in the socialist period since 1949, shirts remained their position in people's wardrobes, and polyester was an important element in making shirts.

It was the economic crisis in the wake of the Great Leap Forward in the 1960s that led the Chinese textile industry to pay more attention to synthetic fibers. The famine and agricultural failure caused a severe shortage of cotton which left many textile factories with no material to work on. In this situation, some factories started to use alternative fibers such as polyester to replace cotton and produce good clothing for export. China was hoping to produce a kind of textiles that could sell well in the global market because the country was in urgent need of money. In the early 1960s, the top priority of the textile industry was to produce for export, to earn the foreign currency that covered the expense of importing grain. Even though cotton production was hit severely during the famine, new fabrics like cotton polyester blend were first produced not for domestic consumption but for export, as part of the effort to pay for the imported wheat.

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<sup>340</sup> Ge Zhongping and Dong Ningxiang, *Shanghai Xinguang Neiyi Ranzhi Chang Wushinian 1933-1988* (Shanghai: Shanghai shehuikexueyuan chubanshe, 1999).

Since making money was an urgent task, the Chinese textile industry decided to aim high, to produce high-quality shirts that could sell at a better price in foreign markets.<sup>341</sup>

Unlike nowadays when it is regarded as a kind of cheap or undesirable fabric, polyester was a rising star in the global textile industry in the 1960s. Created by DuPont in 1953 named as "Dacron," Hong Kong sales agent allegedly translated Dacron into a Chinese name *diqueliang*. At least, polyester changed the appearance of a white shirt. A pure cotton shirt can easily wrinkle, thus not able to keep a neat and sharp look after a few washes; but when polyester was blended into cotton, the fabric would hardly wrinkle and keep its bright white color, which gave office workers a modern, chic look. Today most "non-iron" fabrics still use cotton blends, with different percentages of various synthetic fibers.

Thus, the Chinese textile industry started from producing the end product (cloth and shirt), rather than from producing the fibers. In this process, they used old machines designed for cotton textile and changed to polyester to see if they worked or not. In 1962, Beijing First Cotton Textile Factory cut down production because of a shortage of cotton. Instead, the factory took the task to try making cotton polyester blend shirts. We have no idea where they got hold of the polyester fiber, but it seemed that the factory took a while to figure out how to spin and weave the polyester fiber on their old machines designed for cotton textiles. Polyester had different qualities from cotton, and workers made many experiments and changes on their machines to achieve an ideal fabric. The factory history mentioned that they used a "mermaid" brand shirt from Japan as a sample, and the result

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<sup>341</sup> "Contemporary China" Editorial Committee, *Dangdai Zhongguo Fangzhi Gongye* (Beijing: Zhongguo shehui kexue chubanshe, 1984), 51-53.

was quite so satisfactory that their new shirt (brand name "iceberg") later sold well at the Canton Fair as an export item.<sup>342</sup>

Even when the cotton polyester blend was still in the experiment period, textile factories in Shanghai received orders from foreign countries, but the factories were not confident enough about their capacity to produce enough qualified cloth. In early 1962, factories in Shanghai had not figured out the method of sizing for polyester yarn, and they could not properly control the strength of the fabric. The cloth in experiments also contained many slub yarns. But orders for this kind of fabric were coming in. There was a British trading firm who placed orders in Shanghai to make this kind of cloth, and redistributed about 40% of them to West Africa through their agencies. The British received deliveries and provided some feedback to the textile factories in Shanghai in early 1962. Some of the cloth did not reach the same quality of samples, such as the inaccurate color.<sup>343</sup>

The textile market in Hong Kong also had a strong need for the fabric, which exceeded the production capacity of Shanghai. In 1964, it was estimated that about 30 million yards of *diqueliang* circulated through the Hong Kong market, within which 12 million yards were consumed by local people, and 18 million yards redistributed out of the city. China Resource Co. estimated that their company would be able to purchase at least 5 million yards each year at the Canton Fair. However, Shanghai could produce 2.2 million meters, within which 1.65 million meters could be exported, far from satisfying

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<sup>342</sup> Editorial Committee of *Jingwei Chunqiu*, *Jingwei Chunqiu: Jing Mian Yi Chang Fazhan Shi* (Beijing: Qiye guanli chubanshe, 1994), 60-61.

<sup>343</sup> "Mian di que liang de shizhi jinkuang," 27 February 1962, Shanghai Municipal Archives: B134-6-661.



the needs of even one Hong Kong trader. Factories in Shanghai also reported that the dyeing methods for polyester were a tricky problem that could not be solved. The new dyeing machine could not be made in China yet. Therefore a few kinds of colors were incomplete. The different quality of polyester fiber also reduced the efficiency of the old weaving machine.<sup>344</sup> The demand from the foreign market was pushing the limits of the Shanghai textile industry. Introducing machines suitable for synthetic fibers was thus the key to break through the bottleneck in the development of the textile industry.

The Shanghai Synthetic Fiber Institute purchased a polyester staple fiber pilot plant from West Germany in 1964. This was a small plant that only produced one ton of fiber per day, but it used the latest spinning technology - extrusion spinning. In this method, pellets of the solid polymer were fed into an extruder, and then the pellets were compressed, heated, and melted by an extrusion screw, then fed to a spinning pump and into the spinneret. The lead expert in the institute, Yu Mingfang, was very interested to learn about this spinning method; he persuaded his supervisor to buy it because this pilot plant was also inexpensive (\$190,000). After all, the institute did not have a big budget. Probably for a similar reason, they did not invite any German technicians from the seller to come to China to supervise the installation either. The installation was finished all by the Chinese themselves who had never seen this new technique before.<sup>345</sup>

This plant did not work very well at first, because the machinery was not perfect, and there was not much guidance in the trial period. The core part, the extrusion screw,

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<sup>344</sup> “Shanghai shi fangzhi gongye ju guanyu kuoda mian di que liang shengchan de shuoming,” 6 August 1964, Shanghai Municipal Archives: B134-6-1040-15.

<sup>345</sup> He Ya, *Yi Si Yi Shijie - Yu Mingfang Zhuan* (Shanghai: Shanghai jiaotong daxue chubanshe, 2015), 86-87.

was soon stuck after solid polymer was fed into it. The Chinese technicians had to disassemble the extrusion screw and study its internal structures. Eventually, they decided that the cooling pipe in the screw was too thin which caused uneven temperature and blockage in the inlet, so they used a larger size of cooling pipe. Chinese technicians gradually learned that controlling the temperature of the material and the screw was the key to operate the spinning machine. They also found out polyester needed a heat setting. The yarn needed to be submerged through an extra round of hot steam bath so that the yarn could have more stability and resilience. The entire trial period took almost two years, and the Chinese technicians made about 20 changes to the entire plant. When the whole plant finally started to work, a few TVEs (town and village enterprise, small rural factories) in Zhejiang even came to Shanghai and asked the institute to share the blueprint and technique, which demonstrated that this small plant was practical to remake and operate.<sup>346</sup>

Ironically, when the Cultural Revolution started, the lead expert of this project, Yu Mingfang, was also criticized as a “reactionary bourgeois academic authority” because he “worshiped” this foreign technology.<sup>347</sup> For China technology transfer was always a bumpy road during the Cold War time because political pressure could come from various directions. It could be from the domestic side where some people were suspicious about cooperation with foreigners, or it could be the outside where PRC’s effort to build international connections would be suppressed by its rivals.

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<sup>346</sup> Ibid.

<sup>347</sup> He Ya, *Yi Si Yi Shijie*, 88-89, 91-92.

## 2. Establishing Connections: Vinylon and Japan

When China decided to import new textile machinery designed for synthetic fibers, Japan became the first willing to provide new technology. China did not import a polyester plant in the beginning. Instead, they bought a vinylon (or vinalon) plant from a company named Kurashiki Rayon. Today, vinylon is no longer used for clothing material; but in the 1960s, it was a cheap version of high technology. Unlike many synthetic fibers made from oil, vinylon is made from limestone and coal, which are both easy to find. Vinylon was a technology that was fully acquired by the Japanese; it was first invented by Japanese scientists during WWII. Since the 1960s, vinylon has also been produced in North Korea for widespread usage, making it the national fiber for North Korea. Vinylon even had ideological meaning in North Korea: it was understood as a victory of the *juche* philosophy, known as the “*juche* fiber.”<sup>348</sup>

The purchase was authorized by the Japanese government in August 1963. It was one of the most important contracts since the Liao-Takasaki Long-term Trade Memorandum was signed to recover the trade relations in November 1962. Importing vinylon production was viewed as the kickstart of the synthetic fiber industry in China. This was also the first time that Japan ever sold any large-scale plant to the PRC, a decision which was made in a Japanese cabinet conference. Behind the commercial deal, it was the financial arrangement that took a long time to negotiate. The purchase cost JP¥ 7.4 billion, for which China paid 25% as a down payment, and made another ten installments within the next five years for the rest of it, with a 6% interest rate. Multiple

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<sup>348</sup> Cheehyung Harrison Kim. “North Korea’s Vinalon City: Industrialism as Socialist Everyday Life.” *Positions*, 22(4), 2014, 809-836.

installments were the usual payment plan for a large purchase like this. During these five years, the Japan Export-Import Bank was authorized to provide government loans to Kurashiki Rayon to facilitate the transaction. It was also the first time the JEIB ever supported a deal with a communist country. The Japanese government used “*seikei bunri*” -- politics and economy are separate issues -- to justify this unprecedented decision when facing questions from its Cold War allies. The Japanese government insisted that this was only a commercial transaction for the sake of promoting Japanese business; it was not any kind of political endorsement for the communist regime.<sup>349</sup>

Ōhara Souichiro, the manager of Kurashiki Rayon, was very active in promoting trade relations with the PRC. As someone who lived through WWII, Ōhara believed that Japanese people should have a deep understanding of their responsibility for war crimes. The plant sold to China produced only 30 tons of vinylon every day. As China had a population of 650 million in 1963, the factory only provided 0.017 tons of fiber for every Chinese person in a year. In Ōhara’s understanding, this factory was a tiny redemption, considering the incredible damage that the “Great East Asian War” had caused for China. Developing trade relations with China was also to make their contribution to world peace in the postwar international society.<sup>350</sup>

The construction went very well, finished in 1965 before the Cultural Revolution started. And ever since its production, the Beijing Vinylon Factory became the star factory in Beijing throughout the Mao era, making a solid contribution to the city’s

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<sup>349</sup> *Asahi Shimbun*, August 20, 1963. Also see Lin Liande, “Cong riben yinjin diyige chengtao shebei de beijing weinilun chang,” in Zhongyang renmin guangbodiantai guojibu ed., *Zhongguo Duiwai Jingmao 40 Nian* (Shenyang: Shenyang chubanshe, 1989), 165-168.

<sup>350</sup> “Tai chūgoku puranto yunyū nituite,” in *Ōhara Souichiro Zuisō Zenshū* vol.4 (Tokyo: Fukutake Shōten, 1981), 175-176.

revenue every year. The factory was built in a small town called Niulanshan in Shunyi County, the suburb of Beijing. Kurashiki Rayon sent their technicians to Beijing to facilitate the installation of machinery in 1965. The meticulous working style of the Japanese technicians left a deep impression on their Chinese fellow workers. A Chinese electrician remembered she once worked as an assistant for a Japanese welder and observed how he crafted a fine and smooth welding joint on a dissolution tank. If possible, the Chinese worker would write down what they learned from onsite observation in their notebooks, and exchange notes with each other. The close cooperation on the working site explained why the project went so well. However, friendly relations were only limited in the workplace. This electrician regretted that Chinese and Japanese workers did not have much interaction in after-hours, because all the Japanese staff, even though well respected and treated by special chefs and sponsored sightseeing tours, were restricted in the guest house and kept from contacting any Chinese people after work.<sup>351</sup>

Taipei felt angry about the development between Beijing and Tokyo and soon fought back. In October 1963, a man from the PRC named Zhou Hongqing, went to the Soviet embassy in Tokyo and requested political asylum. Zhou Hongqing was a member of an investigation group who was visiting Tokyo to learn about hydraulic machinery. Even though Taipei demanded that Zhou Hongqing should be repatriated to Taiwan, the Japanese government eventually decided to send Zhou back to Beijing, which immediately angered Taipei. The Japanese embassy in Taipei was attacked in January

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<sup>351</sup> Beijing shi wenxue yishu jie lianhehui ed., *Zhongguo Minsu Wenhua Zhi - Beijing Shunyi Qu Juan* (Beijing: Beijing chubanshe, 2015), 286-287.

1964, and a wave of anti-Japanese protest emerged in Taiwan threatening to cut off all trade relations with Japan. At this time, the former Prime Minister Yoshida Shigeru visited Taiwan to pacify the ROC government. Yoshida delivered his personal letter, usually referred to as the second “Yoshida Letter,” to the ROC government, in which he promised that any trade with mainland China would be carried out on a private basis, and the Japanese government would not authorize any more loans to support any industrial projects with Beijing. Tokyo-Taipei relations were thus fixed, but all the other industrial projects with Beijing were canceled because of this, including a second vinylon factory manufactured by Unitika, Ltd. Not surprisingly, Beijing was also furious about the Japanese government playing with the idea of “two China.” Soon, the Japanese Prime Minister Ikeda resigned in 1964 and passed away in the next year, and his successor Sato Eisaku claimed that Japan would keep the promise in the Yoshida Letter, and he would not approve the use of Export-Import Bank credits to fund exports to Beijing, which was a blow to the technological exports.<sup>352</sup> However, the connection was now built, even if it was disrupted, the opportunity was still there when the timing was right.

### 3. The Crave for *diqueliang*

Vynylone was never the national fiber in China because it was way too stiff to make daily clothing, not comfortable to wear. Instead, the cotton-polyester blend made mainly for export, or *diqueliang*, was discovered and craved by the populace. In the mid-1960s, a *diqueliang* shirt was a summer standard. It was usually a white short-sleeve

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<sup>352</sup> Robert Hoppens, *The China Problem in Postwar Japan: Japanese National Identity and Sino-Japanese Relations* (London & New York: Bloomsbury, 2015), 33-34.

shirt, without any decoration or curve at all, thus also unisex. People usually did not tuck the shirt when wearing it. In a way, it would not be wrong to argue that this shirt was one of the examples of minimalism in couture culture.

Before having a closer look at this new shirt, we must bear in mind that China in the 1960s was going through a revolution in the culture area, which had a profound impact on the couture culture as well. In 1964, Shanghai state media *Jiefang Ribao* [*Liberation Daily*] launched a mass discussion among its readers about “strange clothes.” It started from a customer who asked a tailor in the Gaomei Clothing Store to make a pair of woolen trousers which were particularly skinny, tight at the buttocks area. The tailor refused to make this kind of “strange clothes” and fell into an argument with the customer. The newspaper published this story and pointed out that

“Strange clothes were a typical product of capitalism. For the exploiting class who loved leisure and hated work, and those unscrupulous hooligans and thugs, the grotesque costumes met their needs in their degraded lifestyles and psychological emptiness. But the working people love clothes that are affordable, comfortable and convenient, simple, and elegant.”

Readers also pointed out that skinny pants had appeared before the Liberation in Shanghai, in movies from the capitalist countries like the United States. In other words, skinny pants represented the erosion produced by the bourgeois lifestyle; it was a symbol of the class struggle. The newspaper called out readers to boycott strange clothes, eliminate the capitalist lifestyle, and advocate socialist moral values.<sup>353</sup> Thus two years

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<sup>353</sup> *Renmin Ribao*, November 14, 1964.

later when the Cultural Revolution started, skinny pants were one of the first targets attacked by the Red Guards.

In this atmosphere of boycotting strange clothes and capitalist lifestyle, a white *diqueliang* shirt was the attire that the Cultural Revolution could tolerate. At that time, the army uniform was the favorite for the Red Guards, but not everyone could be the pioneer of revolution; not everyone could find a whole set of a uniform either. For ordinary people who were looking for the right clothes that were acceptable for a revolution aimed to eliminate all the capitalist residue in culture,<sup>354</sup> the white cotton/polyester blend shirts became the safe choice besides army uniform and Mao suit, probably because the pure white look could keep a distance from any cultural interpretation. It was completely neutral, both in political agenda and in gender as well. Men and women could wear them in the same way.

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<sup>354</sup> “Wu Yi Liu Tongzhi,” *Renmin Ribao*, May 17, 1967.





Figure 6.1 Mao Zedong and some of his staff members in Wuhan, circa 1966. It was likely that the white shirts here were in *diqueliang*.<sup>355</sup>

The craving was also because of scarcity. Cloth ration was disrupted by famine for quite a long time, which made any kind of fabric seem valuable. The ration system of cloth included two categories: one was basic ration which was only three *chi* (three *chi* = one yard of cloth) for a person per year in 1962; the other was called “subsidy cloth” for different social groups and special usages, i.e., urban employees, residents living in cold areas, ethnic minorities, vamp cloth for shoemaking, and peasants who could hand over 300 *jin* of grain to the state. But the cotton production was so uncertain in 1962 that in

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<sup>355</sup> <http://history.people.com.cn/n/2014/0915/c372328-25662165.html> [accessed 23 January 2019].

October, the Party Central decided, for 1962-63, “subsidy cloth” for urban employees would be reserved and not provided to the public until December to see what was the real result of the cotton harvest. But even with subsidy cloth, the national average of cloth ration in that year was eight *chi* per person for a year, and a shirt normally needed seven *chi*.<sup>356</sup>

Thus, in this context, any kind of fabric would be acceptable to the people, as long as they could have access to it. Some *diqueliang* fabric started to trickle down from export warehouses into the hands of some particular resourceful residents. A college student remembered he first saw the fabric in 1964 when he visited his sister and her husband in Wuhan. His brother-in-law was a cadre who worked in the railway office and traveled a lot, thus having chances to bring back special local products from various places, and *diqueliang* was one of them. It was a rare thing to see.<sup>357</sup>

Because it was first made in Beijing and Shanghai, people in these megacities were the first to have access to it in the 1960s. It was the standard summer wearing for cadres. Shanghai Foreign Trade Bureau in the summer of 1965 decided that their cadres should wear *diqueliang* shirts when they had work meetings with foreigners. For this purpose, the Bureau transferred some shirts from the export company to the Friendship

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<sup>356</sup> “Zhonggong zhongyang guowuyuan pi zhuan shangyebu dangzu guanyu yi jiu liu er nian jiu yue zhi yi jiu liu san nian ba yue mianhua miansha mianbu zhenzhipin fen pei yijian de baogao,” in Central Archives of the CCP ed., *Zhonggong Zhongyang Wenjian Xuanji (1949.10-1966.5)* (Beijing: Renmin chubanshe, 2013), vol. 41, 146-147.

<sup>357</sup> Zhou Ziren, *Suiyue Huiwang Lu* (Taipei: Yao You Guang, 2013), 83.

Store, and cadres should bring an introduction letter from the Bureau to the Store when buying it.<sup>358</sup>

The enthusiasm for the fabric kept growing after the Cultural Revolution started. On August 16, 1968, customers waited outside of the Hongying Clothes Store in Jing'an district of Shanghai, because in the previous day, the store had received 93 *diqueliang* blouses and would put them on the shelf on this day. Before the store opened, some customers peeped through the door and saw the staff members carrying the shirts onto the shelf. Very soon, about a hundred people gathered in front of the store. It was almost impossible to keep the order when the store opened. A large piece of shop window glass crashed, and seven people were injured. A young school teacher was in critical condition and later died in hospital.<sup>359</sup> In fact, cotton cloth ration in 1968 was lower than usual - nine *chi* per person for a year; and the ration coupon was issued in mid-June that year, which probably explained why August that year was a clothes shopping season. The ration for cotton cloth increased to 16.1 *chi* in 1969, which was the normal level in those years.<sup>360</sup>

Outside of urban centers, the fabric became hard to find. The anthropologist Gao Mobo remembered two cadre families in the provincial government were sent down from

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<sup>358</sup> "Shanghai shi duiwai maoyi ju guanyu jiedai waibin ganbu ping danwei zhengming qu youyi shangdian goumai mian di que liang buliao de tongzhi," 26 July 1965, Shanghai Municipal Archives: B123-6-631-26.

<sup>359</sup> "Guanyu zhuanfa jing'an qu hongying fuzhuang dian guke deng gou dii que liang chenshan jisui boli chuchuang zaocheng yanzhong shangwang shigu de baogao," 17 August 1968, Shanghai Municipal Archives: B123-7-35-8.

<sup>360</sup> "Zhonggong zhongyang guo wu yuan zhongyang junwei zhongyang wenge guanyu yi jiu liu ba nian chengxiang jumin mianbu dingliang de tongzhi," 16 June 1968. "Zhonggong zhongyang zhongyang wenge guo wu yuan zhongyang junwei guanyu yi jiu liu jiu nian chengxiang jumin mianbu fenpei de tongzhi," 4 March 1969. In Song Yongyi ed., *Zhongguo Wenhua Dageming Wenku*, 3rd edition, 2013.

Nanchang to live in their village in 1968. In peasants' eyes, the cadres looked like people from another world; for instance, they had nice clothes such as woolen coats and *diqueliang* shirts, which had not been seen in the countryside.<sup>361</sup> A rural doctor who worked in the Ganzhou area of Jiangxi remembered that in his clinic, only two young colleagues who graduated from Shanghai had this fashionable shirt. He envied them but did not know how to get one. One day in 1973, he performed a very successful C-section for a pregnant woman. The woman's husband happened to be a military instructor who worked in Guangzhou. It turned out to be an opportunity for the doctor's wish. The couple wanted to know how to express their gratitude for the doctor, so the doctor asked the military instructor to buy a piece of *diqueliang* fabric in Guangzhou, six *chi* long, in sky blue color. It was 1.7 *yuan/chi*, so the doctor gave him twelve *yuan* for the fabric including the postage. The military instructor only took ten and returned two *yuan*. At that time, ten *yuan* was about a quarter of a rural doctor's monthly salary, so the shirt was quite expensive for him.<sup>362</sup>

Apart from the supply, another problem in most people's life was that cloth was under ration. How to meet all the needs in a family with a small ration was a soul-searching job for every housewife. For instance, in Guangzhou 1975, the cloth ration was 13.6 *chi* per year for one person. This was hardly enough cloth to meet all the needs. A young factory worker remembered that his mother wanted to replace their old mosquito net that had been used for many years. A mosquito net cost a big portion of their ration that year, but his sister at the time needed new clothes as well. He had some friends who

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<sup>361</sup> Gao Mobo, "Qicheng - Yige nongcun haizi dui qishi niandai de jiyi," in Li Tuo and Beidao ed., *Qi Shi Nian Dai* (Beijing: SDX Joint Publishing Co., 2009), 99-100.

<sup>362</sup> Liu Xinge: "Wo de di yi jian di que liang chenyi," in *Zongheng*, 2004(3) 46-47.

had secretly moved to Hong Kong at the time, and his mother asked him to write to his friend to help. He knew that his friends probably had a hard life in Hong Kong as well, because in the previous year he asked his friend to mail him some cloth, and his friend sent him a piece of blue *diqueliang* twill. A tailor made the cloth into a top, but with one less sleeve, so he had to find other cloth in similar blue color to piece together a whole thing.<sup>363</sup>

Because this fabric spread from Hong Kong into mainland China in the early 1960s, so the residents in Guangzhou were familiar with this fabric, because many of them had relatives living in Hong Kong. Even in those years when people assume China was isolated from the world, Hong Kong relatives brought new clothes from the colony into Guangzhou in their family visits, which became more frequent in the 1970s. The new fabric also traveled across the border together with people between Hong Kong and Guangzhou. A man in Guangzhou remembered that when he was married in 1968, he wore colorful clothes in *diqueliang*, which were brought from Hong Kong by his father, and could not be found in Guangzhou at all. His sister also helped him to have a pair of light woolen suit pants tailored in Hong Kong. It was quite some spectacular wedding outfit in 1968.<sup>364</sup>

Some people who admired the special qualities of the fabric. Some people admired the fast-dry quality of polyester: “Because people usually had only one shirt, there was no replacement, so I really appreciate it that if it was soaked by sweat in the morning, at noon I could rinse it in well water and sundry it in the courtyard, and then I

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<sup>363</sup> Nantaijingwa, *Xingguo Wenge de Siyin Yougu* (Taipei: Xinrui Wenchuang, 2016), 334-336.

<sup>364</sup> Sun Peidong, *Shishang Yu Zhengzhi*, 211.

can wear it again in the afternoon.”<sup>365</sup> A woman named Liu Yali remembered her teenage years in the 70s when her mother worked in a department store, and she found out about the fabrics in the department store through a coworker of her mother and became a fan of this fashion. As she recalled,

“One day a coworker on the fruit counter wore a magical summer shirt for work: the apple green fabric was gossamer thin which could faintly show the light pink starry pattern on the undershirt beneath. The collar and shoulder looked neat and trim. She unbuttoned her sleeves, and simply folded her cuffs back once, and sleeves puffed out like wings and they retained the shape no matter how she moves. The sleeves of a tight cotton shirt would have to be rolled up twice so that it could keep the shape.”<sup>366</sup>

For a teenage girl, this new fabric was such a novelty. It was quite noticeable because the polyester fabric was thinner, a bit transparent, and easy to keep its shape. Liu even believed that polyester smelled different, too: “I did not dare touch it, only quietly nestled up behind her, and took a deep whiff. As I expected, it did not have the unmistakable smell of cotton.” This fabric later arrived on her mother’s cloth counter, so she could observe the effect of color prints on this fabric:

“Later on mother’s counter, there were more bolts of *diqueliang*, in apple green, pink, light purple, checkered and floral. The color of the fabric was very true and subtle, even the checker and floral patterns were printed very clearly.

Cotton in this regard could not compare with *diqueliang*. On cotton the color was

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<sup>365</sup> Peng Ruigao, “Di que liang jin xi,” in Peng Ruigao and Lu Hua ed., *Waizhuzi Jie Duo* (Shanghai: Shanghai remin meishu chubanshe, 2000), 203.

<sup>366</sup> Liu Yali, “Qi shi nian dai de chuan,” in *Zhonghua Sanwen*, 2000(2), 17.

too saturated, the print was also blurry, garish like the make-up on an old lady's face. *Diqueliang* was a girl walking in the sunlight at eight or nine in the morning: fresh, crisp, and clean. But we could not afford it."<sup>367</sup>

Here, the touch of this new fabric was historicized.<sup>368</sup> The author depicted a memorable moment in her growing-up experience highlighted with the touch of a new fabric that recently appeared in the world of her parents, which represented her expectation for the adult life that soon she would embrace. What the author touched, touched her mind as well. The fondness of this fabric meant the author located herself socially and culturally in the taste system of 1970s China.<sup>369</sup> Polyester represented the femininity and youth inside a teenage girl and what she looked up to in her future life.

Even so, the first person in her family to wear *diqueliang* was Liu's father, because her father worked in the government in the 1970s, and thus enjoyed the priority of wearing this expensive fabric.

"My mother, unexpectedly, bought fabric for two shirts. My father was an important person, at the age of 34 or 35 he already made it to the leadership of the county revolutionary committee. He could be seen on the podium of all kinds of important meetings in the county...Mother said your father is a public figure, he could not wear just anything."<sup>370</sup>

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<sup>367</sup> Liu Yali, "Qi shi nian dai de chuan," 17.

<sup>368</sup> On the history of touch, see Constance Classen, *The Deepest Sense: A Cultural History of Touch* (University of Illinois Press, 2012).

<sup>369</sup> Tom H. Fisher, "What We Touch, Touches Us: Materials, Affects and Affordances," *Design Issues*, Vol. 20, No. 4 (Autumn, 2004), 20-31.

<sup>370</sup> Liu Yali, "Qi shi nian dai de chuan," 18.

Once again, this new fabric was part of the public face in the Cultural Revolution. Wearing a new shirt was almost a part of the process of self-realization for the cadre class, including their families, in Maoist society. Most families would not buy *diqueliang* shirts for their teenagers because it was out of their financial capacity. In this situation, a teenager might wear a detachable collar rather than a whole shirt, pieced together by *diqueliang* extra cloth. A contemporary culture critic Zhu Dake believes that this kind of “thrifty collar” was invented by the Shanghai lower class in the colonial era, and it spread from Shanghai into the rest of the country during the Cultural Revolution. “Mother taught me to pull out this collar under the sweater, as if showing a piece of noble attire. Its shining white color shed light on the gloomy years in my juvenile age.”<sup>371</sup> Even though not a complete piece of clothing, the fabric still filled part of people’s psychological needs.

Besides shirts, *diqueliang* was also great for trousers, for it could hold the creases on trousers. “The polyester khaki went to the market later, was sturdier and neater than khaki and gabardine, and when making uniforms it also looks more formal. Especially when it is made into pants, you can iron creases as straight as railway tracks. The creases would last through several days of wear. Therefore, it was very popular, and the demand outstripped the supply.”<sup>372</sup>

It sure was the bright color in people’s daily life, almost necessary for someone who tried to be a good dresser, even among the working class. A man who worked in a brick kiln in an impoverished area outside of the Lanzhou city remembered that most

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<sup>371</sup> Zhu Dake, “Ling yu xiu de hongse fengqing,” in *Huacheng*, 2006(4), 109-110.

<sup>372</sup> Liu Yali, “Qi shi nian dai de chuan,” 17.



workers wore overalls made of “recycled cloth”, a kind of very coarse cloth made of used fiber from old garments. In the evenings there were political meetings or study sessions when people would change into clean clothes. Under the clean overalls, women might wear colorful collars underneath, which could be shirts or just a detachable collar rather than a whole shirt. Men’s formal wear would be a Sun Yat-sen suit in corduroy. But he had a female coworker who was a better dresser. In the after-hours, she wore a dark green serge jacket, her trousers with clear creases, and the collar of her *diqueliang* shirt was always standing which made her look different. This coworker used to have a better life in the city, but her husband was arrested in the “One Strike, Three Anti” campaign (*yi da san fan yundong*), so she had to take such a labor-consuming job to support her children and herself.<sup>373</sup> The contrast between the city and a brick kiln in a poverty-stricken area could be recognized through the details in clothes, so was a family misfortune in particular political situations.

Of course, polyester had its defect. For example, it was more easily damaged by fire because polyester was much more flammable. In the time when adult men socialized by smoking cigarettes together, it was quite easy to find out about this defect. As recalled by someone, “Once a guy’s cigarette butt touched another guy’s *diqueliang* pants, and it burnt a hole in this pair of very neat pants, an ugly hole, a black hole. People crowded around him, and patted his pants, but that hole could not be patted away. This hole was strange. It had a clear edge, scorched, and hard if you touched it.” And the cigarette burn could not be mended. “Now people realized *diqueliang* had its defect. The fact shocked

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<sup>373</sup> Bao Jia, “Jiao liao chao yu zhe yi zhi,” in Li Tuo and Beidao ed., *Qi Shi Nian Dai* (Beijing: SDX Joint Publishing Co., 2009), 496, 498.

people, they were even very sad about it. They knew *diqueliang* was flammable, so people who wore *diqueliang* would be very careful around fire. Especially for women, when they saw a smoking man approached, they would always dodge him like avoiding a god of plague. She was not afraid of the smoke, but that the sparks would land on her body and burn little holes and damage her outfit.” Later when *diqueliang* gradually grew out of favor, people also said it was stuffy, and it did not breathe, it did not absorb sweat, not comfortable to wear. Some people even blamed *diqueliang* for the skin allergy and the itchy feeling in their armpits, etc. Finding out the disadvantages were also part of the novelty of this fabric.<sup>374</sup>

There was an anecdote that even Mao Zedong himself became aware of this fad. The story said, in the August-September of 1971, Mao went on an inspection tour by train in the South. He had a habit, or a way of working, which was to let his staff members get off the train and walk around in every place they arrived, to see how people were doing. In Changsha, Mao gave them time off so that they could go shopping, etc. There was one staff member who came back and was very happy. Mao asked her why, and she answered that she was finally able to buy a pair of *diqueliang* trousers, after waiting in line for half a day. Mao was very surprised about this fad. Maybe he was surprised to see that scarcity could cultivate such a strong obsession. In the next year, the Central Planning Committee was asked to draft a report regarding importing synthetic fibers and chemical fertilizers. The report planned to buy four plants of synthetic fiber and the total output of *diqueliang* could thus reach 1.9 billion *shi chi* every year. One of the writers of the report, Chen Jinhua, noticed that the entire report talked about big

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<sup>374</sup> Peng Ruigao, “Di que liang Jin xi,” 202-203.

plans, made grand calculations, without talking about specific issues, but only gave a specific number for *diqueliang*. Therefore, Chen believed that the story of Mao's staff members should have some basis in reality. This was also one of the reasons why China used millions of dollars to import synthetic fiber plants in the 1970s.<sup>375</sup>

#### 4. The Statecraft Behind the Fad

Synthetic fibers like polyester became the focus of economic policy due to the embarrassing fact that China in the early 1970s could not produce enough natural fibers like cotton. Cotton production was not particularly bad. In the aftermath of the famine, cotton output recovered to the 1950s level in the mid-1960s but somehow stagnated at the same level for many years. It was hard to seek any breakthrough because there was no more arable land in the country. The total sown area of cotton in the 1960s-70s stayed at about 74 million *mu*, which was even lower than the highest number in the 1950s, 93.83 million *mu* in 1956.<sup>376</sup> To grow more cotton meant to take away land from grain production, which was not a wise choice at all. After all, food seemed to be more urgent than cotton. But the population grew so fast that it could not go back to the 1950s anymore. The pressure thus came from the limit of land and a growing population, almost a Malthusian situation. Therefore, the point was to look for alternative fibers.

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<sup>375</sup> Chen Jinhua, *Guoshi Yishu* (Beijing: Zhonggong dangshi chubanshe, 2005), 8-9.

<sup>376</sup> Qian zhiguang zhuan bianxiezhu ed., *Qian Zhiguang Zhuan* (Beijing: Zhonggong dangshi chubanshe, 2011), 462.

### 棉花产量及收购量 (万担)

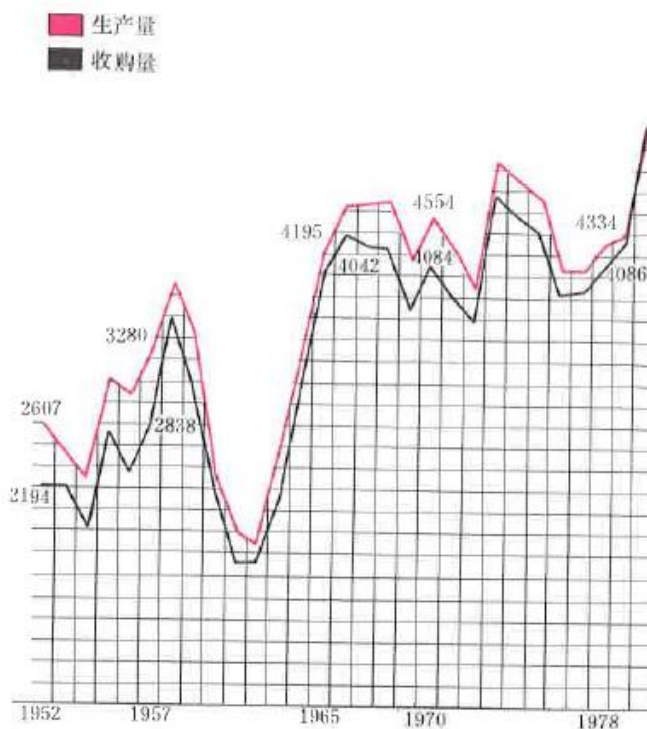


Figure 6.2 Cotton Production 1952-1978  
 Sources: *Dangdai Zhongguo Fangzhi Gongye*, 12.

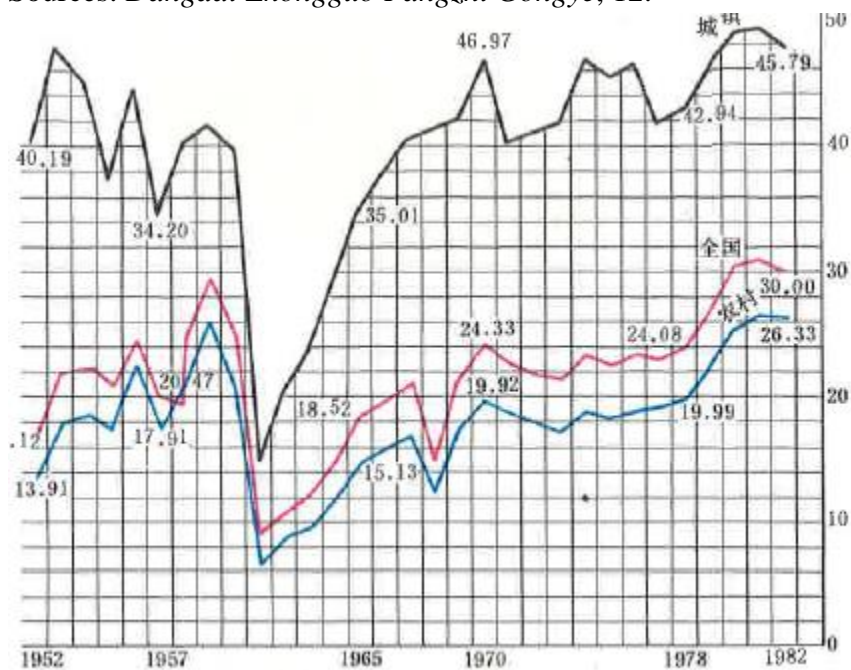


Figure 6.3 Cotton Cloth Consumption Per Capita, 1952-1982. The three lines represent “urban” in the top, “national average” in the middle, and “rural” in the bottom.  
 Sources: *Dangdai Zhongguo Fangzhi Gongye*, 15.

Indeed, according to official statistics, the Chinese population increased from 725 million in 1965 to 958 million in 1978.<sup>377</sup> The increased population ate up the growth of cotton production. Old-fashioned agriculture could hardly support so many people, which was also why fertilizers and synthetic fibers became the central topic in the 1970s.

	1965	1978	1982
Synthetic fiber total output, ton	5,200	169,000	375,000
Blended fabric consumption per capita, <i>chi</i>	N/A	2.26	7.56
Cotton cloth consumption per capita, <i>chi</i>	17.47	19.94	19.94

Table 6.1 Textile consumption. Sources: *Dangdai Zhongguo Fangzhi Gongye*, 639, 642.

The Ministry of Textile Industry wanted to develop synthetic fibers ever since the 1960s when they realized there was perhaps no more extra cotton to squeeze out the countryside. Qian Zhiguang was the minister in charge of the textile industry and had been studying synthetic fibers for years. In the early 1970s, Qian realized that synthetic fibers increasingly relied on the oil industry for its raw material, thus it was more than an issue of textiles. To provide the reliable raw material for synthetic fibers, the textile industry must work with the petrochemical industry. The future textile factory should be built within a petrochemical plant where fibers were made. The inspiration came from Lanzhou where in 1965-68 built the first acrylic fiber factory. The technology of acrylic

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<sup>377</sup> National Statistics Bureau ed., *Zhongguo Tongji Nianjian 1982* (Beijing: Zhongguotongji chubanshe, 1983), 89.

came from the British textile company Courtaulds, and it was a fairly small plant, designed to produce 8000 tons per year. But the result was quite satisfying. Acrylic fiber resembles wool in many ways, which was used to make carpets and it was quite popular in the market. Qian believed that the petrochemical industry in Lanzhou provided a good foundation, and the future breakthrough of synthetic fibers should be building petrochemical plants like Lanzhou.<sup>378</sup>

Because the petrochemical plants were complicated industrial giants, it took almost ten years to finish building the four plants planned in the early 1970s. One of the four plants was built on the coastal marshland in Jinshan County, Shanghai. Jinshan was located on the north shore of Hangzhou Bay, and the government believed that making use of the seaside marshland could save the trouble from occupying farmland and relocating residents. The Hangzhou Harbor area had a long tradition of building seawalls to prevent the sea from encroaching coastal land. Most of the year 1973 was spent on infrastructure like building the embankment and flattening the ground for the factory, and the construction mobilized 50,000 local peasants. The factory was far away from downtown Shanghai, thus the construction also included building residential housing for its employees at the same time.<sup>379</sup>

The technology used in the Jinshan project was purchased from a few Japanese companies in 1973 which cost about 730 million *yuan* in total.<sup>380</sup> Such a large scale petrochemical complex had never been built in China before, thus the Chinese wanted to

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<sup>378</sup> Qian zhiguang zhuan bianxiezu ed., *Qian Zhiguang Zhuan*, 438-440.

<sup>379</sup> Xu Jinhua ed., *Shanghai Shiyou Huagong Zongchang Zhi* (Shanghai: Shanghai Social Science Academy Press, 1995), 11-12, 44-45.

<sup>380</sup> Xu Jinhua ed., *Shanghai Shiyou Huagong Zongchang Zhi*, 63.

use the most updated technology. Oil refinery and petrochemical plants were manufactured by a group of Japanese companies including Mitsubishi, Sumitomo, Toray, and Asahi Kasei, and textile machines were produced by Teijin and Kurarey. At this time, Tokyo and Beijing had normalized their diplomatic relations and recognized each other, which meant that Taipei could not intervene again like ten years ago. And all the Japanese companies could get government authorized loans from the Import-Export Bank to facilitate all these projects.<sup>381</sup>

It seemed that foreign technology was not a problem at this time, even though the Cultural Revolution was near its end. Rather, the quality of construction became a political problem. In the beginning, the Jinshan project was built quite hastily because the then Shanghai government, heavily influenced by the Gang of Four, wanted to use it in propaganda as their big achievement in the industry. The ethylene unit was first planned to operate in October 1976 as a celebration for National Day. But the first two trial operations soon failed because of water pipes bursting, which was entirely the fault of the Chinese construction team. The Ministry of Light Industry also sent people to Shanghai to inspect and suspected the problems of haste construction. For example, the Japanese technicians required pipe sweepings multiple times during and after the construction, but the inspection found out that sweepings were neglected and far from being thorough. All the welding joints were supposed to take x-ray tests to examine the quality but some of the welds did not. Some of the valves were not well polished before they were installed.<sup>382</sup> In the last few months of 1976 after the arrest of the Gang, the construction

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<sup>381</sup> *Asahi Shimbun*, December 26, 1972.

<sup>382</sup> Xu Jinhua ed., *Shanghai Shiyou Huagong Zongchang Zhi*, 68.

halted and Beijing sent a work team to Shanghai to reinforce the technical training and work ethics of the entire workforce in Jinshan. The work team made inspections on all the construction problems and provided feedback. The upstream petrochemical lines finally started operation in the summer of 1977.<sup>383</sup> The two layers of government - the central government in Beijing and the municipality of Shanghai - while cooperating on the construction, both also wanted to reinforce their dominance on the project. And the result seemed to be that the local government was required to follow Beijing's mind, with the collapse of the ultra-leftist at the end of the Maoist era.

France was also very enthusiastic to cooperate with China in the fiber industry. In September 1973, the then French president Pompidou visited China and persuaded the Chinese government to conclude a deal that had been under negotiation for about a year. The Liaoyang Petrochemical Company in Liaoning Province used mainly French technology, which was a huge contract that cost about 1.2 billion francs. Technip and Spechim were the two companies that took over the contract of petrochemical plants, and Rhône-Poulenc provided the technology of polyester and nylon fibers. The three French companies were all recommended by the French government. The whole construction started in 1974 and production began in 1981, which was one of the largest synthetic fiber companies in China in the 1980s.<sup>384</sup>

Thus, from the beginning, choosing technological partners was influenced by political arrangements, which in hindsight was not ideal for the Chinese. Yu Liting was an engineer who worked in the Textile Industry Designing Institute who participated in

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<sup>383</sup> Qian Zhiguang zhuan bianxiezu ed., *Qian Zhiguang Zhuan*, 457-459.

<sup>384</sup> Chen Jinhua: *Guoshi Xushu* (Beijing: Zhongguo renmin daxue chubanshe, 2012), 330-331.



the Liaoyang project. He wrote a detailed review of this project in 1989. During the trade talks with the French in 1973, the Chinese found out that Technip and Spechim did not own the patent of many key units; the two companies purchased patents from other manufacturers which they then sold to the Chinese, which made the price higher. If the Chinese were entirely free to choose technical partners, to cooperate directly with the patent owners, the cost might be lower. But the business deal was also about the Sino-French diplomatic relations.<sup>385</sup> The fact that contractors and the original manufacturers being separated companies also created some problems in construction, when the Chinese and the French argued about which company should be responsible for the faults in the design.<sup>386</sup>

Nonetheless, this was a great opportunity for the Chinese to learn about the latest technology in this area. They learned more technical information about the pre-selected French companies. Yu Liting remembered that the French were not exactly outstanding in everything. In the petroleum area, their steam cracking and aromatic extraction skills were far from being perfect. In the textile area, the yellowness index of the polyester fibers was a bit higher than other manufacturers.<sup>387</sup> After all, this was still the beginning stage for China to chase up to the latest technology in the petrochemical area, even though it did not pick out exactly the best, it laid the foundation for further improvement. Both Jinshan and Liaoyang expanded their fiber production after the Mao era by buying

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<sup>385</sup> Yu Liting: "Liaoning shiyou huaxian gongcheng jianshe de huigu yu renshi," in Wang Shouzhong ed., *An Kexue Guilu Zuzhi Shigong* (Beijing: Zhongguo jianzhu gongye chubenshe, 1989), 175.

<sup>386</sup> Yu Liting: "Liaoning shiyou huaxian gongcheng jianshe de huigu yu renshi," 177.

<sup>387</sup> Yu Liting: "Liaoning shiyou huaxian gongcheng jianshe de huigu yu renshi," 175.

more machines, and China built even more fiber plants in the 1980s and finally solved the problem of clothing. It was estimated that the four fiber plants built in the 1970s - Jinshan, Liaoyang, plus one in Sichuan and another one in Tianjin - produced 350 thousand tons of fibers per year which was almost equal to cotton grown from 11 million *mu* of land, which was a great remedy for the lack of arable land. The plastic produced by these plants was also used in agriculture as greenhouse film to improve vegetable and fruit productions.<sup>388</sup>

## 5. Socialism and the People's Choice

In late socialism, the enthusiasm of revolution was fading away, with the society retreating to its routines. Karl Marx and Friedrich Engels argued about the decline of revolution in *The Holy Family* in 1844, that

“If the revolution, which can exemplify all great historical ‘actions’ was a failure, it was so because the mass whose living conditions it did not substantially go beyond was an *exclusive, limited* mass, not an all-embracing one. If it was a failure it was not because it aroused the ‘*enthusiasm*’ and ‘*interest*’ of the mass, but because the most numerous part of the mass, the part most greatly differing from the bourgeoisie, did not find its *real* interest in the principle of the revolution, had no revolutionary principle of *its own*,

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<sup>388</sup> Qian zhiguang zhuan bianxiezhu ed., *Qian Zhiguang Zhuan*, 462.

but *only* an ‘*idea*’, and hence only an object of momentary *enthusiasm* and only apparent *exaltation*.”<sup>389</sup> (The italics are in the original text.)

The detachment with revolution could also be observed by a sent-down youth; when he returned to Shanghai from the countryside, he saw Shanghai in 1976 was different from the one in 1966.

“Shanghai in 1976 was already very down-to-earth (*sheng huo hua*). Politics were close, but also very far away. Old people missed their children in the countryside, and young people were thinking about love and marriage...Ten years ago in 1966, Shanghai was not so. People all rushed in the streets, in crowds. There were people giving speeches and people who were listening. There were people who were spreading pamphlets and those who were reading them. They were also debating. Factories were the same as schools, in which there were numerous organizations. Workers joined this or that organization, when they were back home, all they talked about was politics. When workers had their own organizations, they became working class. Without organization, they became people who worked. When I went back to Shanghai in 1974, what I saw was this kind of “people who work”. At this time the society was quite stable; all organizations were disbanded a long time ago. The “revolutionary committee” in the factory was filled with the old cadres...Workers said, the more fighting the worse...Workers and cadres became more and more detached. Cadres only talked about more and more mighty principles, in which the workers could not participate and would not like to participate. And so with more personal space and more individual’s

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<sup>389</sup> Karl Marx and Freidrich Engles, *The Holy Family, or Critique of Critical Critique* (Moscow: Foreign Languages Publishing House, 1956), 110.

thinking...It was not workers who stayed away from politics, but the politics at the time drove workers away. Thus, in my impression, there were workers but already started to have no working class.”<sup>390</sup>

The enthusiasm for material details in daily life such as the fad for *diqueliang* resonated with the ebbing of revolution in the late 1970s. At a time when young people were thinking about love and marriage, it was not surprising that in 1980, the first kiss appeared on PRC’s film screens. The film *Lushan Lian* was a love story of a young couple who hang out in the beautiful scenery of Lushan, with the handsome lead actor wearing his white *diquelang* shirt. The popularity of *diqueliang* reached its peak in the 1980s when finally the supply became so abundant that almost everyone could easily buy it. This fabric was a footnote of the change in mass psychology.<sup>391</sup>

Fashion history of the Soviet bloc has argued that the Bolshevik Revolution strongly rejected previous cultural traditions and vigorously provoked an absolute break between the past and the present. Even fashion could not escape from this radical transformation in Russian society. Constructivism, an artistic and architectural philosophy that originated in Russia beginning in 1913, resisted the old ideas of fashion: “in the constructivist world, there was no space for frivolous or unpredictable changes brought about by fashion trends, nor any place for a fashionable woman... Wanting to discard preexisting fashion, the arts, and applied arts, the constructivists embraced

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<sup>390</sup> Cai Xiang: “Qishi niandai, modai huiyi,” in Li Tuo and Beidao ed., *Qi Shi Nian Dai*, 332-334.

<sup>391</sup> On how the masses created the culture of late socialism, see Paulina Bren, *The Greengrocer and His TV: The Culture of Communism after the 1968 Prague Spring* (Ithaca, NY: Cornell University Press, 2010).

geometric abstraction as their visual language.”<sup>392</sup> Crafting suitable clothes for the socialist utopia was the origin of socialist fashion in later generations. Stalinism established a central dress institution, trying to control the unpredictable change in clothes, and promoting a representational dress which was “exclusively produced as a unique prototype, presented at domestic and international fairs and socialist fashion congress, and published in the magazines...continued to exist until the end of the socialist system.”<sup>393</sup>

However, apart from the socialist fashion promoted by the state, there was also “everyday fashion” representing the reality of people’s daily practice. As historian Djurdja Bartlett argues, since the late 1950s, “the regimes abandoned harsh repression in favor of more subtle ways of controlling their citizens, and elements of Western modernity were gradually allowed to penetrate everyday life...fashion was an important intermediary between the inadequate official modernity, which took place within officialdom, and the limited Western-type modernity, which took place on an everyday level.” Everyday fashion, thus, was embedded in alternative places such as black markets or network of connections within the second economy. In this context, the socialist regimes recognized new desires arising, and promised to deliver more consumer goods in exchange for political loyalty.<sup>394</sup> In Bartlett’s analysis, fashion in the Soviet Union contained two aspects. There was “socialist fashion” promoted by the state power to control culture, and there was also “everyday fashion” practiced by ordinary people to

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<sup>392</sup> Djurdja Bartlett, *Fashion East: The Spectre that Haunted Socialism* (Cambridge, MA: MIT Press, 2010), 1-2.

<sup>393</sup> Djurdja Bartlett, *Fashion East*, 5, 8.

<sup>394</sup> Djurdja Bartlett, *Fashion East*, 11.

cope with the scarcity and inefficiency brought by the bureaucracy; both of them coexisted in the socialist society.

The craving for *diqueliang* in China, I would argue, came from the convergence of state control and ordinary people's tactics. The origin of this fabric was derived from the Chinese state's effort to enhance its export business and control the trade deficit after the wheat trade. It was pure "economic statecraft", and not intended for domestic consumption in the beginning. But it trickled into the Chinese society through the anonymous hands of Friendship Store, railway staff, textile factories, and tailors and became a kind of "urban legend" in the years of scarcity - people saw it, touched it, talked about it but hardly anyone owned it. Not until the 1980s did it finally enter almost everyone's closet; and ten years later in the 1990s, cotton made its way back and synthetic fibers fell out of popularity. China was not the only socialist country that had this fad. East Germany, with its more advanced industrial sector, could produce lots of fast-dry men's shirts in the 1970s, and the state praised it as a major achievement of socialist industry.<sup>395</sup> Nylon overcoats were smuggled from Italy into Yugoslavia from the 1960s and became a fashion fad in East Europe for years.<sup>396</sup> On the one hand, the socialist state seemed to construct itself upon total control of the society, but on the other hand, people snatched pieces from the leviathan to scrape by and asked for more. In this way, fashion was part of the persistent bargaining between the people and the state. Eventually, the socialist state decided to cater to the popularity of this cheap, non-eco-friendly fabric, and also expanded its state-owned enterprises via cooperation with

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<sup>395</sup> Judd Stitzel, *Fashioning Socialism: Clothing, Politics, and Consumer Culture in East Germany* (Oxford & New York: Berg, 2005), 47.

<sup>396</sup> Djurdja Bartlett, *Fashion East*, 270.

international capitalism. It was the symptom of late socialism when it struggled to provide an alternative route to modernity.<sup>397</sup> Within this process, ordinary people's choices, expectations, and innovation in their daily life played a vital role in the development of the textile industry, which was also how socialism was guided by the masses' psychological needs.

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<sup>397</sup> Eli Rubin, *Synthetic Socialism: Plastics and Dictatorship in the German Democratic Republic* (Chapel Hill, NC: The University of North Carolina Press, 2014).

## Conclusion

In his discussion about the “end of socialism” in the late twentieth century, Eric Hobsbawm noticed that China was the one socialist country that “was particularly worried by its relative economic backwardness” in the 1970s.<sup>398</sup> This dissertation provides some insights into this particular anxiety in China, as food deficit and population growth became burdens to the state. China imported wheat, processed it in their flour mills, and distributed it through its food ration system. This supply chain existed in this way as it blurred the boundary between “foreign food” and “Chinese food.” On one hand imported grains came from foreign trade, but on the other hand, the flour was made in China and handled by the regime, which was fairly common in the age of globalization. This was also the result of a complicated food regime. Most people in the late Maoist era had no idea about the existence of wheat imports because the trace could be easily hidden from farmland to the dining table. Eventually, the socialist state played the role of the provider, regardless of where the food actually came from.

There were multiple reasons why China kept importing food, and these reasons did not appear all at the same moment but gradually came into their minds with the shifting domestic and international situations. The first reason was to supply food to the metropolis area and industrial provinces in the eastern coasts. Food imports started from a method of famine relief under emergency, but it continued after the famine years. The second reason was “variety adjustment,” which meant China imported wheat while

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<sup>398</sup> Eric Hobsbawm, *The Age of Extremes: A History of the World, 1914-1991* (New York: Vintage Books, 1996), 462.



exporting rice to take advantage of the higher price of rice in the international market, so that China could earn more trade income or increase the food reserves. Some trade experts had compared this strategy with the Soviet Union exporting grain through the Black Sea while importing food for its Far East states, which was a type of food geography of a country that spanned a large continent. The third reason was to alleviate the food deficit that reappeared in the 1970s when population growth asserted more and more pressure on the economy. The food ration system in the cities needed these supplements from overseas to secure its functions. Importing more food also meant that the central government could provide more aid to the rural area in the provinces where poverty was still a problem; it was a form of investment in agriculture, especially to encourage peasants to grow more economic crops. The fourth reason was international politics in the Cold War when China was isolated and alienated from the West. China bought wheat sometimes not for themselves but to ship it to their friends such as Albania and Cuba to cultivate a better diplomatic situation. Naturally, trade with Canada, Australia, Europe, and the US was a sign of detente as well. Besides, food stockpiles were also part of the war preparation under the stress of Sino-Soviet Split and the Vietnam War. Food had multiple meanings in statecraft, and the interpretations of food kept changing under the economic and political contexts.

China's integration into the global food trade was not merely just a result of its own intention, but also a result of the functioning of a global food regime in the post-WWII years. When the United States dominated the food export market in the form of food aid for countries such as India, other exporters such Canada and Australia were also looking for potential customers overseas. The PRC, as well as the socialist bloc, became

an opportunity in the early 1960s because the United States overlooked this market because of the trade embargo in the Cold War. Thus, exporters like Canada and Australia were the first to lead the trend to trade with the socialist countries which was almost a business model innovation that was adopted by the United States ten years later in the 1970s. Multinational grain companies also could move food not produced or stocked in their countries to its destination(s), which further complicated the picture by avoiding the government interference in this trade. With more exporters joined in the trade, the bloc-line in the Cold War was blurred.

Yet we must admit that food imports also exposed many weaknesses of the economic system at the time. For example, the lack of foreign trade income forced China to export some food sources valuable for its own people. Importing fertilizers in the 1960s added more to this financial burden. Even though there was growth in agriculture during the Maoist era, as Philip Huang has argued, it was a “growth without development,” when the growing population ate off the agricultural growth.<sup>399</sup> Moreover, regional differences were overwhelming under the distribution plan. Rural residents benefited very little and indirectly from food imports, and the eastern coast area benefited more than the western provinces. Therefore, food imports were not something temporary in the early 1960s, but as we see, food imports were growing as well in the 1970s and became a regular part in the economic plan.

The growing volume of trade was an unexpected trend in the late Maoist society. Apart from the food imports, two related industries - chemical fertilizer and synthetic

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<sup>399</sup> Philip C. C. Huang, *The Peasant Family and Rural Development in the Yangzi Delta, 1350-1988* (Stanford: Stanford University Press, 1990), introduction.

fiber - also received special attention from the state, which, I would argue, was the “spillover effect” of food trade. Even though the process of decision-making sometimes seemed far-fetched and confusing in these two industries, their development was built upon the mundane daily work of how to make socialism function better. Looking for investment and purchasing chemical plants were both part of the effort of raising the living standard of the growing population. At this time, economic self-reliance and foreign trade was not exclusive from one another, but mutually beneficial. Food trade prompted China to rethink their relations with the global economy.

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